



COSME Programme

Call for Proposals

Innovation Procurement Broker: Creating Links for the Facilitation of Public Procurement of Innovation

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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 19 October 2020⁴.

1.2. Policy Context

Small and medium-sized enterprises (SMEs) are the backbone of European economies: between 2013 and 2017, almost 60% of value creation and two thirds of employment in the EU were attributable to SMEs⁵. Public procurement represents approximately 14% of the EU GDP⁶. Despite these high figures, less than half of this budget is purchased from SMEs. Indeed, access to public procurement remains difficult for SMEs, who are only awarded 50% of the value of public contracts above EU public procurement thresholds⁷, a share clearly below their weight in the economy.

The public sector can play a large role in helping companies, and in particular SMEs, overcome a classic market failure: finding a first group of customers for their innovative products and services. Innovation is constrained by a 'chicken or egg problem', whereby suppliers will often wait until there is a demonstrated demand before they develop new solutions, while at the same time the

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 (OJ L 341/73 of 18.12.2013).

⁴ Commission Implementing Decision C(2020) 7044 final of 19.10.2020 amending Implementing Decision C(2020)111 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 European Commission (2018) : 2018 Small Business Act fact sheet & scoreboard, available at: <https://ec.europa.eu/docsroom/documents/32581/attachments/1/translations/en/renditions/native>.

⁶ https://ec.europa.eu/growth/single-market/public-procurement_en.

⁷ Average percentage of contracts awarded to SMEs over the period 2016-2019, according to the data included in the TED database.

potential buyers are waiting to see a new product or service enjoying some success in the market before they will risk buying it themselves⁸.

Public Procurement of Innovative solutions happens when the public sector uses its purchasing power to act as early adopter of innovative solutions which are not yet available on large scale commercial basis. The Public procurement of innovation (PPI) process broadly refers to any public procurement that presents one or both of the following aspects:

- buying the process of innovation;
- buying the outcomes of innovation.

PPI may commence with research and development of products, services or processes that do not yet exist. Public buyers state their need with little to no concrete idea of the solution and support innovative businesses and researchers in finding the perfectly suited product, service or process. In this way, the public buyer effectively becomes part of the innovation lifecycle from the very beginning of product or service development.

Furthermore, public buyers may choose innovative products, services or processes that are new in the market instead of renewing or replicating existing procurement contracts.

In line with the priorities of the Commission, the actions proposed under the 2020 COSME work programme contribute to the creation of an innovation-friendly business environment and the overall competitiveness of the European economy.

In the context of the objectives to increase innovation in public procurement in the SMEs strategy⁹, the European Commission is taking several actions to foster innovation on the supply side in the EU. In particular, in the SME strategy it highlights that public procurement offers untapped opportunities within the single market for SMEs, including start-ups, who find it hard to successfully compete in public tenders. To address this, the Commission calls to expand strategic procurement, in particular innovation procurement.

The overarching goals of this call for proposals is to contribute to the economic recovery of the EU after the damage caused by the COVID 19 pandemic and invest in a green, digital, social and more resilient EU.

Innovative SMEs and start-ups are of particular interest because of their potential for creating growth, value and new employment especially for the young, highly-educated work force. In addition, a start-up culture has spread across Europe which helps to create opportunities for innovative SMEs and start-ups to scale up¹⁰. Given the large size of the market worth €2 trillion¹¹, public procurement remains an important factor to foster the innovation capacity of the European economy.

⁸ Ten Cate, A., Harris, J., Shugars, J. and Westling, H. (1998): Technology Procurement as a Market Transformation Tool. <http://www1.eere.energy.gov/femp/pdfs/techproc.pdf>.

⁹ COM (2020)103 final of 10 March 2020 “An SME strategy for a sustainable and digital Europe”, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0103&from=EN>.

¹⁰ For example the city of Amsterdam invests in start-ups through collaboration on solving the city's public procurement needs in a "Start-up in residence" program : <https://startupinresidence.com>.

¹¹ European Commission, DG GROW, Public Procurement Indicators 2017, <https://ec.europa.eu/docsroom/documents/38003>.

Even though public procurement is characterised by formal rules, there is enough space for an ambitious innovation agenda. Already in 2016, from the date of transposition of the new Directives¹² the EU took an improved approach to innovation in public procurement¹³. Policies in this domain focus on those activities where the demand pull can have the greatest impact on scaling up of European companies.

