



Financial Regulations: the principles for 2018 CfP DEAR projects

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24th September 2020

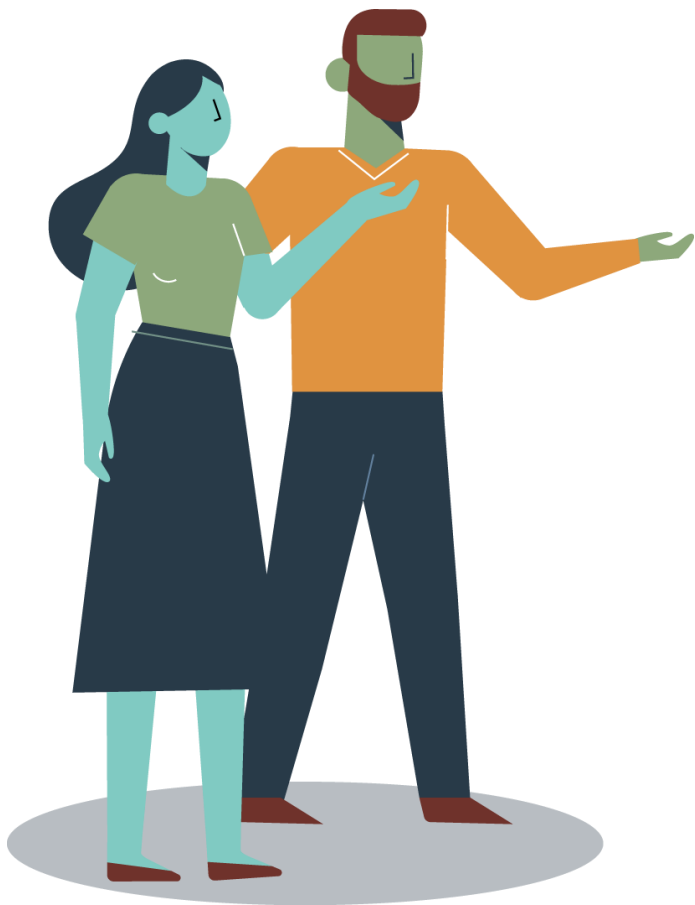
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- Slide 3: Overview
- Slide 9: Annotations to the Grants Contract
- Slide 12: Contract Annex II General Conditions
- Slide 22: Annotations to the Guidelines to the 2018 Call for Proposals
- Slide 30: Annotations to the PRAG relevant to 2018 CfP projects (version 2016.0)
- Slide 38: Useful related information (collated by DEAR Support Team)



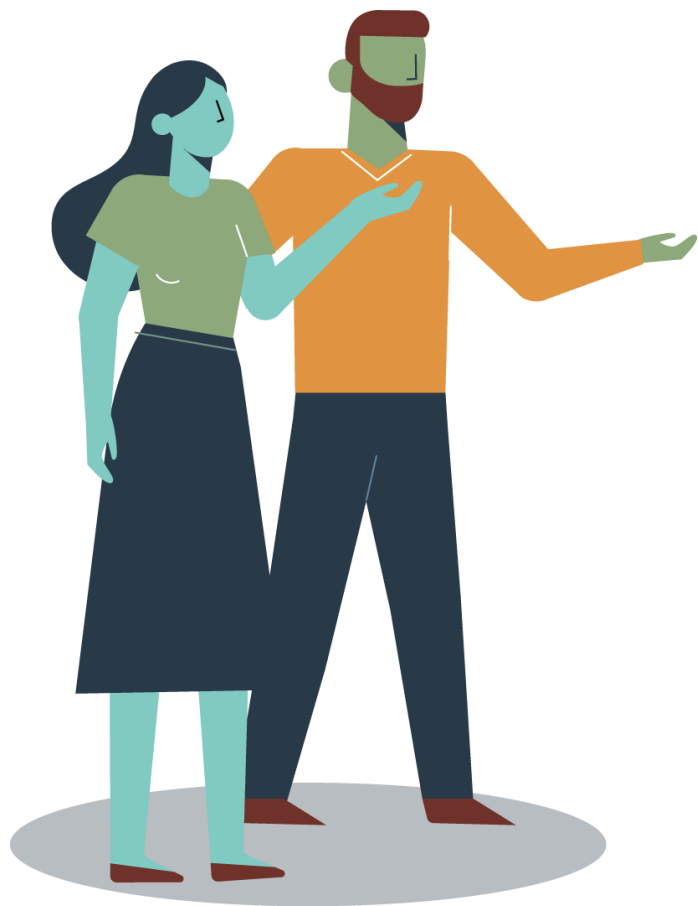
Overview: what rules apply to your contract?

- Financial Regulation
- PRAG Practical Guide
- The Guidelines for the 2018 Call for Proposal
- Your Contract
- **Question: what is the role of each? What is established where?**



Overview: what is stipulated where?

Document	Contains
Financial Regulation	Principles
PRAG (Practical Guide)	Concrete procedures for EU and implementers (applicant, co-applicant and affiliated entities)
Guidelines for Call for Proposal	Maximum duration of projects, eligibility of costs and which PRAG is applicable
Your contract	
Specific conditions	Who, what, how much, when, how long
Annex 1: ToR	specific objectives, activities
Annex 2: Gen Conditions	How to report, conditions to prolong?
Annex 3: budget	
Annex 4: procurement	What procedures to follow for what procurement



Overview: how to resolve a concrete issue?

Direction of search ↑

Specific to your contract/problem/issue (low -> high) ↓

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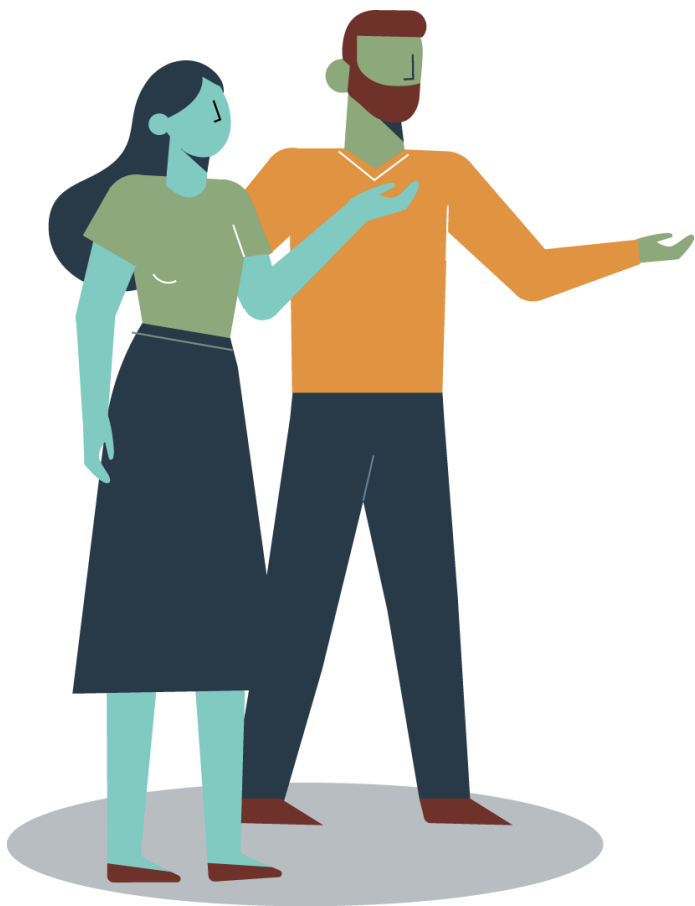
Presentation: now lets look at each of these parts, from specific to general

1. Your Contract

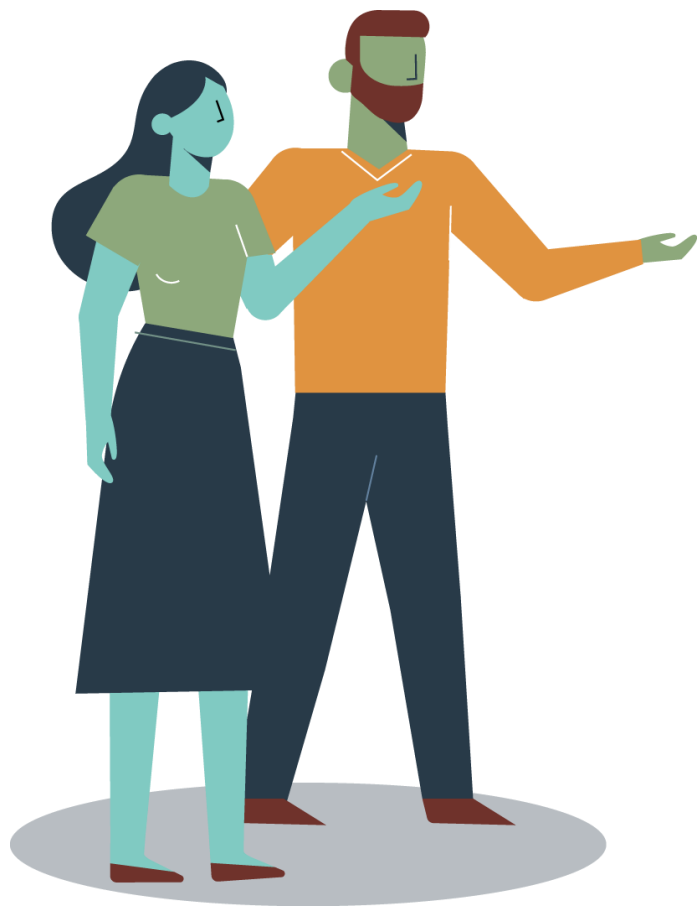
2. The Guidelines for the 2018 Call for Proposal

3. PRAG Practical Guide

4. Financial Regulation

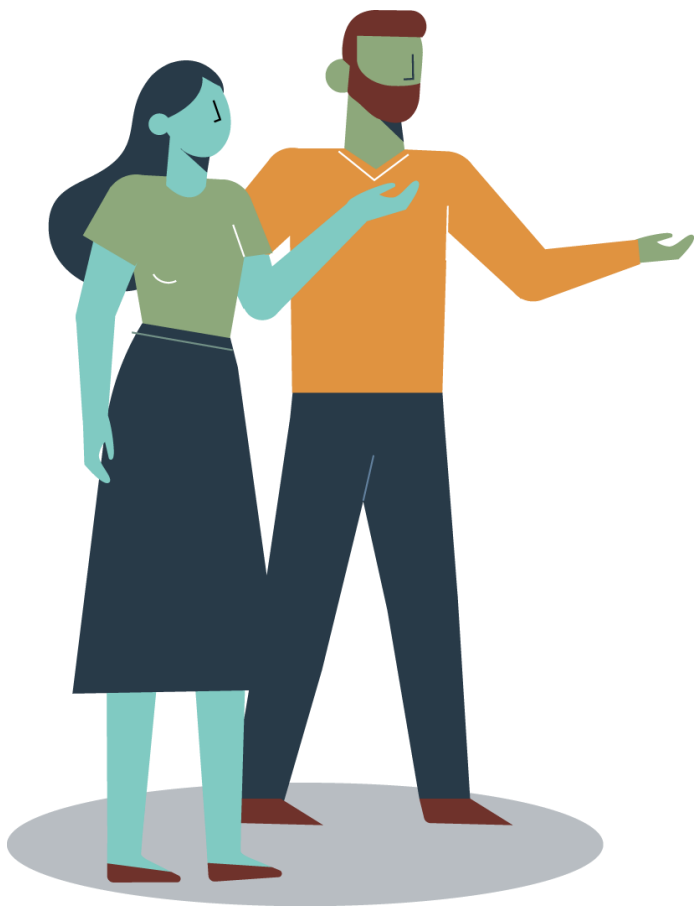


What am I trying to show? How to?



