

**Contractual questions related to COVID-19 submitted by DEAR Programme projects**  
**27/05/2020**

**1. Financial reporting: how to report cancelled (but paid for) events and related costs made in preparation of a now cancelled event?**

**Answer:** The cancelled events shall be reported in the narrative report with sufficient information demonstrating that the force majeure circumstances have been preventing the performance of the planned activities. For the incurred costs of cancelled events, proof will have to be given that no reimbursement was possible. The link between the cancelled events and the corresponding budget lines for incurred costs in the financial report should be clearly indicated.

**2. Financial reporting: how to allocate costs of tools and online events (that take the place of face-to-face events)**

**Answer:** Please refer to the article on amendments to the contract in the general conditions. Within the same budget heading, activities planned could be cancelled and new added insofar the applicable limits on budget changes are respected (see also below answer 4). For example, a conference could be cancelled and replaced by virtual events and costs linked to these.

**3. Financial reporting: delays in reporting on the previous period have been unavoidable. What is the deadline for receipt of delayed reports?**

**Answer:** The Commission will be flexible with regard to later submission deadlines for report and this will have to be discussed and decided on a case-by-case basis with the DEAR project manager.

**4. Budget: How to apply for/show that original budget funds have been allocated to a new line: is it possible to introduce new sub-items in the budget? Can costs be transferred from one budget heading (which is less used than planned) to another (which now needs more use)? Is there increased flexibility between budget line (i.e. more than the GC allows: 25%) - e.g. no travel costs but more online and/or staffing costs?**

**Answer:** All possibilities are mentioned in the respective article on modification of contracts in the General Conditions attached to your contract. There is a possibility to transfer funds up to 25% between budget headings without the need to do an addendum. However, the Commission project manager should be informed. In the same vein, it is possible to create new sub-items in the budget. The changes should be reflected in the costs statement. If the transfer is above 25% a duly justified request for addendum is necessary, to be assessed case-by-case. Use of the contingency reserve does not fall under the above flexibility.

**5. Budget: In the case of a no-cost extension, can staffing costs be increased?**

**Answer:** No-cost extensions are always done through an addendum. If your contract implementation is extended, it seems logical that staff costs will also increase. Please note however that no additional funding can be allocated, so the cost re-allocation for the extension has to happen within the budget available. Staff increases should of course be justified and reasonable. This will be assessed on a case-by-case basis.

**6. Budget: Is there a simplified budget revision process for use during this crisis? Are procedures for budget change subject to a more flexible interpretation during this period?**

**Answer:** The EU has temporary put in place more flexible procedures for the award of new contracts and modifications to financing decisions. For ongoing projects, the EU did not set-up any specific revision process and we follow the normal steps. We are however taking into

account the consequences of this crisis on the projects and try to respond as flexibly and as quickly as possible.

**7. Does extension require a contract addendum or is a new financial forecast adequate?**

**Answer:** Yes, the extension requires an amendment because there are some modification to the condition of the contract (Article 2 - Period of implementation of the Action)

**8. Extension of project: how to apply (are there specific formats/documents/is there a specific budget amendment template)? What should be considered in the application for an extension (financially, project planning wise)? Which documents should be supplied? To what detail level and do we need to update the whole DoA even if there are changes not related to the extension?**

**Answer:** The Coordinator shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Coordinator may request an extension of the Action's implementation period as laid down in Article 2 of the Special Conditions (Implementation period of the Action) in accordance to Article 9. (General Conditions, Amendment of the contract), where you can find all necessary information. There is no specific template for extension request. The beneficiary have to use always the budget model existing in Annex 6 if necessary with a new budget proposal. The description of the action should not be entirely changed, as the final objective of the project will remain the same. Perhaps the indicative action plan will be adapted to the extension in terms of activities. However, all these changes will be reflected in the presentation of the narrative report.

**9. Is it possible that some partners do not continue their involvement in the extension period (but e.g. 16 out 17 do)?**

**Answer:** This is possible, but in that case, the addendum should include the removal or change of that/those partner(s).

**10. Is there a deadline by which a request for an extension needs to be submitted?**

**Answer:** Yes, according to article 9.3 of the General Conditions: If an amendment is requested by the Beneficiary(ies), the Coordinator shall submit a duly justified request to the Contracting Authority **thirty days before the date on which the amendment should enter into force**, unless there are special circumstances duly substantiated and accepted by the Contracting Authority. Given the current crisis and the consequences for many of our projects the EU will adopt a flexible and swift approach.

**11. A re-occurrence: If lock-downs get re-introduced later in the year, can an extended project be further extended?**

**Answer:** Yes, but this will have to be assessed on a case-by-case basis. Projects are encouraged to look for (alternative) ways/means to achieve the project objectives with measures implementable under social distancing ("Covid compliant"), e.g. through teleconferencing or other online means. It is suggested that projects focus on finalising their projects and ensuring – under the present circumstances – the maximum sustainability.

**12. What are the main differences between an extension and a suspension? Can one suspend only part of the project – if so, what would that require?**

**Answer:** The Commission has currently no intention to suspend projects on its own initiative (see GC 11.4). Projects can request a suspension of the entire project or a part of it (see GC 11.2 to 11.9). At the same time, the project is also to be extended (see GC 11.10). Suspension means that the project is temporarily "halted" (partially or in its entirety) as its implementation has become impossible.

This suspension also means that costs incurred are suspended, as there is no more

implementation. Should certain costs however still be needed during for example a partial suspension, a detailed request will have to be made with a justification as to why the continuation of these costs are needed.

