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FINANCIAL GUIDELINES FOR APPLICANTS

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The purpose of this document is to enable applicants to prepare their grant applications.
Please be sure to read these guidelines carefully before replying to the current call for proposals.

MAIN FINANCIAL AND MANAGEMENT RULES

Disclaimer: this document provides the applicants with a quick summary of the main legal and financial rules contained in the Regulation on the financial rules applicable to the general budget of the Union¹ (FR) and its Rules of Application (RAP)². The information given is not exhaustive and applicants are therefore asked to carefully read the agreement sent to them, as it will constitute the legal basis for the grant.

1 GENERAL PRINCIPLES

Grants are subject to the principles laid down in the Financial Regulation, in particular the principles of co-financing, prohibition of double financing and non-profit.

Co-financing principle

European Union grants may not finance the entire cost of the action to be subsidised. The applicant must contribute to the implementation of the action either by means of own resources or by financial contribution from third parties (in the form of public or private assistance obtained elsewhere)³.

No double financing rule

Each action may give rise to the award of only one grant, there can be no duplicate European Union funding of the same expenditure. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action and for routine activities (running costs)⁴.

No-profit rule

The EU grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of the receipts over the eligible costs incurred by the beneficiary, when the request is made for payment of the balance. The receipts referred to above shall be limited to income generated by the action as well as financial contributions specifically assigned by donors to the financing of the eligible costs. Any income of the action must be indicated in the estimated budget and the final financial statement. If the final amount results in a profit for the beneficiaries, the amount of the grant will be reduced by the percentage of the profit corresponding to the Union contribution to the eligible costs of the action actually incurred by the beneficiaries⁵.

¹ Regulation (EU, Euratom) of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union n° 966/2012 of 25.10.2012 (OJ L 298, 26.10.2012), (http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm#2)

² Commission Delegated Regulation (EU) n° 1268/2012 of 29.10.2012, (OJ L 362, 31.12.2012) on the rules of application of Regulation (EU, Euratom) n°966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union. (http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm#2)

⁴ Art. 129 FR and 193 RAP

⁵ Art. 125(4) FR and 184 RAP

2 DEFINITIONS

Clarification of the old term "partner"

The concept of the term "partner" so far in DG EMPL has designated the legal entities which join the beneficiary in implementing the action, and which incur costs (staff, services, etc.) and/or provide a direct financial contribution towards the budget of the action. For DG EMPL 2012 calls, partners adhere to the same dispositions applied to beneficiaries in terms of eligibility of costs and audit, but they are not financially liable in case of the recovery of funds.

This concept of "partner" fully disappears in DG EMPL 2013 calls. Instead the categories of "co-beneficiary" or "affiliated entity" are introduced for organisations which declare costs in the budget of the action as the only way to ensure the eligibility of costs incurred by them. Co-beneficiaries from now on share the financial responsibility with the "lead-beneficiary"/coordinator. In addition, identification of co-beneficiaries ensures full transparency about the allocation of the EU grant.

Applicant/s - Beneficiary/ies:

The designation "applicants" refers to the organisations which submit a project proposal; "beneficiaries" are entities which sign the grant agreement with the Commission. They are actively involved in the implementation of the action and are financially engaged, be it by engaging staff or other costs or by providing a direct financial contribution.

The text of the call will specify if proposals can be submitted by a single applicant (if selected, a "*mono-beneficiary agreement*" will be signed) or by a group of several applicants (consortium) (if selected, a "*multi-beneficiary agreement*" will be signed). The grant agreement model(s) is(are) published with the text of the call and provides details on the specific obligations of the beneficiary or, in the case of a consortium, of the coordinator and the co-beneficiaries.

Where proposals are submitted by several applicants, one applicant must assume the role of lead-applicant and is called the "*coordinator*". The other organisations involved in the application are called "*co-applicants*". The coordinator is responsible for submitting the proposal and signing the grant agreement after having received all the required powers of attorney from co-applicants⁶. Since co-beneficiaries will share the financial responsibility; the financial capacity of each co-applicant will be assessed against its share in the action's budget.

The grant agreement will detail the specific obligations of the beneficiary and, where appropriate, of the coordinator and the co-beneficiaries.

For projects led by a consortium, the lead applicant and co-applicants shall agree – preferably in writing – upon appropriate internal arrangements, consistent with the provisions of the grant agreement, for the proper implementation of the action.

Affiliated entities⁷

Affiliated entities are legal entities which have a specific relationship with a beneficiary. On that basis, they can incur eligible costs for the action covered by the grant under certain conditions.