1. Read your contract and specific conditions.
Use the gen.conditions with text search.
2. Have a electronic version of the contract & PRAG handy,
skim through it (where is what, use it with text search)
3. If you have a doubt, first look yourself, ask your EU Task
manager (which project, what is the problem, relevant PRAG
rules you have found, therefore I think this or that, implication,
(alternatives, implication), please confirm)

Links & identifying the correct versions



Document	Which version, where to find:
Call for Proposal 160048	Launched 12/07/2018, Guidelines
PRAG (Practical Guide)	Version 2016.0 and Annexes
Financial Regulation	Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25/10/2012, as amended by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015. Download

Annotations to the Grant Contract

(Particular pages are marked up. For the complete and actual contract see the signed agreement between the lead applicant and the EU)



GRANT CONTRACT
- EXTERNAL ACTIONS OF THE EUROPEAN UNION -
CSO-LA/2017/ xxx-xxx
(the 'Contract')

The European Union, represented by the European Commission,
the 'Contracting Authority'

of the one part,

and

VERY IMPORTANT ORGANISATION

hereinafter the "Coordinator"

and

VERY IMPORTANT co-BENEFICIARIES

who have conferred powers of attorney for the purposes of the signature of the agreement to the Coordinator,
collectively referred to as "Beneficiary(ies)" where a provision applies without distinction to the Coordinator
and the co-Beneficiary(ies)

of the other part,

(the 'Parties')

have agreed as follows:

Special conditions

Article 1 — Purpose

- 1.1 The purpose of this Contract is the award of a grant by the Contracting Authority to finance the implementation of the action entitled: "OUR VERY INTERESTING PROJECT" (the 'Action') described in Annex I.
- 1.2 The Beneficiary(ies) shall be awarded the grant on the terms and conditions set out in this Contract, which consists of these special conditions (the 'Special Conditions') and the annexes, which the Beneficiary(ies) hereby declares it has noted and accepted.
- 1.3 The Beneficiary(ies) accepts the grant and undertakes to be responsible for carrying out the Action.

Article 2 — Implementation period of the Action

- 2.1 This Contract shall enter into force on the date when the second of the two Parties signs.
- 2.2 Implementation of the Action shall begin on: 01 January 2018
- 2.3 The implementation period of the Action, as laid down in Annex I, is 36 months.
- 2.4 The execution period of this Contract shall end when the payment of the balance is made by the Contracting Authority and, in any event, at the latest 18 months after the end of the implementation period as stipulated in Article 2.3 unless postponed in accordance with Article 12.5 of Annex II.

Article 3 — Financing the Action

- 3.1 The total eligible costs are estimated at EUR CASH, as set out in Annex III. *→ total budget*
- 3.2 The Contracting Authority undertakes to finance a maximum amount of EUR "EU CASH". *EU contribution*
The grant is further limited to 90% of the total eligible cost of the Action specified in paragraph 1.
The final amount of the Contracting Authority's contribution shall be determined in accordance with Articles 14 and 17 of Annex II.
- 3.3 Pursuant to Article 14.7 of Annex II, 7,00% of the final amount of direct eligible costs of the Action established in accordance with Articles 14 and 17 of Annex II, may be claimed as indirect costs.

Article 4 — Reporting and payment arrangements

- 4.1 Payments shall be made in accordance with Article 15 of Annex II option no. as set out in Article 15.1
Initial pre-financing payment: EUR

Further pre-financing payment(s):
(subject to the provisions of Annex II).

EUR

Balance of the final amount of the grant:
(subject to the provisions of Annex II):

EUR

First
payment

Further
payments

Final
payment



Article 5 — Contact addresses

- 5.1 Any communication relating to this Contract shall be in writing, state the number and title of the Action and be sent to the following addresses:

For the Contracting Authority

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to:

European Commission
Directorate-General for International cooperation and Development — EuropeAid
For the attention of Finance and Contracts — B06
B-1049 Brussels
Belgium

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

European Commission
Directorate-General for International cooperation and Development — EuropeAid
For the attention of Gender Equality, Human Rights and Democratic Governance — B01
B-1049 Brussels
Belgium

For the Coordinator

VERY IMPORTANT ORGANISATION

- 5.2 The expenditure verification(s) referred to in Article 15.7 of Annex II will be carried out by:

Auditor

Article 6 — Annexes

- 6.1 The following documents are annexed to these Special Conditions and form an integral part of the Contract:

Annex I: Description of the Action (including the Logical Framework of the Project and the Concept Note) *TOR*

Annex II: General Conditions applicable to European Union-financed grant contracts for External Actions

Annex III: Budget for the Action (worksheets 1, 2 and 3) *budget*

Annex IV: Procurement rules for Beneficiary(ies)

Annex V: Standard request for payment and financial identification form

Annex VI: Model narrative and financial report

Annex VII: Terms of reference for an expenditure verification of a European Union financed grant contract for external actions and model report of factual findings

- 6.2 In the event of a conflict between the provisions of the present Special Conditions and any Annex thereto, the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, those of Annex II shall take precedence.

Article 7 — Other specific conditions applying to the Action

- 7.1. Financial support to third parties may only be awarded in compliance with the conditions set in the Guidelines for applicants and in accordance with the criteria and conditions laid down in the Description of the Action in Annex I.

The maximum amount of financial support per each third party is limited to EUR 60.000.

Done in English in three originals, two originals being for the European Commission, one original being for the European Commission, and one original being for the Beneficiary(ies).

For the Beneficiary(ies) ¹

Name

Title

Signature

Date

For the Contracting Authority

Name

Title

Signature

Date

¹ In accordance with the mandate conferred on the Coordinator, (see application form), the Coordinator signs this Contract also on behalf of the other Beneficiaries, who, therefore, do not need to individually sign this Contract to become parties to it.

Contract Annex II General Conditions

(Excerpts with particular pages marked up and other pages missing. For the complete and actual contract see the signed agreement between the lead applicant and the EU)



Gen. conditions

ANNEX II

General Conditions applicable to European Union-financed grant
contracts for external actions

CONTENTS

Explanations of the terms used throughout these General Conditions may be found in the 'Glossary of terms', Annex A 1a to the Practical Guide.

In case of operating grants, the term "Action" should be understood as "Work Programme".

The term "Coordinator" refers to the Beneficiary identified as the Coordinator in the Special Conditions.

The term "Beneficiary(ies)" refers collectively to all Beneficiaries, including the Coordinator, of the Action. When there is only one Beneficiary of the Action, the terms Beneficiary(ies) and Coordinator should both be understood as referring to the only Beneficiary of the Action.

The term "party(ies) to this Contract" refers to the party signatory of this Contract (i.e. the Beneficiary(ies) and the Contracting Authority).

All references to "days" in this Contract are to calendar days, unless otherwise specified.

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GENERAL AND ADMINISTRATIVE PROVISIONS

ARTICLE 1 - GENERAL PROVISIONS

General principles

- 1.1. The Beneficiary(ies) and the Contracting Authority are the only parties to this Contract. Where the European Commission is not the Contracting Authority, it is not party to this Contract, which confers on the European Commission only the rights and obligations explicitly mentioned in this Contract.
- 1.2. This Contract and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.

Data protection

- 1.3. Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the Contracting Authority and may also be passed to the bodies charged with monitoring or inspection tasks under European Union law. Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the Beneficiary(ies) have any queries concerning the processing of personal data, they shall address them to the Contracting Authority. The Beneficiary(ies) will have right of recourse at any time to the European Data Protection Supervisor.
- 1.4. The Beneficiary(ies) shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organisational security measures necessary to preserve the strictest confidentiality and limit access to this data.

Role of the Beneficiary(ies)

- 1.5. The Beneficiary(ies) shall:
- a) carry out the Action jointly and severally vis-a-vis the Contracting Authority taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Description of the Action in Annex I and the terms and conditions of this Contract.

To this purpose, the Beneficiary(ies) shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field.
 - b) be responsible for complying with any obligation incumbent on them from this Contract jointly or individually;
 - c) forward to the Coordinator the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes thereto, as well as any information needed in the event of audits, checks, monitoring or evaluations, as described in Article 16;
 - d) ensure that all information to be provided and requests made to the Contracting Authority are sent via the Coordinator;
 - e) agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiary(ies) vis-a-vis the Contracting Authority for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable legislation(s).

Role of the Coordinator

- 1.6. The Coordinator shall:
- a) monitor that the Action is implemented in accordance with this Contract and ensure coordination with all Beneficiary(ies) in the implementation of the Action;
 - b) be the intermediary for all communications between the Beneficiary(ies) and the Contracting Authority;
 - c) be responsible for supplying all documents and information to the Contracting Authority which may be required under this Contract, in particular in relation to the narrative reports and the requests for payment. Where information from the Beneficiary(ies) is required, the Coordinator shall be responsible for obtaining, verifying and consolidating this information before passing it on to the Contracting Authority.

Any information given, as well as any request made by the Coordinator to the Contracting Authority, shall be deemed to have been given in agreement with all Beneficiary(ies);
 - d) inform the Contracting Authority of any event likely to affect or delay the implementation of the Action;
 - e) inform the Contracting Authority of any change in the legal, financial, technical, organisational or ownership situation of any of the Beneficiary(ies), as well as, of any change in the name, address or legal representative of any of the Beneficiary(ies);
 - f) be responsible in the event of audits, checks, monitoring or evaluations, as described in Article 16 for providing all the necessary documents, including the accounts of the Beneficiary(ies), copies of the most relevant supporting documents and signed copies of any contract concluded according to Article 10;
 - g) have full financial responsibility for ensuring that the Action is implemented in accordance with this Contract;
 - h) make the appropriate arrangements for providing the financial guarantee, when requested, under the provisions of Article 4.2 of the Special Conditions;
 - i) establish the payment requests in accordance with the Contract;
 - j) be the sole recipient, on behalf of all of the Beneficiary(ies), of the payments of the Contracting Authority. The Coordinator shall ensure that the appropriate payments are then made to the Beneficiary(ies) without unjustified delay;
 - k) not delegate any, or part of, these tasks to the Beneficiary(ies) or other entities.

