



COSME Programme

Call for Proposals

Strategic alliances for the uptake of advanced technologies by SMEs on the economic recovery

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1. INTRODUCTION AND BACKGROUND

1.1. Introduction

Small and medium-sized enterprises (SME) play a crucial role in reaching the objectives of the Europe 2020 Strategy¹. Whereas they are considered as crucial engines for growth and job creation, their competitiveness is affected by a limited exploitation of international opportunities and innovation prospects in the Single Market and beyond.

In this context, the Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)², (COSME), aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The Executive Agency for Small and Medium-sized Enterprises³ (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission with the implementation, *inter alia*, of parts of the COSME programme.

In this respect, this call for proposals, managed by EASME, implements parts of the COSME Work Programme 2020, as last amended on 17 January 2020⁴.

1.2. Policy Context

The 2020 European Commission's recovery package will support the recovery and repair of Europe's economic and social tissues following the COVID-19 pandemic⁵. All the EU industrial ecosystems⁶ will have to adapt to the post-crisis economic environment, with new consumer and industrial demand, changed competition and new resilience and sustainability objectives. This adaptation will be particularly challenging for SMEs.

The economic recovery in Europe, after the COVID-19 pandemic, will only materialise if SMEs are properly supported by adequate actions and policy measures to adapt to changed value-chains and demand. Those necessary adaptations should be exploited as an opportunity to improve their environmental footprint and their economic resilience, among others through the uptake of advanced technologies. The extent of the necessary adaptations will pose major challenges for SMEs, which typically do not have the same engineering and financial capabilities as bigger firms. Yet, many SMEs will face similar challenges, and alliances between those SMEs with similar

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

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

³ EASME was set up by Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises and repealing Decisions 2004/20/EC and 2007/372/EC (Official Journal of the European Union L 341/73 of 18.12.2013).

⁴ C(2020) 111 final: COMMISSION IMPLEMENTING DECISION of 17.1.2020 on the financing of the programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises and the adoption of the work programme for 2020.

⁵ https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe_en

⁶ The industrial ecosystems defined on the European Commission "New industrial Strategy for Europe" (https://ec.europa.eu/info/sites/info/files/communication-eu-industrial-strategy-march-2020_en.pdf) encompass all players operating in a value chain: from the smallest start-ups to the largest companies, from academia to research service providers to suppliers.

challenges would enable pooling not only of their demand but also of their resources, as well as pooling of engineering and technical support towards them.

Furthermore, a number of tech-savvy SMEs propose innovative advanced technologies to answer to those adaptation needs, but lack visibility. The recently published study on critical AI industrial applications⁷ has mapped a key group of tech-savvy SMEs that can help traditional SMEs to adopt advanced technologies. This project shall thus bridge those tech-savvy SMEs and the traditional SMEs having to adapt. It shall furthermore provide additional market and technological development opportunities to those tech-savvy SMEs, there through supporting the strategic technologies autonomy of the EU.

For the purpose of this project, traditional and tech-savvy SMEs are defined as follows:

a) Tech-savvy SMEs are EU companies with innovative business models that develop, produce and commercialise advanced technology products and applications⁸. Their business solutions inject high-tech power and smart, evidence-based business management to more traditional SMEs, thus providing them significant competitive advantages.

b) Traditional SMEs are those SMEs that have not adopted yet new technologies and need to adapt to changed value-chains and demand. In this project, we aim to focus on those traditional SMEs that are part of a cluster organisation and intent to improve their business competitiveness by adopting new technologies.

Cluster organisations are ideally placed to operate this pooling of demand of SMEs needs and to coordinate support to those pooled SMEs. Indeed, Europe is home to some 2 900 specialised clusters⁹, statistically defined regional concentrations of traded industries. Clusters matter: the effect of cluster specialisation is equal to approximately a 13.5% increase in average wage. Specialised clusters show higher average wage and employment increases. They inhabit also a higher number of innovative and high-growth firms and start-ups¹⁰. Clusters organisations support SMEs to better access innovation, collaborate between them and adopt advanced technologies. Clusters provide to

⁷ "Artificial Intelligence. Critical industrial applications: report on market analysis of prioritised value chains, the most critical AI applications and the conditions for AI rollout", available at: <https://op.europa.eu/en/publication-detail/-/publication/09a1b19f-93fa-11ea-aac4-01aa75ed71a1/language-en> and related publications

"Artificial Intelligence. Critical industrial applications: report on foresight scenarios", available at: <https://op.europa.eu/en/publication-detail/-/publication/0117583e-93fc-11ea-aac4-01aa75ed71a1/language-en/format-PDF/source-search> and

"Artificial Intelligence. Critical industrial applications: report on current policy measures and policy opportunities", available at: <https://op.europa.eu/en/publication-detail/-/publication/fe5a340a-93fb-11ea-aac4-01aa75ed71a1/language-en/format-PDF/source-search>

⁸ An example of a potential list of tech-savvy SMEs can be found on the report "Artificial Intelligence. Critical industrial applications: report on market analysis of prioritised value chains, the most critical AI applications and the conditions for AI rollout", available at: <https://op.europa.eu/en/publication-detail/-/publication/09a1b19f-93fa-11ea-aac4-01aa75ed71a1/language-en>.