This demand pull can be an effective tool for achieving strategic goals through public procurement, especially in areas such as environmental sustainability and energy efficiency. Needs related to environmental sustainability are often the most complex ones that public procurers need to address and at the same time, they are often the ones that most often require innovative solutions.

The European Union attaches high strategic importance to these areas as they can make a significant contribution to the fight against climate change. However, the links between the two ends of procurement, i.e. suppliers offering innovative solutions and public buyers willing to procure from them, are often weak, nor do these links happen spontaneously.

Moreover, the current crisis context shows that public buyers have an important role to play in the recovery and resilience strategy.¹⁴

Thus, public buyers can make a policy choice to use their purchasing power as a demand-side measure that complements the supply-side ones and create such links in order to satisfy their demonstrated needs. In this context, the Agency and the European Commission aim to launch a second experimentation in innovation procurement brokerage, which will facilitate links between public buyers and innovative companies (with a special focus on SMEs and start-ups) and the ecosystems of innovations (investors, researchers, clusters, living labs, etc.).

This call for proposals follows a pilot project Development and Implementation of an Innovation Procurement Broker Model¹⁵, referred further in the text as ‘InnoBroker 1’.

The main deliverables of InnoBroker 1 relevant to this call for proposal are available at the following links:

- Innovation procurement broker: Business model https://ec.europa.eu/easme/sites/easme-site/files/d1.1_811311_innovation_procurement_broker_business_model.pdf.
- Innovation procurement broker: Costs and benefits https://ec.europa.eu/easme/sites/easme-site/files/d1.3_811311_cost_benefit_analysis.pdf.

Some further information on the project may be found at: <https://innovation-procurement.org/innobrokers/>¹⁶.

¹² Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement (Official Journal of the European Union L 94/65 of 28.3.2014) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=FR> and 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 (Official Journal of the European Union L 94/243 of 28.3.2014) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0025&from=FR>.

¹³ COM(2016) 733 final of the 22 November 2016 “Europe's next leaders: the Start-up and Scale-up Initiative”, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:733:FIN>.

¹⁴ COM(2020) 456 final of the 27 May 2020 “Europe's moment: Repair and Prepare for the Next Generation”, <https://ec.europa.eu/info/sites/info/files/communication-europe-moment-repair-prepare-next-generation.pdf>.

¹⁵ Grant Agreement: 811311; Acronym: InnoBroker; Call: COS-LINKPP-2017-2-02; Co-funded by: COSME programme under Work Programme 2017.

Attention is drawn to the grant applicant that it is not a question of reproducing the previous project but of accelerating the development and implementation of Innovation Procurement Brokers in Europe.

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

2.1. General objectives

The general objective of this call for proposals is to launch a second experimentation of the innovation procurement broker model with the aim of demonstrating the relevance and effectiveness of the cooperation model between various stakeholders supporting through public procurement the promotion of innovation and the support to economic operators, in particular SMEs and start-ups.

2.2. Specific objectives

The specific objectives of this call for proposals are to:

- Demonstrate the relevance and effectiveness of the method developed as part of the InnoBroker 1 pilot project and, if necessary, improve it by exploring other ways of cooperation;
- Make the cooperation model sustainable in order to develop the role of these brokers in accelerating the roll-out of public procurement for innovation in Europe;
- Develop and strengthen adequate links between public administrations, ecosystem of innovation and the private sector in order to exploit the purchasing potential of public buyers. Here the main goal remains to create new opportunities for SMEs and/or start-ups to develop new products, services and to grow or scale up their operations;
- Support the growth and development of innovative SMEs and start-ups by making it easier for them to address public demand through participation in public procurement of innovation and by creating a business-friendly environment by reducing the administrative burden on SMEs (improving conditions for businesses);
- Ensure the European dimension of the solutions to be brokered.

2.3. Theme and priorities

This call for proposals will support beneficiaries, acting as Innovation Procurement Brokers, in developing and implementing a sustainable method for the successful facilitation of public procurement of innovation. A specific focus will be put on the broad area of topics related to healthcare, environmental sustainability and energy efficiency, mobility and transport issues, digital transformation and modernisation of public services within the European Single Market.

2.4. Eligible activities

In order to achieve the objectives of this call for proposals (as indicated above), the beneficiary shall act as Innovation Procurement Broker.

