

FAQs on Implementation of CEF Actions

CEF Transport/Energy

(NB: Implementation is understood as from the moment grant agreement preparation starts until the closure of an Action)

Contents

I. Grant management.....	2
1. Contact(s).....	2
2. Roles & responsibilities.....	2
3. Amendments.....	5
4. Termination.....	7
II. Reporting.....	7
III. Certificate on Financial Statements (CFS).....	11
IV. Eligibility of costs.....	15
V. Payments.....	17
VI. Ownership rights / Use of results.....	19

Acronyms used:

ASR	Action Status Report
CEF	Connecting Europe Facility
CEF Regulation	Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010
CFS	Certificate on Financial Statements
GA	Grant Agreement

I. Grant management

1. Contact(s)

Question I.1.1.: How will beneficiaries' questions be handled during the implementation of the Action?

Answer: Each Action is assigned to a project manager in INEA who is the single point of contact for beneficiaries concerning their Action, as well as for any general CEF Programme related questions. Beneficiaries are first contacted by the project manager in charge when the preparation of the grant agreement starts. If a coordinator is designated, he/she will be the intermediary for all communications between the beneficiaries and the Agency, except where provided otherwise in the Grant Agreement.

Question I.1.2.: What is the role and responsibilities of the contact person(s) mentioned in Article 6.3 of the Grant Agreement (GA)?

Answer: Article 6.3 includes the contact details of the person(s) chosen by the beneficiary/coordinator to receive and send all communications from/to INEA. As a general rule, that person should have an employment contract with the beneficiary/coordinator and be able to represent it. If the beneficiary/coordinator decides to designate a person(s) working in an implementing body as contact person, the beneficiary must ensure that the related appropriate working arrangements are in place and take full responsibility of the implications, particularly of the effects that any correspondence between INEA and the contact person may have on the beneficiary/coordinator. INEA does not take any responsibility for any problems that this decision may cause to the beneficiary/coordinator. Changes of the contact person should be promptly communicated to INEA.

2. Roles & responsibilities

Question I.2.1: Who should sign the Grant Agreement (GA) on the beneficiary/coordinator's side? At which level?

Answer: The authorised representative of the beneficiary/coordinator should be formally empowered to commit its organisation by signing the GA. It is the responsibility of the beneficiary/coordinator to designate its authorised representative for the purpose of the signature of the CEF GA, in accordance with its statutes.

If the beneficiaries have decided to mandate the coordinator to sign on their behalf (for which the model in Annex IV of the GA is obligatory), the authorised representative of the coordinator will sign the GA on behalf of all beneficiaries. If the coordinator does not receive such empowerment, the GA shall be signed by an authorised representative of each of the beneficiaries. Please note that the call text may impose the nomination of a coordinator with the power to sign on behalf of all beneficiaries.

Question I.2.2: is it possible for a beneficiary/coordinator to designate two authorised representatives for the signature of the Grant Agreement (GA)?

Answer: Yes, it is possible to designate a maximum of two authorised representatives for the signature of the GA and/or the mandate to the coordinator, upon the beneficiary's request. Please note that in this case, both representatives will have to sign the GA or the mandate so as to commit the beneficiary.

Question I.2.3: Is it possible to adapt and/or remove one or more tasks or responsibilities of the coordinator as specified in Article II.1 GA?

Answer: No, it is not possible.

Question I.2.4: What is the role of the coordinator apart from receiving payments and signing the GA/amendments on behalf of the other beneficiaries?

Answer: General obligations of the coordinator are specified in Article II.1.3 of the GA. They include:

- monitoring the implementation of the Action in accordance with the grant agreement,
- submitting requests for payments and deliverables (e.g. ASRs, technical reports, etc),
- acting as intermediary for all communications between the Agency and the beneficiaries,
- handling the reporting and obtaining all the required information from the other beneficiaries,
- providing necessary documentation in the event of audits and checks in relation to the Action,
- making the appropriate arrangements for providing any financial guarantees required under the Agreement
- providing the Agency with the method for allocating the payments to the different beneficiaries when the coordinator is not receiving the payments on behalf of all beneficiaries

Question I.2.5: Is the signature of the mandates to the coordinator (Annex IV GA) always required when a coordinator is designated?

Answer: Yes, the signature of the mandates by each beneficiary is always required.

Question I.2.6: Is it possible to modify the substance of the text of the mandates (Annex IV) for one or more beneficiary?

Answer: No. The template for Annex IV, like any other part of the standard provisions of the model grant agreement, cannot be modified. The role of the coordinator must be the same in all mandates so as to ensure legal certainty on its role and responsibilities *vis-à-vis* the beneficiaries and the Agency in view of the proper implementation of the Action and grant agreement.

Question I.2.7: Is there any provision in the Grant Agreement obliging the coordinator to distribute the pre-financing to the other co-beneficiaries by a certain time?