⁹ Clusters can be defined as groups of firms, related economic actors, and institutions that are located near each other and have reached a sufficient scale to develop specialised expertise, services, resources, suppliers and skills. See also the European Commission's 2008 Staff Working Document on *The concept of clusters and cluster policies and their role for competitiveness and innovation: Main statistical results and lessons learned*, available at <http://bookshop.europa.eu/en/the-concept-of-clusters-and-cluster-policies-and-their-role-for-competitiveness-and-innovation-pbNBNA23591/>

¹⁰ European Panorama of Clusters and Industrial Change 2019, available at: https://ec.europa.eu/growth/content/trends-european-clusters-results-2019-european-panorama-trends-and-priority-sectors-reports_en

traditional SMEs the chance and knowledge to increase their relative industrial competence, productivity and value added whilst taking their sector to a higher competitiveness standing.

Technology centres¹¹ are crucial actors in the clusters as they provide scientific and technical support to SMEs for their technological uptakes and/or developments.

Therefore, cluster organisations, technology centres and other organisations providing technology services should collaborate to support SMEs during the recovery phase to access innovation support, adopt advanced technologies, improve digital skills and access funding.

Improving resilience is key to strengthen the economic recovery in Europe. This requires collaboration between businesses, particularly between those SMEs that have suboptimal levels of technology adoption and those SMEs that can provide technologies. The creation of alliances will accelerate the uptake of advanced technologies by traditional SMEs and increase the market potential for tech-savvy SMEs. Business collaboration between actors from different cluster organisations will facilitate the creation of joint business projects and value chain linkages. This shall contribute to a wider spreading and diffusion of advanced technologies across SMEs in Europe and boost the economic recovery.

This action will build on the work done by the European Cluster Collaboration Platform¹², the European Cluster Alliance¹³ and the policy recommendations provided by the recently published “Artificial Intelligence: Critical Industrial Applications of AI” study¹⁴. It will be developed in collaboration with relevant services, notably the following Directorates General (DG) of the European Commission: Communications Networks, Content and Technology (DG CNECT), Joint Research Centre (JRC), Health and Food Safety (DG SANTE), Mobility and Transport (DG MOVE) and Research and Innovation (DG RTD).

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

2.1. General policy objectives

With regard to its objectives in relation to SMEs and the COSME programme, this call for proposals is intended to contribute to the COSME third objective of “creating better framework conditions for competitiveness”¹⁵. This objective is aimed at (i) improving the framework conditions in which enterprises operate, in particular SMEs, by reducing unnecessary administrative and regulatory burdens, (ii) supporting the emergence of competitive industries with market potential, by helping SMEs to take-up new business models and integrate into new value chains and (iii) promoting the development of world class clusters in the EU, fostering cluster excellence and internationalisation with an emphasis on cross-sectoral cooperation, notably in support of emerging industries.

¹¹ A Technology Centre (TC) is a private research provider that is at the same time engaged in the organisation of practice-oriented education and training provision. The mission of technology centres is to contribute to the competitiveness of industrial enterprises.

¹² <https://www.clustercollaboration.eu/>

¹³ <https://www.clustercollaboration.eu/tags/european-clusters-alliance>

¹⁴ Particularly in the report "Artificial Intelligence. Critical industrial applications: report on current policy measures and policy opportunities", available at: <https://op.europa.eu/en/publication-detail/-/publication/fe5a340a-93fb-11ea-aac4-01aa75ed71a1/language-en/format-PDF/source-search>

¹⁵ For a visual overview of the four objectives of the COSME programme, you can consult the COSME leaflet here: <https://ec.europa.eu/docsroom/documents/9783>

The general objective of this call for proposals is to contribute to the European Commission's recovery package via the establishment of strategic alliances between tech-savvy SMEs and the traditional SMEs facing the need to adapt to the post-crisis economic environment, focusing on the benefits of adopting advanced technologies.

As a final objective, this call for proposals shall contribute to a wider spreading and diffusion of advanced technologies across SMEs in Europe and boost the economic recovery.

2.2. Specific objectives

The specific objective of this call for proposals is to launch two pilot projects focused on building alliances among traditional and tech-savvy SMEs (as defined in section 1.2) through industrial cluster organisations in order to promote SME collaboration and technology adoption within specific industrial ecosystems. Participating industrial clusters shall create alliances between traditional SMEs with similar technology uptake needs and support their collaboration with tech-savvy SMEs that can provide them with technological solutions.

The projects shall specifically contribute to:

- Explore concrete collaboration opportunities between different type of EU businesses, particularly tech-savvy SMEs and traditional SMEs. These collaborations should improve industrial competences, increase resilience and add value to existing industrial sectors and value chains;
- Increase the adoption of advanced technologies in traditional SMEs and help EU tech-savvy SMEs that developed critical technology applications to expand their market potential in the EU;
- Exploit the strong potential of dynamic collaboration between the cluster organisations and their technology centres with a view to boosting the technological uptake and development of EU SMEs;
- Develop businesses collaboration between different clusters from the same industrial ecosystem and create partnerships with other relevant industrial ecosystems.

As a result, the cooperation between tech-savvy SMEs and traditional SMEs can serve as strong multiplier effect in the implementation of advanced technologies and towards improving the economic resilience of SMEs, particularly during the recovery phase of the COVID-19 pandemic.

In sum, the objective of the projects will be to prepare and help businesses to adopt advanced technologies. However, it will not be to fund the purchase and installation of these advanced technologies.

2.3. Eligible mandatory activities

This call for proposals invites submissions of proposals aiming at promoting collaboration and technology adoption within specific industrial ecosystems.

Proposals are invited to ensure a broad geographical coverage with regard to the EU regions¹⁶ to which they provide their services.