The beneficiary shall organise the activities described below to carry out proofs of concept. Their aim is to demonstrate the value created by brokerage activities and that the concept is sustainable.

¹⁶ The website is provided for information purposes. It is not owned, nor edited by the Agency.

In addition, the beneficiary shall carry out actions to promote the role of Innovation Procurement Brokers and the interest in creating these structures to relevant target audience.

In the proposal, applicants must describe the activities to be carried out in respect of the list of **mandatory activities outlined below in subsections 2.4.1 to 2.4.6**. Moreover, applicants are free to propose additional activities if duly justified and in line with the objectives of this call for proposals.

2.4.1. Fine-tune the role and tasks of the Innovation Procurement Broker

Taking example from the results of the first Innovation Procurement Broker project InnoBroker 1¹⁷, the beneficiary must refine the role and tasks of the Innovation Procurement Broker with respect to a triple objective:

- to be the focal point between the actors involved in innovation ecosystems and public buyers;
- to be an active player facilitating public procurement of innovation;
- to assist in the replication of this experience within the European Union.

2.4.2. Create, promote and manage a network of public buyers and players in the European innovation ecosystem

The beneficiary's role is also to inspire public buyers and help them to explore the full scope of innovation. The applicant shall develop activities to foster a culture of innovation among public buyers and knowledge of public procurement among the different actors in the innovation ecosystem in Europe. These activities should enable start-ups and SMEs to better identify the needs of public buyers for innovative solutions and enable these buyers to better orient their projects towards innovation.

The beneficiary must:

- Organise and facilitate networking activities, which must involve:
 - o public buyers from at least two COSME countries¹⁸ interested in buying innovative solutions provided by SMEs or start-ups and
 - o players in the European innovation ecosystem (such as start-ups, SMEs, incubators, investors, researchers)

in order to develop collaboration between them;

¹⁷ Please refer to the links to deliverables at the end of section 1.2.

¹⁸ The following groups of countries are considered 'COSME countries' according to Article 6 COSME Regulation:

- a. European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
- b. acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;
- c. countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.

The updated list of eligible third countries is available on the following webpage:
http://ec.europa.eu/growth/smes/cosme/index_en.htm.

- Take in charge the logistics of such an organisation, including the travel expenses of all participants;
- Provide and moderate a digital platform in order to organise exchanges between participants in the most efficient way;
- Organise at least five events dedicated to innovation, which may take the form of a series of lectures, training and/or ideation and co-creation workshops. These events should create opportunities to forge closer links with actors in innovation ecosystems, and also to initiate innovative public procurement projects. It will also be an opportunity to promote the roles of Innovation Procurement Brokers.

The proposal may include the use of previously established or existing networks.

2.4.3. *Advise public buyers on the definition of their actual procurement needs*

The beneficiary shall advise public buyers on how to identify their actual or emerging needs in strategically selected technologies and on how these can be satisfied through innovative procurement. Often, innovative ideas cannot be pitched easily to public buyers and/or aggregators of public procurement. For this reason, the beneficiary shall help identify and aggregate needs of public buyers (e.g. public administrations) via the network to be established within the project. Under this task, the scope of activities to be carried out by the Innovation Procurement Broker shall include:

- ✓ Formulation and aggregation of the needs of public buyers.

The beneficiary will help public buyers in identifying and defining their actual needs and also cater for those cases in which the needs are not well described, known or defined, or even though an unsolved problem for the public buyers exists.

They can also be needs that the beneficiary helps the public buyer to formulate, based on a demonstrated problem. The needs will have to be identified within the broad area of topics related to healthcare, environmental sustainability and energy efficiency, mobility and transport issues, digital transformation and modernisation of public services within the European Single Market.

- ✓ Market consultations, both on the supply and the demand side, in order to understand what the market currently offers (suppliers' side).

The beneficiary shall then help communicate and interpret the needs of the buyers to the suppliers. The beneficiary will need to engage in structured discussions with the public buyers interested in procuring innovation in order to understand, identify and prioritise their needs. On the suppliers' side, the beneficiary will need to engage with various possible suppliers of innovative solutions and knowledge (e.g. academia, research and technology organisations, technology brokers, technology transfer offices, business and start-ups communities, innovation agencies, competence centres, etc.).