Answer: In accordance with Article II.1.3 (e), the coordinator who is the sole recipient of payments shall "ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay". The grant agreement does not provide for any deadline in this respect.

Nevertheless, it should be noted that the tasks and responsibilities of the coordinator are part of its contractual obligations as per the grant agreement, and any breach to them may lead to a reduction of the financial aid (taking into account the seriousness of the breach) in accordance with Article II.25.4 of the grant agreement.

Question I.2.8: Are designated implementing bodies or affiliated entities subject to compliance with the terms and conditions of the Grant Agreement?

Answer: Pursuant to Article II.21 GA, the beneficiary to which the entity is affiliated or by which the implementing body is designated must ensure that the provisions of Articles II.3 (liability for damages), II.4 (conflict of interests), II.5 (confidentiality), II.7 (visibility of Union funding), II.9 (award of contracts) and II.10 (subcontracting) are also applicable to the entity or body. In addition, the beneficiary must ensure that the Agency, the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors may exercise their rights under Article II.27 (checks, audit and evaluation) towards the implementing body or affiliated entity.

Question I.2.9: Part of the Action is foreseen to be implemented by the designated implementing body or affiliated entity. Who will hold responsibility for carrying these tasks in accordance with the Grant Agreement?

Answer: Pursuant to Article II.21 GA, the beneficiary shall retain sole responsibility for carrying out the Action and for compliance with the Grant Agreement.

Question I.2.10: As an affiliated entity/implementing body designated in the Grant Agreement, can I submit a request for amendment or a request for payment to the Agency?

Answer: No. In accordance with Article II.21 GA, affiliated entities/implementing bodies have no rights *vis-à-vis* the Agency under the Grant Agreement. Any such requests must be submitted by the beneficiary/coordinator in accordance with the terms and conditions of the Grant Agreement.

3. Amendments

Question I.3.1: A Grant Agreement is multi-beneficiary and includes several affiliated entities and implementing bodies. Who can submit a request for amendment to the Grant Agreement?

Answer: The rules regarding the submission of requests for amendment are set in Article II.12.4 of the GA.

Where a coordinator is designated, requests for amendments shall be submitted by the coordinator. If a change of coordinator is requested without its agreement, the request shall be jointly submitted by all other beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries.

Where no coordinator is designated, requests for amendment shall be jointly submitted by all the beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries.

Requests submitted by one or more affiliated entities and/or implementing bodies will not be considered admissible.

Question I.3.2: How can I introduce a request for amendment to the Grant Agreement?

Answer: In line with Article II.12 of the Grant Agreement, an amendment request shall be made in writing by the beneficiary (for mono-beneficiary grants) or the coordinator (for multi-beneficiary). Where no coordinator is designated requests for amendment shall be jointly submitted by all the beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries. If a change of coordinator is requested without its agreement, the request shall be jointly submitted by all other beneficiaries or shall be submitted by a beneficiary acting on behalf of all beneficiaries.

The amendment request shall be submitted in due time before it is due to take effect and in any case 3 months before the end date of the Action, except in cases duly substantiated by the party requesting the amendment and accepted by the other party.

Any request for amendment shall be made in writing in a duly signed dedicated letter, **completed by** the information substantiating the request for amendment. The latter should be relevant, accurate, verifiable, reliable and up-to-date. The scanned letter may also be submitted **electronically to the e-mail address specified in article 6.2 of the grant agreement (used also for submission of requests for payment, reports (except ASRs) and financial statements).**

No amendment can call into question the European Commission's Decision to award Union financial aid to the Action or result in unequal treatment of applicants/beneficiaries.

Question I.3.3: What are the general rules for the extension of the implementation period of an Action? For what period could it be extended in a duly justified case?

Answer: Any extension of the implementation period requires an amendment to the Grant Agreement (see question nr. I.3.2). INEA examines individually each request for extension (or any other proposed amendment), considering all related factors. Amendments should remain the exception.

Each request should provide solid explanations on why the delays and – if applicable - other changes, e.g. timeline of implementation of the Action/activities/milestones, budgetary implications, occurred and how they justify the extension of the implementation period. It should also provide sufficient assurance that the Action will be completed within the new timeline, including measures already taken by the beneficiaries to safeguard the estimated new completion date. The extension of the implementation period should not be the consequence of a lack of planning or omissions in the application but the consequence of unforeseeable circumstances.

As in other amendments, an extension of the implementation period must not have the purpose or the effect of calling into question the Commission's Decision to grant the financial aid and result in unequal treatment of applicants/beneficiaries. In addition, as the call for proposals may have set time limits for the eligibility of costs, the modification to the duration of the Action should not undermine the specifications or requirements indicated in that call.

Question I.3.4: When do budget transfers within an Action not require an amendment to the Grant Agreement?

