

CALL FOR PROPOSALS – EACEA 40/2016

Erasmus+ Programme

KA3 – Support for Policy Reform

VET-Business Partnerships on Work-based learning and Apprenticeships

APPLICANTS' GUIDELINES

1. INTRODUCTION – BACKGROUND

This call for proposals is based on the Regulation (EU) 1288 /2013 establishing Erasmus+, the Union programme for education, training, youth and sport for the period 2014 to 2020.

On the basis of the Regulation, and in particular Key Action 3 "Support for policy reform" (as referred to in Article 6 (2) (c) and further set forth in Article 9 (1) (a)), the European Commission ('the Commission') in cooperation with the Education, Audiovisual and Culture Executive Agency (the 'Agency') is inviting the submission of proposals concerning the establishment or development of VET-business partnerships on **apprenticeships**¹ and other forms of **work-based learning** (WBL)² in vocational education and training (VET). The Agency has been entrusted by the Commission with the management of this Call for proposals³.

Vocational education and training has the potential to contribute to reducing Europe's high level of youth unemployment, boosting growth by providing relevant skills for the labour market, promoting a culture of lifelong learning, countering social exclusion and promoting active citizenship.

The contribution of work-based learning as integral part of vocational education and training to supporting youth employment and economic competitiveness is widely recognised. Countries with strong and attractive VET systems, and notably those with well-established apprenticeship systems, tend to perform better in terms of youth employment. Many countries are currently either newly introducing or reforming their apprenticeship systems. The European Union supports Member States in their reform efforts to deliver concrete results on the ground.

The '**Riga Conclusions**'⁴ adopted at the Meeting of Ministers in charge of Vocational Education and Training, the European Social Partners and the European Commission on 22 June 2015 include five medium-term deliverables (MTD) to be focused on for the period 2015-2020. The first of the MTD reads as follows "promote work-based learning in all its forms with special attention to apprenticeships by involving social partners, companies, chambers and VET providers as well as stimulating innovation and entrepreneurship".

The New **Skills Agenda** for Europe⁵ adopted on 10 June 2016 focuses on improving skills. As part of this approach, it highlights that partnerships between VET providers and businesses on apprenticeships bring benefits for individuals and enterprises alike. These include better skills matching due to more ownership of curricula, increased productivity, new knowledge and experience gained by apprentices and a potential pool of new employees. Currently just a quarter of students in upper secondary vocational education attend work-based programmes, while general and higher education programmes rarely include any work-based experience. VET-business partnerships can unlock this potential.

This Call has been proposed as one of the key activities under the Action Plan of the **European Alliance for Apprenticeships**⁶ for 2016.

¹ See the Glossary for the definition.

² See the Glossary for the definition.

³ The 2017 Annual Work Programme for the implementation of "Erasmus+": the Union Programme for Education, Training, Youth and Sport

⁴ http://ec.europa.eu/education/policy/vocational-policy/doc/2015-riga-conclusions_en.pdf

⁵ <http://ec.europa.eu/social/main.jsp?catId=1223&langId=en>

⁶ <http://ec.europa.eu/apprenticeships-alliance>

Moreover, the **European Pact for Youth**⁷ initiated by CSR Europe (The European Business Network for Corporate Social Responsibility) with the support of the European Commission is seeking to create 10,000 quality business-education partnerships by the end of 2017.

The **Education and Training 2020 Working Group on VET teachers and trainers in work-based learning** (2016-2018) whose aim is to support the professional development of VET teachers and trainers includes in its mandate⁸ as a central theme the importance of partnership arrangements between VET providers and companies relevant to VET teachers and trainers.

The Call should be seen in a wider context of targeted support under Erasmus+ on apprenticeships. In 2014 the focus was on national authorities engaging in apprenticeships and in 2015 the objective was to support the engagement of small and medium size enterprises in apprenticeships.

2. OBJECTIVE – TYPE OF PARTNERSHIPS - ACTIVITIES - EXPECTED OUTPUTS

2.1. Objectives

Against the background of high youth unemployment and skills mismatch, the overall aim of the Call is to bridge the gap between the worlds of education and business, to improve the relevance of education and training to labour market needs, and to raise excellence.

In this context the objective of the Call is to invite the submission of proposals on VET-business partnerships to develop work-based learning and thus contributing to the Riga objective to **promote work-based learning** in all its forms, with special attention to **apprenticeships**.

These partnerships should contribute to the involvement of business and social partners in the design and delivery of VET and to ensure a strong work-based learning element in VET.

This Call also intends to improve the quality of work-based learning and apprenticeships by promoting partnerships that involve companies, VET providers, other relevant stakeholders and intermediary organisations to develop more relevant, systematic and sustainable approaches by transferring knowledge and by learning from well-established models and practices.

The focus lies on the **regional and local dimension** in order to produce concrete and sustainable results on the ground.

2.2. Type of partnerships

The Call for Proposals distinguishes between two different types of partnerships. Therefore, applications should be submitted under one of the following two lots:

1. Local and regional partnerships (Lot 1)

The call supports partnerships **between i) a VET provider; ii) a small, medium or large enterprise (public or private) or Chamber or other sectoral/professional organisation; iii) and a local or regional authority.**

These projects aim to strengthen VET-business partnerships on work-based learning and

⁷ <http://www.csreurope.org/pactforyouth>

⁸ http://ec.europa.eu/education/policy/strategic-framework/expert-groups/documents/et2020-mandates_en.pdf

apprenticeships in a local or regional context.

The partnership **must include an employers' and a workers' organisation (social partners) as associated partners.**

2. Partnerships between a European umbrella organisation⁹ and its national members or affiliates (Lot 2)

The call also supports a limited number of projects carried out by **European umbrella organisations.** These projects aim to support targeted and strategic activities between these umbrella organisations at European level and their national members or affiliates aimed at strengthening VET-business partnerships on work-based learning and apprenticeships in a local or regional context.

2.3. Activities

In both Lots, beneficiaries shall set-up and implement new cooperation structures on sustainable VET-business partnerships based on a skills needs assessment and possibly taking into account a sectoral dimension.

The activities shall be linked to cross-border or inter-regional cooperation strategies, local or regional economic development strategies or macro-regional strategies.

These should entail capacity building¹⁰, knowledge transfer and exchange of experiences, or make existing engagement more systematic, targeted and sustainable for the improved qualitative and quantitative provision of apprenticeships and work-based learning;

In addition, beneficiaries shall undertake **two** of the following three activities for both lots:

- Design and implement curricula, courses and modules, training material on work-based learning and apprenticeships according to skills needs and in line with the European transparency instruments (e.g. EQF, EQAVET, ECVET) and using digital and innovative technologies as appropriate;
- Build effective cooperation structures between VET teachers and in-company trainers for the delivery of work-based learning and apprenticeships;
- Set-up and strengthen work-based learning and apprenticeships in higher VET at tertiary level¹¹ by facilitating cooperation between VET providers at secondary and tertiary level and businesses, including the promotion of research links to universities or universities of applied sciences to respond to skills shortages and foster the excellence agenda.¹²

⁹ See the Glossary for the definition.

¹⁰ See the Glossary for the definition.

¹¹ The scope of VET goes beyond the upper-secondary level and covers also the post-secondary, non-tertiary level but also the **tertiary** level **provided** the curriculum includes a **strong work-based** learning component.

¹² On VET excellence see the EC Communication on "Rethinking Education" (2012) <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1389778594543&uri=CELEX:52012DC0669>

3. TIMETABLE

	Stages	Date and time or indicative period
a)	Publication of the call	18/10/2016
b)	Deadline for application submissions	17/01/2017– 12:00 noon CET
c)	Evaluation period	18/01/2016 – 30/04/2016
d)	Information to applicants	May 2017
e)	Signature of grant agreement	July-September 2017
f)	Starting date of the action	01/09 -01/11 2017

4. BUDGET AVAILABLE

The total budget earmarked for the co-financing of projects is estimated at a maximum of 6 million euros (approximately 4.5 million euros for Lot 1 and 1.5 million euros for Lot 2).

Each grant will amount to between 250.000 euros 350.000 euros. The agency expects to fund around 20 proposals (up to 15 projects under Lot 1 and up to 5 projects under Lot 2).

The Agency reserves the right not to distribute all funds available.