⁶ Please refer to the grant agreement model for more information on the responsibilities of the coordinator and other beneficiaries

⁷ Art.122FR, 199 RAP

Associate organisations

Other organisations may only participate in the action as associate organisations where this serves the aim of the action, on a no-cost basis. These organisations will not be a party of the grant agreement concluded with the Commission.

Third parties

Other entities outside beneficiaries, affiliated entities and associate organisations are considered as third parties. Third parties can provide a cash contribution to the implementation of the action but are not involved in the implementation of the action.

3 RULES RELATED TO THE GRANT REQUESTED

- The rules on co-financing rates can be found in the text of the call for proposals.
- The grant does not cover ineligible costs (see below for definition).
- Contributions in kind (i.e. contributions for which no financial flow can be traced in the written accounts like unpaid charity work by a private individual or corporate body, etc.) cannot be accepted.
- Co-applicants must provide a signed letter of mandate, authorising the coordinator to submit the proposal and if proposal is accepted for funding, to sign the grant agreement with the Commission. In addition to the information provided in the application form, co-applicants must also provide a signed letter of commitment explaining the nature of their involvement in the implementation of the action – the way they are financially engaged should be detailed in the project budget.
- Third parties that make a cash contribution to the action should provide a signed letter of commitment stating the amount of their contribution.
- The beneficiary/ies shall be responsible for carrying out the action in accordance with the terms and conditions of the grant agreement.
- An external audit report of the previous accounts of the applicant organisation/s, produced by an approved external auditor, must be provided for action grant applications where the grant request is EUR 750.000 or more. In the case of applications by a consortium this threshold shall apply to each co-applicant in line with their share of the action budget.

The requirement shall apply only to the first application made by a beneficiary to an authorising officer responsible in any one financial year. No audit report is required from public bodies or international organisations⁸.

The report must certify the accounts for the last financial year available.

- The partial or total withholding by the applicant/s of any information that may have an impact on the Commission's final decision concerning the application will entail the automatic disqualification of the application or, if discovered at a later stage, will entitle the Commission to impose financial and administrative penalties⁹.

⁸ Art. 196(3) RAP

⁹ Art. 200 RAP

4 THE ESTIMATED BUDGET OF THE ACTION

4.1 The budget must be detailed and balanced

Grant applications must include a detailed estimated budget presented in Euros (see application form). Applicants established in countries outside the Euro zone must use the conversion rates published in the Official Journal of the European Union (OJ) (<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>). Applicants should be aware that they fully carry the exchange rate risk.

The budget estimate must be properly balanced: the two totals (income and expenditure) must be the same, since the available income (including the grant requested from the Commission) will have to finance the planned expenditure¹⁰. Please make sure that all the items related to the implementation of the action are included and not just those for which financing is being sought.

4.2 Expenditure

Expenditure must include the estimated costs exclusively for the implementation of the action.

4.2.1 General criteria for eligibility of costs

In order to be eligible for EU funding, costs actually incurred by the beneficiary/ies must meet the following criteria¹¹:

- a) be incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;
- b) be indicated in the estimated overall budget of the action attached to the grant agreement;
- c) be necessary for the implementation of the action which is the subject of the grant;
- d) be identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary/ies and determined according to the applicable accounting standards of the country where the beneficiary/ies is/are established and according to the usual cost-accounting practices of the beneficiary/ies;
- e) comply with the requirements of applicable tax and social legislation;
- f) be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

Value added tax (VAT) is considered as eligible¹² where it is not recoverable under the applicable national VAT legislation and is paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of Directive 2006/112/EC¹³ on the common system of value added tax.

¹⁰ Art. 196(2) RAP

¹¹ Art. 126(2) FR

¹² Art.126.3(c)

¹³ OJ L 347, 11.12.2006, p.1

The successful applicant/s must take care to avoid any unnecessary or unnecessarily high expenditure.

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

Documentation justifying costs must be kept by the beneficiary/ies for **five years** following the Commission's final payment.

Expenditure eligible for financing may not have been incurred before the grant application was lodged. Please note that the call might specify reference date for the eligibility of costs.

Extra costs associated with the participation of people with disabilities are also eligible. These costs may be required to cover the use, for example, of special means of transport, personal assistants or sign language interpreters.

4.2.2 Eligible direct costs

The eligible direct costs for the action are those costs which, provided that they satisfy the criteria of eligibility set out above, are identifiable as specific costs directly linked to the performance of the action and which can therefore be attributed to it directly.