Answer: Budget transfers are in principle not subject to an amendment provided that the Action has been implemented in line with Annex I of the Grant Agreement (see question nr. I.3.6). More precisely there is no need for amendment in the following cases of budget transfer:

1. For mono-beneficiary Actions: transfer of amounts between cost categories (including activities);
2. For multi-beneficiary Actions with a coordinator: transfer of amounts between cost categories (including activities) and/or beneficiaries;
3. For multi-beneficiary Actions without coordinator: transfer of amounts between activities of an individual beneficiary.

In all of the above cases in the context of any subsequent request for payment, the Agency will assess whether the Action has been implemented in line with Annex I of the Grant Agreement.

For multi-beneficiary grants without coordinator, transfers of amounts between beneficiaries are subject to the signature of an amendment.

Beneficiaries may not adjust amounts which take the form of lump sums, in accordance with Article 3(a)(iii) or 3(c) GA.

Question I.3.5: When can we consider an Action to be implemented as described in Annex I of the GA for the purpose of budget transfers?

Answer: An Action may be considered to be implemented as described in Annex I provided that the degree of technical progress of its individual activities would allow INEA to consider the objectives of the Action as being met. This general approach will be applied taking into account the specificities of each individual Action.

Question I.3.6: Is there any ceiling to budget transfers?

Answer: There is no applicable ceiling or threshold to budget transfers.

4. Termination

Question I.4.1: In line with article II.16.3 of the Grant Agreement, the Agency may decide to terminate the grant agreement if the Action has not started within two years (e.g. works) or within one year in case of a study of the starting date set out in Article 2.2. What is meant in this context by "the start of the Action"? Would the preparation of the tender documents be considered as part of the Action, and therefore it could be considered that the Action has started? What should be done in order that an Action is considered as started?

Answer: The start date of the Action is expressly established in Article 2.2 of the Grant Agreement. The possibility for termination and all related conditions derive from the Financial Regulations and the CEF Regulation that stipulates in Article 12 (1) that "*Except in duly justified cases, the Commission shall cancel financial assistance granted for studies which have not been started within one year following the start date laid down in the conditions governing the granting of aid or within two years of that date for all other actions (...)*". If the preparation of the tender documents is described as one of the activities or deliverables of the Action in Annex I, then the Action is to be considered as started.

II. Reporting

Question II.1.1: In which language do I have to submit reports relating to the Action?

Answer: All reports concerning the Action must be submitted in the language foreseen in Article 4.3 of the respective Grant Agreement.

Question II.1.2: Is it possible to change the reporting language?

Answer: Yes, the beneficiary/coordinator may choose a different reporting language amongst the 3 languages foreseen in the model Grant Agreement (English, French, German). However, changing the reporting language requires an amendment.

Question II.1.3: As a beneficiary having my general accounts in a currency other than Euro, how should I convert the costs incurred into Euro?

Answer: The conversion of costs must be made in accordance with Article II.23.4 of the Grant Agreement. INEA has published the [Guide to currency conversion to Euro](#) on the Beneficiaries Info Point on INEA's website.

Question II.1.4: How should a beneficiary whose general accounts are in a non-Euro currency declare invoices issued in Euro?

Answer: Euro invoices incurred by beneficiaries with non-Euro general accounts should be declared as they are booked in their general accounts (i.e. non-Euro currency). When the beneficiary submits their financial statements these costs shall be converted into Euro as per Article II.23.4. Specific guidance can be found in the [Guide to currency conversion to Euro](#) on the Beneficiaries Info Point on INEA's website.

Question II.1.5: Do Member States (MS) have to certify costs incurred by third countries or entities established in third countries?

Answer: No, MS do not certify costs incurred by a third country or by entities that are established in a third country. The MS certification applies only to beneficiaries established in the EU, in accordance with Article II.23 of the Grant Agreement.

Question II.1.6: Can costs from a reporting period that have not been claimed in the related payment request be submitted in subsequent payment requests?

Answer: In principle, all incurred costs should be claimed in the next payment request. However, INEA acknowledges that this is not always possible for a beneficiary. Therefore, INEA may accept that costs incurred in a previous reporting period may be submitted at a later stage if duly justified. However, they must be submitted in a separate financial statement.

Question II.1.7: Is the Commission Decision on the use of unit costs also applicable for the Actions selected under the 2014 calls for proposals?

Answer: Yes. Commission Decision C(2016)478¹ on the reimbursement of personnel costs of beneficiaries of the Connecting Europe Facility can be used also for Actions selected under the 2014 calls for proposals. This Decision however does not apply to grants taking the form of lump sum contributions.

Question II.1.8: Can the financial figures in the summary financial statement be different to the sum of the individual statements?