5. ADMISSIBILITY REQUIREMENTS

Applications must comply with the following requirements:

- They must be submitted online no later than the deadline for application submissions referred to in section 3 of the present call for proposals;
- They must be submitted in writing exclusively using the correct official online application form;
- They must be drafted in any official EU official languages.

Please note that only applications submitted online using the e-form will be considered.

The application form must be accompanied by a balanced budget, and all the other documents referred to in the application form.

Failure to comply with those requirements will lead to the rejection of the application.

In order to submit an application, applicants and partners must provide their Participant Identification Code (PIC) in the application form. The PIC can be obtained by registering the

organisation in the Unique Registration Facility (URF) hosted in the Education, Audiovisual, Culture, Citizenship and Volunteering Participant Portal. The Unique Registration Facility is a tool shared by other services of the European Commission. If an applicant or partner already has a PIC that has been used for other programmes (for example the Research programmes), the same PIC is valid for the present call for proposals.

The Participant Portal allows applicants and partners to upload or update the information related to their legal status and attach the requested legal and financial documents (see section 14.2).

6. ELIGIBILITY CRITERIA

Applications which comply with the following criteria will be subjected to an in-depth evaluation.

6.1. Eligible applicants

The call is open to:

Lot 1:

The **applicant** (project co-ordinator) must be **one of the following organisations**:

- a VET provider (at upper secondary or post-secondary level)
- a small, medium or large enterprise (public or private);
- a chamber of industry, trade and crafts, or similarly relevant sectoral/professional organisation;
- a local or regional authority;

The partnership must be composed of **at least three full partners¹³ from at least two different Erasmus+ programme countries.**

These 3 entities must include:

- **1 VET provider,**
- **1 local or regional authority,**
- **1 small, medium or large enterprise (public or private) or 1 Chamber or 1 sectoral/professional organisation.**

In addition, the partnership **should include at least 1 employers' and 1 workers' organisation (social partners) as associated partners¹⁴.**

Lot 2:

The **applicant** (project co-ordinator) must be a **European umbrella organisation** having members or affiliates **in at least 12 Erasmus+ programme countries, of which at least 6**

¹³ See the Glossary for the definition

¹⁴ See the Glossary for the definition.

take part in the project as partners.

Eligible participating organisations (partners)

For Lot 1 and Lot 2:

- Public local and regional authorities;
- social partners (employers' and workers' organisations);
- small, medium or large enterprises (public or private);
- chambers of industry, trade and crafts, or similarly relevant sectoral/professional organisations;
- public employment services;
- VET schools and VET providers, agencies, centres (including post-secondary VET);
- youth organisations;
- parents associations;
- other relevant bodies.

For both Lot 1 or Lot 2, only applications from legal entities established in the **following countries** are eligible:

The Erasmus+ programme countries:

- the 28 Member States of the European Union,
- the EFTA/EEA countries: Iceland, Liechtenstein and Norway,
- EU candidate countries: Albania, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

Proposals from applicants in EFTA/EEA countries or from candidate countries may be selected provided that, on the date of the award, agreements have been signed setting out the arrangements for the participation of those countries in the programme.

Natural persons and sole traders are not eligible.

To avoid the risk of double-funding, the applicant must indicate in the relevant section of the application form the sources and the amounts of any other funding received or applied for in the year, whether for the same project or for any other project, including operating grants.

6.2 Eligible activities

Please see eligible activities described in section 2.3.

Activities must start between 1 September 2017 and 1 November 2017.

The duration of the projects is 24 months. Applications for projects scheduled to run for a shorter or longer period than that specified in this call for proposals will not be accepted.

No extensions to the eligibility period beyond the maximum duration will be granted. However, if after the signing of the agreement and the start of the project it becomes impossible for the beneficiary, for fully justified reasons beyond their control, to complete the project within the scheduled period, an extension of the eligibility period may be granted. A maximum extension of 6 (six) additional months will be granted if requested before the deadline specified in the agreement. The maximum duration will then be 30 months. The total awarded grant will not change.

Only applications that fulfil the eligibility criteria will be considered for a grant. If an application is deemed ineligible, a letter indicating the reasons will be sent to the applicant.

7. EXCLUSION CRITERIA

7.1. Exclusion from participation

An applicant will be excluded from participating in calls for proposals procedure, if it is in any of the following situations:

a) it is bankrupt, subject to insolvency or winding up procedures, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended or it is in any analogous situation arising from a similar procedure provided for under national legislation or regulations;

b) it has been established by a final judgement or a final administrative decision that the applicant is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established, with those of the country in which the authorising officer is located or those of the country of the implementation of the grant;

c) it has been established by a final judgement or a final administrative decision that the applicant is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:

(i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract, a grant agreement or a grant decision;

(ii) entering into agreement with other persons with the aim of distorting competition;

(iii) violating intellectual property rights;

(iv) attempting to influence the decision-making process of the Agency during the award procedure;

(v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;

d) it has been established by a final judgement that the applicant is guilty of any of the following:

(i) fraud, within the meaning of Article 1 of the Convention on the protection of the

European Communities' financial interests, drawn up by the Council Act of 26 July 1995;

(ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of EU Member States, drawn up by the Council Act of 26 May 1997, and in Article 2(1) of Council Framework Decision 2003/568/JHA, as well as corruption as defined in the legal provisions of the country where the authorising officer is located, the country in which the applicant is established or the country of the implementation of the grant;

(iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA;

iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council;

(v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;

(vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;

e) it has shown significant deficiencies in complying with the main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an Authorising Officer, OLAF or the Court of Auditors;

f) it has been established by a final judgment or final administrative decision that the applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95;

g) in the absence of a final judgement or where applicable a final administrative decision, the applicant is in one of the cases provided in (c) to (f) above based in particular on :

i. facts established in the context of audits or investigations carried out by the Court of Auditors, OLAF or internal audit, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;

ii. non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;

iii. decisions of the ECB, the EIB, the European Investment Fund or international organisations;

iv. decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law.

v. decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

(h) where a person who is a member of the administrative, management or supervisory body of the applicant, or who has powers of representation, decision or control with regard to that applicant (this covers the company directors, members of the management or supervisory bodies, and cases where one person holds a majority of shares), is in one or more of the

situations referred to in points (c) to (f) above.

(i) where a natural or legal person that assumes unlimited liability for the debts of that applicant is in one or more of the situations referred to in point (a) or (b) above.

If an applicant is in one of the situations of exclusion listed above, it should indicate the measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. They may include e.g. technical, organisational and personnel measures to prevent further occurrence, compensation of damage or payment of fines. This does not apply for the situations referred in point (d) of this section.

In the cases provided in (c) to (f) above, in the absence of a final judgement or where applicable a final administrative decision, the Agency may exclude an applicant provisionally from participating in a call for proposals where their participation would constitute a serious and imminent threat to the Union's financial interests.

7.2. Rejection from the award procedure

An applicant will not be awarded a grant for this procedure if

- (a) it is in an exclusion situation established in accordance with the above section 7.1;
- (b) it has misrepresented the information required as a condition for participating in the procedure, or has failed to supply that information;
- (c) it was previously involved in the preparation of a call for proposals where this entails a distortion of competition that cannot be remedied otherwise.

The same exclusion criteria apply to affiliated entities.

Rejection from this procedure and administrative sanctions (exclusion or financial penalty) may be imposed on applicants, or affiliated entities where applicable, if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

The applicants should be informed that the Agency may publish on its internet site the following information related to the exclusion and, where applicable, the financial penalty in the cases referred to in points (c), (d), (e) and (f) of the section 7.1¹⁵:

- (a) the name of the applicant concerned;
- (b) the exclusion situation;
- (c) the duration of the exclusion and/or the amount of the financial penalty.

In case of a preliminary classification in law (i.e., absence of a final judgement or a final

¹⁵ This information shall not be published in any of the following circumstances:

- (a) where it is necessary to preserve the confidentiality of an investigation or of national judicial proceedings;
- (b) where publication would cause disproportionate damage to the applicant concerned or would otherwise be disproportionate on the basis of the proportionality criteria and to the amount of the financial penalty;
- (c) where a natural person is concerned, unless the publication of personal data is exceptionally justified, inter alia, by the seriousness of the conduct or its impact on the Union's financial interests. In such cases, the decision to publish the information shall duly take into consideration the right to privacy and other rights provided for in Regulation (EC) No 45/2001.

administrative decision), the publication shall indicate that there is no final judgement or final administrative decision. In those cases, information about any appeals by the applicant, their status and their outcome, as well as any revised decision of the authorised officer, shall be published without delay. Where a financial penalty has been imposed, the publication shall also indicate whether that penalty has been paid.