**13. Use of contingency reserve: can this be used as part of a no-cost extension and/or as part of covering (originally unplanned) costs that have had to be made?**

**Answer:** Yes, a no-cost extension requires usually a budget reallocation, where the contingency reserve can be allocated to other budget posts. These additional costs need to be well-justified (ex-ante). The Commission will in particular very carefully assess increases in personal costs, as these put in principle the award decision into question. The use of the contingency reserve has to be approved by the DEAR project manager.

**14. Use of contingency reserve: can this be used for additional staffing costs?**

**Answer:** Use of contingencies will be assessed on a case-by-case basis. But yes, contingencies may cover staffing costs, see also question 12.

**15. We can move funds between main headings without asking for permission as long the amount transferred is less than 25 % of the two budget lines being transferred from or to. But how about if we are granted contingencies - are they also to be included in the 25 % calculations? So if we ask for contingency funds AND make a budget reallocation within our original budget, are the 25 % then with or without the added contingencies?**

**Answer:** Use of contingencies always requires a written agreement from the contracting authority. If you wish to use the contingency reserve, you will need to submit a formal request including a revised budget explaining in detail how the contingency reserve will be used. If the % difference between headings from last approved budget and that of the request for contingencies are above 25% and the request is accepted, this will require a signed addendum, which will be processed simultaneously with the request for the use of the contingency reserve.

**16. Content/themes of campaigns/education work: can they be changed from what was agreed in the project plan to link campaigns/education work to Covid-19?**

**Answer:** Any substantial changes to the project and its actions will require consultation with the DEAR project manager, and any substantial change may require an addendum to the contract. Projects still need to address the objectives of the call, and adapting DEAR projects to address Covid-19 and not the original objective of the accepted proposal would bring into question the awarding of the contract.

**17. Sub-grantees: how to deal with sub-grant recipients who can no longer do their work (also not online) but who have made expenses?**

**Answer:** All documentation has to be kept and submitted to contracting authority to show that all required efforts to try recover any costs incurred such as reservations and travel bookings. If the actions by sub-grantees cannot be adapted and/or rescheduled within the lifetime of the project, the lead should reclaim the remaining funds of the sub-grant (apart from the justified and accepted incurred eligible costs). Activities with sub-grantees can be stopped or can also be temporarily suspended.

**18. Attendance records: Can Zoom reports of video conferences be used as evidence of attendance? What kind of documents are needed to verify attendance since signatures are not possible?**

**Answer:** Yes they can. Verification of attendance to online events can be communicated by annexing the list of participants/attendees to a video conference, a print-screen and registration to an online event can be used.

**19. Final reporting (assuming extension granted beyond 3 years): does a year 3 report need to be submitted or can this be rolled into the final report that would also cover year 3 and the extension**

**period? Or is a year 3 report needed with then the extension (as well as the previous 3 years) reported in the final report? Could the final report include more than 12 month, e.g. last year plus the extension of let's say 3 month?**

**Answer:** As a rule, the final report has to give an overview of last year's implementation and of the action as a whole for all its duration. According to article 15 of the General Conditions: the reporting period is intended as a twelve-month period unless otherwise provided for in the Special Conditions. However, when the remaining period to the end of the Action is less than 18 months, the forecast budget (and the pre-financing payment) will cover that remaining period; the next report will be the final report covering the whole Action. E.g. if we have a 3 years long project, if the extension is six months or less, the final report will cover the entire 18 month period, and hence no additional report or payment will be required. If the extension is more than six months then an extra (=additional) payment, and extra narrative and financial report, and extra expenditure verification will be required.

**20. Given the special circumstances, is it possible to amend the unit costs (the example given was of that of the salary) in order to have some more flexibility in the budget in the context of the no-cost extension?**

**Answer:** A no-cost extension is always formalised through an addendum. The no-cost extension will impact the budget, all changes introduced will have to be well justified. The decision will be taken on a case by case basis. Changes to personnel costs will be carefully assessed.

**21. Is it possible for some partners in the project to be freed from the necessity of co-financing (e.g. if there are savings from travels, can these be used to free some partners' from contributing as they are not able to secure the co-financing from the ministry that stopped supporting advocacy projects.)?**

**Answer:** Some partners could be freed from co-financing, but overall the project has to still contribute the percentage not covered by the Commission. Hence, if the EC financing is 90%, the Commission will not finance more of 90% of the eligible costs, even if there were savings.

**22. While applying for project extension, is it OK for you to provide justification with two plans: plan A - activities can be held offline, plan B - activities are transferred to online? With two relevant budgets attached?**

**Answer:** No. The extension can only be signed with one budget. However, this does not prevent the projects from adapting the activities and the budget at later stage, which, if it does not go beyond the 25% threshold, does not need an addendum.  
See also answers 4 and 23.

**23. Can we ask for an extension now also if our project ends at the end of the year? We already know the delays due to the Emergency and we could re-plan the activities?**

**Answer:** Yes. According to the General Conditions: "If an amendment is requested by the Beneficiary(ies), the Coordinator shall submit a duly justified request to the Contracting Authority thirty days before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated and accepted by the Contracting Authority." You may request an extension earlier, as long as you have enough information and you consider that the circumstances that are the reason for the extension will not change any further in the meantime. For that reason, in some cases it might be better to wait a bit rather than ask for an extension too much in advance.

**24. Are staff costs related to the closure of the project (final report/evaluation/audit) eligible 3 months extra HR for reporting, even if not considered in the original budget? (...to further clarify I'm talking about the 3 months between the end of the activity implementation period and the final report/evaluation being submitted)**

**Answer:** Yes, such costs may be considered eligible. According to article 14 of the General conditions: (ii) Costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;

(iii) An exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the Action, which may be incurred after the implementation period of the Action; For further guidance, see section 19.3.1.1. Cost eligibility criteria of the [eCompanion](#).