¹ https://ec.europa.eu/inea/sites/inea/files/c_2016_478_f1_commission_decision_en_v2_p1_837603.pdf

Answer: No, the financial figures in the summary financial statement cannot differ from the sum of the individual statements.

Question II.1.9: According to the model of the financial statement, for each item of expenditure, the beneficiary should indicate the "date of the invoice". Does this mean the date when the invoice has been issued by the third party or the date of payment or the date of posting in the accounts?

Answer: Beneficiaries should always indicate the date when the invoice has been issued. The invoice itself should clearly refer to an (part of) activity linked to the Action and performed during the Action's implementation. Please note that the eligibility of costs does not depend on the date of the invoice, but on the date when the costs were incurred.

Question II.1.10: Do I understand it correctly that in the case of a consortium only the coordinator needs to sign and stamp the summary financial statement and send a scanned version by e-mail?

Answer: Yes. Each beneficiary prepares its own individual financial statement and (only for the payment of the balance and for beneficiaries established in the EU) obtains the Member State certification. The coordinator aggregates the input received in the summary financial statement (payment of the balance), signs it, and sends the entire set of documents (individual financial statement + summary financial statement + final report) to INEA to the email address indicated in Article 6.2 of the Grant Agreement.

Question II.1.11: Do Member States (MS) need to certify all deliverables and all requests for payments?

Answer: No. According to Article II.23, MS shall only certify that the information provided in the request for final payment and, for CEF Transport/Energy, in the Action Status Report (ASR) is full, reliable and true. MS will also have to certify that the costs declared in the final financial statement are real and eligible in accordance with the Agreement. However, interim financial statements are not subject to MS certification.

Question II.1.12: Which Member States (MS) should certify the request for final payment in accordance with Article II.23 of the Grant Agreement?

Answer: The certification should be provided by the MS in which the beneficiaries are established. However, in exceptional cases, upon request by the beneficiary, the MS in which the Action is implemented (as specified in Annex I GA) may provide the required certification.

Question II.2.1: What are the specific requirements for regular reporting and monitoring of the Action's results?

Answer: Reporting on the progress of the Action is part of the continuous cooperation with the responsible INEA Project Manager in a context of mutual trust and interest. In contractual terms, the regular reporting requirements are included in the Action Status Reports (ASRs) that corresponds to one reporting period (Article 4.1.1. of the Grant Agreement). The ASR must be submitted via TENtec by the coordinator/beneficiary to the Agency before 31st March after having been certified by the Member State concerned. The content of the ASRs is defined in Article II.23.1 of the Grant Agreement. The ASR should mainly provide:

- a description of progress, in particular during the previous reporting period;
- an update on the plans and other estimates for the remaining lifetime of the Action;
- information on contracts awarded;
- information on financing needs;
- information on environmental and publicity aspects.

The Agency may request additional information on any issue relating to the implementation of the Action. The beneficiary is obliged to provide this information. Furthermore, beneficiaries are expected to report pro-actively any important or unforeseen events so as to keep the Agency informed as soon as possible about all issues that impact the Action's implementation.

This good practice will facilitate the examination of possible required remedial measures in line with the provisions of the grant agreements, in the interest of the Action and the beneficiaries.

More information is available on the [Beneficiaries' Info Point](#) on INEA's web site.

Question II.2.2: Are the beneficiaries informed of the outcome of the assessment of the Action Status Report (ASR)?

Answer: Yes, INEA sends a formal letter to the Action's contact person when the assessment of the ASR has been completed. Please note, however, that the completion of the assessment does not constitute acceptance of any deviation from the content and conditions of the Grant Agreement.

Question II.2.3: What is the link between ASR and interim payment requests?

Answer: For the purpose of interim payments the ASR is used as the technical report to be approved by INEA. Interim payment requests should be in line with the ASR and the costs declared within the ASR. If there are any differences in costs declared, these should be explained in the interim payment request. On this basis, adjustments are possible in duly justified cases.

Question: How do I submit my cost claim covering 2 reporting periods?

Answer: The financial statement template requires you to indicate the period that is covered by your report. In other words, you will submit one financial statement in which you indicate the earliest date of one reporting period through to the end date of the second reporting period. In case of using other currencies than EURO, the average calculation of the exchange rate will be calculated over the full duration covered by the report, i.e. both reporting periods.

III. Certificate on Financial Statements (CFS)

Question III.1.1: who is subject to the obligation to submit a CFS?

This obligation is assessed at beneficiary level, covering then also Implementing Bodies' and/or Affiliated entities' costs and CEF contribution.

Each beneficiary who, in line with the latest Grant Agreement (GA), is entitled to receive a maximum grant (CEF contribution) higher/equal than €750,000 is subject to the obligation to submit a CFS.

The maximum grant amount per beneficiary is indicated:

- In article 3 of the GA for single beneficiary Actions.
- In table 3 of Annex III of the GA for multi-beneficiary Actions.