ARTICLE 2 - OBLIGATION TO PROVIDE FINANCIAL AND NARRATIVE REPORTS

- 2.1. The Beneficiary(ies) shall provide the Contracting Authority with all required information on the implementation of the Action. The report shall describe the implementation of the Action according to the activities envisaged, difficulties encountered and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results (impact, outcomes or outputs) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objective(s), the means envisaged or employed and the budget details for the Action. The level of detail in any report should match that of the Description of the Action and of the Budget for the Action. The Coordinator shall collect all the necessary information and draw up consolidated interim and final reports. These reports shall:
- a) cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority;

- b) consist of a narrative and a financial report drafted using the templates provided in Annex VI;
 - c) provide a full account of all aspects of the Action's implementation for the period covered, including in case of simplified cost options the qualitative and quantitative information needed to demonstrate the fulfilment of the conditions for reimbursement established in this Contract;
 - d) include the current results within an updated table based on the logical framework matrix including the results achieved by the Action (impact, outcomes or outputs) as measured by their corresponding indicators; agreed baselines and targets, and relevant sources of verification;
 - e) determine if the intervention logic is still valid and propose any relevant modification including regarding the logical framework matrix;
 - f) be drafted in the currency and language of this Contract;
 - g) include any update on the communication plan as provided by Article 6.2;
 - h) include any relevant reports, publications, press releases and updates related to the Action.
- 2.2. Additionally the final report shall:
- a) cover any period not covered by the previous reports;
 - b) include the proofs of the transfers of ownership as referred to in Article 7.5.
- 2.3. The Special Conditions may set out additional reporting requirements.
- 2.4. The Contracting Authority may request additional information at any time. The Coordinator shall provide this information within 30 days of the request, in the language of the Contract.
- 2.5. Reports shall be submitted with the payment requests, according to Article 15. If the Coordinator fails to provide any report or fails to provide any additional information requested by the Contracting Authority within the set deadline without an acceptable and written explanation of the reasons, the Contracting Authority may terminate this Contract according to Article 12.2 (a) and (f).

ARTICLE 3 - LIABILITY

- 3.1. The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Beneficiary(ies) while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.2. The Beneficiary(ies) shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Beneficiary(ies) shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Beneficiary(ies) or the Beneficiary(ies)'s employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose of this Article 3 employees of the Beneficiary(ies) shall be considered third parties.

ARTICLE 4 - CONFLICT OF INTERESTS AND GOOD CONDUCT

- 4.1. The Beneficiary(ies) shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective performance of this Contract. Such conflict of interests may arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest.
- 4.2. Any conflict of interests which may arise during performance of this Contract must be notified in writing to the Contracting Authority without delay. In the event of such conflict, the Coordinator shall immediately take all necessary steps to resolve it.
- 4.3. The Contracting Authority reserves the right to verify that the measures taken are appropriate and may require additional measures to be taken if necessary.
- 4.4. The Beneficiary(ies) shall ensure that its staff, including its management, is not placed in a situation which could give rise to conflict of interests. Without prejudice to its obligation under this Contract, the Beneficiary(ies) shall replace, immediately and without compensation from the Contracting Authority, any member of its staff in such a situation.
- 4.5. The Beneficiary(ies) shall respect human rights and applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards.

ARTICLE 5 - CONFIDENTIALITY

- 5.1. Subject to Article 16, the Contracting Authority and the Beneficiary(ies) undertake to preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this Contract and identified in writing as confidential until at least 5 years after the payment of the balance.
- 5.2. The Beneficiary(ies) shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the Contracting Authority.
- 5.3. Where the European Commission is not the Contracting Authority it shall still have access to all documents communicated to the Contracting Authority and shall maintain the same level of confidentiality.

ARTICLE 6 - VISIBILITY

- 6.1. Unless the European Commission agrees or requests otherwise, the Beneficiary(ies) shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the Action. Such measures shall comply with the Communication and Visibility Manual for European Union External Actions laid down and published by the European Commission, that can be found at: https://ec.europa.eu/europanid/funding/communication-and-visibility-manual-eu-external-actions_en or with any other guidelines agreed between the European Commission and the Beneficiary(ies).
- 6.2. The Coordinator shall submit a communication plan for the approval of the European Commission and report on its implementation in accordance with Article 2.
- 6.3. In particular, the Beneficiary(ies) shall mention the Action and the European Union's financial contribution in information given to the final recipients of the Action, in its internal and annual reports, and in any dealings with the media. It shall display the European Union logo wherever appropriate.



- 6.4. Any notice or publication by the Beneficiary(ies) concerning the Action, including those given at conferences or seminars, shall specify that the Action has received European Union funding. Any publication by the Beneficiary(ies), in whatever form and by whatever medium, including the internet, shall include the following statement: 'This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of < Beneficiary(ies)'s name > and can under no circumstances be regarded as reflecting the position of the European Union.'
- 6.5. The Beneficiary(ies) authorises the Contracting Authority and the European Commission (where it is not the Contracting Authority) to publish its name and address, nationality, the purpose of the grant, duration and location as well as the maximum amount of the grant and the rate of funding of the Action's costs, as laid down in Article 3 of the Special Conditions. Derogation from publication of this information may be granted if it could endanger the Beneficiary(ies) or harm their interests.

ARTICLE 7 - OWNERSHIP/USE OF RESULTS AND ASSETS

- 7.1. Unless otherwise stipulated in the Special Conditions, ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it will be vested in the Beneficiary(ies).
- 7.2. Without prejudice to Article 7.1, the Beneficiary(ies) grant the Contracting Authority (and the European Commission where it is not this Contracting Authority) the right to use freely and as it sees fit, and in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the Action whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.
- 7.3. The Beneficiary(ies) shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this Contract.
- 7.4. In case natural, recognizable persons are depicted in a photograph or film, the Coordinator shall, in the final report to the Contracting Authority, submit a statement of these persons giving their permissions for the described use of their images. The above does not refer to photographs taken or films shot in public places where random members of the public are identifiable only hypothetically and to public persons acting in their public activities.
- 7.5. Unless otherwise clearly specified in the Description of the Action in Annex I, the equipment, vehicles and supplies paid for by the Budget for the Action shall be transferred to the final beneficiaries of the Action, at the latest when submitting the final report.

If there are no final beneficiaries of the Action to whom the equipment, vehicles and supplies can be transferred, the Beneficiary(ies) may transfer these items to:

- local authorities
- local Beneficiary(ies)
- local affiliated entity(ies)
- another action funded by the European Union
- or, exceptionally, retain ownership of these items.

In such cases, the Coordinator shall submit a justified written request for authorisation to the Contracting Authority, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.

In no event may the end use jeopardize the sustainability of the Action or result in a profit for the Beneficiary(ies).

- 7.6. Copies of the proofs of transfer of any equipment and vehicles for which the purchase cost was more than EUR 5000 per item, shall be attached to the final report. Proofs of transfer of equipment and vehicles whose purchase cost was less than EUR 5000 per item shall be kept by the Beneficiary(ies) for control purposes.

ARTICLE 8 - EVALUATION/MONITORING OF THE ACTION

- 8.1. If the European Commission carries out an interim or ex post evaluation or a monitoring mission, the Coordinator shall undertake to provide it and/or the persons authorised by it with the documents or information necessary for the evaluation or monitoring mission.

Representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the Action performed by the Beneficiary(ies).

- 8.2. If either the Beneficiary(ies) or the European Commission carries out or commissions an evaluation in the course of the Action, it shall provide the other with a copy of the evaluation report.

ARTICLE 9 - AMENDMENT OF THE CONTRACT.

- 9.1. Any amendment to this Contract, including the annexes thereto, shall be set out in writing. This Contract can be modified only during its execution period.
- 9.2. The amendment may not have the purpose or the effect of making changes to this Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the Special Conditions may not be increased.
- 9.3. 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.
- 9.4. Where the amendment to the Budget or Description of the Action does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Coordinator may amend the Budget or Description of the Action and inform the Contracting Authority accordingly, in writing and at the latest in the next report. This method may not be used to amend the headings for indirect costs, for the contingency reserve, for in-kind contributions or the amounts or rates of simplified cost options defined in the Contract.
- 9.5. Changes of address, bank account or auditor may simply be notified by the Coordinator. However, in duly substantiated circumstances, the Contracting Authority may oppose the Coordinator's choice.
- 9.6. The Contracting Authority reserves the right to require that the auditor referred to in Article 5.2 of the Special Conditions be replaced if considerations which were unknown when this Contract was signed cast doubt on the auditor's independence or professional standards.

ARTICLE 10 — IMPLEMENTATION

Implementation contracts

- 10.1. If the Beneficiary(ies) have to conclude implementation contracts with contractors in order to carry out the Action, these may only cover a limited portion of the Action and shall respect the contract-award rules and rules of nationality and origin set out in Annex IV of this Contract.
- 10.2. To the extent relevant, the Beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4, 6 and 16 of these General Conditions are also applicable to contractors awarded an implementation contract.
- 10.3. The Coordinator shall provide in its report to the Contracting Authority a comprehensive and detailed report on the award and implementation of the contracts awarded under Article 10.1, in accordance with the reporting requirements in section 2 of Annex VI.

Financial support to third parties

- 10.4. ~~In order to support~~ the achievement of the objectives of the Action, and in particular where the implementation of the Action requires financial support to be given to third parties, the Beneficiary(ies) may award financial support if so provided by the Special Conditions.
- 10.5. The maximum amount of financial support shall be limited to EUR 60 000 per each third party, ~~except where the main purpose of the Action is to redistribute the grant.~~ **max. 250.000 EURO**
- 10.6. The Description of the Action, in conformity with the relevant instructions given in this regard by the Contracting Authority, shall define the types of entities eligible for financial support and include a fixed list with the types of activity which may be eligible for financial support. The criteria for the selection of the third parties recipient of this financial support, including the criteria for determining its exact amount, shall also be specified.
- 10.7. The Coordinator shall provide in its report to the Contracting Authority a comprehensive and detailed report on the award and implementation of any financial support given. These reports should provide, amongst other, information on the award procedures, on the identities of the recipient of financial support, the amount granted, the results achieved, the problems encountered and solutions found, the activities carried out as well as a timetable of the activities which still need to be carried out.
- 10.8. To the extent relevant, the Beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4.1-4.4, 6 and 16 of these General Conditions are also applicable to third parties awarded financial support.

ARTICLE 11 – EXTENSION AND SUSPENSION

Extension

- 11.1. 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 in accordance with Article 9. The request shall be accompanied by all the supporting evidence needed for its appraisal.

Suspension by the Coordinator

- 11.2. The Coordinator may suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation

excessively difficult or dangerous. The Coordinator shall inform the Contracting Authority without delay, stating the nature, probable duration and foreseeable effects of the suspension.

- 11.3. The Coordinator or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary(ies) shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow, informing the Contracting Authority accordingly.