The decision to publish the information is taken by the Agency either following the relevant final judgement, final administrative decision or preliminary classification in law, as the case may be. That decision shall take effect three months after its notification to the economic operator.

The information published shall be removed as soon as the exclusion has come to an end. In the case of a financial penalty, the publication shall be removed six months after payment of that penalty.

In accordance with Regulation (EC) No 45/2001, where personal data is concerned, the Agency shall inform the applicant of its rights under the applicable data protection rules and of the procedures available for exercising those rights.

7.3. Supporting documents

Applicants must sign a declaration on their honour certifying that they are not in one of the situations referred to in the above sections 7.1. and 7.2, filling in the relevant form attached to the application form accompanying the call for proposals. If applicable, the relevant documentary evidence which appropriately illustrates any remedial measures taken should be provided in annex to this declaration.

The declaration is available at • https://eacea.ec.europa.eu/erasmus-plus/funding/ka3-%E2%80%93-vet-business-partnerships-work-based-learning-and-apprenticeships_en

The following **supporting documents** will be requested once the project is proposed for funding. These documents cannot be attached to the online application form and are not requested at application stage:

- **private entity:** extract from the official journal, copy of articles of association, extract of trade or association register, certificate of liability to VAT (if, as in certain countries, the trade register number and VAT number are identical, only one of these documents is required),
- **public entity:** copy of the resolution or decision establishing the public company, or other official document establishing the public-law entity,
- **consortium:** in addition to the supporting documents referring to their legal status, consortium members will submit mandate letters,
- **entities without legal personality:** documents providing evidence that their representative(s) have the capacity to undertake legal obligations on their behalf.

8. SELECTION CRITERIA

Applicants must submit a declaration on their honour, completed and signed, attesting to their financial and operational capacity to complete the proposed activities.

8.1. Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded, and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents to be submitted with the application:

- a) Low value grants (\leq EUR 60 000):
 - a declaration on their honour.
- b) Grants $>$ EUR 60 000:
 - a declaration on their honour
 - the financial statements (including the balance sheet, the profit and loss accounts and the annexes) of the last two financial years¹⁶ for which the accounts have been closed;
 - financial capacity form provided for in the application form, filled in with the relevant statutory accounting figures, in order to calculate the ratios as detailed in the form.
- c) Grants for an action $>$ EUR 750 000 or operating grants $>$ EUR 100 000 or Framework Partnership Agreements (FPAs), in addition to the above:
 - an audit report produced by an approved external auditor certifying the accounts for the last financial year available.

In the event of an application grouping several applicants (consortium), the thresholds mentioned in points a) and b) shall apply to the coordinator while the threshold in point c) shall apply to each applicant.

On the basis of the documents submitted, if the RAO considers that financial capacity is not satisfactory, he may:

- request further information;
- propose a grant agreement without pre-financing;
- propose a grant agreement with a pre-financing paid in instalments;
- propose a grant agreement with a pre-financing covered by a bank guarantee (see section 11.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries;
- reject the application.

¹⁶ Based on a risk analysis of the action, the RAO will determine whether this information will be required only for the last one or two financial years for which the accounts have been closed.

8.2 Operational capacity

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action. In this respect, applicants have to submit a declaration on their honour, and, for those applying for a grant above EUR 60.000, the following supporting documents:

- a description of the profile of the people primarily responsible for managing and implementing the operation (accompanied where appropriate, like in the field of research and education, by a list of relevant publications) within each partner institution;
- an exhaustive lists of previous or still running projects and activities performed and connected to the objectives of the call;

9. AWARD CRITERIA

Eligible applications will be assessed **for both Lots** on the basis of the following criteria:

	Criteria	Score
1	Relevance of the project (threshold minimum 16 points)	.../30 points
	<ul style="list-style-type: none"> • the proposal contributes to achieving the European objectives on promoting work-based learning in all its forms with special attention to apprenticeships through enhanced VET-business partnerships; • the objectives of the proposal are based on a sound problem and needs analysis and are clearly defined, realistic and address issues relevant for the partnerships on work-based learning and apprenticeships; • the expected results are indicated and relevant for the objectives of the call for proposals; • the proposal addresses the skills challenges and needs at regional and local level, taking- into account local or regional economic development strategies or macro-regional strategies, and clearly describes measures to tackle these issues. 	
2	Quality of the project design and implementation (threshold minimum 13 points)	.../25 points
	<ul style="list-style-type: none"> • the clarity, completeness and quality of the work programme, including appropriate phases for preparation, implementation, monitoring, evaluation and dissemination; • the consistency between planned activities, expected results and 	

	<p>project objectives;</p> <ul style="list-style-type: none"> the existence and relevance of quality control measures to ensure that the project implementation is of high quality, completed in time and on budget; the budget shows cost effectiveness and value for money. 	
3	Quality of the project consortium and cooperation arrangements (threshold minimum 13 points)	.../25 points
	<ul style="list-style-type: none"> the project involves an effective mix of participating organisations with the necessary profile, experience and expertise to successfully deliver all aspects of the project. The distribution of responsibilities and tasks demonstrates the commitment and active contribution of all participating organisations; the existence of effective mechanisms for coordination and communication between the participating organisations, as well as with any other relevant stakeholders beyond the partnership. 	
4	Impact and dissemination (threshold minimum 11 points)	.../20 points
	<ul style="list-style-type: none"> the potential impact on relevant target groups and across participating partners establishing more systematic, targeted and sustainable VET-business partnerships to set-up or improve work-based learning and apprenticeships at local and regional level; the quality of measures for evaluating the outcomes of the project contributing ultimately to employability and social inclusion of young people; the quality of the implementation strategy for ensuring the sustainability of the project: its capacity to continue to have an impact and produce results after the EU grant has been used. 	
	Total	.../100 points
	Total %	...%

The threshold for proposals shall be a minimum of 60 points (out of 100 points in total), also taking into account the necessary minimum threshold for each of the four award criteria.

10. LEGAL COMMITMENTS

In the event of a grant awarded by the Agency, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary, as well as the procedure in view to formalise the obligations of the parties.

➤ Agreement:

the 2 copies of the original agreement must be signed first by the beneficiary, on behalf of the consortium, and returned to the Agency immediately. The Agency will sign them last.

Please note that the award of a grant does not establish an entitlement for subsequent years.

11. FINANCIAL PROVISIONS

11.1. General Principles

a) Non-cumulative award

An action may only receive one grant from the EU budget.

In no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate in the application form the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.

b) Non-retroactivity

No grant may be awarded retrospectively for actions already completed.

A grant may be awarded for an action which has already begun only where the applicant can demonstrate the need to start the action before the grant agreement is signed is notified.

In such cases, costs eligible for financing may not have been incurred prior to the date of submission of the grant application

c) Co-financing

Co-financing means that the resources which are necessary to carry out the action may not be entirely provided by the EU grant.

Co-financing of the action may take the form of:

- the beneficiary's own resources,
- income generated by the action,
- financial contributions from third parties.

d) Balanced budget

The estimated budget of the action is to be attached to the application form. It must have revenue and expenditure in balance.