Question III.1.2: When is a CFS due?

Beneficiaries subject to the obligation to submit a CFS (point 1 above) shall submit it along with the request for interim/final payment, for instance in the **year N**, when the sum of:

- a) The requested CEF contribution by the interim/final payment request submitted in the **year N**,

PLUS

- b) The requested CEF contribution by **ALL** previous requests of interim payments submitted **prior to the year N** where a CFS was not submitted, IF ANY

Is cumulatively at least **325,000€**.

Question III.1.3: Which costs shall the CFS cover?

In case a CFS shall be submitted along with a request for interim/final payment, for instance the **year N**, the CFS shall cover:

- a) the costs declared in the interim/final financial statement submitted in the **year N**
- b) the costs declared in the interim financial statement submitted **prior to the year N** where a CFS was not submitted, IF ANY.

Below you will find an example as well as a Flowchart to identify if and when a CFS is needed.

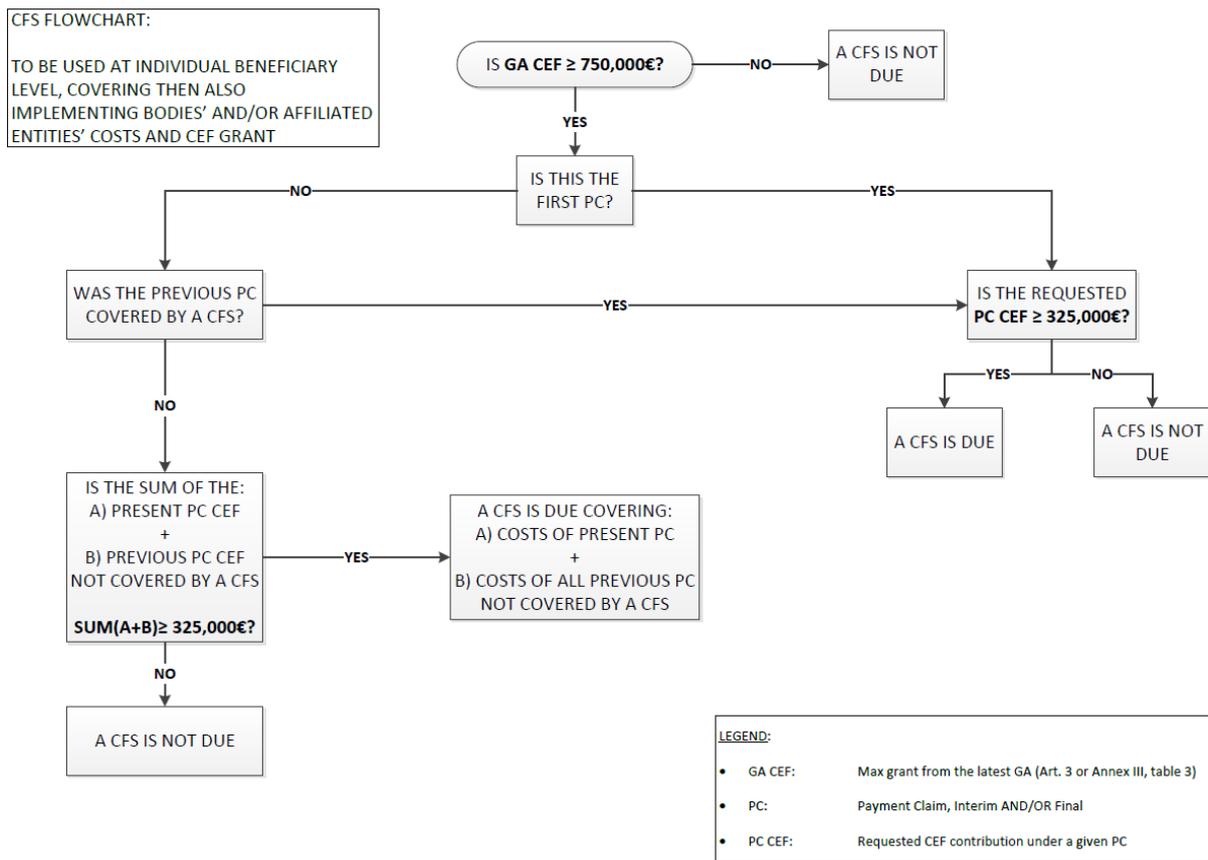
Example:

Beneficiary A is entitled to receive a maximum CEF contribution of 1,000,000€ (as per article 3 of the GA for single beneficiary Actions or table 3 of Annex III of the GA for multi-beneficiary Actions), and is then subject to the obligation to submit CFS along with the request for payments.