Suspension by the Contracting Authority

- 11.4. The Contracting Authority may request the Beneficiary(ies) to suspend implementation of the Action, or any part thereof, if exceptional circumstances, notably of force majeure, make such implementation excessively difficult or dangerous. To this purpose, the Contracting Authority shall inform the Coordinator stating the nature and probable duration of the suspension.
- 11.5. The Coordinator or the Contracting Authority may then terminate this Contract in accordance with Article 12.1. If the Contract is not terminated, the Beneficiary(ies) shall endeavour to minimise the time of its suspension and any possible damage and shall resume implementation once circumstances allow and after having obtained the approval of the Contracting Authority.
- 11.6. The Contracting Authority may also suspend this Contract or the participation of a Beneficiary(ies) in this Contract if the Contracting Authority has evidence that, or if, for objective and well justified reasons, the Contracting Authority deems necessary to verify whether presumably:
- a) the grant award procedure or the implementation of the Action have been subject to substantial errors, irregularities or fraud;
 - b) the Beneficiary(ies) have breached any substantial obligation under this Contract.
- 11.7. The Coordinator shall provide any requested information, clarification or document within 30 days of receipt of the requests sent by the Contracting authority. If, notwithstanding the information, clarification or document provided by the Coordinator, the award procedure or the implementation of the grant prove to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may terminate this Contract according to Article 12(2) h.

Force majeure

- 11.8. The term force majeure, as used herein covers any unforeseeable events, not within the control of either party to this Contract and which by the exercise of due diligence neither party is able to overcome such as acts of God, strikes, lock-outs or other industrial disturbances, acts of the public enemy, wars whether declared or not, blockades, insurrection, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosion. A decision of the European Union to suspend the cooperation with the partner country is considered to be a case of force majeure when it implies suspending funding under this Contract.
- 11.9. The Beneficiary(ies) shall not be held in breach of its contractual obligations if it is prevented from fulfilling them by circumstances of force majeure.



Extension of the implementation period following a suspension.

- 11.10. In case of suspension according to Articles 11.2, 11.4 and 11.6, the implementation period of the Action shall be extended by a period equivalent to the length of suspension, without prejudice to any amendment to the Contract that may be necessary to adapt the Action to the new implementing conditions. This Article 11.10 does not apply in case of an operating grant.

ARTICLE 12 — TERMINATION OF THE CONTRACT

Termination in case of force majeure

- 12.1. In the cases foreseen in Article 11.2 and 11.4, if the Coordinator or the Contracting Authority believes that this Contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the Coordinator or the Contracting Authority may terminate this Contract by serving two months written notice, without being required to pay indemnity.

Termination by the Contracting Authority

- 12.2. Without prejudice to Article 12.1, in the following circumstances the Contracting Authority may, after having duly consulted the Coordinator, terminate this Contract or the participation of any Beneficiary(ies) in this Contract without any indemnity on its part when:
- a) a Beneficiary(ies) fails, without justification, to fulfil any substantial obligation incumbent on them individually or collectively by this Contract and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
 - b) a Beneficiary(ies) or any person that assumes unlimited liability for the debts of the Beneficiary(ies) is bankrupt, subject to insolvency or winding up procedures, is having its assets administered by a liquidator or by the courts, has entered into an arrangement with creditors, has suspended business activities, or is in any analogous situation arising from a similar procedure provided for under any national law or regulations relevant to the Beneficiary(ies);
 - c) a Beneficiary(ies), or any related entity or person, have been found guilty of an offence concerning their professional conduct proven by any means;
 - d) it has been established by a final judgment or a final administrative decision or by proof in possession of the Contracting Authority that the Beneficiary(ies) has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or has committed an irregularity;
 - e) a change to a Beneficiary(ies)'s legal, financial, technical, organisational or ownership situation or the termination of the participation of a Beneficiary(ies) substantially affects the implementation of this Contract or calls into question the decision awarding the grant;
 - f) a Beneficiary(ies) or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the Action or fail to supply – or fail to supply within the deadlines set under this Contract - any information related to the Action required by the Contracting Authority;
 - g) a Beneficiary(ies) has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;

- h) the Contracting Authority has evidence that a Beneficiary(ies), or any related entity or person, has committed substantial errors, irregularities or fraud in the award procedure or in the implementation of the Action;
- i) a Beneficiary(ies) is subject to an administrative penalty referred to in Article 12.8;
- j) the Contracting Authority has evidence that a Beneficiary(ies) is subject to a conflict of interests;
- k) the European Commission has evidence that a Beneficiary(ies) has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the European Union and awarded to that specific Beneficiary(ies) under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.

The cases of termination under points (b), (c), (d), (h), (j) and (k) may refer also to persons who are members of the administrative, management or supervisory body of the Beneficiary(ies) and/or to persons having powers of representation, decision or control with regard to the Beneficiary(ies).

- 12.3. In the cases referred to in points (c), (f), (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the Beneficiary(ies). Any related entity means, in particular, any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive No 83/349/EEC of 13 June 1983.

Termination of a Beneficiary(ies) participation by the Coordinator

- 12.4. In duly justified cases, the participation of a Beneficiary(ies) in this Contract may be also terminated by the Coordinator. To this purpose, the Coordinator shall communicate to the Contracting Authority the reasons for the termination of its participation and the date on which the termination shall take effect, as well as a proposal on the reallocation of the tasks of the Beneficiary(ies) whose participation is terminated, or on its possible replacement. The proposal shall be sent in good time before the termination is due to take effect. If the Contracting Authority agrees, the Contract shall be amended accordingly in conformity with Article 9.

End date

- 12.5. The payment obligations of the European Union under this Contract shall end 18 months after the implementation period laid down in Article 2 of the Special Conditions, unless this Contract is terminated according to Article 12.

The Contracting Authority shall postpone this end date, so as to be able to fulfil its payment obligations, in all cases where the Coordinator has submitted a payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in Article 13. The Contracting Authority shall notify the Coordinator of any postponement of the end date.

- 12.6. This Contract will be terminated automatically if it has not given rise to any payment by the Contracting Authority within two years of its signature.

Effects of Termination

- 12.7. Upon termination of this Contract the Coordinator shall take all immediate steps to bring the Action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Without prejudice to Article 14, the Beneficiary(ies) shall be entitled to payment only for the part of the Action carried out, excluding costs relating to current commitments that are due to be executed after termination.

To this purpose, the Coordinator shall introduce a payment request to the Contracting Authority within the time limit set by Article 15.2 starting from the date of termination.

In the event of termination according to Article 12.1, the Contracting Authority may agree to reimburse the unavoidable residual expenditures incurred during the notice period, provided, the first paragraph of this Article 12.7 has been properly executed.

In the cases of termination foreseen in Article 12.2 a), c), d), f), h) and k) the Contracting Authority may, after having properly consulted the Coordinator and depending on the gravity of the failings, request full or partial repayment of amounts unduly paid for the Action.

Administrative sanctions

12.8 Without prejudice to the application of other remedies laid down in the Contract, a sanction of exclusion from all contracts and grants financed by the EU, may be imposed, after an adversarial procedure, upon the Beneficiary(ies) who, in particular,

a) is guilty of grave professional misconduct, has committed irregularities or has been found in serious breach of its contractual obligations. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, three years;

b) is guilty of fraud, corruption, participation in a criminal organisation, money laundering, terrorist-related offences, child labour or trafficking in human beings. The duration of the exclusion shall not exceed the duration set by final judgement or final administrative decision or, in the absence thereof, five years;

12.9 In the situations mentioned in Article 12.8, in addition or in alternative to the sanction of exclusion, the Beneficiary(ies) may also be subject to financial penalties representing 2-10% of the contract value.

12.10 Where the Contracting Authority is entitled to impose financial penalties, it may deduct such financial penalties from any sums due to the Beneficiary(ies) or call on the appropriate guarantee.

12.11 The decision to impose administrative sanctions may be published on a dedicated internet-site, explicitly naming the Beneficiary(ies).

12.12 The abovementioned administrative sanctions may also be imposed to persons who are members of the administrative, management or supervisory body of the beneficiary(ies), to persons having powers of representation, decision or control with regard to the beneficiary(ies).

ARTICLE 13 — APPLICABLE LAW AND DISPUTE SETTLEMENT

13.1. This Contract shall be governed by the law of the country of the Contracting Authority or, where the Contracting Authority is the European Commission, by the European Union law supplemented as appropriate by Belgian law.

13.2. The parties to this Contract shall do everything possible to settle amicably any dispute arising between them during the implementation of this Contract. To that end, they shall

communicate their positions and any solution that they consider possible in writing, and meet each other at either's request. The Coordinator and the Contracting Authority shall reply to a request sent for an amicable settlement within 30 days. Once this period has expired, or if the attempt to reach amicable settlement has not produced an agreement within 120 days of the first request, the Coordinator or the Contracting Authority may notify the other part that it considers the procedure to have failed.

13.3. In the event of failure to reach an amicable agreement, the dispute may by common agreement of the Coordinator and the Contracting Authority be submitted for conciliation by the European Commission if it is not the Contracting Authority. If no settlement is reached within 120 days of the opening of the conciliation procedure, each party may notify the other that it considers the procedure to have failed.

13.4. In the event of failure of the above procedures, each party to this Contract may submit the dispute to the courts of the country of the Contracting Authority, or to the Brussels courts where the Contracting Authority is the European Commission.

FINANCIAL PROVISIONS

ARTICLE 14 — ELIGIBLE COSTS

Cost eligibility criteria

14.1. Eligible costs are actual costs incurred by the Beneficiary(ies) which meet all the following criteria:

a) they are incurred during the implementation of the Action as specified in Article 2 of the Special Conditions. In particular:

(i) Costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement. Cash transfers between the Coordinator and/or the other Beneficiary(ies) and/or affiliated entity(ies) may not be considered as costs incurred;

(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;

(iv) Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the Beneficiary(ies) before the start of the implementation period of the Action, provided the provisions of Annex IV have been respected.

b) they are indicated in the estimated overall budget for the Action;

c) they are necessary for the implementation of the Action;

d) they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary(ies) and determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary(ies);

e) they comply with the requirements of applicable tax and social legislation;



- f) they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Eligible direct costs

14.2. Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- a) the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs shall not exceed those normally borne by the Beneficiary(ies), unless it is justified by showing that it is essential to carry out the Action;
- b) travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Beneficiary(ies) according to its rules and regulations, or the rates published by the European Commission at the time of such mission if reimbursed on the basis of simplified cost options;
- c) purchase costs for equipment (new or used) and supplies specifically dedicated to the purposes of the Action, provided that ownership is transferred at the end of the Action when required in Article 7.5.
- d) depreciation, rental or leasing costs for equipment (new or used) and supplies specifically dedicated to the purposes of the Action;
- e) costs of consumables;
- f) costs of service, supply and work contracts awarded by the Beneficiary(ies) for the purposes of the Action referred to in Article 10;
- g) costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees where required according to the Contract);
- h) duties, taxes and charges, including VAT, paid and not recoverable by the Beneficiary(ies), unless otherwise provided in the Special Conditions;
- i) overheads, in the case of an operating grant.

Simplified cost options

14.3. In accordance with the detailed provisions in Annex III, eligible costs may also be constituted by any or a combination of the following cost options:

- a) unit costs;
- b) lump sums;
- c) flat-rate financing;
- d) apportionment for costs related to field offices.