- ✓ Supporting public buyers in the contracting process

The beneficiary will be a resource to support public buyers in the process of contracting an innovative solution.

The beneficiary will be providing advice to public buyers on specific issues related to procuring innovative products and services, which is often considerably more complex than standard public procurements. This will include negotiation and advocacy skills in the area of technology policy, i.e. being able to formulate, translate and communicate public buyers'

needs as well as the limitations and the opportunities of various technologies between different stakeholders engaged in PPI (e.g. entrepreneurs, lawyers, public procurement officials).

The public buyers will need to perform a full public procurement procedure according to applicable rules. The public procurement procedure must be finalised at the end of the grant agreement duration at the latest.

The cost of procurement of the relevant goods or services by public buyers is excluded from funding under this call for proposals.

2.4.4. *Identify innovative products or services that tackle actual needs of the public buyers*

The beneficiary shall identify promising innovative solutions that are suitable for matching the needs of the public buyers as defined under the previous points. Then it has to advise public buyers on potential solutions. Based on the market consultation (see above) and the inputs of the networks, the beneficiary will identify a number of products or services suitable for public procurement of innovation. These innovative solutions should be of great interest for the network of public buyers.

The choice of products or services must meet the specific criteria outlined below:

- ✓ Be offered by SMEs and/or start-ups.
- ✓ Have a potential to provide SMEs and/or start-ups with better access for to public buyers in the scope of COSME countries¹⁸ and to generate concrete commercial impact.

The Innovation Procurement Broker must focus on those products or services that would benefit the most from scaling up in the European Single Market¹⁹. The Innovation Procurement Broker should focus on those innovative products or services, which will have spill-over effects on as many COSME countries¹⁸ as possible.

- ✓ Have a potential for commercialisation and scaling up of disruptive rather than incremental innovation.

The activities of the Innovation Procurement Broker should not be limited to pre-commercial procurement (i.e. for solutions not yet on the market). Scaling up of innovation will be a key component of the Innovation Procurement Broker's function. Therefore, the Innovation Procurement Broker must focus on those innovative products and services that are either completely new on the market (this includes research & development) or completely new for the public buyers. These innovative products and services must have a clear potential for commercialisation, for scaling up and creating added value to the European economy. This excludes innovation projects that are based on already established products or services that are just being incrementally improved (e.g. an upgrade to IT infrastructure as part of regular product development).

- ✓ Have a thematic focus on healthcare, environmental sustainability and energy efficiency, mobility and transport issues, digital transformation and modernisation of public services within the European Single Market.

¹⁹ For example, an innovative start-up could benefit from the scaling up potential in the EU Single Market. On the other hand, public buyers can benefit from collaboration and exchange in the area of performing public procurement of innovation.

In these areas, the beneficiary shall promote the public procurement of innovation of different types of technologies or services. For example, they can be technologies based on artificial intelligence or innovative materials or the use of data.

2.4.5. *Strengthen knowledge sharing on funding opportunities, technological and commercial aspects between all stakeholders*

In order to position itself as a driving force in processes of public procurement of innovation, the beneficiary shall gather sound knowledge of the policy and support relevant stakeholders with the following actions:

- ✓ Support for innovation and technology management.

As the beneficiary will be engaged in technology brokerage, it will also need to advise innovators to identify the best options on how to commercialise their solutions and how to manage the intellectual property ownership between the various stakeholders.

- ✓ Identifying and facilitating the use of appropriate funding: public funds (such as Union funding opportunities), private funds and large enterprises willing to provide funding at various stages of commercialisation of innovation.

There are various sources of potential funding for innovation. Depending on the type of innovation and the maturity of the product or service, funding can come from EU funds, regional, national funds or private capital markets (e.g. business angels, venture capital). Depending on the type of innovative products or services chosen for brokerage, the beneficiary will help in identifying and matching the products or services with suitable funding.

- ✓ Create and develop methods for collaborative work between public buyers and innovation eco-systems.

The Innovation Procurement Brokers bring public buyers and suppliers of innovation together. The objective is to connect public demand and the ecosystem of innovation in order to enable innovative enterprises (mainly SMEs) to anticipate the needs of the public sector and public buyers to identify the existence of innovative solutions that could meet their needs.