Beneficiary A submits the following requests for payments:

1. YEAR 1. A request for Interim Payment (IP1) for a corresponding CEF contribution of 300,000€. No CFS is needed for this IP1.
2. YEAR 2. A request for Interim Payment (IP2) for a corresponding CEF contribution of 25,000€. Although this amount is lower than 325,000€, a CFS is needed for this IP2, as the sum of the CEF contribution requested by the IP2 plus IP1 (where a CFS was not due) is 325,000€. The CFS shall cover ALL the costs submitted under IP1 and IP2.
3. YEAR 3. A request for Interim Payment (IP3) for a corresponding CEF contribution of 200,000€. The CFS is not needed for this IP3, as the CEF contribution requested under IP1 and IP2 was already covered by a CFS, and the CEF contribution requested under CEF 3 is lower than 325,000€.
4. YEAR 4. A request for Final Payment (FP) for a corresponding CEF contribution of 475,000€. A CFS is needed. However it should cover not only the costs submitted under FP but also the costs submitted under IP3, as these costs were not subject to a CFS.

[CFS Flowchart](#)



Question III.1.4: Do costs incurred by implementing bodies and affiliated entities count for reaching the aforementioned thresholds per beneficiary?

Answer: Yes. Costs incurred by Implementing bodies and affiliated entities count for calculating the threshold of the beneficiary that declared them.

Question III.1.5: Can a beneficiary submit a payment request with a CFS that does not cover the costs incurred by their implementing bodies and/or affiliated entities?

Answer: No. If the costs incurred by the implementing bodies and/or affiliated entities are declared in the claim, the CFS must cover the full amount of the claim.

Question III.1.6: When the beneficiary's consolidated claim (which includes costs incurred by their implementing bodies and/or affiliated entities) reaches the CFS thresholds can they submit separate CFS for the beneficiary, affiliated entity and implementing body?

Answer: In principle the CFS shall be provided as one consolidated CFS covering the costs of the beneficiary and its implementing bodies and/or affiliated entities as included in the financial statement submitted. However in the event of duly justified reasons and respecting

the principles of sound financial management, the Agency may accept individual CFS provided that:

- the CFS are drawn up in accordance with Annex VII of the Grant Agreement and
- the sum of the costs certified on the individual CFSs reconciles to the sum of the costs declared in the consolidated financial statement.

Question III.1.7: Who should produce these certificates on financial statements?

Answer: These certificates shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer, and drawn up in accordance with Annex VII of the Grant Agreement.

Question III.1.8: Who can be considered as a competent and independent public officer for the production of a CFS as required in Article II.23.2 of the Grant Agreement? And how should s/he be designated?

Answer: A public officer is considered to be 'competent' when s/he has the required knowledge and skills to carry out the certification and has been designated by the relevant national authority. The public officer is considered to be 'independent' when s/he has not been involved in the preparation of the financial statement and is not hierarchically dependent from the officer responsible for drawing up the financial statements or who has signed the financial statement to give enough assurance that no conflict of interest exists. The internal auditor of the public body usually fits this profile, but there may be other functions that could also carry out this task, depending on the organisation of the public body.

An appointment letter or other form of official statement from the competent authority/body should confirm the nomination of the person or function to perform the task of 'competent and independent public officer' for the purpose of drawing up the CFS in accordance with Annex VII to the model Grant Agreement. This document should be attached to the submitted CFS.

Question III.1.9: Is there any template for the CFS?

Answer: Yes. These certificates must be drawn up in accordance with the model terms of reference for the CFS as laid down in Annex VII to the Grant Agreement.

More specifically, Annex VII provides for:

- the model terms of reference for an independent report of factual findings and
- the model independent report of factual findings including its annex.

Question III.1.10: Is it compulsory to sign terms of reference for an independent report of factual findings in line with the model provided in Annex VII to the Grant Agreement, irrespective of the use of an external auditor or a competent and independent public officer?

Answer: Pursuant to Article II.23 of the Grant Agreement, the CFS must be drawn up in accordance with Annex VII, which includes model terms of reference for an independent report of factual findings under CEF. The application of the provided models aims to ensure the reliability and relevance of the CFS produced and submitted with a request for payment under CEF and is mandatory. Where the CFS is to be produced by an independent public officer, the model terms of reference should serve as a basis for the appointment of the public officer for the purpose of drawing up the CFS.

Question III.1.11: If the beneficiary has to submit a Member State certificate, does it also need to submit a CFS?

Answer: Yes. The Member State certificate does not replace a CFS.

Question III.1.12: Does a Member State representative - before issuing the certification pursuant to Article II.23 of the Grant Agreement - have to request the beneficiaries to provide an independent audit report? Does INEA have guidelines regarding the procedures and checks to be performed?

Answer: The authority of the Member State will have to certify that:

- 1) the information provided in the final report and the financial statement is full, reliable and true and that
- 2) the costs declared in the final financial statement are real and eligible in accordance with the Grant Agreement. While this obligation derives from Article 22 of the CEF Regulation², no indications are given in the Regulation or in the Grant Agreement provisions regarding the steps to be followed before granting the certification.