The budget must be drawn up in euros.

e) Implementation contracts/subcontracting

Where the implementation of the action requires the award of procurement contracts (implementation contracts/subcontracting i.e. externalisation of specific tasks or activities

which form part of the action as described in the proposal and which cannot be performed by the beneficiary itself) must satisfy the conditions applicable to any implementation contract:

- Entities acting in their capacity of contracting authorities in the meaning of Directive 2004/18/EC¹⁷ or contracting entities in the meaning of Directive 2004/17/EC¹⁸ shall abide by the applicable national public procurement rules;
- it must be justified having regard to the nature of the action and what is necessary for its implementation;
- conditions applicable to beneficiaries under Article II.7 are also applicable to the subcontractor;
- any recourse to subcontracting, if not clearly provided for in Annex I and in the estimated budget set out in Annex III, is communicated by the beneficiary and approved by the Agency without prejudice to Article II.12.2 and should be requested in case it has an impact on project's objectives/activities/outputs;
- The subcontracted third party may not be employed by the co-beneficiary;
- Costs should be based on a verifiable estimate or, if the subcontractor is identified, on the basis of an offer. The estimate/offer will cover all costs (e.g. wages costs plus travel costs, etc.);
- All the costs directly connected with sub-contracting must be declared under the sub-contracting budget heading at final report level whatever the nature of the costs concerned (e.g. fees, travel costs and subsistence costs of subcontractors, etc.) and all the costs should be included and detailed in a contract to be signed with the subcontractor;
- award the contract to the tenderer offering best price-quality ratio;
- respect principles of transparency and equal treatment for potential contractors;
- avoid any conflict of interests;
- clearly document the tendering procedure and retain the documentations for the event of an audit;
- it may only cover the implementation of a limited part of the action and the essential activities of the project may not be subcontracted.

In the event of procurement exceeding EUR 60.000, the beneficiary must abide by special rules as referred in the standard grant agreement (Special Conditions, Article I.10.1):

- the beneficiary shall provide at least three competitive bids.

Essential activities which cannot be subcontracted include:

- management and general administration of the project
- coordination and steering of project activities
- reporting to the Commission

¹⁷ Directive 2004/18/EC on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts.

¹⁸ Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors.

- reporting to the Executive Agency on administrative issues
- liaising with relevant national bodies

A subcontract must at least indicate:

- the reference to the tender and offer
- the reference to the EU action
- the start/end date
- the tasks to be implemented within a certain time schedule
- the value of the contract (wages and ancillary costs)
- the payment modalities (amount or percentage and deliverables to be achieved; law applicable in case of dispute, etc.)
- date of signature of the procurement contract.

NB: When the rules of your institution oblige you to work with a unique supplier for each assignment with the aim of obtaining the fairest economic conditions, this situation can be accepted provided that you can prove that a procurement procedure was launched in order to choose this subcontractor “in tempore non suspecto” (i.e. existing framework contract).

Examples of supporting documents that may be requested to support those costs:

- terms of reference/specifications of the tendering procedure, if any
- request for quotation with reference to the project, activity and deadline for answering
- quotations received dated and signed
- evaluation committee's report
- award decision
- procurement contracts and invoices. Invoices related to services must also specify the date(s) on which the services were provided. Travel and accommodation costs if any, proof that the payments have been made by the beneficiary and are recorded in the accountancy.

Note: the beneficiary remains fully responsible towards the Agency for compliance with the obligations resulting from the Grant Agreement.

f) Financial support to third parties

The applications may not envisage provision of financial support to third parties.

11.2 Funding forms

The grants financed through reimbursement of eligible costs in combination with flat rate covering overheads are calculated on the basis of a detailed estimated budget, indicating clearly the costs that are eligible for EU funding.

Maximum amount requested

The EU grant is limited to a maximum co-financing rate of 80% of **eligible costs**.

Consequently, part of the total eligible expenses entered in the estimated budget must be financed from sources other than the Union grant.

The grant amount may neither exceed the eligible costs nor the amount requested. Amounts are indicated in euros.

Acceptance of an application by the Executive Agency does not constitute an undertaking to award a grant equal to the amount requested by the beneficiary.

General provisions on eligibility of costs

To be considered as eligible costs of the project, costs must satisfy the following general criteria:

- they are incurred by the beneficiaries explicitly mentioned in the Annex IV (list of beneficiaries);
- they are incurred within the implementation period of the project as specified in the grant agreement (article I.2.2). Activities taking place before or after the period specified in a grant agreement are not eligible for funding, with the exception of costs relating to final reports and audit certificates (type I or II, as requested in grant agreement). The reference to costs relating to final reports may be more broadly interpreted than only covering costs directly pertaining to the production of final reports. These costs shall be indicated in the estimated overall budget of the action and incurred after the completion of the action but before the submission of the final report. Indeed, costs may not be reimbursed if not declared in the final financial statement on the basis of which the final amount of the grant is determined.
- they are necessary for the implementation of the action which is the subject of the grant. All costs must be incurred in connection with the action as described in Annex I;
- they are indicated in the estimate overall budget of the action set out in Annex III. Therefore, when the final grant is determined, the eligible cost base cannot include costs which did not appear in the estimated budget unless an amendment to the initial estimated budget has been signed. However, if at the time of application the beneficiary fails to supply the relevant information, he may still seek the Agency's approval while the action is under way. This condition also applies to procurement contracts that the

beneficiary has to conclude with third parties for the purpose of implementing tasks forming part of the action (see also art. II.10 of the grant agreement);

- they are necessary for the execution of the project. These costs must be essential for the performance of the operation in question and would not be incurred if the action did not take place;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the **applicable accounting standards of the country** where the beneficiary is established and according to the usual **cost-accounting practices** of the beneficiary (Non-official documents (e.g. self-declarations) are not acceptable as supporting documents);
- they comply with the requirements of applicable tax and social legislation. The purpose of this provision is to ensure that EU funding is not provided on costs which would contravene the national law;
- they are reasonable, **justified**, and comply with the requirements of sound financial management¹⁹, in particular regarding economy and efficiency. **The concept of correctly matching estimated costs and expected achievements is essential in terms of sound financial management: the beneficiary must be able to justify the resources used to attain the objectives set in line with the objectives of the grant agreement. This should be analysed by putting in perspective the technical annex and the request for payment.**

The same criteria apply to the affiliated entities.

11.3. Categories of eligible Direct Costs

The eligible direct costs for the project are those costs which are identifiable as specific costs directly linked to performance of the project and which can therefore be booked to it directly (with due regard for the conditions of eligibility set out above).

Staff costs

Costs relating to the following categories of staff are considered

- the costs of personnel working under an employment contract with the beneficiaries (or an equivalent appointing act and assigned to the action if applicable), provided that these costs are in line with the beneficiary's usual policy on remuneration
- temporary staff, recruited through a specialised external Agency

¹⁹ Costs shall be defined in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that costs shall be defined in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

- the costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may also be included under such personnel costs, provided that the following conditions are fulfilled:
 - (i) the natural person works under the instructions of the beneficiary and, unless otherwise agreed with the beneficiary, in the beneficiary's premises
 - (ii) the result of the work belongs to the beneficiary, and
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary

Personnel costs may only be charged to the project insofar as they correspond to the actual time devoted to the project. Staff members of beneficiaries are not allowed to operate in a subcontracting capacity for the project as this would be a clear conflict of interests (see articles II.4 and II.10 of the grant agreement).

Staff costs must be broken down into four categories:

- Staff category 1 Manager
- Staff category 2 Researcher, Teacher, Trainer
- Staff category 3 Technical
- Staff category 4 Administrative

Applicants should estimate staff costs based on actual daily salaries, corresponding to the applicant's **usual** policy on remuneration, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, respecting the non-profit making principle which applies to EU Grants.

Non-statutory costs like bonuses, lease car, expense account schemes, incentive payments or profit-sharing schemes are excluded. Salary policy shall be the same for all staff no matter if they work or not in the project: the use of grid of salary for staff working in the frame of applicant's activities in parallel with different rates for staff working on an EU project is not acceptable. This means that the personnel costs charged to a project receiving an EU grant should not be inflated, but remain in line with the usual remuneration policy of the applicant. If the Agency has any reason to believe that the costs are not in line with the usual policy of the applicant (i.e. using ceilings of Commission's rates instead of actual costs per day), the Agency may ask for evidence on this point.

In case of ad-hoc staff daily rates on EU projects this one will be considered ineligible. The veracity of these costs may also be the subject of an audit.

The findings from recent ex-post audits/controls and ex-ante verifications have shown that one of the main reasons for irregularities in financial reports was due to the miscalculation of staff costs combined with lack of time registration systems or their unsuitability for the purpose of providing a reliable and accurate view of the time actually spent on the project.

In order to reduce errors deriving from such causes, the following is aimed at providing guidance to beneficiaries about acceptable time registration systems (and supporting documents), as well as about the recommended approach for calculating eligible personnel costs:

Taking into account weekends, public holidays and other holidays, the **total number of productive days** for any member of staff in a year should not normally exceed a maximum of 220-240 days per year or 22 days per month. Of course, exceptions exist and the veracity of the days really worked in a year should be verified with supporting evidences (employment contracts, annual salary slips, calculation methodology provided by the beneficiary, etc.) in order to establish the actual daily costs of personnel assigned to the action.