14.4. The methods used by the Beneficiary(ies) to determine unit costs, lump sums, flat-rates or apportionment shall be clearly described and substantiated in Annex III and shall ensure compliance with the no-profit rule and shall avoid double funding of costs. The information used can be based on the Beneficiary(ies)'s historical and/or actual accounting and cost accounting data or on external information where available and appropriate.

Costs declared under simplified cost options shall satisfy the eligibility criteria set out in Article 14.1 and 14.2. They do not need to be backed by accounting or supporting documents, save those necessary to demonstrate the fulfilment of the conditions for reimbursement established in Annex I and III.

These costs may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the Budget of this Contract.

The amounts or rates of unit costs, lump sums or flat-rates set out in Annex III may not be amended unilaterally and may not be challenged by ex post verifications.

14.5. The total amount of financing that may be awarded on the basis of simplified cost options in accordance with Article 14.3 a) to c) may not exceed EUR 60 000 per each Beneficiary, unless otherwise provided for in the Special Conditions.

Contingency reserve

14.6. A reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5% of the direct eligible costs may be included in the budget for the Action, to allow for adjustments necessary in the light of unforeseeable changes of circumstances on the ground. It can be used only with the prior written authorisation of the Contracting Authority, upon duly justified request by the Coordinator.

Indirect costs

14.7. The indirect costs for the Action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the Action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the Beneficiary(ies) in connection with the eligible direct costs for the Action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this Contract.

A fixed percentage of the total amount of direct eligible costs of the Action not exceeding the percentage laid down in Article 3 of the Special Conditions may be claimed to cover indirect costs for the Action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents. This amount shall not be taken into account with regard to the maximum amount of simplified cost options.

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 European Union budget during the period in question.

This Article 14.7 does not apply in the case of an operating grant.

In kind contributions

14.8. Any contributions in kind, which shall be listed separately in Annex III, do not represent actual expenditure and are not eligible costs. Unless otherwise specified in the Special Conditions, contributions in kind may not be treated as co-financing by the Beneficiary(ies).

If contributions in kind are accepted as co-financing, the Beneficiary(ies) shall ensure they comply with national tax and social security rules.

Notwithstanding the above, if the Description of the Action provides for contributions in kind, such contributions have to be provided.

Non-eligible costs

14.9. The following costs shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses, debts or potential future liabilities;

- c) costs declared by the Beneficiary(ies) and financed by another action or work programme receiving a European Union grant (including through the European Development Fund);
- d) purchases of land or buildings, except where necessary for the direct implementation of the Action and according to the conditions specified in the Special Conditions; in all cases the ownership shall be transferred in accordance with Article 7.5, at the latest at the end of the Action;
- e) currency exchange losses;
- f) credits to third parties, unless otherwise specified in the Special Conditions
- g) in kind contributions
- h) salary costs of the personnel of national administrations, unless otherwise specified in the Special Conditions and only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the Action were not undertaken.

Affiliated entities

- 14.10. Where the Special Conditions contain a provision on entities affiliated to a Beneficiary, costs incurred by such entity may be eligible, provided that they satisfy the same conditions under Articles 14 and 16, and that the Beneficiary ensures that Articles 3, 4, 5, 6, 8, 10 and 16 are also applicable to the entity.

ARTICLE 15 — PAYMENT AND INTEREST ON LATE PAYMENT

Payment procedures

- 15.1. The Contracting Authority must pay the grant to the Coordinator following one of the payment procedures below, as set out in Article 4 of the Special Conditions.

Option 1: Actions with an implementation period of 12 months or less or grant of EUR 100 000 or less

- (i) an initial pre-financing payment of 80% of the maximum amount referred to in Article 3.2 of the Special Conditions (excluding contingencies);
- (ii) the balance of the final amount of the grant.

Option 2: Actions with an implementation period of more than 12 months and grant of more than EUR 100 000

- (i) an initial pre-financing payment of 100 % of the part of the estimated budget financed by the Contracting Authority for the first reporting period (excluding contingencies). The part of the budget financed by the Contracting Authority is calculated by applying the percentage set out in Article 3.2 of the Special Conditions;
- (ii) further pre-financing payments of 100 % of the part of the estimated budget financed by the Contracting Authority for the following reporting period (excluding not authorised contingencies):
 - the reporting period is intended as a twelve-month period unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to 18 months, the reporting period shall cover it entirely;
 - within 60 days following the end of the reporting period, the Coordinator shall present an interim report or, if unable to do so, it shall inform the

Other pages of Contract Annex II not shown.



Annotations to the Guidelines to the Call for Proposals 2018

(Excerpts with some pages marked up. For the full version of the [Guidelines](#) follow the hyperlink.)





Contracting Authority: European Commission

Raising public awareness of development issues and promoting
development education in European Union (DEAR)

Guidelines for grant applicants

Budget lines BGUE 21.020801 and 21.020802

Development Cooperation Instrument

Reference:

EuropeAid/160048/DH/ACT/Multi

Deadline for submission¹ of concept notes:

25 September 2018 at 16:00 (Brussels date and time)

(in order to convert to local time click [here](#)²)

published 12/07/2018

¹ Online submission via PROSPECT is mandatory for this call for proposals (see Section 2.2.2). In PROSPECT all dates and times are expressed in Brussels time. Applicants should note that the IT support is open Monday to Friday from 08:30 to 18:30 Brussels time (except for public holidays). Applicants should take note of the weekly maintenance hours mentioned in the PROSPECT user manual.

² An example of a time converter tool available online: <http://www.timeanddate.com/worldclock/converter.html>

Pages 2 to 12 not shown



- be directly responsible for the preparation and management of the Action with the co-applicants and affiliated entity(ies), not acting as an intermediary and
- be able to demonstrate to have carried out activities in the field of development awareness raising, campaigning, communication and/or global learning for at least three years.

Under lot 3, in order to be eligible for a grant, the lead applicant must:

- be a legal person and
- be a Local Authority (LA) from a Member State of the European Union, constituted in accordance with the legislation in force in the country or Associations of Local Authorities (ALA) registered in a Member State of the European Union and
- be directly responsible for the preparation and management of the Action with the co-applicants and affiliated entity(ies), not acting as an intermediary and
- be able to demonstrate to have carried out activities in the field of development awareness raising, campaigning, communication and/or global learning for at least three years.

NB: For all lots, associations which membership include both CSOs and LAs will be considered as either associations of CSOs or as associations of LAs, depending on their legal status and on whether the majority of their membership is CSO or LA.

(2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations listed in section 2.3.3 of the Practical Guide;

In Annex A.2, section 5 ('declaration by the lead applicant'), the lead applicant must declare that the lead applicant himself, the co-applicant(s) and affiliated entity(ies) are not in any of these situations.

The lead applicant must act with co-applicant(s) as specified hereafter.

If awarded the grant contract, the lead applicant will become the beneficiary identified as the Coordinator in Annex E3h1 (Special Conditions). The Coordinator is the main interlocutor of the Contracting Authority. It represents and acts on behalf of any other co-beneficiary (if any) and coordinates the design and implementation of the Action.

Co-applicant(s)

For all lots, co-applicants participate in designing and implementing the Action, and the costs they incur are eligible in the same way as those incurred by the lead applicant.

Co-applicants must sign the Mandate in Annex A.2., section 4 of the grant application form.

If awarded the Grant contract, the co-applicants will become beneficiaries in the Action (together with the Coordinator).

Under all lots, the lead applicant must act together with a minimum of two co-applicants. The three of them must be established in three different EU Member States.

All co-applicants must satisfy the following three eligibility criteria:

- be legal persons and

- be established in a Member State of the European Union or of an eligible partner country or territory as defined in the OECD DAC list¹⁸ constituted in accordance with the legislation in force in the country
- be non-profit-making and be a Civil Society Organisation (CSO) or an association of CSOs; or be a Local Authority (LA) or an association of LAs; or be a private sector operator with communication/campaigning/marketing expertise¹⁹

Please note that all information encoded in PROSPECT must be exhaustive and in line with the content of the concept note. The administrative check will be performed taking into consideration only the information available in PROSPECT in sections 1 - contact, 2 - project and 3 - co-applicants. Please make sure that there are no inconsistencies between the information in PROSPECT and those in the concept note text.

2.1.2 Affiliated entities

The lead applicant and its co-applicant(s) may act with affiliated entity(ies)

Only the following entities may be considered as affiliated entities to the lead applicant and/or to co-applicant(s):

Only entities having a structural link with the applicants (i.e. the lead applicant or a co-applicant), in particular a legal or capital link.

This structural link encompasses mainly two notions:

- (i) Control, as defined in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings:

Entities affiliated to applicant may hence be:

- Entities directly or indirectly controlled by an applicant (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by an applicant (granddaughter companies or second-tier subsidiaries) and the same applies to further tiers of control;
- Entities directly or indirectly controlling the applicant (parent companies). Likewise, they may be entities controlling an entity controlling the applicant;
- Entities under the same direct or indirect control as the applicant (sister companies).

- (ii) Membership, i.e. the applicant is legally defined as a e.g. network, federation, association in which the proposed affiliated entities also participate or the applicant participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.

¹⁸ http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC_List_ODA_Recipients2018to2020_flows_En.pdf

¹⁹ As per section 6.3.10. of the Practical Guide, the grant must not give rise to profits for neither the beneficiaries (coordinator/lead applicant and co-beneficiaries/co-applicants) nor any affiliated entity (in the context of this call, profit is defined as a surplus of the receipts over the eligible costs approved by the Contracting Authority when the request for payment of the balance is made). Expected revenue of the action may be accepted as co-financing. However, action revenues in excess of the total costs will be considered as profit. As such, it will need to be deducted when calculating the final amount of the EU grant.

The structural link shall as a general rule be neither limited to the action nor established for the sole purpose of its implementation. This means that the link would exist independently of the award of the grant; it should exist before the call for proposals and remain valid after the end of the action.

By way of exception, an entity may be considered as affiliated to an applicant even if it has a structural link specifically established for the sole purpose of the implementation of the action in the case of so-called "sole applicants" or "sole beneficiaries". A sole applicant or a sole beneficiary is a legal entity formed by several entities (a group of entities) which together comply with the criteria for being awarded the grant. For example, an association is formed by its members.

What is not an affiliated entity?

The following are not considered entities affiliated to an applicant:

- Entities that have entered into a (procurement) contract or subcontract with an applicant, act as concessionaires or delegates for public services for an applicant,
- Entities that receive financial support from an applicant,
- Entities that cooperate on a regular basis with an applicant on the basis of a memorandum of understanding or share some assets,
- Entities that have signed a consortium agreement under the grant contract (unless this consortium agreement leads to the creation of a "sole applicant" as described above).

How to verify the existence of the required link with an applicant?

The affiliation resulting from control may in particular be proved on the basis of the consolidated accounts of the group of entities the applicant and its proposed affiliates belong to.