Proposals are invited to foresee strategies to establish and remain open to synergies during the whole project duration.

a) Preparatory mandatory activities

Applicants are requested to propose preparatory activities they consider relevant for the building of SME alliances and businesses adoption of new technologies. However, it is essential that all preparatory activities are clearly related to the objective set out by this call for proposals and duly justified.

Possible eligible preparatory activities include the following:

- Intelligence gathering for more in-depth strategic identification of the needs of SMEs that could potentially participate in the project (e.g. identification of challenges, discussing what type of skills are needed to adopt advanced technologies, what type of industrial infrastructures, etc.);
- Partnership building (e.g. through training/coaching activities on building collaboration, coordinating and leading a partnership, and organising visits for partnership members);
- Identification of the potential group of businesses targeted to participate in the project and justification of them being the best candidates. Via this preparatory activity, applicants are expected to demonstrate the commitment, strategy and means to build the SME alliances in their proposal.

b) Core mandatory activities

The proposed preparatory activities shall lead to and be complemented by the following activities which are all mandatory. In particular, consortia are requested to:

- (1) **Build strategic alliances between traditional SMEs** facing similar challenges for the uptake of advanced technologies in their industrial ecosystem, first within individual clusters and then pooling them across clusters within each ecosystem. Cluster organisations are strongly encouraged to reach out to clusters in their ecosystem that are not part of the consortium, and especially clusters in regions with strong industrial transition needs¹⁷. Clusters shall help these alliances of SMEs to identify and define their adaptation needs;
- (2) Support the established strategic alliances in **bridging with EU tech-savvy SMEs**, which can provide solutions, both directly and via hackathons. Respectively:
 - a. For the **direct bridging**, cluster organisations are requested to exploit the potential of the European Cluster Collaboration Platform¹⁸, to reach out to clusters providing the necessary technologies, especially the EU Green Tech Clusters; and
 - b. For the bridging via **hackathons**, consortia are requested to organise at least five different hackathons on how to better support the adoption of advanced technologies

¹⁶ A region is meant here as the economic territory defined at NUTS-2 level. See <http://ec.europa.eu/eurostat/web/nuts/overview>

¹⁷ For an understanding about regions in industrial transition, applicants can refer to the publication of the Directorate-General for Regional and Urban Policy (DG REGIO) of the European Commission available at: https://ec.europa.eu/regional_policy/sources/docgener/brochure/Industrial_transition_no_region_left_behind_en.pdf

¹⁸ <https://www.clustercollaboration.eu/>

by SMEs in their ecosystem. In order to help those regions with strong industrial transition needs, the participation of SMEs from these regions should be particularly supported. During the hackathons, pooled traditional SMEs shall be made able to meet and discuss with tech-savvy SMEs the options to answer to their pre-defined challenges, with a view to finding the best and most competitive solutions;

- (3) Organise and manage at least one **virtual match-making event** following and complementing each hackathon (at least five virtual match-making events in total), with the objective of enabling to devise business offers between EU traditional and tech-savvy SMEs;
- (4) Organise **technical assistance**, provided by technology centres, for the uptake of the selected technologies by the traditional SMEs benefiting from the project. This technical assistance includes technical expertise and recommendations related to specific technology needs, identification of technologies, technology barriers, technology efficiency, as well as piloting and deployment of technologies;
- (5) Provide **business support** for the adaptation of the technologies to the SMEs in their cluster; provide support on access to public and private funding for the adoption of these technologies;
- (6) **Identify opportunities and threats** SMEs face while they intend to adopt advanced technologies and provide appropriate industrial policy recommendations for specific ecosystems and per each advanced technology;
- (7) Organise the necessary **communication and dissemination activities** to first mobilise EU traditional and tech-savvy SMEs, and then share best practices with other cluster organisations and technology centres. For this purpose, the consortia shall:
 - a. Design a **communication strategy**. Proposals have to present a clear and coherent communication and dissemination strategy for the project activities and results. The proposal shall in particular identify the objectives and target audiences of the strategy, and present the potential key messages, appropriate tools and channels of the communication and dissemination activities, pairing them with coherent and clear performance indicators and a coherent budget¹⁹.

The communication strategy shall identify opportunities for co-operation and exchange of information with other European projects in areas linked to the focus of this call for proposals.
 - b. Create and maintain a **website** for the duration of the project. The website shall implement all necessary measures to ensure data protection and shall remain accessible for at least two years after the end of the project.

a) Complementary mandatory activities

In addition, the consortia are requested to undertake the following complementary mandatory activities:

¹⁹ For instance, should the communication and dissemination strategy provide for the promotion via Social media, the proposal shall clarify if the project intends to use organic and/or paid promotion, and estimate coherently the dedicated budget.

- a. **Map critical technological companies**, both within the participating clusters and outside them, that have been selected to provide technology adoption recommendations in this project;
- b. Draft and promote a **guidelines and lessons learned report** on how clusters and technology centres could provide better technical assistance and business support to those SMEs aiming to adopt advanced technologies. When possible, the reports should provide specific recommendations for those regions with strong industrial transition needs or that have been heavily affected by the COVID-19 pandemic and need further support for their recovery;
- c. Draft and promote a **report on a series of policy recommendations** to the EU, Member States and regions on strategic technological autonomy;
- d. Organise at least two **peer review meetings** to share experiences, learnings and results – including the obstacles faced, the success factors and novel approaches identified, and monitoring tools developed. At least one of the peer review meetings should be scaled up and form part of a larger **final event** that shall present exemplary SME alliances created during the project. Joint peer review meetings between the two pilot projects supported under this call for proposals are encouraged to increase learning and gather wider interest. Participation should be open to other parties interested in joining the consortia or learning about possible approaches. Successful applicants must therefore be willing to share information and their good practices.