To carry out this action, an eco-systemic approach to innovation can be developed. An ecosystem approach to innovation is a structured approach to analysing the innovation system. The goals are to identify and interact with the key actors – the start-ups, the innovators, the technical network, the academics, and engage them if required to help develop innovation capabilities.

The beneficiary shall explore the different ways to develop this eco-systemic approach, in particular by creating and/or developing collaborative working methods to bring public buyers closer to innovation ecosystems (living labs, clusters, business incubators, start-ups, research laboratories, investors, industry, etc.).

2.4.6. *Kick-off meeting*

The applicant must also provide for, in the estimated budget of the project, the participation of maximum two representatives of the project's consortium (one representative of the coordinator organisation and a financial officer) at the kick-off meeting in Brussels, organised by the Agency, at the beginning of the implementation period.

The in-person kick-off meeting will be organised only if permitted by the local sanitary situation.

2.4.7. *Non-eligible activities*

The following activities are non-eligible under the current call for proposals:

- Development of completely different models which are not inspired by the model developed in the pilot project InnoBroker 1 (NB: improvement of the InnoBroker 1 model is possible and considered as eligible activity).
- Activities relevant to the procurement of non-innovative solutions.
- Procuring the actual goods or services by the broker for public buyers.

2.5. General expected results: outputs and deliverables

The expected results of the project are to demonstrate the effectiveness of the first Innovation Procurement Broker experience (InnoBroker 1) and its improvement in order to ensure a better inclusion of the actors of the innovation ecosystem and particularly SMEs and start-ups in innovation purchasing projects. The beneficiary is expected to broker a small number of public procurements of innovative products or service.

The proposal shall target the following general expected results:

1. Enhanced cooperation between public and private stakeholders on public procurement of innovation.
2. Increase the number of projects for the purchase of innovative solutions.
3. SMEs and/or start-ups will benefit from better access to public buyers in the countries targeted by project activities.
4. Further development of the public procurement innovation broker model.

The proposal shall target the following deliverables:

- ✓ A report on the methodology(ies) to set up an Innovation Procurement Broker, highlighting the different or additional elements compared to the results of the InnoBroker 1 pilot project, to be submitted at the beginning of the project.
- ✓ A report in which the effectiveness of the Innovation Procurement Broker experience will be demonstrated, with description of the various possibilities for improvement. The elements of the report will have to be described in the proposal and will be refined during the implementation of the project.
- ✓ A report summarising all the actions carried out and the results achieved.

The applicant is free to add other, more specific, concrete deliverables, in line with the expected results and impacts.

Important notice: According to Article 22.2 of the Grant Agreement, the Agency and other Commission services reserve the right to use and disseminate the outcomes of this second experimentation project with the purpose to set up similar Innovation Procurement Brokers in European Union Member States. The Agency and other Commission services may therefore publish the results and deliverables of this project via their communication channels.

2.6. General indicators

Applicants must ensure that the project's outcomes and impacts are presented against all the following indicators:

- ✓ Number of public buyers engaging in the professional social network;
- ✓ Number of actors in the innovation eco-system involved in the different actions (with a special focus on SMEs and start-ups);
- ✓ Number of established contacts / relationships between public buyers and SMEs/start-ups;
- ✓ Number of identified innovative products or services suitable to meet the identified needs of the public buyers;
- ✓ Number of good practices identified and recommendations formulated in view of a simplification of the PPI;
- ✓ Number of identified possible additional funding opportunities for innovative products or services;
- ✓ Number of innovation procurement projects launched;
- ✓ Number of procurement procedures carried out and successfully finalised.
- ✓ Number of EU SMEs reached by the action;
- ✓ Number of EU SMEs that have entered into business relationships as a result of the action.

Moreover, depending on the concrete results foreseen, applicants should propose further outcome and impact related indicators in their proposals.

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	25/02/2021 - 17:00 h Brussels time
b) Evaluation period*	March 2021 – April 2021
c) Information to applicants*	May 2021
d) Signature of grant agreements*	August 2021
e) Starting date of the action*	September 2021

* indicative.

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is **EUR 1 500 000**.

The maximum grant per project will be **EUR 750 000**.

EASME expects to fund **two 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

Eligible applicants must be fully or partly public or private bodies; private bodies must be properly constituted and registered under national law.

Proposals may be submitted by the following applicants (non-exhaustive list):

- non-profit organisations (private or public);
- public authorities and their networks or associations (at European, national, regional or local level);
- international organisations;
- universities or educational institutions;
- research centres;
- private and profit making entities;
- chambers of commerce and industry.