The following documents may also be taken into account: the contracts, time sheets, tax declarations of the individual and the entity, company by laws, organisational charts, reporting duties, internal rules of procedures, correspondence between the entities and the individuals, payroll and accounts of the organisation.

Staff costs should be calculated on the basis of the actual gross salary or wages plus obligatory social charges and any other statutory costs included in the remuneration.

Where a staff member works **full-time** for the applicant, but is allocated only part-time to the project, only the equivalent part of his/her salary is an eligible cost for the project. This amount cannot exceed the daily/hourly gross cost to the employer²⁰ multiplied by the number of days/hours worked for the project. In these cases the time, which each employee spends working on the project, shall be recorded using timesheets or an equivalent time registration system established and certified by the employer.

Salaries (fees) of **non-permanent staff** (staff specifically recruited for the project) may be charged to the project if the individual concerned works for the applicant with a contract explicitly linking the person to the project provided that such practice complies with the relevant national legislation. The contract should make specific reference to the project and indicate the tasks of the personnel, the duration of the employment, the time allocated to the project and the relevant remuneration rate (monthly/daily/hourly). Time spent on the project shall be recorded on a regular basis using timesheets or an equivalent time registration system established and certified regularly by the employer.

²⁰ These rates should correspond to the organization's normal remuneration policy. The inflation of rates or specific separate contracts are not considered as acceptable and can result in the costs in their totality not being taken into account when establishing the eligible amount of the final grant

Staff costs should be estimated on the basis of the actual daily salary/fees of the employee/interim staff based multiplied by the number of days foreseen to be spent on the project.

The applicant's method of calculation and the pro rata basis used (e.g.100 %, 50%) must be clearly indicated for each staff member in the final report and in the time sheets supporting the number of days spent on the project.

Please note that the work outside regular working hours (like weekends), a substantial increase of the number of working days and/or a significant shift between the categories in the final report in comparison to the initial budget in the application must be duly justified and additional information could be required by the Agency.

Methodology

The Beneficiaries are requested to use the following method for calculating the staff costs to be reported to the Agency:

The calculation of staff cost must be based on the annual gross salary including social charges and other statutory costs divided by the total actual annual productive working time units and the result is multiplied the time actually worked on the grant as follows:

$\frac{(\text{Annual gross salary} + \text{social charges} + \text{statutory costs})}{(\text{Total actual annual productive working days/hours})}$	X	$\text{actual days/hours worked in the action}$
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Where:

Annual Gross Salary + Social Charges = costs actually paid by the beneficiary in the timeframe of a year, including: salary, taxes, employer's contribution for national security schemes etc.

Total actual annual productive time = total time in days or hours worked in the timeframe of a year.

The calculation of the **total annual productive days** or hours must be done as follows:

1	Total number of days in a year	365/366
2	Less weekends	To filled in
3	Less public holidays	

4	Less annual leave actually taken
5	Less other statutory elements
6	Plus other statutory elements
= Total number of productive days in the year	

Please note that all the time used for implementing the activities are considered as productive working time and should not be deducted.

Also note that long term illness and maternity leave cannot be charged to the grant. Furthermore, any amounts corresponding to such long-term absences should be deducted from the nominal amount "annual gross salary + social charges", i.e. the amount "annual gross salary + social charges" should only indicate the salary for the time during which the relevant staff member was not on long-term sick leave/maternity leave.

Actual days/hours worked on the grant = worked time in days or hours for the purpose of the grant.

This needs to be clearly substantiated by timesheets (see provisions on time registration systems below).

All additional (non-statutory) and individual pension schemes and/or sickness insurances are not eligible, as well as company cars, bonuses and any other similar fringe benefits. Dividends or profit sharing are also not eligible.

The above calculation should be based on statutory documents, such as employment contract, annual salary statement and pay roll summary, so that the amounts taken into account for the calculation of the annual staff cost can easily be traced and verified.

For projects running over several years the calculation of the cost of salary related to the project must be done separately for each individual year using the same format as explained above.

Time Registration Systems

For the reasons explained above and in order to have clear evidence of the work done beneficiaries must establish a time registration system that, as a minimum, respects the following rules:

The time sheets per employee (paper and/or electronic) must contain at least the following information:

- reference to the project reference number (grant agreement number)
- name of the employee
- the time sheet, whatever the format used (daily, weekly, monthly), should allow the

Agency to identify precisely the hours worked per day (+ the days worked on the project) and to verify that the actual rate per time unit is applied. Global sheets showing for example "x" hours spent per month are not accepted as supporting documentation

- the number of time units (days or hours but possibly the time unit used in the budget attached to the grant agreement) worked on the project during the period of the time sheet
- number of time units (days or hours) worked on other grants/activities
- total number of time units (days or hours) worked
- details of the tasks performed for the project
- date and signature of the employee
- date and signature of the project manager

The time worked on the project must be registered in a timely and regular manner, normally every day (time sheets established retroactively shall not be accepted as supporting document). The completed timesheet for a given month should be signed by the employee and approved by the supervisor in a timely manner – ideally during the first week of the following month. In case of the use of only electronic format to record the hours worked on project activities, please process with a printing report on a monthly basis to get the official signature of both employee and hierarchical superior on it.

It is highly recommended that a description of the time registration procedure is written down for future reference.

Examples of supporting documents that must be supplied if requested (**non-exhaustive list**):

- documents explaining the internal policy on salaries and the calculation of the daily cost rate (pro rata basis if of part-time workers). Internal policy means the policy that was in place before the implementation of the project and used for all staff members no matter if they work on the EU project or not
- timesheets signed by both the worker and the responsible of the organisation mentioning name, function and tasks fulfilled, reference to the work programme's activities, number of hours per day allocated and performed to the project and the day of performance
- employment contracts with an indication of the type of contract, the start date (and end date if applicable), function and tasks, monthly salary, working time per staff member, percentage of working time allocated to the action with the hourly/daily rate
- equivalent appointing act (if applicable)
- official payroll document which allows to check both number of days worked in a year and amounts paid and social security charges duly paid
- proof that the salaries and social security contribution recorded in the accountancy have been paid by the partner to the authorities monthly salary slips / annual salary statement covering the eligibility period of the action
- registration in the accounting system and in the payroll of the beneficiary
- methodology of calculation of the hourly and/or daily salary rates requested, including all statutory components to establish the actual salary

In addition for Costs of natural person working under a contract with the beneficiaries other than an employment contract: person recruited directly by the beneficiary, or indirectly via an external agency who is recruited exclusively for the implementation of the action and who is not registered in the organization's payroll:

- specific contract linked to the action with description of tasks, reference to the action, to the duration of the contract, to the time to be allocated to the action, to the hourly/daily rate. The contract should clearly state where the natural person is working in the premises of the beneficiary or not, that this person is working under the instructions of the beneficiary, and that the result of the work belongs to the beneficiary;
- invoices including the name of staff, tasks performed, dates of worked days, number of hours worked and price per hour/day;

Note: the costs cannot be significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary. This particular point may be verified by the Agency, and the difference of costs may be considered as excessive or reckless expenditure.

Please note these documents should be kept for a period of **5 years** after the final payment is made.

To be noted:

The costs related to remuneration can be considered eligible only for the persons actually carrying out the task/activity; replacements for illness, long leave or unexpected unavailability do not allow claiming the costs of the replacement as well as the titular of the activity. Costs cannot be claimed twice (e.g.: task done by a person replacing a "long leave"). Only costs for the person actually working can be claimed.

Travel and subsistence costs (related to staff only)

Travel costs

Travel costs for staff taking part in the project are considered eligible, provided that they are reasonable, justified and that they comply with the principle of sound financial management, in particular regarding economy and efficiency, and provided that these costs are in line with the beneficiaries' usual practices on travel costs. In order to prevent inflated travel costs, the grant agreement states that such costs can be considered eligible, provided that they are in line with the beneficiary's usual practices on travel costs. Reimbursement in this case is based on the actual costs paid by the beneficiary. For example, if the beneficiary pays a flat-rate allowance to its staff, this can be reimbursed, provided that the amounts paid by the beneficiary are recorded in the project accounts.