The affiliation resulting from membership may in particular be proved on the basis of the statutes or equivalent act establishing the entity (network, federation, association) which the applicant constitutes or in which the applicant participates.

If the applicants are awarded a grant contract, their affiliated entity(ies) will not become beneficiary(ies) of the action and signatory(ies) of the grant contract. However, they will participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be accepted as eligible costs, provided they comply with all the relevant rules already applicable to the beneficiary(ies) under the grant contract.

Affiliated entity(ies) must satisfy the eligibility criteria of a co-applicant. They must sign the affiliated entity(ies) statement in Annex A.2., section 5.

Note that the fact of having a structural link with the lead applicant does not prevent an organisation from being co-applicant in the partnership. It is the lead applicant's decision to define the role of the actors composing its partnership and implementing the action: co-applicants or affiliated entities.

2.1.3 Associates and Contractors

The following entities are not applicants nor affiliated entities and do not have to sign the "mandate for co-applicant(s)" or "affiliated entities' statement":

- Associates

Other organisations or individuals may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant, with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1. Associates must be mentioned in Annex A.2., section 6 — 'Associates participating in the action'.

- Contractors

The beneficiaries and their affiliated entities are permitted to award contracts. Associates or affiliated entity(ies) cannot be also contractors in the project. Contractors are subject to the procurement rules set out in Annex IV to the standard grant contract.

As mentioned under the specific objectives, the main part of the proposed actions and activities will be linked to campaigns, awareness raising, communication and outreach activities, the proposals will have to include a robust and innovative communication and outreach strategy in order to realise this outreach. Applicants are therefore encouraged to involve also communication experts. They could be involved as a co-applicant, an associate or as a contractor

• **Third Parties**

Strengthening the capacity of small and middle sized CSOs and LAs shall be a priority. This aspect shall be duly reflected in the selection and evaluation process of the third parties.

Third parties eligible for financial support must:

- o be a legal person and
- o be non-profit-making and
- o be a Civil Society Organisation (CSO) or an association of CSOs, or be Local Authorities or Associations of Local Authorities constituted in accordance with the legislation in force in the country, and
- o be established in²⁰ a Member State of the European Union, and
- o not be a beneficiary of a grant (neither lead, nor co-applicant, or affiliated entity) in the frame of this call for proposals

A legal entity may only be eligible to receive one financial support to third party within the framework of this call for proposals.

2.1.4 Eligible actions: actions for which an application may be made

Definition

An Action is composed of a set of activities.

Duration

The initial planned duration of an Action may not be lower than 24 months nor exceed 48 months.

Sectors or themes

Actions will have to address the priority issues identified in chapter 1.2.3.

Location

²⁰ To be determined on the basis of the organisation's statutes, which should demonstrate that it has been established by an instrument governed by the national law of the country concerned and that its head office is located in an eligible country. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a 'Memorandum of Understanding' has been concluded.



Depending on the lot, actions will have to take place in certain number of EU Member States:

- **Lot 1:** Focussed and strategic pan-European campaigns on targeted priorities bringing EU Development policy and EU answers to global challenges closer to citizens led by a Civil Society Organisation (CSO) or an association of CSOs, from all EU member states.
 - Actions must take place in a minimum of 8 EU Member States.
- **Lot 2:** Focussed and strategic pan-European campaigns on targeted priorities bringing EU Development policy and EU answers to global challenges closer to citizens led by a CSO or an association of CSOs from EU 13 member states.
 - Actions must take place in a minimum of 5 EU Member States.
- **Lot 3:** Focussed and strategic pan-European campaigns on targeted priorities bringing EU Development policy and EU answers to global challenges closer to citizens led by a Local Authority or Association of LAs, from all EU member states.
 - Actions must take place in a minimum of 5 EU Member States.

For all lots:

Specific project activities (e.g. transfer of good practices, international exchange, networking) may take place in an eligible partner country or territory as defined in the OECD DAC list on the condition that they constitute a minor part of the Action and directly contribute to the objectives of the present Call for Proposals.

Types of Action:

To be eligible for co-financing, Actions under this call must comply with the objectives and the priority issues of the Call for Proposals described in point 1.2 of these Guidelines. These Actions shall also aim at reaching one or more of the expected results mentioned under the same point.

Although final beneficiaries of the Action could be the general population, Actions must clearly identify and define specific target groups. Actions that target citizens directly should be prioritised.

The objectives will be reached through a combination of campaigns, awareness raising, communication and outreach activities and global learning. Global learning activities either within or outside the formal education system can however not be the main part of the actions proposed. In case formal education actions are proposed, they should be developed in complementarity with Member States' efforts in development education.

- Campaigns/Awareness Raising/Communication actions aim at concrete changes in behaviour at individual and collective levels. They use results-oriented strategies. They facilitate and support informed public engagement and advocacy for more just and sustainable policies, political/economic structures, and individual behaviours and practices. Campaigning projects should have a clear pan-European dimension. They should seek to produce results at European level, and should involve coordinated Action and a coherent approach in various Member States.
- Global Learning will focus on development education in the formal education system (such as curriculum development, teacher training, development education programmes in school, work with parent-teachers associations, etc.) and on Actions outside of the formal education system (such as youth groups, non-formal education, seminar type conferences, etc.) This part of the project aims at enhancing the competences of the target groups in addressing issues of global development. Learner-centred, participatory, dialogue-oriented and experiential methodologies are used to develop such competences.

In order to ensure the applications have a robust and innovative communication and outreach strategy they have to use an adequate mixture of tools and activities to achieve the objectives of this call. Examples of these tools and activities are mentioned below:

1. Apps
2. TV/radio programmes
3. Regular features in online/paper media
4. Online myth busting campaigns, crack down social media campaigns.
5. Street comm actions
6. Docu-fictions
7. Documentaries
8. Youtube channels
9. Mini-series for the web
10. Teaching Video material
11. Develop ways to innovatively use technology to involve citizens in "development" (as was for example the case in the project "Making all voices count" <http://www.makingallvoicescount.org/>).
12. Young Ambassadors
13. Use of national/local celebrities
14. Public events (such as concerts and roadshows)
15. Competitions
16. Conferences, workshops, on-line platforms and/or training programmes;
17. Tutorials for schools and other educational material.

During the full proposal stage, applicants will be requested to include their proposed communication and outreach strategy (Annex XIII) as well as to demonstrate their capabilities related to social media and the organisation of "street action" (Annexes XI and XII). The Communication and outreach strategy will have to detail and include which tools and activities will be used, these need to be innovative.

These communication capabilities should be demonstrated by the lead-applicant for itself and the communication and outreach strategy is to be provided by the lead-applicant for the consortium.

The following types of Actions are ineligible for all lots:

- Actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences and congresses;
- one-off conferences: conferences can only be funded if they form part of a wider range of activities to be implemented in the life-time of the Action. For these purposes, preparatory activities for a conference and the publication of the proceedings of the conference do not, in themselves, constitute such "wider activities";
- Actions concerned only or mainly with individual scholarships for studies or training courses;
- Actions intended to raise funds or promote the visibility of the applicant or its partner(s);
- Actions consisting mainly of research or of study;
- Actions which consist exclusively or primarily in capital expenditure, such as infrastructure, land, equipment;
- Actions which discriminate against individuals or groups of people on grounds of their gender, sexual orientation, religious beliefs or lack of them, or their ethnic origin;
- Actions supporting directly political parties;
- Actions which include proselytising activities.

Types of activity

Applicants are invited to present all the activities they consider necessary in order to achieve the objectives of this Call for Proposals in relation to existing national and/or local demands, and to obtain tangible results in the context where the selected projects will be implemented.

In preparing the plan of activities and related budget, it is compulsory to foresee the participation of one lead applicant project staff, and two co-applicant project staff, in the seminars which the European Commission may organise in Brussels or elsewhere, at least once a year for the whole duration of the project. Participation in seminars such as the inception and capitalisation seminars, for the purpose of training, exchange of good practices and networking is compulsory for the Actions presented under all lots of this Call for Proposals. This activity must be clearly spelled out in the description and the budget of the Action (travel, accommodation, per diem for Brussels as a calculation basis, for a maximum of nine man days).

In preparing the plan of activities and related budget, applicants must include the costs of external expenditure verifications. Requests for payment submitted by Beneficiaries must be accompanied by an expenditure verification report.

An external final evaluation of the proposed Action also has to be included in the proposal and the related budget.

Financial support to third parties²¹

Applicants may propose financial support to third parties in order to help them achieving the objectives of this call. This support may be the main purpose of the action, but is not mandatory.

The inclusion of financial support to third parties is encouraged to make funds of this call available to smaller/grass roots organisations, which have often a very strong rooting in their constituency and very good and innovative ideas, but they lack the organisational capacity to participate in this action as a co-applicant.

The maximum amount of financial support per third party is EUR 60 000, except where financial support to third parties is the main purpose of the action in which case maximum amount of financial support per third party is EUR 250 000.

For projects under this call with the main purpose of financial support to third parties, applicants should refer to Annex X for more detailed information.

In compliance with the present guidelines and notably of any conditions or restrictions in this section, the lead applicant should define mandatorily in section 2.1.1 of the grant application form:

- (i) the objectives and results to be obtained with the financial support
- (ii) the different types of activities eligible for financial support, on the basis of a fixed list
- (iii) the types of persons or categories of persons which may receive financial support
- (iv) the criteria for selecting these entities and giving the financial support
- (v) the criteria for determining the exact amount of financial support for each third entity, and
- (vi) the maximum amount which may be given;
- (vii) the system of control set up to verify the eligibility of costs

In all events, the mandatory conditions set above for giving financial support (points (i) to (vii)) have to be strictly defined in the grant contract as to avoid any exercise of discretion.

Visibility

The applicants must take all necessary steps to publicise the fact that the European Union has financed or co-financed the action. As far as possible, actions that are wholly or partially funded by the European

²¹ These third parties are neither affiliated entity(ies) nor associates nor contractors.

Union must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the action and the EU support for the action in the country or region concerned, as well as the results and the impact of this support.

Applicants must comply with the objectives and priorities and guarantee the visibility of the EU financing (see the Communication and Visibility Manual for EU external actions specified and published by the European Commission at https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en).

Number of applications and grants per applicants/affiliated entities

- An entity may not submit more than one application as a lead applicant/coordinator under this call for proposals.
- An entity that has applied as a lead applicant/coordinator in one application may be a co-applicant or an affiliated entity in other applications at the same time.

Should an entity submit more than 1 application as a lead applicant/coordinator under this call for proposals, the Evaluation Committee will only consider the first proposal arrived on the basis of submission date and hour. Any other proposal submitted by the entity will be rejected.

2.1.5 Eligibility of costs: costs that can be included

Only 'eligible costs' can be covered by a grant. The categories of costs that are eligible and non-eligible are indicated below. The budget is both a cost estimate and an overall ceiling for 'eligible costs'.

The reimbursement of eligible costs may be based on any or a combination of the following forms:

- actual costs incurred by the beneficiary(ies) and affiliated entity(ies)
- one or more simplified cost options.