Natural persons are not eligible.

Linked third parties, 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 (also referred to as ‘affiliated entities’²⁰), may take part in the action **as applicants** in order to declare eligible costs.

²⁰ 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.

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

- EU Member States;
- countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation²¹.

6.2. Eligible consortia

In order to be eligible, a proposal must be submitted by a consortium composed of:

- at least three (3) legal entities (members/partners) and a maximum of six (6) legal entities (members/partners);
- members/partners must come from at least three (3) different eligible countries (see section 6.1).

6.3. For British applicants

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement²² 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.

6.4. Implementation period

The expected project's duration is 36 months.

²¹ The following groups of countries are eligible for participation in COSME according to Article 6 COSME Regulation:

- a. European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
- b. acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;
- c. countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.

The updated list of eligible third countries is available on the following webpage: http://ec.europa.eu/growth/smes/cosme/index_en.htm. Proposals from applicants in Article 6 countries may be selected provided that, on the date of award, agreements have been signed setting out the arrangements for the participation of those countries in the programme.

²² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

Projects with different duration may also be considered, provided that the proposed duration is coherent with the objectives of this call for proposals and realistic for the proposed activities. However, projects with a duration shorter than 34 months will be rejected.

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:
 - (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 parties 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)²³, by filling in the relevant form attached to the application form accompanying this call for proposals.

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 financial year for which the accounts were closed;
- for newly created entities, the business plan might replace the above documents.

OR

²³ 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).

- 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 financial year 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 financial year 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 the Agency.

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-beneficiaries²⁴;

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. In this respect,

- (a) Applicants must demonstrate that they can deliver **business support services to SMEs and start-ups** and that they can **support public buyers in innovation procurement**.

In this regard:

1. **At least one partner in the consortium must have a minimum of two (2) years of experience (within the past ten (10) years) in providing business support activities to**

²⁴ The beneficiaries are advised to provide for this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

SMEs and start-ups. Such partner could be a business incubator/accelerator²⁵, lab, innovation hub, or, research centres and any other relevant organisation with a proven capacity and experience in running business support activities directly to SMEs and start-ups.

2. **At least one partner in the consortium must have a minimum of five (5) years of experience (within the past ten (10) years) in providing support activities on innovation procurement for public buyers.** Such partner could be innovation agency, competence centre, central purchasing body and any other relevant organisation with a proven capacity and experience in running support activities directly to public buyers in innovation procurement projects.

Such experience needs **to be demonstrated specifically** through the annexed:

- 'List of previous projects/activities - business support to SMEs', stating precisely with dates this partner's minimum experience in providing business support activities to SMEs and start-ups.
- 'List of previous projects/activities - innovation procurement support', stating precisely with dates this partner's minimum experience in support activities on innovation procurement for public buyers.

- (b) **the consortium** must assign to the project **a team primarily responsible for managing and implementing the proposed action.** The proposed team must include:

1. **A Project Manager/Coordinator with at least five (5) years of experience (within the past ten (10) years) in managing and implementing public procurement of innovation projects.** The project manager/coordinator must be directly linked to the lead partner (coordinating organisation) of the project. The applicant has to demonstrate that the project manager/coordinator proposed has the necessary qualifications and experience in managing the action in line with the requirements of the call.

Such experience needs to be demonstrated **through a CV** but also **specifically** through the annexed 'Project manager description template', stating precisely with dates the obtained project management experience in public procurement of innovation. The CV has to be accompanied, where appropriate, by a list of relevant projects managed to allow for the verification of the required experience.

2. **At least one expert in collaborative innovation within the consortium team, with minimum two (2) years of track experience (within the past ten (10) years) in collaborative innovation projects.**

Such experience needs to be demonstrated **through a CV** but also **specifically** through the annexed 'Collaborative innovation expert description template', stating precisely with dates the obtained collaborative innovation experience. The CV has to be accompanied, where appropriate, by a list of relevant projects to allow for the verification of the required experience.

²⁵ For the purpose of this call for proposals, a business incubator/accelerator is defined as an organisation designed to accelerate the growth and success of SMEs through an array of business support resources and services that could include: physical space, capital, coaching, common services and networking connections.