No guidelines have been released by the Commission or the Agency in this respect. In other words, Member States define at their discretion in accordance with national procedures and practices their requirements in order to be able to fulfil this obligation. For those cases where the submission of a CFS is not mandatory, a Member State may opt to require an audit report if it deems this necessary or another form of verification.

Question III.1.13: Are costs related to a CFS eligible even when this CFS is not required as per Article II.23.2 of the Grant Agreement?

Answer: INEA, based on the principles of sound financial management, may consider these costs as eligible provided that the CFS follows the template of Annex VII of the Grant Agreement and is submitted at the latest together with the request for the payment of the balance.

IV. Eligibility of costs

Question IV.1.1: What forms of reimbursement can a grant take?

Answer: The form of the grant is defined in Article 3 of the Grant Agreement. As a general

² Regulation (EU) No 1316/2013 – <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1316>

rule the grants are provided in the form of reimbursement of costs actually incurred by the beneficiary.

Question IV.1.2: Can a beneficiary declare the costs of affiliated entities, which have not been included in the grant agreement under Articles II.6 and II.21?

Answer: No.

Question IV.1.3: When is a cost related to a contract considered as 'incurred'?

Answer: Costs of contracts for goods, works or services or of subcontracts are considered to be incurred when the contract or subcontract (or a part of it) is executed, i.e. when the goods, works or services (including studies) are supplied, delivered or provided, as stipulated in Article II.19.1 of the Grant Agreement. In other words, the notion of 'costs incurred' does not depend on the date of signature of the contract, the date of the invoice or the date of the payment of the invoice.

Example: A beneficiary has had a scrubber delivered and installed within the eligibility period of the Action. The payment will be made after the eligibility period set in Article 2.2. of the Grant Agreement. The beneficiary can charge the entire costs of the scrubber to the Action, as costs of contracts for goods, works or services are considered to be incurred when the contract is executed (i.e. when the goods, works or services are supplied, delivered or provided).

Question IV.1.4: In which reporting period should costs of works be reported?

Answer: Costs should be reported within the reporting period when they are 'incurred', i.e. in the case of a contract for works, at the date when the works are delivered, or partially delivered – usually costs are invoiced periodically by works contractors for works carried out in a defined period. The invoice approval process usually includes acceptance/certification of works carried out by a supervising engineer of the contracting party.

Question IV.1.5: Are land acquisition costs eligible?

Answer: Pursuant to Article 8(6) of the CEF Regulation, land acquisition shall not be an eligible cost, except for Actions co-funded under the Cohesion Fund appropriations in the transport sector. In this case, the grant agreement provides for the eligibility of land acquisition within the limits as specified in the Cohesion Fund Regulation (see Article 15 of the Grant Agreement).

Question IV.1.6: Are the full purchase costs of equipment eligible?

Answer: Yes, if provided for in the call for proposals and if the cost is treated as capital expenditure by the beneficiary, in line with Article 8(4) of the CEF Regulation. The eligibility

of such costs is however subject to additional eligibility criteria as laid down in Article II.19.2(c) GA.

Question IV.1.7: Is the cost of rental or lease of equipment or of other asset eligible?

Answer: Yes, if these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee.

Question IV.1.8: Is the cost of depreciation eligible?

Answer: If the Call for proposals provides for the eligibility of the full purchase costs, depreciation costs may not be eligible. Where explicitly provided for in the call for proposals, the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary may be eligible, subject to additional eligibility criteria as laid down in Article II.19.2(c) of the model Grant Agreement. This is however the exception.

Question IV.1.9: Is the cost of land leasing eligible?

Answer: If the land lease is used to reduce the eventual purchase cost, it will be considered as being linked to land purchase and is therefore not eligible (with the exception mentioned in Question IV.1.5). If it is a pure rental situation then it may be considered eligible, provided that it complies with the eligibility criteria laid down in Articles II.19 and II.20 of the Grant Agreement.

Question IV.1.10: When may VAT be an eligible cost under CEF?

Answer: VAT (if included in eligible direct costs) may be eligible where it is non-deductible, non-recoverable under the national VAT legislation and unless specified otherwise in the Agreement (Article 14 GA).

Question IV.1.11: Are costs incurred in third countries eligible?

Answer: Yes, provided that they comply with the general eligibility criteria as laid down in Article II.19.1 GA.

V. Payments

Question V.1.1: What are the different possible forms of payments foreseen in the Grant Agreement?