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

4.2.2.1 Staff costs (Heading 1 of the budget form)

The costs of staff (permanent or temporary staff working under an employment contract with the beneficiary/ies or an equivalent appointing act) and assigned to the implementation of the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, are eligible. Those costs may include additional remuneration, including payments on the basis of supplementary contracts regardless of their nature, provided that it is paid in a consistent manner whenever the same kind of work or expertise is required and independently from the source of funding used. The salary costs should not exceed the average rates corresponding to the beneficiary's/ies' usual policy on remuneration. In addition, they should not be higher than the generally accepted market rates for the same kind of task.

The costs of personnel of national administrations may be considered as eligible to the extent that they relate to the cost of activities which are additional and which the relevant public authority would not carry out if the project concerned was not undertaken.

Please fill in the form reserved for these costs in the budget estimate (see application form) by indicating the persons to be remunerated (full-time/part-time), the number of days of work to be performed and the daily rate calculated on the basis of an average of 225 workable days per year. The determination of the workable days should be made respecting the standard working time either under national laws, collective agreements or under the organisations' normal accounting practice. An example for determining the total workable days per year could be as follows (provided what is established in the appropriate legislation):

Days/year	365 days
Less 52 weekends	104 days
Less annual holidays	25 days
<u>Less statutory holidays</u>	<u>11 days</u>

Total workable days = 225 days

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

Should your proposal be financed by the Commission, only the real costs (i.e. actual salaries) will be considered eligible costs.

The actual time spent on the action must be recorded on a regular basis using timesheets or an equivalent time registration system established and certified by the employer. Timesheets must be dated and signed by the individual concerned and validated by the employer. It is recommended to adopt a single timesheet encompassing the overall time worked by each staff member (not just the time worked by the employee on the particular EU supported action). Timesheets should not be sent to the Commission, except if specifically requested. For instance, when submitting the request for final payment, the beneficiary/ies might be requested to provide pay slips and timesheets justifying the actual staff costs declared, as well as the basis for the calculation of daily rates and workable days.

Only persons who are directly employed by the beneficiary/ies and, if accepted by the call, the affiliated entities and who receive a salary are considered staff. All other persons, i.e. persons who receive a fee and/or submit an invoice for their services are considered external experts and are subject to the rules governing the award of contracts (see subcontracting below). The cost of any work to be performed by external experts must not be included in staff costs but under services.

4.2.2.2 *Travel, accommodation and subsistence allowances (Heading 2)*

Costs of travel and related subsistence allowances are eligible provided that they are in line with the beneficiary's/ies' usual practices on travel costs and do not exceed the scales approved periodically by the Commission which are set out in the table below. Travel costs must not exceed the most reasonable rates available on the market.

Heading 2 may include expenses for participants from organisations other than the beneficiaries or affiliated entities where applicable (e.g. for attendance of a conference).

The attendance lists of all meetings that take place in the context of the action must be signed by all participants. These lists must be provided to the Commission if so requested.

Journeys must be carried out by the most direct and economic route. Economy class fares will be used as the benchmark for analysing air travel costs. Air travel is acceptable only for distances above 400 km, i.e. return flight above 800 km. For other modes of transport, the benchmark is the first-class rail fare. Car journeys: equivalent of corresponding first-class train ticket.

The *Daily subsistence allowances (DSA)* are paid in addition to costs for accommodation as a flat-rate amount and are considered to cover breakfast and the two main meals, local

transport, the cost of telecommunications and all other sundries. Daily subsistence allowances are to be calculated as follows according to the length of the trip:

- 6 hours or less: 20% DSA and any transport costs on the basis of supporting documents;
- more than 6 hours but not more than 12 hours: 0.5 DSA;
- more than 12 hours but not more than 24 hours: 1 DSA;
- more than 24 hours but not more than 36 hours: 1.5 DSA;
- more than 36 hours but not more than 48 hours: 2 DSA;
- more than 48 hours but not more than 60 hours: 2.5 DSA;
- each successive 12-hour period: 0.5 DSA.

The maximum amounts (in Euros per calendar day) accepted for each country are set out in the table below, and applicants are advised to adhere to these rates in their budget estimates¹⁴. Please note that this is a general list; please check the call for proposals to find out the eligible countries for your specific call.