Simplified cost options may take the form of:

- **unit costs:** covering all or certain specific categories of eligible costs which are clearly identified in advance by reference to an amount per unit.
- **lump sums:** covering in global terms all or certain specific categories of eligible costs which are clearly identified in advance.
- **flat-rate financing:** covering specific categories of eligible costs which are clearly identified in advance by applying a percentage fixed ex ante.

The amounts or rates have to be based on estimates using objective data such as statistical data or any other objective means or with reference to certified or auditable historical data of the applicants or the affiliated entity(ies). The methods used to determine the amounts or rates of unit costs, lump sums or flat-rates must comply with the criteria established in Annex K, and especially ensure that the costs correspond fairly to the actual costs incurred by the beneficiary(ies) and affiliated entity(ies), are in line with their accounting practices, no profit is made and the costs are not already covered by other sources of funding (no double funding). Refer to Annex K for directions and a checklist of controls to assess the minimum necessary conditions that provide reasonable assurance for the acceptance of the proposed amounts.

Applicants proposing this form of reimbursement, must clearly indicate in worksheet no.1 of Annex B, each heading/item of eligible costs concerned by this type of financing, i.e. add the reference in capital letters to "UNIT COST" (per month/flight etc), "LUMPSUM" or "FLAT RATE" in the Unit column. (see example in Annex K)

Additionally in Annex B, in the second column of worksheet no.2, "Justification of the estimated costs" per each of the corresponding budget item or heading applicants must:



- describe the information and methods used to establish the amounts of unit costs, lump sums and/or flat-rates, to which costs they refer, etc.
- clearly explain the formulas for calculation of the final eligible amount²²
- identify the beneficiary who will use the simplified cost option (in case of affiliated entity, specify first the beneficiary), in order to verify the maximum amount per each beneficiary (which includes if applicable simplified cost options of its affiliated entity(ies))

At contracting phase, the Contracting Authority decides whether to accept the proposed amounts or rates on the basis of the provisional budget submitted by the applicants, by analysing factual data of grants carried out by the applicants or of similar actions and by performing checks established by Annex K.

The total amount of financing on the basis of simplified cost options that can be authorised by the Contracting Authority for any of the applicants individually (including simplified cost options proposed by their own affiliated entities) cannot exceed EUR 60 000 (the indirect costs are not taken into account).

Recommendations to award a grant are always subject to the condition that the checks preceding the signing of the grant contract do not reveal problems requiring changes to the budget (such as arithmetical errors, inaccuracies, unrealistic costs and ineligible costs). The checks may give rise to requests for clarification and may lead the Contracting Authority to impose modifications or reductions to address such mistakes or inaccuracies. It is not possible to increase the grant or the percentage of EU co-financing as a result of these corrections.

It is therefore in the applicants' interest to provide a realistic and cost-effective budget

The simplified cost option may also take the form of an apportionment of Field Office's costs.

Field Office means a local infrastructure set up in one of the countries where the action is implemented or a nearby country. (Where the action is implemented in several third countries there can be more than one Field Office). That may consist of costs for local office as well as human resources.

A Field Office may be exclusively dedicated to the action financed (or co-financed) by the EU or may be used for other projects implemented in the partner country. When the Field Office is used for other projects, only the portion of capitalised and operating costs which corresponds to the duration of the action and the rate of actual use of the field office for the purpose of the action may be declared as eligible direct costs.

The portion of costs attributable to the action can be declared as actual costs or determined by the beneficiary(ies) on the basis of a simplified allocation method (apportionment).

The method of allocation has to be:

1. Compliant with the beneficiary's usual accounting and management practices and applied in a consistent manner regardless of the source of funding and
2. Based on an objective, fair and reliable allocation keys. (Please refer to Annex K to have examples of acceptable allocation keys).

A description prepared by the entity of the allocation method used to determine Field Office's costs in accordance with the entity's usual cost accounting and management practices and explaining how the method satisfy condition 1 and 2 indicated above, has to be presented in a separate sheet and annexed to the Budget.

²² Examples:- for staff costs: number of hours or days of work * hourly or daily rate pre-set according to the category of personnel concerned;- for travel expenses: distance in km * pre-set cost of transport per km; number of days * daily allowance pre-set according to the country;- for specific costs arising from the organization of an event: number of participants at the event * pre-set total cost per participant etc.

The method will be assessed and accepted by the evaluation committee and the Contracting Authority at contracting phase. The applicant is invited to submit (where relevant) the list of contracts to which the methodology proposed had been already applied and for which proper application was confirmed by an expenditure verification.

At the time of carrying out the expenditure verifications, the auditors will check if the costs reported are compliant with the method described by the beneficiary(ies) and accepted by the Contracting Authority.

Adequate record and documentation must be kept by the beneficiary(ies) to prove the compliance of the simplified allocation method used with the conditions set out above. Upon request of the beneficiary(ies), this compliance can be assessed and approved ex-ante by an independent external auditor. In such a case, the simplified allocation method will be automatically accepted by the evaluation committee and it will not be challenged ex post.

When costs are declared on the basis of such allocation method the amount charged to the action is to be indicated in the column "TOTAL COSTS" and the mention "APPORTIONMENT" is to be indicated in the column "units" (under budget heading 1 (Human resources) and 4 (Local Office) of the Budget).

It has to be noted that the EUR 60.000 limit, otherwise applicable to costs declared on the basis of simplified cost options, is not relevant for costs declared following apportionment of Field Offices.

Eligible direct costs

To be eligible under this call for proposals, costs must comply with the provisions of Article 14 of the General Conditions to the standard grant contract (see Annex G of the guidelines).

In order to make sure that the majority of funds flows to actions and activities that target citizens directly, costs include under the Human Resources heading (Heading 1 in the budget) should be reasonable. It is therefore requested that the "Subtotal Human Resources" (the total of all expenses under budget heading "1. Human Resources") represents a maximum of 40% of the total eligible costs (as mentioned in line 11 of the budget). Applications that exceed this limit will be excluded.

Contingency reserve

The budget may include a contingency reserve not exceeding 5% of the estimated direct eligible costs. It can only be used with the prior written authorisation of the Contracting Authority.

Eligible indirect costs

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding, but the total must not exceed 7% of the estimated total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another budget heading in the standard grant contract. The lead applicant may be asked to justify the percentage requested before the grant contract is signed. However, once the flat rate has been fixed in the Special Conditions of the grant contract, no supporting documents need to be provided.

If any of the applicants or affiliated entity(ies) is in receipt of an operating grant financed by the EU, it may not claim indirect costs on its incurred costs within the proposed budget for the action.

Contributions in kind

Contributions in kind mean the provision of goods or services to a beneficiaries or affiliated entities free of charge by a third party. As contributions in kind do not involve any expenditure for beneficiaries or affiliated entities, they are not eligible costs.

Contributions in kind may not be treated as co-financing.

However, if the description of the action as proposed includes contributions in kind, the contributions have to be made.

Ineligible costs

The following costs are not eligible:

- debts and debt service charges (interest);
- provisions for losses or potential future liabilities;
- costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union (including through EDF) grant;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred, in accordance with Article 7.5 of the General Conditions of the standard grant contract, at the latest at the end of the action;
- purchases of vehicles, unless the applicant can demonstrate that the purchase is necessary for the purpose of the action implementation;
- currency exchange losses;
- office rent, unless the applicant can demonstrate that additional and specific office rental is necessary for the purpose of the action implementation;
- taxes, including VAT, unless the beneficiary or co-beneficiaries can demonstrate they cannot reclaim them;
- credit to third parties;
- Salary costs of the personnel of national administrations at the national level (e.g. national ministries)

2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

To apply for this call for proposals the lead applicants need to:

- I. Provide information about the organisations involved in the action. Please note that the registration of this data in PADOR is obligatory²³ for this call for proposals:

Concept note step: Registration in PADOR is obligatory only for lead applicants and public national or local authorities whatever their role is (co-applicant or associate). Entities registered in PADOR get a unique ID (EuropeAid ID) which they must mention in PROSPECT (lead applicant/co-applicant) or in the letter (associate). Please note that the absence of PADOR registration may lead to the rejection of the application.

Full application step: Registration is obligatory for co-applicant(s) and affiliated entity(ies). Lead applicants must make sure that their PADOR profile is up to date.

- II. Provide information about the action in the documents listed under sections 2.2.2 (concept note) and 2.2.5 (full application). Please note that online submission via PROSPECT is obligatory for this call.

PADOR is an on-line database in which organisations register and update information concerning their entity. Organisations registered in PADOR get a unique ID (EuropeAid ID) which they must mention in their application. PADOR is accessible via the website: http://ec.europa.eu/europeaid/pador_en

It is strongly recommended to register in PADOR well in advance and not to wait until the last minute before the deadline to submit your application in PROSPECT.

If it is impossible to register online in PADOR for technical reasons, the applicants and/or affiliated entity(ies) must complete the 'PADOR off-line form'²⁴ attached to these guidelines. This form must be sent together with the application, by the submission deadline (see sections 2.2.2 and 2.2.5).

²³ Natural persons who apply for a grant (if so allowed in the guidelines for applicants) do not have to register in PADOR. In this case, the information included in PROSPECT and the grant application form is sufficient.

Page 24 and following not shown. See the full version of the Guidelines [here](#)



Annotations to the PRAG

(Excerpts with some pages marked up. For the full version of the relevant [PRAG](#) follow the hyperlink. N.B. It is version 2016.0 that applies to 2018 Call for Proposals projects!)



Procurement And Grants for European Union external actions - A Practical Guide

Applicable as of 15 January 2016

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Unsuccessful applicants should be informed without delay, and in any event no later than 15 calendar days after information has been sent to the successful applicants, in writing using the appropriate template (Annex E9).

They may receive, at their request, further information regarding the evaluation of their own proposal (any weakness, poor or insufficient description of the action, budget not matching the proposed activities, overall lack of consistency, etc.)

As a rule, all applicants should be notified the outcome of the evaluation of their applications within 6 months following the submission deadline of the full application.

2.10. Modifying contracts

For modifications of grant contracts, please refer also to section 6.8.

Contracts may need to be modified if the circumstances of project implementation have changed since the contract was signed. However, the subject matter of the contract cannot be altered. Contracts can only be modified during their execution period. Any changes to the contract must be made officially by means of an administrative order or an addendum in accordance with the General Conditions. Substantial changes to the contract must be made by means of an addendum. Such an addendum must be signed by the contracting parties (and, under an indirect ex-ante management, approved and endorsed by the European Commission). The contractor may simply notify the contracting authority of changes of address, changes of bank account, and changes of auditor (in the case of service contracts); this does not affect the contracting authority's right to oppose the contractor's/beneficiary's choice of bank account or auditor.

2.10.1. General principles

The following general principles must always be complied with:

Contracts cannot be amended after the end of the execution period. Note that the execution period of the contract is generally longer than the implementation period. For definition of the execution period of the contract and implementation period, see Annex A1.

Any modification extending the period of implementation must be such that implementation and final payments can be completed before the expiry of the Financing agreement (if any) under which the initial contract was financed.

