

ANNEX II – WHAT’S NEW IN PRAG 2025?

1. PRAG Structure

The structure of Chapter 2 of PRAG has been revised so as to clearly identify which rules are both common to procurement and grants. In case of procurement, all common provisions to the three types of procurement (services, supplies and works) have been regrouped in Chapter 2.

2. Common provisions to procurement and grants

a) PIC registration

Due to the deployment of SUMMA, all entities that participate in an award procedure, regardless of the submission method, in direct management or indirect management by the partner country (where the Commission makes payments) shall register and obtain a PIC in order to participate. The validation of the PIC (which includes the legal entity and bank accounts details) is triggered for the entities to be awarded a procurement contract or grant. This has also an impact for the treatment of bank account changes and other information regarding the legal entity.

b) Conditionality Regulation provisions and respect of EU values

The General Conditions have been revised in order to introduce the application of measures under the Conditionality Regulation. The code of conduct of contractor and beneficiaries has been reinforced by introducing reference to EU values in line with new provisions in the Financial Regulation.

3. Procurement

a) Digitalisation

PRAG takes into account the further roll out of e-procurement, both for electronic submission, signature and electronic management.

b) Validity of tenders

Given that much more verifications need to take place before the award of the contract, the period of validity of the offers has been modified.

c) New FR provisions

This includes the new provisions on professional conflicting interests, control of foreign subsidies, elimination of the obligation to publish the shortlist.

d) Participation of SMEs

In order to promote the participation of SMEs, the selection and award criteria have been revised in order to remove barriers for their participation.

e) Services – key experts.

- Key experts:

The provisions on key experts have been revised in the context of the simplification exercise.

The CV of the key expert has been replaced with a new profile that shall facilitate the evaluation.

The timing of confirmation of the availability of the key expert has been brought earlier: the presumed successful tender shall confirm the availability of the key expert before the award of the contract.

The General Conditions of the service contract have been revised regarding the change of experts, including provisions on liquidated damages.

4. Grants

a) Financial Regulation provisions

This includes: new definition of NGO; calculation of volunteer costs; simplification for Simplified Cost Options (verifications); simplification calculation non profit; new concept of very low value grant.

b) Financing not linked to costs

All relevant documents have been updated in order to allow grants in the form of reimbursement of costs, or financing not linked to costs, or a combination of both.

c) Simplified Cost Options

In anticipation of e-grants, the new PRAG only allows two types of Simplified Cost Options: the ones determined by the contracting authority and authorised prior to the launch of the award procedure, and single lump sum. Result-based SCOs and the related guidelines, previously embedded in annex K, cease to exist.

d) Indirect Costs

In anticipation of e-grants, indirect costs are not calculated on all direct eligible costs: project office costs, volunteer costs, and land purchase costs are excluded.

e) Changes in award procedure

The information and declarations that grant applicants must submit and timing for submission have been rationalised. This has allowed to merge evaluation steps 2 and 3.

The evaluation grid has been revised, and it anticipates the evaluation grid included in e-grants.

Finally, the award notice has been eliminated since this is not a requirement under the Financial Regulation.

f) Reporting obligations

The reporting obligations of grant beneficiaries have been reviewed, including the narrative and financial reports, to further facilitate the clearing of pre-financing, and information on financial support to third parties.

g) Transfer of assets

Obligations on transfer of assets have been clarified and new obligation to ensure respect of EU values after transfer.

h) Communication and visibility

The grant template guidelines and budget have been updated, to clarify that applications should not include a communication component (budget, communication staff for the beneficiary, or communication activities) unless explicitly requested by the European Commission. This applies to communication strategies, plans, activities or activities of similar nature. Any request by a grant applicant must be approved by INTPA 02.

If a grant application or draft contract proposes to include communication activities, budget, or staff, and you have any doubt whether it should be removed, please ensure 02 is consulted before signature.

MATRIX OF CHANGES

What's new – PRAG 2025

The table below provides an overview of the main changes in the PRAG 2025. The changes in the PRAG are applicable to all award procedures initiated on or after its publication date, with the following exceptions:

- with regard to procurement procedures in indirect management with Partner countries, such procedures will be deemed to have been initiated as from the date of the official transmission of the whole tender dossier to the relevant EU Delegation;
- in direct management, procedures will be deemed to have been initiated once the contract notice file is in ARES and beyond the level 'encode'.

In case of grant award procedures launched with PROSPECT, given the necessary IT adaptations, no call may be configured until these changes are implemented (expected date end of January).

Ch	Title	Subject matter	Modification	Cross-reference section/annex
1	Basic Rules	Harmonisation of content	Content that was dispersed across several chapters, but common to services and grants, has been moved to chapter 2, therefore avoiding duplications and inconsistencies. Duplications	Chapters 2, 3, 4, 5, 6