Destinations		DSA in EUR	Maximum hotel price in EUR	Destinations		DSA in EUR	Maximum hotel price in EUR
AL	Albania	50,00	160,00	LI	Liechtenstein	80,00	95,00
AT	Austria	95,00	130,00	LT	Lithuania	68,00	115,00
BA	Bosnia-Herzegovina	65,00	135,00	LU	Luxembourg	92,00	145,00
BE	Belgium	92,00	140,00	LV	Latvia	66,00	145,00
BG	Bulgaria	58,00	169,00	ME	Montenegro	80,00	140,00
CH	Switzerland	80,00	140,00	MK	F.Y.R. of Macedonia	50,00	160,00
CY	Cyprus	93,00	145,00	MT	Malta	90,00	115,00
CZ	Czech Republic	75,00	155,00	NL	The Netherlands	93,00	170,00
DE	Germany	93,00	115,00	NO	Norway	80,00	140,00
DK	Denmark	120,00	150,00	PL	Poland	72,00	145,00
EE	Estonia	71,00	110,00	PT	Portugal	84,00	120,00
EL	Greece	82,00	140,00	RO	Romania	52,00	170,00
ES	Spain	87,00	125,00	RS	Serbia	80,00	140,00
FI	Finland	104,00	140,00	SE	Sweden	97,00	160,00
FR	France	95,00	150,00	SI	Slovenia	70,00	110,00
HR	Croatia	60,00	120,00	SK	Slovakia	80,00	125,00
HU	Hungary	72,00	150,00	TR	Turkey	55,00	165,00
IE	Ireland	104,00	150,00	UK	United Kingdom	101,00	175,00
IS	Iceland	85,00	160,00	XK	Kosovo (under UNSCR 1244)	80,00	140,00
IT	Italy	95,00	135,00				

Please note that the Commission and the other European Institutions cover the travel and subsistence costs of their own officials when they participate in an event organised by the beneficiary/ies and these should therefore not be included in the budget estimate.

Catering

The total amount calculated according to the above mentioned rules regarding Daily subsistence allowances shall constitute a maximum. If catering services are provided by the organisers, the DSAs directly paid to participants must be reduced accordingly. In such cases, the daily allowance would be reduced by 30% for each meal provided, and by 15% for breakfast.

4.2.2.3 Costs of services (Heading 3)

¹⁴ The daily allowance rates are subject to periodic review by the Commission.

Information, dissemination, reproduction and publications costs can be taken into account provided that they are directly related to the action. Please give, for each publication and/or other materials, a description, an estimate of the number of pages and copies planned the frequency and language of publication, an indication of the production costs per copy as well as an estimate of the distribution costs where appropriate.

Translation costs must include the following details: the number of languages, the number of pages to be translated and the rate applied per page. These rates may not exceed the most reasonable market rates.

Interpretation: the different components must be specified. In particular, the number of languages, the number of interpreters, the number of days and the daily rates must be specified. The accepted daily fee of an interpreter may not exceed EUR 700 (including VAT). Interpreters should be hired locally. For their travel and subsistence expenses to be covered by the grant, it must be impossible to hire them locally and it must be explained why this is so.

Evaluation: if the action proposed requires some form of evaluation, monitoring and evaluation methods must be developed, as well as tools to assess, on an on-going basis, the progress of the action in relation to the objectives defined at the beginning and the results. The cost of such work will be regarded as eligible expenditure.

Subcontracting and implementing contracts

The beneficiary, or the consortium in case the proposal is submitted by more than one beneficiary, should have the operational capacity to complete the action to be supported. However, if the staff does not have the skills required, parts of the project may be subcontracted to another person or organisation, where justified and necessary.

Also, the implementation of a project often requires the buying of goods or services in order to carry out tasks that beneficiaries cannot do themselves (i.e. translations, production of documents, print-outs, studies, web site creation, informatics support, accountancy, catering, etc.). Those accomplishing the work are considered third parties vis-à-vis the Commission and vis-à-vis the agreement that links the Commission with the beneficiary/ies.

There is a need to distinguish between:

- The award of implementing contracts

The beneficiary/ies buy/s normal services or goods necessary for the management of the project without involving an externalisation of core activities that are part of the action (described in the annex to the grant agreement).

- Subcontracting

This involves the execution by a third party of specific tasks that are part of the co-financed action, by means of a contract between one or more beneficiaries and a subcontractor. Additional constraints are imposed in those cases.

Work and tasks carried out by the beneficiary/ies and by affiliated entities designated in the grant agreement are not subject to these rules of subcontracting. However, it is not permissible to include normal commercial suppliers of goods and services as co-beneficiaries in order to avoid these rules. By way of example, the Commission does not find it appropriate to include as co-beneficiaries independent consultants, conference organisers, and so on.

It must be clearly specified which tasks will be subcontracted and why this subcontracting is considered necessary, in the annex foreseen for this purpose in the electronic application form ("Contracts for implementing the action").

Main rules related to implementing contracts

The financial regulation limits itself to the definition of the principles that should govern the conclusion of external contracts in order to implement the action: the beneficiary must seek competitive tenders from potential contractors and award the contract in writing to the bid offering **the best value for money, i.e. the best price-quality ratio, or, as appropriate, to the tender offering the lowest price**. In doing so, the beneficiary shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests¹⁵. In addition the beneficiary shall ensure that the conditions applicable to itself under Art.II.3, II.4, II.5, II.8 and II.27 of the agreement are also applicable to the contractors¹⁶.