Costs may be claimed only for journeys directly connected to specific and clearly identifiable project-related activities. Beneficiaries are required to use the cheapest means of travel (e.g.

use Apex tickets for air travel and take advantage of reduced fares, where this is not the case then a full explanation should be provided).

The travel cost for a journey should include all costs and all means for travel from the point of origin to the point of destination²¹ (and vice versa) and may include visa fees, travel insurance and cancellation costs.

Travel costs for non-staff members should be reported under the section subcontracting costs (for persons acting as subcontractors) and other costs (for experts, or people involved in a project activity and not part of the organisations mentioned in the contract).

It is compulsory to plan in the budget the participation to meetings organised by the Agency; two representatives of the coordinator (or other beneficiaries if required) shall participate in a maximum of two meetings per year.

Expenses for private car travel (personal or company cars), where substantiated and where the price is not excessive, should be declared accordingly to internal rules of the organisation concerned;

Examples of supporting documents that must be supplied when requested:

- tickets (plane, train, bus, etc.) and invoices (hotels, restaurants, travel agency)
- boarding pass
- for car journeys: declaration stating the city of departure and arrival, the calculation method with unit rate and number of units, dates and names and activities concerned
- list of participants duly signed with clear identification of the activity/purpose of the trip, dates, names and functions of the participants in the project
- proof that the payments have been made by the beneficiary/ies and are recorded in the accountancy

Subsistence costs

Subsistence costs for staff taking part in the project are eligible under this budget heading. Reimbursement must be based on the existing internal rules of the beneficiary organisations and/or on the basis of actual costs (reimbursement of receipts). Costs may be claimed only for journeys directly connected to specific and clearly identifiable project-related activities. For information on charging Subsistence Costs for non-staff members please refer to Section 'Other direct costs' and/or 'Subcontracting costs'.

Costs for subsistence (cost of accommodation, meals, local travel within the place of mission and sundry expenses) are eligible up to the actual amount spent. It is thus very important to keep all supporting documents. These may be requested by the Agency before making the final payment but should be kept available in any case for a possible ex-post audit/control. To be considered eligible, these costs must be reasonable, conform to local prices and be exclusively linked to the project.

²¹ In some exceptional cases where public transport is not available it may be necessary to take a taxi. Where several persons travel in the same taxi only one fare can be charged.

If the beneficiary pays a flat-rate allowance to its staff to cover subsistence allowance, this can be reimbursed, provided that the amounts paid by the beneficiaries are recorded in the project accounts and that they are in line with the beneficiary's usual practices of the beneficiaries.

Payments in cash of such a per diem are to be avoided unless it can be demonstrated through justifying accounting documents that such a payment is clearly identified and recorded in the official accounts of the beneficiary.

The number of days that can be claimed is the number of event/conference/meeting days. A full day normally includes an overnight stay. In duly substantiated cases, a full day's allowance without an overnight stay may be allowed with a pro rata reduction for accommodation.

Subsistence rates cover accommodation, meals and all local travel costs (but not local travel costs incurred to travel from point of origin to point of destination).

A pro-rata reduction must be applied if accommodation, meals and local travel costs are provided for by a third party.

In either case, proof of attendance and overnight accommodation may be required to substantiate the costs declared.

Within these limits, subsistence expenses may be reimbursed on an actual or daily allowance basis as per beneficiaries' usual practices on subsistence.

Where a common lunch or dinner is provided during a project event to its participants and this is charged separately to the project, the following rules should be applied:

- ✓ The relevant cost items should be reported under the "Other Direct costs" and details of the recipients should always be indicated

Subsistence policy should be the same for all staff no matter if they work or not in the project: the use of a grid of subsistence for staff working in the frame of applicant activities in parallel with different rates for staff working on an EU project is not acceptable. If the Agency has any reason to believe that the costs are not in line with the usual policy of the applicant, the Agency may ask for evidence on this point. Ad-hoc subsistence rates on EU projects will be considered ineligible. The veracity of these costs may be the subject of an audit.

Examples of supporting documents that must be supplied when requested

- list of participants duly signed with clear identification of the activity/purpose of the journey, dates, names and functions of each of the participants in the action (e.g. beneficiary, expert, volunteer, etc.)
- hotel bills
- internal rules defining modalities for the reimbursement of subsistence costs as the

usual practices of the beneficiary

Please note that no accommodation costs for local staff i.e. persons from a participating organisation may be requested if this organisation is located in the city where the meeting/event takes place.

Other Costs

This budgetary heading represents costs directly linked to the implementation of the project. For each cost under this category, a clear description should be entered. The terms “identifiable” and “assigned to the action” are of utmost importance in order to avoid double funding by way of indirect costs. Other direct costs, not covered by category of costs indicated above, may be allowed, provided they are:

- necessary for the implementation of the action
- reasonable in amount
- fully documented and clearly itemised in the application
- not indicated under another heading or item of expenditure

Example of costs under this category:

- Publications, dissemination and assessment: (e.g. dissemination of information, specific evaluation of the project, audits, translations, reproduction, website, etc.) (one-off costs),
- Conferences and seminars: from the realisation of specific actions or of products/results of the project are eligible e.g. the organisation of seminars by the project team itself (where the seminar is foreseen as a product/result and where task-related costs are easily identifiable), the "in house" production of proceedings of a seminar, the production of a video, the purchase of product-related consumables. This should not include travel costs and subsistence costs for staff (to be included under “Travel and Subsistence”).
- project specific press releases and event advertisements (one-off costs)
- purchase of copyrights and other Intellectual Property Rights (IPR)
- room rental for project-related activities (but not the use of the project coordinator's/beneficiary's or beneficiary's own premises)
- purchase of information materials specific and key to the project implementation (books, studies, electronic data)
- conference fees; meeting registration costs
- rental of exhibition space
- intellectual property taxes connected with the publication of project materials e.g. CD-ROM
- catering costs for a meeting or other event (where those being provided for are not members of the contractor or partner organisations)
- charges for financial services (fees for bank guarantee, etc.)
- audit costs (in accordance with the Grant Agreement)
- costs to cover the Report of Factual Findings of the Final Financial Report, required by the Grant Agreement

When travel and/or subsistence costs are reimbursed to third parties (experts, speakers, etc.), actual costs are applicable.

If the activities related to publication, dissemination, conferences and seminars are subcontracted, the costs should be reported under subcontracting budget heading (procurement rules are applicable).

Examples of necessary supporting documents

- contracts and invoices
- proof that the payments have been made by the beneficiaries and are recorded in his accounts

To be noted:

All costs related to the administration of the action (i.e. consumables, supplies, photocopying costs, telephone costs, internet access, paper, equipment for general administration, etc.) are not eligible under this category. They are covered by indirect costs.

Indirect eligible costs

Under action grants, indirect eligible costs represent costs which cannot be identified as specific costs directly linked to the performance of the action which can be booked to it direct, but which is incurred by the beneficiary in connection with the eligible direct costs for the action. They may not include any costs identifiable or declared as eligible direct costs.

Indirect eligible costs represent costs which:

- cannot be identified as specific costs directly linked to the performance of the action
- cannot be booked to it direct, but incurred by the beneficiary in connection with the eligible direct costs for the action

The Agency imposes a flat-rate financing up to a maximum of 7 % of the total eligible direct costs of the action, representing the beneficiary's general administrative costs which can be regarded as chargeable to the action. Indeed, in case of beneficiaries participating in an action grant and benefiting already of an operating grant, the indirect costs may not be financed twice. This simplifies grant management both for the beneficiary and the Agency, since supporting documents are not required. The percentage of funding applied to the indirect costs must be specified in the grant agreement.

Indirect costs shall not be eligible under an action grant awarded to a beneficiary who **already** receives an operating grant from the Commission during the eligibility period in reference.

Examples of indirect costs are:

- All costs for equipment related to the administration of the project (e.g. PCs,

- portables, etc.)
- Communication costs (postage, fax, telephone, internet access, mailing, etc.)
 - Infrastructure costs (rent, electricity, etc.) of the premises where the project is being carried out
 - Office supplies
 - Photocopies

This percentage may not be modified once the budget is approved and no budget transfer to another budget category is allowed.