To provide inspiration for the potential focus topics, the complementary activities could address among others the following issues:

- ✓ cooperation in the area of vocational training;
- ✓ education and skills;
- ✓ knowledge sharing and technology transfer;
- ✓ joint innovation challenges²⁰;
- ✓ Comprehensive Technological assessment and IPR & licensing support;
- ✓ provision of venture capital and investment-readiness support;
- ✓ Innovation management and SME internationalisation.

The interactions with other initiatives and key networks supported by the EU for the abovementioned topics, such as the Enterprise Europe Network²¹, Digital Innovation Hubs (DIH)²² and Knowledge Innovation Communities (KIC),²³ are encouraged.

2.4. Expected results

The cluster consortium shall contribute to accelerate the adoption of advanced technologies by traditional SMEs in order to improve industrial competences, increase resilience and add value to existing industrial sectors and value chains.

²⁰ Innovation Challenges are global calls to action aimed at accelerating research, development and demonstration (RD&D) in technology areas that could provide significant benefits in particular industrial ecosystems.

²¹ <http://een.ec.europa.eu/>

²² <https://ec.europa.eu/digital-single-market/en/digital-innovation-hubs>

²³ <http://eit.europa.eu/activities/innovation-communities>

With regard to the specific activities of this call for proposals, consortia are expected to reach the following results:

- For each hackathon, a minimum participation of respectively 100 traditional SMEs and 50 tech-savvy SMEs. Of all participating SMEs, at least 1/3 should come from EU regions with strong industrial transition needs.
- At least one virtual matchmaking event enabling to follow up on all the promising technological options identified during each hackathon should be organised. Each virtual matchmaking event should seek the participation of at least 50 participants.
- Consortia shall develop at least fifteen strategic alliances between traditional SMEs facing similar challenges for the uptake of advanced technologies in their industrial ecosystems. In addition, they shall connect each alliance with at least 10 tech-savvy SMEs that could provide potential solutions. Each alliance should include at least 10 SMEs from at least three cluster organisations, and demonstrate that it reached out to SMEs from other clusters that are not part of the consortium. When possible, business collaboration activities should take place with regions with strong industrial transition needs.

2.5. Performance indicators for the action

The action will be assessed, as a minimum, against the following performance indicators:

- Number of traditional SMEs and number of tech-savvy SMEs participating in the project activities (including but not limited to hackathons and virtual matchmaking events);
- Number of traditional SMEs effectively adopting advanced technologies through this project;
- Number of tech-savvy SMEs concluding business agreements²⁴ through this project;
- Number of activities undertaken to improve support services by cluster organisations for supporting the growth and competitiveness of their SME members (e.g. matchmaking events, technology challenges for SMEs and start-ups, such as hackathons);
- Effectiveness of the communication and dissemination activities²⁵.

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	02/02/2021 17:00 h Brussels time
b) Evaluation period*	02/2021 – 08/2021
c) Information to applicants*	08/2021
d) Signature of grant agreements*	11/2021

²⁴ For the purposes of this performance indicator, “business agreement” are any type of agreements concluded between traditional SMEs and tech-savvy SMEs, e.g. on collaboration, know-how sharing, business agreement, purchase, etc. Proof of the concluded business agreements should be included in the technical reports.

²⁵ Applicants are invited to present relevant, quantifiable key performance indicators (KPI) for the expected results of their planned communication and dissemination activities.

e) Starting date of the action*	12/2021
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* indicative

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 5 000 000.

The maximum grant per project will be between EUR 2 000 000 and EUR 3 000 000. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts.

EASME expects to fund 2 proposals.

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

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

5. ADMISSIBILITY REQUIREMENTS

The following requirements must be complied with:

- Applications must be submitted no later than the deadline for submitting applications referred to in section 3;
- Applications must be submitted in writing, using the electronic system specified in section 16;
- Applications must be drafted in one of the EU official languages.

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

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

6. ELIGIBILITY CRITERIA

6.1. Eligible applicants

Applicants must be legal entities and shall be representatives of industry, research community, and technology providers. A non-exhaustive list of potential applicants includes, for instance:

- **Cluster organisations**²⁶

²⁶ According to point 15(s) of the Commission Communication (2014) Framework for State aid for research and development and innovation (2014/C 198/01), an “innovation cluster” means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors). The Commission has under point 12(e) identified aid for innovation clusters as a State aid measure that may, under specific conditions, be compatible with the internal market. This includes supporting the investment in open and shared infrastructures for innovation clusters, and supporting, for no longer than 10 years, the operation of clusters for the enhancement of collaboration, networking and learning. The communication’s annex I on eligible costs

- **technology centres**²⁷

- SMEs

The different clusters in the consortia applying for this call for proposals may represent groups of SMEs **from the same industrial segment or related industrial sectors**²⁸ that offer scope for cross-fertilisation.

Should technology centres not be formal beneficiaries of the proposed project, applicants shall demonstrate in their application how they intend to ensure their collaboration during the project.

Natural persons are not eligible.

Linked third parties,²⁹ i.e. legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, may take part in the action **as applicants** in order to declare eligible costs.

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

- EU Member States;
- Countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation.