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

Sub-contracts by a "public" beneficiary must be awarded in accordance with the applicable national rules on public tendering and in conformity with EU Directives on public tendering procedures.

Additional rules concerning subcontracting:

- a) Subcontracting may only cover the execution of a limited part of the action;
- b) Recourse to the award of contracts must be justified in relation to the nature of the action and what is necessary for its implementation;
- c) The tasks to be subcontracted must be set out in the description of the action and the corresponding estimated costs must be set out in detail in the budget estimate;
- d) If not foreseen in the initial proposal, any recourse to the award of contracts while the action is underway shall be subject to prior written authorisation by the Commission;
- e) The beneficiary shall retain sole responsibility for the implementation of the action and for compliance with the provisions of the agreement. The beneficiary must undertake the necessary arrangements to ensure that the subcontractor waives all rights in respect of the Commission under the agreement;
- f) The beneficiary must undertake to ensure that the terms, mentioned above, applicable to itself under the agreement are also applicable to the subcontractor.
- g) The beneficiary/ies shall ensure that¹⁷ the conditions applicable to itself under Art. II. 7 of the agreement are also applicable to the subcontractors.
- h) The coordinator shall not subcontract any part of its tasks to the other beneficiaries or to any other party to the grant agreement.

¹⁵ Art. 209(1) RAP

¹⁶ The terms related to liability, conflict of interests, confidentiality, ownership and use of results(including intellectual and industrial property rights, checks, audits and evaluation

¹⁷ The terms related to visibility of Union funding

4.2.2.4 Administration costs (Heading 4)

Depreciation for purchase of equipment¹⁸: the purchase cost of equipment (new or second-hand) is eligible provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the period of eligibility for EU funding covered by the grant agreement and the rate of actual use for the purposes of the action may be taken into account by the Commission. A justification for the need of purchasing such equipment is to be annexed to the budget estimate.

Other eligible administrative costs are: rental of meeting rooms (coffee breaks included), rental of interpretation booths, communication costs (other than overheads), charges for financial services, costs relating to a bank guarantee and to external audits, etc. Indicative amounts for rental of booths, excluding technical equipment: EUR 750 (excluding VAT) per booth per day; rental of booths with equipment and technical assistance: EUR 1200 (excluding VAT) per booth per day.

4.2.3 Eligible indirect costs – Overheads (Heading 5)

Indirect costs are general administrative costs – overhead costs incurred in connection with the eligible direct costs of the action. They are limited to a flat-rate of 7% of the total eligible direct costs for the action. These can include maintenance, stationery, photocopying, mailing postage, telephone and fax costs, heating, electricity or other forms of energy, water, office furniture, insurance and any other expenditure necessary for the successful completion of the project. Postage costs are considered as overhead costs and cannot be accepted under the headings "publications" or "administration".

If the accepted budget includes a provision for flat-rate funding in respect of indirect costs, such costs do not need to be supported by accounting documents.

Indirect costs are not eligible for an action where the beneficiary already receives an operating grant from the EU budget during the period in question.

4.2.4 Ineligible costs

The following expenses are ineligible and therefore not accepted:

- return on capital;
- debt and debt service charges;
- provisions for losses or debts;
- interest owed;
- doubtful debts;
- exchange losses;
- costs of transfers from the Commission charged by the bank of a beneficiary;
- costs declared by a beneficiary and covered by another action receiving an EU grant. In particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the Union budget during the period in question;

¹⁸ Art. 126(3)(d) FR

- contributions in kind¹⁹: these are contributions that are not invoiced, such as voluntary work, equipment or premises made available free of charge;
- excessive or reckless expenditure;
- VAT will be ineligible when the activities supported through the grant are taxable activities, exempt activities with right of deduction or activities engaged in by the beneficiary, in such case a public body, as a public authority of a Member State (i.e. activities resulting from the exercise of sovereign powers or prerogatives: police, justice, definition and enforcement of public policies, etc.).

4.3 Income

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

- The beneficiary's contribution in cash: the direct monetary contribution from the applicant's own resources and/or the contribution from any other fund providers. This means an effective expenditure, i.e. a financial flow that can be traced in the written accounts. Placing a civil servant remunerated by a public administration, or an employee of a company or organisation, at the disposal of the project is treated as a cash contribution since this gives rise to an expense that can be identified in the accounts of these administrations or organisations.
By way of another example: if a meeting room is made available paying the cost of rental, then this is treated as a cash contribution, which may be included in the direct eligible costs of the project and on the income side.
- The revenue generated by the action: any income expected to be generated by the implementation of the action should be detailed (such as. the yield from sales of publications or conference registration fees).
- The EU grant: the grant requested from the Commission.