11.4. Timely recording of costs

Expenses must be recorded in the accounting system on the basis of adequate supporting documents at the time the costs were incurred. Documents created after the period in which the costs were incurred, will be declared ineligible (e.g. declaration of costs incurred in 2016, created/dated in 2017).

11.5 Ineligible costs

Under no circumstances can the following types of costs be considered as eligible:

- Return on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Doubtful debts;
- Exchange losses;
- Costs of transfers from the Agency charged by the bank of a beneficiary;
- Costs declared by the beneficiary and covered by another action or work programme receiving a grant financed from the Union budget;
- Excessive or reckless expenditure;
- Contributions in kind from third parties;
- Deductible VAT

For more information regarding costs linked to bank transfers, please see article II.24.11 of the Grant Agreement.

Costs which could be considered as eligible according to the criteria detailed under section 11.2 become ineligible if they are **not supported by adequate supporting accounting** documents. In addition, internal documents will not be accepted as valid supporting documents.

11.6. Calculation of the final Grant amount and supporting documents

The final amount of the grant to be awarded to the beneficiary is established after completion of the action, upon:

- approval of a payment request accompanied by a final report providing details of the implementation and results of the action;
- final financial statement of eligible costs, including the revenue since the start of the action (income generated by the action and all financial contributions from third parties);
- verification of the implementation of the activities and/or of the production of the deliverables planned in the application;
- submission of supporting evidences required by the Grant agreement (audit certificates, sampling of accounting evidences, etc.).

Based upon the financial analysis, considering only the eligible costs as explained above the Final amount of the European Union Grant is calculated according to the table below:

A	Maximum EU Contribution (from Grant Agreement)
B	Requested EU Grant (from final report)
C	Grant Agreement financing % (from Grant Agreement)
D	Total Declared Expenditure
E	Total Ineligible costs (with detailed explanations if any)
F	Total Eligible Expenditure (D-E)
G	Eligible Expenditure* Grant Agreement financing % (F*C)
H	Final EU Grant (the lowest of (A, B, G)
I	Total Pre-Financing(s) already paid
J	Interest or Other Income Earned
K	Final Balance payment (or recovery order) leading to payment (H-I- J)

Depending on the value of the grant the following shall be submitted in addition to what has been stated above:

- In case of grants for an action of more than EUR 60.000, but less than EUR 750.000 the beneficiary is required to submit, in support of the final financial statement, a “Report of Factual Findings on the Final Financial Report - Type I” as per instructions available in section "Audit procedure type I" on: http://eacea.ec.europa.eu/about/eacea_documents_register_en.php
- In case of grants for an action of Grant more than EUR 750.000 the beneficiary is required to submit, in support of the final financial statement, a “Report of Factual Findings on the Final Financial Report - Type II” as per instructions available in section "Audit procedure type II" on:

http://eacea.ec.europa.eu/about/eacea_documents_register_en.php

The use of the report format set by the “Guidance Notes” is compulsory.

The submission of a proper Report of Factual Findings on the Final Financial Report does not prevent the Agency to request additional supporting documents inquiring on the triggering event generating the costs and proving the direct link with eligible staff working days.

11.7. Non-profit rule

EU grants may not have the purpose or effect of producing a profit within the framework of the action of the beneficiary. Profit shall be defined as a surplus of receipts over the eligible costs incurred by the beneficiary, when the request is made for payment of the balance. In this respect, where a profit is made, the Agency shall be entitled to recover a percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

This rule does not apply to low value grants, i.e. grants below or equal to EUR 60 000.

11.8. Audits

The audit we are referring to here are the ones launched a posteriori by the Commission, Agency or Court of Auditors. It does not refer to the audit certificate ("Report of Factual Findings on the Final Financial Report" – Type I or II requested with the final report).

Please see annexed model Grant Agreement (Articles II.20 and II.27 of the General Conditions) for more information on possible checks and audits.

We draw your attention to the fact that monitoring missions, ex-post controls and external audits can be carried out at any time during the implementation of the project or up to 5 years after the final payment (limited to 3 years if the maximum amount specified in the article I.3 is not more than EUR 60.000). This period shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the Grant, including in the case referred to in Article II.27.7 of the General Conditions of the Grant Agreement. In such cases, the beneficiaries shall keep the documents until such audits, appeals, litigation or pursuits of claims are closed.

The filing system of all documents relating to the project should be organised **from the start of the action** and all accounting documents should be duly classified. However, when a project is informed that it will be audited, the following measures should be taken:

- check that all adequate supporting documents (accounting and operational material) exist and are duly classified
- request missing documents from the applicant concerned as a matter of urgency
- check that all the supporting documents are adequate and incurred during the eligible period
- check that the allocation of costs is consistent within each budget category: e.g. do not reallocate "staff costs" to the category "other costs" because the budget category "Staff costs" is overspent

Please note that costs which are not duly justified by adequate supporting documents will be rejected by the Agency/auditors. Moreover, the Agency reserves its right not to accept late reception of documents (late meaning after the contractual deadlines have passed or, in case of an audit, after the transmission of the final audit report by the auditors to the Agency).

Be aware that the most frequent reasons for the Agency/auditors to reject the costs are:

- The lack of supporting documents relating to expenses claimed: missing invoices, inconsistent allocation of costs, inadequately supported expenses coming from project beneficiary
- Ineligibility of costs: unforeseen costs for which no prior authorisation has been requested to the Agency, overhead expenditure exceeding the maximum ceiling, contribution in kind claimed, costs incurred outside the eligibility period. Costs that do not meet the criteria set out in the legal basis/guidelines or contradict with sound financial management
- The wrong application of exchange rates, depreciation error, recalculation of overheads due to ineligible costs, reclassification of costs between headings/categories, dual claiming and declared expenses exceeding real costs
- Inadequate audit trail: missing papers or electronic trail that gives a step by step documented history of a transaction

Therefore, it is worth insisting on the following:

- all supporting documents relating to the costs of the project's implementation must be gathered
- all invoices should state the project's reference and possibly the reference to the relating Work Programme's activity
- the importance of having a separate bank account (or sub account that allows identification of payments made) for the project funds
- the need to justify not only the "EU funds" part but also the "revenue" part, as the final calculation of eligible amounts to be covered is calculated based on the total expenditure
- the need to have a good internal control system leading to transparency. This has to be reflected in a reliable and easy audit trail, where financial data can be traced from general ledger to source documents and which constitutes a basis of objectivity

11.9. Payment arrangements

A first pre-financing payment corresponding to **40% of the grant amount** will be transferred to the beneficiary within 30 days either of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

A second pre-financing payment of 40 % of the maximum granted amount will be made to the beneficiary within 60 days, subject to having used at least 70 % of the first pre-financing instalment paid and subject to the receipt and approval of a progress technical report and financial statement on the action's implementation sent by the beneficiary.

The Agency will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 11.5). If the total of earlier

payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by the Commission through a recovery order.

11.10. Reporting

Grant beneficiaries will be required to submit:

- **a Progress Report** providing the Agency with a mid-term update on how their project is advancing against the estimated work plan and budget. The reporting period will cover the first half of the project's period;
- **a Final Report** allowing the overall evaluation of the project. The reporting period will cover the entire project duration.

The reporting templates will be published on the Agency's website (http://eacea.ec.europa.eu/erasmus-plus/beneficiaries-space_en).

Further information regarding the procedure of the reports as well as instructions related to their submission will be communicated to grant beneficiaries at a later stage. Please see Annex VII for the template for the progress and final report.

11.11. Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the applicant is established in a third country, the authorising officer responsible may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by a joint and several guarantees by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same Grant Agreement.

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the applicant, in accordance with the conditions laid down in the Grant Agreement.

12. PUBLICITY

12.1. By the beneficiaries

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

To do this they must use the text, the emblem and the disclaimer available at https://eacea.ec.europa.eu/about-eacea/visual-identity_en, which will be provided by the Agency.

If this requirement is not fully complied with, the beneficiary's grant may be reduced in accordance with the provisions of the grant agreement .