6.2. Eligible consortia

Proposals must be submitted by consortia composed by eligible legal entities (as defined in section 6.1) established in a **minimum of three different EU Member States**.

further clarifies that operating aid to this effect covers personnel and administrative costs relating to the animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services; marketing of the cluster; management of the cluster's facilities; knowledge sharing and networking and transnational cooperation. Please refer to the document in this link: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0627\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014XC0627(01)&from=EN)

²⁷ Numerous terms are used in practices for “technology centres”, including innovation centres, science parks, technology parks, co-working centres and so on. The International Association of Science Parks and Areas of Innovation (IASP) defines “Science Park” as organizations managed by specialized professionals, whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge-based institutions. To enable these goals to be met, a Science Park stimulates and manages the flow of knowledge and technology amongst universities, R&D institutions, companies and markets; it facilitates the creation and growth of innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality space and facilities.” (IASP International Board, 6 February 2002). See European Commission (2014) *Setting up, managing and evaluation EU Science and Technology Parks: An advice and guidance report on good practice*, http://s3platform.jrc.ec.europa.eu/documents/10157/47822/stp_report_en.pdf

²⁸ Industrial sector list from EUROSTAT - NACE Rev.2 of business economy by sector: https://ec.europa.eu/eurostat/statistics-explained/index.php/Business_economy_by_sector_-_NACE_Rev._2

²⁹ In the framework of the COSME programme, the term “linked third parties” is used in the meaning of “affiliated entity” as established in Art. 187 of the “Financial Regulation applicable to the general budget of the Union July 2018”, available here:

https://ec.europa.eu/budget/library/biblio/publications/2018/financialregulation_en.pdf.

Should either the term “linked third party” or “affiliated entity” be used in the Model Grant Agreement, both are to be intended with the same meaning, following the description provided in Art. 187 of the abovementioned Financial Regulation.

Consortia must choose within their midst a lead organisation, referred to as the Coordinator.

Supporting documents

In order to assess the applicants' eligibility, the following supporting documents are requested:

- a **description of each cluster organisation and technology centre** involved as a partner in the project that demonstrates that they are eligible applicants as defined in section 6.1;
- a demonstration of the **transnational nature** of the project.

In addition,

- **technology centres** that are not involved as partners in the project should provide a **proof of their availability for cooperation**, e.g. a signed **Letter of Intent** or **Memorandum of Understanding**.

6.3. For UK applicants

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement³⁰ on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union are to be understood as including natural or legal persons residing or established in the United Kingdom. UK residents and entities are therefore eligible to participate under this call for proposals.

6.4. Implementation period

Taking into consideration the mandatory activities of this call for proposals, the Agency considers that the reasonable duration of the projects shall be 24 months.

Applications with different duration might also be considered, provided that the duration is coherent with the objectives of this call for proposals and realistic for the proposed mandatory activities.

7. EXCLUSION CRITERIA

7.1. Exclusion

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

- (a) the applicant is bankrupt, subject to insolvency or winding-up procedures, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended, or it is in any analogous situation arising from a similar procedure provided for under EU or national laws or regulations;
- (b) it has been established by a final judgment or a final administrative decision that the applicant is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;
- (c) it has been established by a final judgment or a final administrative decision that the applicant is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful intent or gross negligence, including, in particular, any of the following:

³⁰ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

- (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of eligibility or selection criteria or in the performance of a contract, a grant agreement or a grant decision;
 - (ii) entering into agreement with other applicants with the aim of distorting competition;
 - (iii) violating intellectual property rights;
 - (iv) attempting to influence the decision-making process of the Agency during the award procedure;
 - (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;
- (d) it has been established by a final judgment that the applicant is guilty of any of the following:
- (i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council and Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995;
 - (ii) corruption, as defined in Article 4(2) of Directive (EU) 2017/1371 or Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997, or conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA, or corruption as defined in the applicable law;
 - (iii) conduct related to a criminal organisation, as referred to in Article 2 of Council Framework Decision 2008/841/JHA;
 - (iv) money laundering or terrorist financing within the meaning of Article 1(3), (4) and (5) of Directive (EU) 2015/849 of the European Parliament and of the Council;
 - (v) terrorist offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;
 - (vi) child labour or other offences concerning trafficking in human beings as referred to in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;
- (e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the Court of Auditors;
- (f) it has been established by a final judgment or final administrative decision that the applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95;
- (g) It has been established by a final judgement or final administrative decision that the applicant has created an entity in a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;
- (h) it has been established by a final judgement or final administrative decision that an entity has been created with the intent referred to in point (g);
- (i) for the situations referred to in points (c) to (h) above, the applicant is subject to:
- (i) facts established in the context of audits or investigations carried out by European Public Prosecutor's Office after its establishment, the Court of Auditors, the European Anti-Fraud Office or the internal auditor, or any other check, audit or control performed

under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;

- (ii) non-final judgments or non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;
- (iii) facts referred to in decisions of persons or entities being entrusted with EU budget implementation tasks;
- (iv) information transmitted by Member States implementing Union funds;
- (v) decisions of the Commission relating to the infringement of Union competition law or of a national competent authority relating to the infringement of Union or national competition law; or
- (vi) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

7.2. Remedial measures

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

7.3. Rejection from the call for proposals

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

- (a) is in an exclusion situation established in accordance with section 7.1; or
- (b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information; or
- (c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equal treatment, including distortion of competition, that cannot be remedied otherwise.

Administrative sanctions (exclusion) may be imposed on applicants where applicable], if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

7.4. Supporting documents

Applicants must provide a **declaration on their honour** certifying that they are not in one of the situations referred to in Articles 136(1) and 141 of the EU Financial Regulation (FR)³¹, by filling in the relevant form attached to the application form accompanying this call for proposals.