5 HOW THE GRANT WILL BE CALCULATED

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

The Commission reserves the right to reduce the grant requested if the proposal is acceptable but considered too expensive, and to reduce individual unit costs if these are estimated to be too high.

Determination of the final amount of the grant

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

¹⁹ Art.183(2) RAP

- Application of the "double ceiling" rule limiting the grant both to the percentage of the eligible costs and to the maximum amount mentioned in the grant agreement

The EU final grant is calculated by applying the percentage for the co-financing of the eligible costs laid down in the grant agreement to the total of the actual eligible costs. This amount must not exceed the maximum amount for the EU grant laid down in the grant agreement.

As a result, if the actual expenditure turns out to be lower than the expenditure you budgeted, the actual grant will also be reduced in application of the percentage contribution which will remain the same. If the actual expenditure turns out to be higher than the expenditure budgeted, the EU grant will not be increased. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

- Verification of compliance with the no-profit rule

The grant may not have the purpose or effect of producing a profit within the framework of the action for the beneficiary²⁰. Profit is defined as a surplus of the receipts over the eligible costs incurred by the beneficiary, when the request is made for payment of the balance.

The receipts referred to above shall be limited to income generated by the action as well as financial contributions specifically assigned by the donors to the financing of the eligible costs.

Any income of the action must be indicated in the estimated budget and the final financial statement. If the final amount results in a profit for the beneficiaries, the amount of the grant will be reduced by the percentage of the profit corresponding to the Union contribution to the eligible costs of the action actually incurred by the beneficiary/ies to carry out the action²¹.

A mere forecast of expenditure does not give entitlement to a grant. This is why the exact amount of the final grant cannot be calculated until the Commission has received the final activity report and the final statement of expenditure. The expenditure that is committed to the implementation of the action must be justified by invoices or equivalent supporting documents, in order to be accepted as actual expenditure. It must also relate to actual rather than budgeted costs.

6 AGREEMENT GOVERNING THE GRANT

Should the Commission award a grant, a grant agreement setting out the conditions and maximum level of funding will be concluded with the beneficiary. A multi-beneficiary grant agreement will be signed in the case of proposals submitted by a consortium. The agreement will detail the specific obligations of the coordinator and the other beneficiaries.

Successful applicants/coordinators will receive two original copies of the grant agreement for acceptance and signature. Both of these copies must be sent back to the Commission, which will then return one of them once it has been signed by both parties.

²⁰ Art. 125(4) FR

²¹ Art. I.3 (a)(i) of the Grant Agreement

7 PAYMENT PROCEDURES

Payments will be made to the beneficiary or to the beneficiary acting as co-ordinator in the case of proposals submitted by a consortium.

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

Generally, payment of the grant will be made in three instalments (two pre-financing payments and a final payment under the following conditions:

- A pre-financing payment of 30% at the entry into force of the grant agreement following its signature. In the case a guarantee is required, the pre-financing payment will be subject to the receipt of the guarantee.

- A second pre-financing payment of 40% of the total amount awarded upon receipt by the Commission of a progress report on implementation of the action and detailed statement of the costs already incurred, showing that at least 70% of the previous pre-financing payment has been used up. Where the consumption of the previous pre-financing is less than 70%, the amount of the new-pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment²². If a guarantee is required, the pre-financing payment will be subject to the receipt of the guarantee.

- The balance will be paid upon acceptance by the Commission of the final technical implementation report and final financial statement.

8 GUARANTEE²³

The Commission may require the beneficiary to provide a guarantee in advance, in order to limit the financial risk linked to the payment of the pre-financing.

The decision to request of bank guarantee is, under the new financial regulation, only possible for grants of more than EUR 60 000, and is to be taken by the responsible authorising officer, if he/she deems it appropriate and proportionate, on a case-by-case basis and subject to a risk analysis.

This guarantee shall be denominated in euro and shall be valid for a period sufficiently long to allow it to be activated. The guarantee shall be provided by an approved bank or financial institution established in one of the Member States.

The guarantee shall remain in force until the pre-financing is cleared against interim payments or payment of the balance by the Commission, and, in case the payment of the balance is made in the form of a debit note, three months after the debit note is notified to the beneficiary. The Commission shall release the guarantee within the following month.