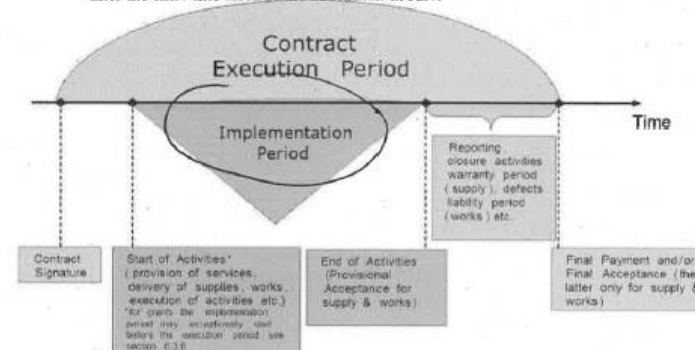
A contract can be amended through an administrative order or addendum under the conditions provided for in the contract itself. In exceptional circumstances, the amendment may have a retroactive effect provided the execution period has not expired but the contractor or grant beneficiary will only receive confirmation that the contracting authority has agreed to its request once the addendum has been duly signed or an administrative order has been issued. The contractor or grant beneficiary bears the financial risk of any costs incurred or goods and services provided before the addendum or administrative order has been issued, because the contracting authority has the right to refuse to sign the addendum or issue the order. Only once the addendum or order enters into force may the contractor or grant beneficiary claim payment for the costs, goods or services.

Examples:

- i. A contractor reports an urgent need to replace a key expert in March, which is accepted in an

addendum in April. The amendment enters into force in April, acknowledging the change as from March. The contractor is only entitled to ask for payment for the work carried out in March *after* the entry into force of the amendment.

- ii. In a grant, the implementation period expired in May and the grant beneficiary requests a 1 month extension in June. If the Contracting Authority accepts the justification, including for the late request, and issues an addendum in July, the implementation period will be extended by 1 month from May to June. Costs incurred from May to June would only become eligible after the entry into force of the addendum in July.



✕ No changes to the contract may alter the award conditions prevailing at the time the contract was awarded.

Following this logic, major changes, such as a fundamental change to the terms of reference or to the technical specifications, cannot be made by means of an addendum or an administrative order.

A request for changes to the contract must not automatically be accepted by the contracting authority. There must be justified reasons for modifying a contract. The contracting authority must examine the reasons given and reject requests which are not fully substantiated.

Modifications to contract amounts may entail changes for the financial guarantees linked to the contract.

The purpose of the addendum or administrative order must be closely connected with the nature of the project covered by the initial contract.

Requests for contract modifications must be made (by one contracting party to the other) in time to allow the addendum to be signed by both parties before the expiry of the execution period of the contract.

Where the change to the contract extends activities already under way, it requires a negotiated procedure and compliance with some conditions (see points 3.2.4.1.c), 4.2.5.1.c), and 5.2.5.1.c) for contract-specific information about negotiated procedures and sections 3.5., 4.6., and 5.7. for contract-specific information on changes to contracts).

In other circumstances the change can be processed by means of simple addendum, with no need to undertake a negotiated procedure. The relevant modifications are the following:

- a) additional works, supplies or services by the original contractor that have become necessary and that were not included in the initial procurement, when changing contractor is not feasible for technical reasons (eg. compatibility with existing equipment, services or installations) or changing contractor would cause substantial duplication of costs for the contracting authority. Any increase in price, including the net cumulative value of successive modifications, cannot exceed 50 % of the initial contract value;
- b) modifications needed because of circumstances which a diligent contracting authority could not foresee, provided that any increase in price does not exceed 50 % of the initial contract value;
- c) modifications meeting the following cumulative conditions:
 - the value of the modification is below EUR 300 000 for service and supply contracts, and EUR 5 000 000 for works contracts; and
 - the value of the modification is limited to 10 % of the initial contract value for service, and supply contracts, and 15 % of the initial contract value for works contracts; and
 - the net cumulative value of several successive modifications does not exceed the thresholds under points i) and ii) above;
- d) all other modifications which do not alter the minimum requirements of the initial procurement irrespective of their value when the resulting modification in the value is the outcome of the strict application of the procurement documents or contractual provisions.

Cases such as administrative changes, universal succession and application of revision clauses or options are considered not to alter the minimum requirements of the initial procedure. Modifications which are the result of the application of contractual provisions (e.g. price revision clauses, measurement of works) or concern administrative details (e.g. change of address, replacement of

estimate, the difference between the European Union contribution and the total cost of the action must remain within the limits imposed by the guidelines for applicants. The lead applicant may replace a co-applicant or an affiliated entity only in duly justified cases (e.g. bankruptcy of initial co-applicant or affiliated entity). In this case the new co-applicant/affiliated entity must be of a similar nature as the initial one. The lead applicant may adjust the duration of the action if unforeseen circumstances outside the scope of the applicants have taken place following the submission of the concept note and require such adaptation (risk of action not being carried out). In such cases the duration must remain within the limits imposed by the guidelines for applicants. An explanation/justification of the relevant replacement/adjustment shall be included in an accompanying letter or email.

The minimum period from the publication date of the guidelines for applicants to the deadline for submission of concept notes is 45 days. The minimum period from the dispatch of the letter of invitation to submit the full application to the deadline for submission of proposals is 45 days. In exceptional cases, a derogation may be given for a shorter deadline.

6.8. Modifying grant contracts

6.8.1. General principles

See section 2.10.1.

Grant contracts may be amended only by written additional agreements, not by administrative orders. Such additional agreements, including those aiming at adding or removing a beneficiary, shall not have the purpose or the effect of making such changes to the contract that would call into question the grant award decision or be contrary to the equal treatment of applicants.

When using the standard grant contract, the maximum amount of the grant and the maximum percentage of the European Union co-financing may not be increased.

6.8.2. Preparing an addendum

See section 2.10.2.

6.9. Award of contracts & financial support to third parties by grant beneficiaries

6.9.1. Award of contracts

Procurement of services, supplies or works for a grant-funded action: if the implementation of an action or work programme requires the procurement of services, supplies or works by the grant beneficiary, the rules specified in Annex IV of the grant contract must be applied for each procurement contract. Should the grant beneficiary fail to comply with Annex IV, the related expenditures will not be eligible for Union/EDF financing.

However, these contracts may only cover a limited portion of the action.

- the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000, as amended by the Agreement amending the ACP-EC Partnership Agreement signed in Luxembourg on 25 June 2005 and in Ouagadougou on 22 June 2010, and namely Annex IV to it as revised by Decision 1/2014 of the ACP-EU Council of Ministers of 20 June 2014;
 - Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union (Overseas Association Decision).
 - Annex V to Decision No 3/90 of the ACP-EEC Council of Ministers of 29 March 1990 concerning the procedural rules on conciliation and arbitration;
 - Council Regulation (EC) No 215/2008 of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund;
 - Council Regulation (EU) No 2015/323 of 2 March 2015 on the Financial Regulation applicable to the 11th European Development Fund.
- The following are also applicable:
- The Financing Agreement signed by the EU and the partner country concerned for each EU-funded programme. This sets out the programme objectives and budget.
 - This Practical Guide together with the standard documents and templates in the annexes to it.

7.2. Legal framework for grant procedures

7.2.1. Programmes funded by the EU budget:

The following legal framework applies to grant contracts financed by the European Union and concluded in the course of cooperation with third countries:

- Regulation (EU, Euratom) No 966/2012 of 25 October 2012 on the rules applicable to the general budget of the Union (and in particular Title VI of Part One, on grants, and Chapter 4 of Title IV of Part Two, which concerns special provisions for grants in external action), as amended by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015; *Fin Reg*
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 laying down detailed rules for the implementation of the Financial Regulation (and in particular Title VI of Part One, on grants, and Chapter IV of Title III of Part Two, which concerns special provisions for grants in external action), as amended by Commission Delegated Regulation (EU) No 2462/2015 of 30 October 2015; *rules for Fin Reg*
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down Common Rules and Procedures for the Implementation of the Union's instruments for External Action (CIR); *CIR*
- the regulations or decisions of the Council, referred to as 'basic acts' in the Financial Regulation and this Practical Guide, and other specific instruments relating to the various cooperation programmes. *DCI CSO-CA*

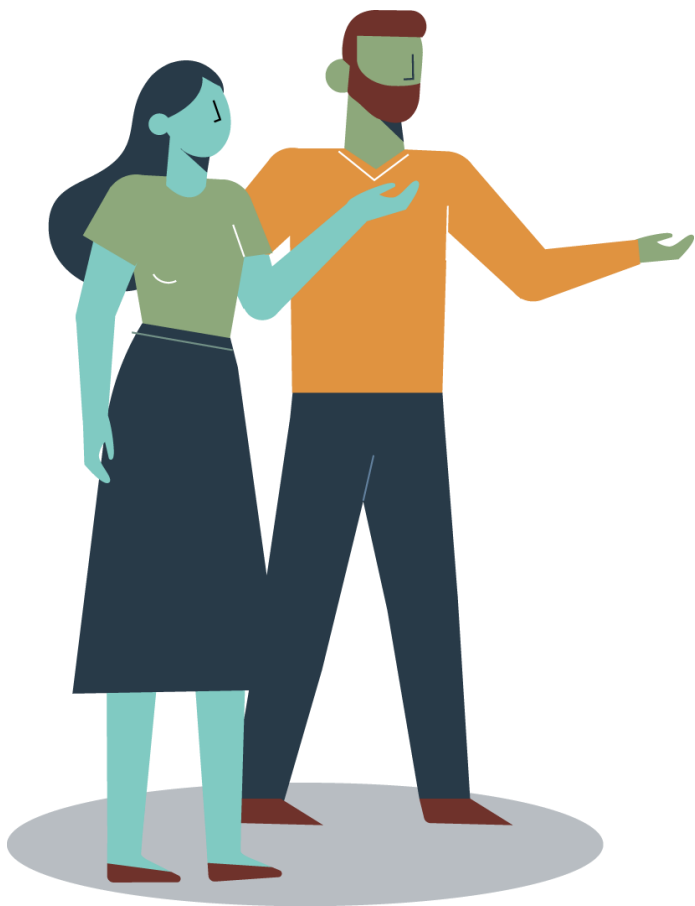
7.2.2. Programmes funded by the EDF

The following legal framework applies to grant contracts concluded under the EDF:

- The ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000, as amended by the

For the full version of the relevant PRAG see version 2016.0 accessible [here](#)





Useful related information

Various questions were asked about the financial regulations. These are collected and will be addressed in a separate document.

Many answers can also be found in the following:

- Report on [Inception Seminar for CfP2016 projects](#) and annexes of the report: PPT presentations, Prag and '[Finding answers in the documentation](#)', March 2018
- [FAQ](#) Financial and contractual questions answered_Inception Seminar 2018
- Report on 'The use of [Sub-granting](#) ('Financial support to Third Parties') in DEAR projects', May 2017
- Questions & Answers: [Covid-19 adaptations](#)