³¹ See Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193/30.07.2018, p.1).

8. SELECTION CRITERIA

8.1 Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the duration of the grant and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents:

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

- a declaration on their honour.

b) Grants $>$ EUR 60 000:

- a declaration on their honour and,

EITHER

- the profit and loss account, the balance sheet for the last 2 financial years for which the accounts were closed;
- for newly created entities, the business plan might replace the above documents.

OR

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

c) Grants for an action $>$ EUR 750 000, in addition:

(i) the information and supporting documents mentioned in point b) above, and

(ii) an **audit report** produced by an approved external auditor certifying the accounts for the last 2 financial years available, where such an audit report is available or whenever a statutory report is required by law.

If the audit report is not available AND a statutory report is not required by law, a self-declaration signed by the applicant's authorised representative certifying the validity of its accounts for the last 2 financial years available must be provided.

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

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

On the basis of the documents submitted, if the authorising officer considers that financial capacity is weak, s/he may:

- request further information;
- decide not to give pre-financing;
- decide to give pre-financing paid in instalments;

- decide to give pre-financing covered by a bank guarantee (see section 12.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries³²;

If the authorising officer considered that the financial capacity is insufficient s/he will reject the application.

8.2 Operational capacity

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

Applicants also need to demonstrate that the cluster organisations involved as partners guarantee that the consortium ensures a **broad geographical coverage** with regard to the EU regions³³ to which they provide their services.

In respect to the operational capacity, applicants have to submit a declaration on their honour, and the following supporting documents:

- curriculum vitae (CV), preferably in European CV format (<http://europass.cedefop.europa.eu>) or description of the profile of the main persons primarily responsible for managing and implementing the different activities of the action. The CV should be accompanied, where appropriate, (like in the field of research and education) by a list of relevant publications/projects managed);
- a summary table indicating the persons that will make up the core team responsible for the project with their qualifications and competences. A template is included in the application forms;
- an exhaustive list of previous projects and activities in the last 5 years performed in the area of clusters and connected to the policy field of the call or to actions to be carried out, including projects and activities supported through EU's Research and Innovation Framework Programmes (Horizon 2020, FP7, FP6 etc.) and cross-border, transnational and interregional cluster cooperation projects funded under INTERREG. An example is available as Annex 6;
- a description of each cluster organisation and technology centre involved as a partner in the project that demonstrates that they manage joint activities, facilitate networking and/or provide or channel specialised and customised business support services to specific groups of SMEs, **each consortium being from the same industrial ecosystem** (as defined in section 1.2);
- a description of each cluster organisation involved as a partner in the project that demonstrates that the consortium is able to ensure broad geographical coverage of regions³⁴ from EU Member States to which they offer their services and, consequently, the possibility of creating trans-regional and transnational SME alliances;
- the organisations' activity reports;

³² The beneficiaries are advised to provide for this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

³³ A region is meant here as the economic territory defined at NUTS-2 level. See <http://ec.europa.eu/eurostat/web/nuts/overview>

³⁴ A region is meant here as the economic territory defined at NUTS-2 level. See <http://ec.europa.eu/eurostat/web/nuts/overview>

- a description of the technical equipment, tools or facilities and patents at the disposal of the applicant in relation to the proposal.

9. AWARD CRITERIA

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

<i>Criteria</i>	<i>Max. score</i>
<p>Relevance of the actions in view of the objectives of the call (<i>meeting objectives of the call; appropriate results; appropriate partnership; competences and European dimension</i>)</p> <p><i>How relevant is the proposal and proposed activities in view of the objectives of the call to reinforce cooperation among clusters and tech-savvy SMEs and in particular with a view to exploit growth opportunities and accelerate the adoption of advanced technologies across the EU?</i></p> <p><i>To what extent are the actions proposed by the applicant strategically chosen to meet the objectives of this call?</i></p> <p><i>How well does the project fit with the expectations/needs of the identified target group?</i></p> <p><i>How strategically chosen are the project partners (relevance of the partners to the project)?</i></p> <p><i>To what extent do the proposed activities, composition of the partnership and the selected target group(s) demonstrate a European added value?</i></p> <p><i>Is there any complementarity between the proposed project and other actions being taken at European level?</i></p>	30
<p>Quality of the proposed actions (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</p> <p><i>How clear, coherent and ambitious is the work plan?</i></p> <p><i>How appropriate, practical and innovative are the activities proposed (including the internal plan of action/work packages)?</i></p> <p><i>To what extent is the work plan clearly defined in terms of schedule, milestones and deliverables?</i></p> <p><i>Is there a logical link between identified needs, specific objectives, proposed actions and expected results? Is this link well described and justified?</i></p> <p><i>How suitable is the contribution of each partner to the activities proposed?</i></p> <p><i>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</i></p> <p><i>To what extent can the methodology and management set up be effective and ensure the high quality of the action proposed?</i></p>	25
<p>Impact on target audience (<i>appropriate impact indicators; dissemination;</i></p>	25