²² Art. 207(1) RAP

²³ . Art.134 FR and 206 RAP

In exceptional cases, the guarantee may be replaced by a joint and several guarantee by a third party or by the irrevocable and unconditional joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

9 BANK ACCOUNT AND INTEREST GENERATED BY PRE-FINANCING PAYMENTS²⁴

Payment shall be made to the beneficiary's bank account or sub-account denominated in Euro (in case of a consortium to the bank account of the beneficiary acting as coordinator). The account or sub-account indicated by the beneficiary must make it possible to identify the funds transferred by the Commission.

Under the new financial regulation, interest yielded by the pre-financing payments is no longer compulsory nor must it be reimbursed to the EU budget.

10 SUBMISSION OF REPORTS AND OTHER DOCUMENTS

Within 60 days after the closing date of the action, the beneficiary must submit to the Commission the final report on implementation of the action ("final technical report"), along with a final financial statement of all actual expenditure and actual revenue ("final financial statement"). Both reports must be submitted on-line via SWIM as well as in paper version (see section 14). The final implementation report must be completed using the template announced in the call that will also be annexed to the grant agreement. The summary financial statement referred to in Art. II.23.2 of the grant agreement is already included in the templates available on-line via SWIM.

If the beneficiary fails to submit the request for payment of the balance accompanied by the above mentioned documents within the above deadline, the Commission shall send a written reminder. If the beneficiary still fails to submit them within 60 days following the reminder, the Commission reserves the right to terminate the agreement.

Should the final report be deemed to be inadequate or of low quality, the Commission reserves the right to request additional information suspending the time limit for payment specified in the grant agreement. When the suspension exceeds two months, the beneficiary may request a decision by the Commission on whether the suspension is to be continued.

In addition to these requirements, other documents that might be indicated in the text of the call for proposals must also be provided (*i.e. annual reports for Progress calls*).

11 PUBLICITY

All grant beneficiaries are required to clearly mention the fact that they have received funding from the European Union in any publication, in other information or promotional materials, and during activities (conferences or seminars, etc.), for which the grant is used, using the following wording: "**With financial support from the European Union**". The emblem of

²⁴ Art. 8(4) FR, Art. 2RAP

the European Union, given at the following web address: http://ec.europa.eu/dgs/communication/services/visual_identity/index_en.htm should also be visible. When displayed in association with another logo, the European emblem must have appropriate prominence.

Any communication or publication by the beneficiary/ies related to the action, in any form and using any means, including the Internet, shall indicate that it reflects only the author's view and that the Commission is not responsible for any use that may be made of the information it contains.

In addition to these minimum requirements, references specified in the text of the call for proposals must also be indicated.

All grants awarded in the course of a financial year shall be published on the Internet site of the EU institutions during the first half of the year following the closure of the budget year in respect of which they were awarded.

By signing the grant agreement for an action, the beneficiary/ies authorises the Commission to publish the following information in any form and medium, including via the Internet site of the EU²⁵:

- the beneficiary's/ies' name/s and the address/es
- the subject of the grant,
- the amount awarded and the rate of funding of the costs of the action.

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

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

12 EVALUATION

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

Successful proposals could be the subject of an ongoing and ex-post evaluation led by the Commission and/or by independent experts selected by the European Commission. Therefore, grant beneficiaries undertake to make available to the Commission and/or persons authorised by it, all necessary documents or information to ensure successful completion of the evaluation process and give these persons the rights of access required.

13 CHECKS AND AUDITS

An external audit report is required in the following cases:

²⁵ Art. 128(3) FR, 191(1) RAP

13.1 Audit report in support of grant applications²⁶.

Organisations' proposals for an action for which the grant exceeds EUR 750 000, shall be accompanied by an external audit report produced by an approved external auditor. This report should certify the accounts for the last financial year available. This will not apply if there has been already an application made to the same authorising officer responsible in the same financial year.

This obligation shall not apply to public bodies and international organisations either.

The authorising officer responsible may, depending on a risk assessment, waive the obligation of audit for education and training establishments and in case of agreements with a number of beneficiaries, beneficiaries who have accepted joint and several liabilities or who do not bear any financial responsibility.

In the case of proposals submitted by a consortium the threshold mentioned in the first paragraph shall apply to each of the applicants.

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

13.2 Audit report in support of requests for payment²⁷

An audit report (certificate on the financial statements of the action and underlying accounts) produced by an approved external auditor or in case of public bodies, by a competent and independent public officer may be required by the authorising officer in support of any payment, on the basis of his assessment of risks. The certificate shall be attached to the payment request.

It is compulsory for interim payments and for payments of balances in the case of a grant for an action of EUR 750 000 or more, when the cumulative amounts of payment requests is at least EUR 325 000.

In case of an agreement between the Commission and a number of beneficiaries, the thresholds shall apply to each beneficiary.