12.2. By the Agency and/or the Commission

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on the Internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

The Agency and/or the Commission will publish the following information:

- name of the beneficiary,
- locality of the beneficiary: address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level²² if he/she is domiciled within the EU or equivalent if domiciled outside EU,
- the amount awarded,
- nature and purpose of the grant.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

13. DATA PROTECTION

All personal data (such as names, addresses, CVs, etc.) will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the European Community institutions and bodies and on the free movement of such data.²³

Unless marked as optional, the applicant's replies to the questions in the application form are necessary to evaluate and further process the grant application in accordance with the specifications of the call for proposals. Personal data will be processed solely for that purpose by the department or Unit responsible for the Union grant programme concerned (entity acting as data controller). Personal data may be transferred on a need to know basis to third parties involved in the evaluation of applications or in the grant management procedure, without prejudice of transfer to the bodies in charge of monitoring and inspection tasks in accordance with European Union law. In particular, for the purposes of safeguarding the

²² European Union Official Journal L39, of 10 February 2007.

²³ Official Journal L 8, 12.1.2001.

financial interests of the Union, personal data may be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office and between authorising officers of the Commission and the executive agencies. The applicant has the right of access to, and to rectify, the data concerning him or her. For any question relating to these data, please contact the Controller. Applicants have the right of recourse to the European Data Protection Supervisor at any time. A detailed Privacy statement, including contact information, is available on EACEA's website:

http://eacea.ec.europa.eu/about/documents/calls_gen_conditions/eacea_grants_privacy_statement.pdf

Applicants and, if they are legal entities, persons who are members of the administrative, management or supervisory body of that applicant or who have powers of representation, decision or control with regard to that applicant, or natural or legal persons that assume unlimited liability for the debts of that applicant, are informed that, their personal data (name, given name if natural person, address, legal form and name and given name of the persons with powers of representation, decision-making or control, if legal person) may be registered in the Early Detection and Exclusion System (EDES) by the Authorising Officer of the Agency, should they be in one of the situations mentioned in the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298 of 26.10.2012, p. 1) as amended by the Regulation (EU, Euratom) 2015/1929 of the European Parliament and of the Council of 28 October 2015 (OJ L 286, 30.10.2015, p. 1).

14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

14.1 Publication

The call for proposals is being published in the Official Journal of the European Union and on the Internet site of the EACEA Agency at the following address:

https://eacea.ec.europa.eu/erasmus-plus/actions/vet-business-partnerships-apprenticeshipwork-based-learning_en

14.2 Registration in the Participant Portal

Before submitting an electronic application, applicants and partners will have to register their organisation in the Education, Audiovisual, Culture, Citizenship and Volunteering Participant Portal and receive a Participant Identification Code (PIC). The PIC will be requested in the application form.

The Participant Portal is the tool through which all legal and financial information related to organisations will be managed. Information on how to register can be found in the portal under the following address:

<http://ec.europa.eu/education/participants/portal>

The tool also allows applicants to upload different documents related to their organisation. These documents have to be uploaded once and will not be requested again for subsequent applications by the same organisation.

Details on the supporting documents that need to be uploaded in the portal can be found on the following link https://eacea.ec.europa.eu/erasmus-plus/actions/vet-business-partnerships-apprenticeshipwork-based-learning_en

14.3 Submission of the grant application

Proposals must be submitted in accordance with the admissibility requirements set out under section 5 and by the deadline set out under section 3.

No modifications to the application are allowed once the deadline for submission has elapsed. However, if there is a need to clarify certain aspects or for the correction of clerical mistakes, the Agency may contact the applicant for this purpose during the evaluation process.

All applicants will be informed in writing about the results of the selection process.²⁴

➤ Electronic submission

Applicants are requested to log in at https://eacea.ec.europa.eu/erasmus-plus/actions/vet-business-partnerships-apprenticeshipwork-based-learning_en and follow the procedure for submitting an application.

14.4 Rules applicable

Regulation (EU, Euratom) N° 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L 298, 26.10.2012, p.1) as amended by the Regulation (EU, Euratom) N°1929/2015 of the European Parliament and of the Council of 28 October 2015 (OJ L 286, 30.10.2015, p. 1).

Commission Delegated Regulation (EU) N° 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) N° 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p.1) as amended by the Commission Delegated Regulation (EU) 2015/2462 of 30 October 2015 amending Delegated Regulation (EU) No 1268/2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 342, 29.12.2015, p. 7).

Legal basis of the programme: http://ec.europa.eu/programmes/erasmus-plus/documents/erasmus-plus-legal-base_en.pdf

14.5 Contacts

In case of questions, please contact:

Bernadette Forsthuber

EACEA-EPLUS-VET@ec.europa.eu

²⁴ Art.133 FR, Art.205 RAP: The authorising officer responsible shall inform applicants in writing of the decision on their application. If the grant requested is not awarded, the institution concerned shall give the reasons for the rejection of the application, with reference in particular to the selection and award criteria. Rejected applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 days after information has been sent to the successful applicants.

Annexes:

- Application form
- Model grant agreement plus annexes
- Technical report template

Glossary

Apprenticeships	<p>The term apprenticeships is defined and understood differently in many countries and for research purposes. However, in a nutshell apprenticeships are:</p> <ol style="list-style-type: none"> 1. Formal vocational education and training programmes 2. Combining company-based training with school-based education 3. Leading to a nationally recognised qualification. <p>Source: European Alliance for Apprenticeships: Good for Youth, Good for business (2015) http://ec.europa.eu/social/main.jsp?catId=1147&langId=en&furtherPubs=yes</p>
Associated partner	<p>Organisations which may provide the consortium with facilities or assistance that enhances the quality of work, but they must not be responsible for core activities of the project. Associated partners cannot receive direct funding from the project's EU grant. They do not feature in the application budget of eligible costs as they neither contribute to the eligible costs nor manage a portion of the grant funds, they participate on the basis of their own contributions.</p>
Capacity building	<p>Capacity building can be defined as the process aiming to facilitate, in conjunction with the stakeholders, a consolidation of their capacities at an individual, organisational and sectoral level to allow them to evolve and adapt to the new contextual requirements and fulfil their role within a governance structure.</p> <p>Source: https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/9EDF:_Capacity_building#The_Definition_of_Capacity_Building</p>
European umbrella organisation	<p>A European umbrella organisation is an association of (often related, sector-specific) several national member organisations that coordinates their activities, promotes a common purpose and works to protect their shared interests at European level.</p>
Full partner	<p>Participating organisation which contributes actively to the accomplishment of the project. Each full partner must sign a mandate by which the signatory agrees that the coordinator takes over the planned tasks on behalf of the partnership during the implementation of the project.</p>
Inter-regional cooperation	<p>Inter-regional cooperation is usually defined as pan-European and inter-state cooperation involving regional and local participants.</p>
Local regional economic development strategies or	<p>An economic development strategy at local or regional level should usually consider assets, the business community, sector strengths, and regional challenges and opportunities. Also, the strategy should align with priorities of the respective public authorities in order to maximise the leverage of programmes, policies, and services.</p>
Macro-regional strategy	<p>A 'macroregional strategy' is an integrated framework endorsed by the European Council, which may be supported by the European Structural and Investment Funds among others, to address common challenges faced by a defined geographical area relating to Member States and third countries located in the same geographical area which thereby benefit from</p>

	<p>strengthened cooperation contributing to achievement of economic, social and territorial cohesion.</p> <p>Source: http://ec.europa.eu/regional_policy/en/policy/cooperation/macro-regional-strategies/</p>
Region	<p>Region' usually means an area inside the borders of a nation state (such as a province, county or federal state) which is sometimes the expression of a political will and is responsible for performing certain powers either for economic reasons or historical, cultural and other factors.</p> <p>Source: Manual 'Regions in the European Union', Eurostat (2011), see http://ec.europa.eu/eurostat/documents/3859598/5916917/KS-RA-11-011-EN.PDF (p. 5)</p>
Work-based learning	<p>There are three main models of work-based learning in Europe:</p> <ol style="list-style-type: none"> 1.) Alternance schemes or apprenticeships are typically known in Austria and Germany as the "dual system". 2.) A second model of WBL is school-based VET which includes on-the-job training periods in companies. 3.) Finally, WBL that is integrated in a school-based programme, through on-site labs, workshops, kitchens, restaurants, junior or practice firms, simulations or real business/industry project assignments. <p>Source: Work-based learning in Europe: Policy practices and pointers (2013) http://ec.europa.eu/education/policy/vocational-policy/doc/alliance/work-based-learning-in-europe_en.pdf, chapter 1.</p>