<p><i>project continuation)</i></p> <p><i>Is the proposal suggesting clear, realistic and practical impact indicators?</i></p> <p><i>To what extent does the project contribute to creating a real, measurable impact on the sectors concerned?</i></p> <p><i>To what extent is the project likely to have a tangible impact on the target groups?</i></p> <p><i>How effective, innovative and convincing are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</i></p> <p><i>Are the expected multiplying effects reasonable? To what extent does the proposal include elements of follow-up and transferability (including lessons learnt and good practices) at EU level?</i></p> <p><i>Are concrete measures planned in order to ensure that the project can be continued after the termination of EU funding?</i></p>	
<p>Cost-effectiveness (<i>coherence, detail and clarity between actions proposed and budgeted resources</i>)</p> <p><i>To what extent the detailed budget is coherent with the work plan of the proposal?</i></p> <p><i>To what extent is the budget clear and detailed, as well as effective, to implement the action? Does the breakdown of the budget, category by category, offer a way of ensuring that the amount of the grant awarded is reasonable in relation to the expected results?</i></p> <p><i>To what extent is the proposed expenditure necessary for the implementation of the project?</i></p> <p><i>Do the expected results stand in a reasonable relationship to the amount of the grant? Does the budget seem justified when compared to the expected impact?</i></p>	20
TOTAL	100

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

10. LEGAL COMMITMENTS

In the event of a grant awarded by EASME, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the applicant, as well as the information on the procedure to formalise the agreement of the parties.

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

The authorising officer may draw a reserve list of proposals that have passed the above thresholds. In the event that the original budget of the action is increased or that selected proposal(s) fail to conclude the grant agreement, a grant may be awarded to proposals from the reserve list, following their order on the ranking list in accordance with the scores obtained.

11. ADMINISTRATIVE REVIEW PROCEDURES

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

12. FINANCIAL PROVISIONS

12.1 General principles

a) Non-cumulative award

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

In no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.³⁵

b) Non-retroactivity

No grant may be awarded retrospectively for actions already completed.

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

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

c) Co-financing

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

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

d) Balanced budget

³⁵ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

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

The budget must be drawn up in euros.

Applicants for whom costs will not be incurred in euros, should use the exchange rate published on the Info-euro website available at: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm.

e) Implementation contracts/subcontracting

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

Moreover, the beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU³⁶ or contracting entities in the meaning of Directive 2014/25/EU³⁷ must comply with the applicable national public procurement rules. The beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Beneficiaries may subcontract tasks forming part of the action as described in the proposal. If they do so, they must ensure that, in addition to the above-mentioned conditions of best value for money and absence of conflicts of interests, the following conditions are also complied with:

- (i) subcontracting does not cover core tasks of the action;
- (ii) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
- (iii) the estimated costs of the subcontracting are clearly identifiable in the estimated budget;
- (iv) any recourse to subcontracting, if not provided for in description of the action, is communicated by the beneficiary and approved by the Agency. The Agency may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries requests an amendment
 - (ii) after recourse to subcontracting if the subcontracting:
 - is specifically justified in the interim or final technical report and
 - does not entail changes to the grant agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;

³⁶ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

³⁷ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94/243 of 28.3.2014).

(v) the beneficiaries ensure that certain conditions applicable to beneficiaries, enumerated in the grant agreement (e.g. visibility, confidentiality, etc.) are also applicable to the subcontractors.

f) Financial support to third parties.

Applications may not envisage provision of financial support to third parties.

12.2 Funding forms

The grant will be defined by applying a maximum co-financing rate defined in section 3 to the eligible costs declared by the beneficiary. Amounts are indicated in euros.

➤ **Maximum EU contribution requested**

The EU contribution is limited to a maximum co-financing rate of eligible costs indicated in section 4. Consequently, part of the total eligible expenses entered in the estimative budget must be financed from sources other than the EU grant (see section 12.1c).

➤ **Eligible costs**

'Eligible costs' shall meet all the following criteria:

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

The period of eligibility of costs will start as specified in the grant agreement. If a beneficiary can demonstrate the need to start the action before the agreement is signed, expenditure may be authorised before the grant is awarded. Under no circumstances can the eligibility period start before the date of submission of the grant application (see section 12.1 b).

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

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

In addition for **unit costs**:

- ✓ the number of actual units must comply with the following conditions:
 - the units must be actually used or produced during the duration of the action;
 - the units must be necessary for implementing the action or produced by it, and
 - the number of units must be identifiable and verifiable, in particular supported by records and documentation.

Further details are included in the model grant agreement.

Eligible costs may be direct or indirect.

Eligible direct costs

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

A. Direct personnel costs

Types of eligible personnel costs

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

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

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

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

- (a) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
- (b) the result of the work carried out belongs to the beneficiary, and
- (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

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

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

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

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

C. Direct costs of providing financial support to third parties are not applicable.

D. Other direct costs

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

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

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

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

D.3 Costs of other goods and services (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible, if they are purchased specifically for the action and in accordance with the conditions set out in the grant agreement.

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

E. Eligible indirect costs (overheads)

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

Indirect costs are eligible if they are declared on the basis of the flat-rate of 7% of the eligible direct costs under categories A, B and D.

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

Applicants's attention is drawn to the fact that in the case of beneficiaries receiving an operating grant³⁸ financed by the EU or Euratom budget, they cannot declare indirect costs for the period covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action. In order to demonstrate this, in principle, the beneficiary should:

- a. use *analytical cost accounting that allows separating all costs (including overheads) attributable to the operating grant and the action grant*. For that purpose the beneficiary should use *reliable accounting codes and allocation keys* ensuring that *the allocation of the costs is done in a fair, objective and realistic way*.
- b. *record separately*:
 - all costs incurred for the operating grants (i.e. personnel, general running costs and other operating costs linked to the part of its usual annual activities), and
 - all costs incurred for the action grants (including the actual indirect costs linked to the action)

If the operating grant covers the entire usual annual activity and budget of the beneficiary, the latter is not entitled to receive any indirect costs under the action grant.