The purpose of the audit report is to certify, in accordance with a methodology approved by the authorising officer responsible and on the basis of agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the financial statements on which the payment request is based are real, accurately recorded and eligible in accordance with the grant agreement. In specific and duly justified cases, the authorising officer responsible may request the certificate in the form of an opinion or other format in accordance with international standards.

The obligation to provide such a certification of the financial statements and underlying accounts may be waived

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

²⁶ Art. 196(3) RAP

²⁷ Art. 207(3) RAP

- in the case of beneficiaries of multiple grants who have provided independent certification offering equivalent guarantees on the control systems and methodology used to prepare their claims.
- where an audit has been or will be directly done by the Commission's own staff or by a body authorised to do so on its behalf and which provides equivalent assurances about the costs declared.

If an external audit of the action's accounts is not required, the beneficiary himself shall certify on his honour that the information contained in requests for payments is full, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the grant agreement and that requests for payment are substantiated by adequate supporting documents that can be checked.

The beneficiary/ies undertakes to provide any detailed information requested by the Commission or by another qualified outside body chosen by the Commission for the purposes of checking that the action and the provisions of the agreement are being properly implemented. The beneficiary must enable the Commission and/or the Court of Auditors to verify the organisation's accounting documents, if they deem this appropriate. To this end, documentation justifying items of expenditure must be retained by the applicant's organisation for five years following final payment by the Commission.

14 PROCEDURE: ELECTRONIC MEANS OF SUBMISSION - SWIM

The Internet Web application called "SWIM" (Subventions Web Input Module) allows applicants/beneficiaries to introduce, edit, validate, submit and print grant applications, as well as requests for payments and modifications of the budget estimate. SWIM can be accessed in the following web address²⁸: <https://webgate.ec.europa.eu/swim>
The final financial statement and the final implementation report will also be submitted via SWIM.

14.1 Introduction of grant applications

The grant application form has to be filled in electronically as follows: first, access the system at the address mentioned above and select the number of the call for proposals you wish to apply for in the box "New grant application", enter your e-mail address and then fill in your application. Once your application is completed, click on the "submission" button in order to finalise the submission procedure. Please note that after submitting your application form electronically no changes to the application are possible.

After electronic submission, the application form must also be printed out, signed by the legal representative of the organization submitting the proposal and sent by post to the responsible Unit, as specified in the text of the call for proposals.

Failure to respect this procedure will render the application ineligible.

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

²⁸ For more technical details on using SWIM, a user's manual is available on-line

14.2 Requests for payments and budgetary modifications

In addition to the documents specified in the grant agreement, financial documents required in support of requests for further pre-financing payments (if applicable) and for payment of the balance, as well as requests for modifications of the budget estimate to be made by addendum must also be submitted electronically using SWIM, as well as by post duly signed by the legal representative.

To be allowed to log on to SWIM and to access its grant file, the beneficiary will be asked to enter the same credentials (ECAS user²⁹) used to submit the grant application.

14.3 Final reports

As mentioned in section 9, the final report on the implementation of the action and the final financial statement of the actual expenditure and actual revenue must be submitted on-line via SWIM as well as by post duly signed by the legal representative.

15 DATA PROTECTION

The reply to any call for proposals involves the recording and processing of personal data (such as names, addresses, CVs). Such data will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.³⁰ Unless indicated otherwise, the questions and any personal data requested are required to evaluate the grant application in accordance with the specification of the call for proposals and they will be processed solely for that purpose by the department responsible for the EU grant programme concerned. On request, applicants may be sent personal data to correct or complete. For any question relating to these data, please contact the Commission department to which the form must be returned. Details concerning the processing of personal data are available on the privacy statement at: http://ec.europa.eu/dataprotectionofficer/privacystatement_publicprocurement_en.pdf.

Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

16 EARLY WARNING SYSTEM AND CENTRAL EXCLUSION DATABASE

Grant applicants are informed that, should they be in one of the situations mentioned in:

- the Commission Decision 2008/969 of 16.12.2008 on the Early Warning System (EWS) for the use of authorising officers of the Commission and the executive agencies (OJ, L 344, 20.12.2008, p. 125) (for more information see the Privacy Statement on http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm), or

²⁹ European Commission Authentication Service

³⁰ Official Journal L 8, 12.1.2001.

- the Commission Regulation 2008/1302 of 17.12.2008 on the Central Exclusion Database – CED (OJ L 344, 20.12.2008, p. 12) (for more information see the Privacy Statement on http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm#BDCE),

their personal data may be registered in the EWS only or both in the EWS and CED by the Accounting Officer of the Commission.