Answer: In line with Article 4.1.2 of the Grant Agreement, payments may have one of the following forms:

Pre-financing payments:

- the **first pre-financing payment** is made upon entry into force of the grant agreement as foreseen by the Grant Agreement (subject to the receipt of a guarantee when required in Article 4.1.2 GA);
- **further pre-financing payments** may be requested at the end of each reporting period, except for the last reporting period as stipulated in Article 4.1.1 of the Grant Agreement (subject to the receipt of a further guarantee when required in Article 4.1.2 GA).

Interim payments: They are intended to reimburse the eligible costs incurred in implementing the action during the corresponding reporting periods.

Final payment: The payment of the balance, which may not be repeated, is intended to reimburse or cover after the end of the period set out in Article 2.2 the remaining part of the eligible costs incurred by the beneficiaries for its implementation.

Applicable payment arrangements are specified in the respective call for proposals.

Question V.1.2: What are the requirements for releasing the (first) pre-financing payment?

Answer: In line with the provisions of the Grant Agreement, INEA pays the (first) pre-financing payment within 30 days following the entry into force of the Grant Agreement (or of the reception of a financial guarantee, if this is required). The amount of the pre-financing payment is stipulated in Article 4.1.2 of the Grant Agreement. No request from beneficiaries is required to make the (first) pre-financing payment.

Question V.1.3: Are new beneficiaries having acceded to the Grant Agreement following an amendment eligible to receive a pre-financing payment?

Answer: Where further pre-financing payments are provided for in Article 4.1.2 of the Grant Agreement, the financing needs of a new beneficiary as of the date when the amendment takes effect may be taken into account for the calculation of the amount of further pre-financing to be made, provided that these needs have been included in the last ASR submitted. The costs incurred by the new beneficiary before the date when the amendment takes effect will not be taken into account.

Where all payments are made to the coordinator, it is the responsibility of the coordinator to distribute to the other beneficiaries the amounts paid by the Agency.

Question V.1.4: What are the requirements for releasing the further pre-financing payment?

Answer: Further pre-financing payments are subject to the receipt of a request for further pre-financing which, in the context of the ASR exercise for CEF Transport and Energy, shall be accompanied inter alia by a statement on the amount of the previous pre-financing payments used to cover costs of the Action.

Question V.1.5: When would the first/further pre-financing payment(s) be subject to the receipt of a financial guarantee?

Answer: Financial guarantees may be requested in case one or more beneficiaries have a weak financial capacity as evidenced during the evaluation process. Financial guarantees are requested only in view of the pre-financing payments and do not apply to interim or balance payments. In the case of weak financial capacity of the coordinator, the financial guarantee shall cover the entire pre-financing amount.

Question V.1.6: Will the Agency accept a financial guarantee even if it does not fully respect the published template?

Answer: No. The template provided by the Agency on the beneficiary's info point must be used.

Question V.1.7: When can an interim payment request be submitted?

Answer:

Provided that interim payments are foreseen, Article II.23.2.1 of the Grant Agreement defines the applicable modalities. In line with this Article an interim payment request must be submitted at least every two reporting periods. This has to be done within eight months after the end of the reporting period. A beneficiary can submit an interim payment request on a voluntary basis after each reporting period within eight months.

Question V.1.8: Where interim payments are provided for in the grant agreement, are they always mandatory?

Answer: Interim payments are mandatory every two reporting periods. There is thus no obligation to submit a request for interim payment every year. In addition, no interim payment may thus be requested for the last reporting period, as the last reporting period is covered by the final report and financial statement.

VI. Ownership rights / Use of results

Question VI.1.1: Who owns the results of the Action?

Answer: By default, the general conditions provide that the results of the Action are vested in the beneficiaries. However as derogation, the model grant agreement provides for the possibility to designate a third party in which the results of the Action or some activities would be vested (see Article 11 GA). Such an option must be requested by the beneficiaries/coordinator and duly justified.

Question VI.1.2: How do the provisions on the right of use of the Action's results by the Agency (Article II.8.3 GA) interplay with the confidentiality obligations stipulated in Article II.5 GA?

The respective scopes of Article II.5 on confidentiality and Article II.8 on the use of results are different.

- Article II.5 relates to documents/information disclosed in relation to the implementation of the grant agreement, e.g. deliverables, exchange of letters or emails, amendments etc. These documents/information are not meant to be disclosed, unless with the agreement of the other party or where required by law.
- Article II.8 relates to the outcome of the Action itself, which is supported via the grant agreement. These results may be used by the Commission to contribute to the development of EU policies. They may also be used by the Commission/Agency for communicating on the CEF programme implementation, e.g. when organising conferences, workshops, etc. Behind this provision in the grant Agreement is the need for the EU to communicate on the output/impact of the Union funding programmes. In this respect, the target audience would be for instance civil society, notably EU citizens. As an example, one could expect the organisation of communication events and/or publication of brochures explaining the positive outcomes of the projects supported by CEF.

The documents and information referred to in Article II.5 are not to be disseminated for these purposes.