➤ **Ineligible costs**

- (a) return on capital and dividends paid by a beneficiary;
- (b) debt and debt service charges;
- (c) provisions for losses or debts ;
- (d) interest owed;
- (e) doubtful debts;
- (f) currency exchange losses;
- (g) bank costs charged by the beneficiary's bank for transfers from the Agency;
- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU or Euratom budget in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action.
- (m) costs for staff of a national (or local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (n) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies
- (o) purchase and installation of advanced technologies..

Further details are included in the model grant agreement.

➤ **Calculation of the final grant amount**

³⁸ For the definition, see Article 180(2)(b) of the EU Financial Regulation: '**operating grant**' means financial contribution, to the functioning of a body which has an objective forming part of, and supporting, an Union policy, by means of a financial contribution to its work programme.

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

- a final report providing details of the implementation and results of the action;
- the final financial statement must detail all eligible costs (actual costs, unit costs and flat-rate costs);
- a certificate on the financial statements of the action for each beneficiary, if
 - it requests an EU contribution of EUR 325 000 or more as reimbursement of actual costs and
 - the maximum EU contribution indicated, for that beneficiary in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.

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

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

The ‘**final grant amount**’ depends on the actual extent to which the action is implemented in accordance with the Grant Agreement.

This amount is calculated by the Agency at the payment of the balance in the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs declared by the beneficiaries and approved by the Agency.

Step 2 — Limit to the maximum grant amount.

Step 3 — Reduction due to the no-profit rule as the grant must not produce a profit³⁹:

‘Profit’ means the surplus of the amount obtained following Steps 1 and 2 plus the ‘action’s total receipts’ (being the consolidated total receipts generated during its duration), over the ‘action’s total eligible costs’ (being the consolidated total eligible costs approved by the Agency).

The following are considered ‘receipts’:

- (a) revenue generated by the action for beneficiaries other than non-profit organisation;

In-kind and financial contributions by third parties are not considered receipts.

If there is a ‘profit’, it will be deducted in proportion to the final rate of reimbursement of the eligible actual costs approved by the Agency (as compared to the amount calculated following Steps 1 and 2).

Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations) from the maximum grant amount.

³⁹ Not applicable for low value grants.

The final grant amount will be the lower of the following two:

- the amount obtained following Steps 1 to 3 or
- the reduced grant amount following Step 4.

Further details are included in the model grant agreement.

12.3 Payment arrangements:

Pre-financing payment

A pre-financing payment corresponding to 50% of the grant amount will be transferred to the beneficiary within 30 days of the date when the last of the two parties signs the agreement, or from the starting date of the action or from receiving the pre-financing guarantee, whichever is the latest.

Interim payment

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

The interim payment shall clear 40% of the amount of the pre-financing previously paid.

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

Final payment

EASME will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 12.2 above). If the total of earlier payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by EASME through a recovery order.

12.4 Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for an amount not exceeding the amount of the pre-financing and shall be valid for a period sufficiently long to allow it to be activated, may be requested in order to limit the financial risks linked to the pre-financing payment.

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

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

The guarantee shall be released when the pre-financing is deducted from interim payments or payments of the balance to the beneficiary, in accordance with the conditions laid down in the grant agreement.

13. REPORTING REQUIREMENTS:

Beneficiaries will be requested to submit the following reports:

- An update on the technical progress of the project every 3 months via email, not linked to a request for payment ('progress report');
- A periodic technical and financial report covering the first reporting period of the project⁴⁰, linked to a request for interim payment ('interim report') and submitted within 60 days of the end of the first reporting period;
- A final technical and financial report, covering the second and last reporting period of the project, linked to the request for the payment of the balance and submitted within 60 days of the end of the project ('final report').

Further details are included in the model grant agreement.

14. PUBLICITY

14.1 By the beneficiaries

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

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

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

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

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

14.2 By EASME

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

EASME will publish the following information:

- name of the beneficiary

⁴⁰ For instance, a project with a duration of 24 months will have two reporting periods of 12 months each.

- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level⁴¹ if he/she is domiciled within EU or equivalent if domiciled outside EU,
- subject of the grant,
- amount awarded.

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

15. DATA PROTECTION

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data⁴². Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposal will be processed solely for that purpose by the EASME Head of Unit A.1.

Details concerning the processing of personal data are available on the privacy statement at: http://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants_en.pdf.

Personal data may be registered in the Early Detection and Exclusion System (EDES) should the beneficiary be in one of the situations mentioned in Articles 136 and 141 of the EU Financial Regulation 2018/1046⁴³ (for more information see the Privacy Statement on: http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statement_edes_en.pdf).

16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

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

➤ Electronic submission

Applicants are requested to go to <https://ec.europa.eu/easme/en/cosme/cosme-funding-opportunities> and follow the procedure for submitting an application.

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

⁴¹ Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 39 of 10.02.2007).

⁴² OJ L 295/39 of 21.11.2018.

⁴³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>

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

➤ **Contacts**

EASME is available to answer questions relating to the content of the present call for proposals. All questions must be sent by e-mail to EASME-COSME-STRATEGIC-ALLIANCES@ec.europa.eu.

Answers will be published at <https://ec.europa.eu/easme/en/section/cosme/cosme-open-calls-proposals>.

17. ANNEXES

- Annex 1: Checklist of documents to be provided
- Annex 2: Description of Action (DoA) template
- Annex 3: Detailed budget template
- Annex 4: COSME Guide for applicants
- Annex 5: EASME Model Grant Agreement (MGA)
- Annex 6: List of previous relevant projects and activities in the last 5 years