Experience will be assessed exclusively on the basis of the information provided by the consortium in the relevant CV and particularly in the specific relevant templates/technical annex, at application stage. In this respect, applicants have also to submit a declaration on their honour (provided in the application forms), and the following supporting documents:

- 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 (Technical Annex 1, Section B2).
- **curriculum vitae** (CV), preferably in European CV format <http://europass.cedefop.europa.eu> or description of the main profiles, concerning **the managers/experts specified above** besides the main persons primarily responsible for managing and implementing the different activities of the action. The CV/profile has to be accompanied, where appropriate, by a list of relevant projects managed. The templates for description of Project manager and Collaborative innovation expert are included as annexes to this call for proposals.
- **a list of previous projects and activities** performed and connected to the **business support services to SMEs and start-ups** and **support to public buyers in innovation procurement**. The templates ‘List of previous projects/activities’ are included as annexes to this call for proposals.

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>What is the importance of the proposed action in relation to EU policies and priorities identified in the call?</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 relevant is the project proposed in view of the objectives of the 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>	30
<p>Impact on target audience (<i>appropriate impact indicators; dissemination; 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>	20
<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</i></p>	20

<p><i>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>	
TOTAL	<i>100</i>

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 the Agency, 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 Agency 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.²⁶

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

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/EU²⁷ or contracting entities in the meaning of Directive 2014/25/EU²⁸ must comply

²⁶ 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).

²⁷ 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).

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;
- (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

Grants are calculated on the basis of a detailed estimated budget indicating clearly the costs that are eligible for EU funding. The grant amount may neither exceed the eligible costs nor the amount requested.

➤ **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 12.1.c).

²⁸ 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).

➤ **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 only on the basis of the flat-rate of 7% of the eligible direct costs including “Direct personnel costs”; “Direct costs of subcontracting” and “Other direct costs”.

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 grant²⁹ 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 to separate 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.

²⁹ 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.

➤ **Ineligible costs**

- (a) return on capital and dividends paid by a beneficiary;
- (b) debt and debt service charges;
- (c) provisions for future 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) the cost of procurement of the innovative goods or services by the public buyers targeted by the action.

Further details are included in the model grant agreement.

➤ **Calculation of the final grant amount**

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 Agency 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 profit³⁰:

'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 organisations.

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.

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 maximum grant amount will be transferred to the beneficiary within 30 days either from entry into force of 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 the Agency shall be the rate indicated in section 4.

³⁰ Not applicable for low value grants.

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

Final payment

The Agency 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 the Agency 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 Agency may agree that a bank or financial institution established in that third country may provide the guarantee if he/she 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:

- one technical progress report submitted in month 13 ('progress report') not linked to a request for payment. This report shall cover the first 12 months of the project outlining the progress made towards the achievement of the deliverables as well as expected outcomes and results;
- one interim technical and financial report submitted in month 25 ('interim report'). This report shall cover first 24 months of the project and is linked to the interim payment;
- one final technical and financial report ('final report') linked to the request for the payment of the balance.

Should the duration of the project be different from 36 months, the reporting periods above will be adapted proportionally.

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 Agency 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 the Agency

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.

The Agency will publish the following information:

- name of the beneficiary
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level³¹ 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

³¹ 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) (Official Journal of the European Union L 39 of 10.02.2007).

institutions, bodies, offices and agencies and on the free movement of such data³². 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: https://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants-sedia_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 (EU) 2018/1046³³ (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, the Agency may contact the applicant for this purpose during the evaluation process.

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

➤ **Contacts**

The Agency is available to answer questions relating to the content of the present call for proposals. All questions must be sent by e-mail at the latest **7 calendar days** before the call deadline by e-mail to EASME-COSME-LINKPP-2020@ec.europa.eu. Questions submitted after will not be answered.

Answers will be published at <https://ec.europa.eu/easme/en/section/cosme/cos-linkpp-2020-2-05-innovation-procurement-broker-creating-links-facilitation-public>.

17. ANNEXES

- Guide for applicants
- Model grant agreement version 4.0
- Technical annex 1 Description of the action template
- Technical annex 2 Estimated budget template
- List of previous projects/activities - business support to SMEs template
- List of previous projects/activities - innovation procurement support template

³² Official Journal of the European Union L 295/39 of 21.11.2018.

³³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>

- Project manager description template
- Collaborative innovation expert description template