		between the PRAG and the Users Guides of the Companion have, where appropriate, been removed. Duplications between the chapters and the annexes have, where appropriate, been removed. Information that was previously only found in the annexes, has, where appropriate, been included in the chapters. These changes respond to the recommendations of the Internal Audit Service.	
	Contract modifications and their limits	More precise and detailed information on the different types of modifications. Text restructured to align more clearly with the Financial Regulation: cases when modifications need to be done through addendum with award procedure in line with Annex I point 11(4) and the different cases under Article 175 not requiring an award procedure. Further clarifications on technical amendments, including administrative orders. In addition, the diagram on the contract execution period has been simplified. For service contracts, supply contracts and work contracts, specific guidance will be provided in each chapter (see below).	Sections 2.11
	Award decision (Digitalisation)	New template for award decision based on the new corporate model. The award decision will be generated automatically by digital systems. The word version will be used in case the award decision needs to be filled in manually such as in case of indirect management.	Sections 6.5.10 Annexes b11b, c7b, d7b, e11a
	Legal Entity Form (LEF) and Financial Identification Form (FIF)	Details of the LEF and FIF have been unified in one identification form. The filled in identification form is submitted to the contracting authority in case of indirect management where the partner country makes the payment. In case of direct management, and indirect management where the European Commission makes the payments, the form is submitted to REA as part of the Participant Identification Code (PIC) validation. Until translations of the identification forms are made available by DG BUDG, the forms are only available in English.	Modificatio ns have been made in all annexes and chapters that make reference to LEF and FIF.
	Participant Identification Code (PIC) registration	The PIC registration has been extended beyond the cases of electronic submission. It is applicable for direct management and indirect management where the European Commission makes the payments.	Modificatio ns have been made in all annexes and chapters that have submission

				instructions .
		Per diems and travel	Precisions on the delivery mode of the expert's assignment in relation to per diems. Grouping together in 2.5.5. information on per diems that was previously found in the terms of reference, the footnote of the budget and the per diem library.	Sections 2.5.5 Annexes b8i2, b8e
		Evaluation report for negotiated procedures, single tender procedures, and direct award of grants	Alignment with the terminology used by central services. Negotiation report now named evaluation report. Evaluation report is now adapted for negotiated, single tender and direct grants award. Separate template for the evaluation of single tenders (a10b) has been deleted, since a10a will include the single tender options.	Sections 2.6.8, 3.3.5.1, 4.2.6.1, 5.2.5.1 Annexes a10a, a10b, a10a1
		EU values	Reinforcement of the compliance to basic EU values in procurement documents and grant guidelines. Reinforcement of the compliance to basic EU values in the general conditions of the contract.	Sections 2.5.6. Annexes b8b, b8d, c4b, c4e, d4b, d4p, e3a, e3h2, e3h10
		Original supporting documents (Digitalisation)	The general conditions include the possibility to keep original supporting documents in digital format.	Annexes b8d, c4e, d4p, e3h2
		Declaration of absence of conflict of interests and of confidentiality	' <i>Declaration of impartiality and confidentiality</i> ' replaced by ' <i>Declaration of absence of conflict of interests and of confidentiality</i> '. With this renaming, the wording in annex a4 has become equivalent to PPMT wording.	Sections 2.9.3 Annexes a4
2	Basic Rules (Procurement)	Communication clauses (Digitalisation)	Different options for the communication between the contracting parties have been provided, to be chosen depending on the level of activation of the F&T Portal.	Annexes b8c2, c4d, d4o, b8d, c4e, d4p
		Main conditions (Digitalisation)	Procurement contract models now include main conditions. The main conditions will be generated automatically by digital systems. The creation of the main conditions resulted in changes in the draft contracts, special conditions, and general conditions. The word version will be used in case the main conditions need to be filled in manually, such as in case of indirect management.	Annexes b8c1, b8c2, b8d, c4c, c4e, c4d, d4n, d4o, d4p
		Notification letters to successful and unsuccessful tenderers (Digitalisation)	The award notification letter to successful and unsuccessful tenderers has been replaced by the new corporate model. The letter to the second-best tenderer (annex b13b) used in case of services will cease to exist. The award	Sections 2.9.5, 3.4.12.1 Annexes b13a1,

	notification letters will be generated automatically by digital systems. The word version will be used in case the notification letter needs to be filled in manually, such as in case of indirect management.	b13c1, b13c2, c8a1, c8a2, c8b1, c8b2, d8a1, d8a2, d8b1, d8b2
Simplified procedure (Digitalisation)	Templates have been adapted to the onboarding of the simplified procedure to eSubmission (direct management only).	Annexes b8o5, ds4b
Single tenders (Digitalisation)	Possibility to submit single tenders by email.	Annexes b8o5, c4b, ds4b
Change of bank account	The bank account is part of the main conditions. Therefore, a change of bank account requires an amendment to the contract.	Sections 2.11.2.4, 2.11.2.3 Annexes b8d, c4e, d4p
Simplified procedure and single tenders	Simplification of contract models through the deletion of separate special conditions for the simplified procedure and single tender in case of works and services (b8o2 and ds4n). The simplified procedure and single tenders are included as an option in the standard special conditions.	Annexes b8c2, d4o
Pre-financing (Digitalisation)	In case of eProcurement, automatic generation and payment of the pre-financing without waiting for the reception of the invoice.	Annexes b8c2, b8d, c4d, c4e, d4o, d4p, d4b, ds4o
Pre-financing guarantee	Further precisions on when a pre-financing guarantee is required.	Annexes b8c2, c4b, d4o
Framework contracts	Explanations on the different types of framework contracts and their use, the number of framework contractors required and the duration of a framework contract. Detailed guidance has been provided on request for specific contracts, see under '4. Services' below.	Sections 2.6.5
Promoting the participation of SMEs	For the selection criteria, the examples in the template have been changed into predetermined text with options to avoid disproportionate criteria. For the same reasons, for the technical capacity criterion the reference period has been extended to four years.	Annexes a5f
Professional conflicting interest	Precisions on how to treat professional conflicting interest. Reference to conflicting interest in the tender documents for services, supplies and works. Professional conflicting interest as a fixed professional capacity selection	Sections 2.5.4.4, 2.6.11.3 Annexes a5f, b8o3, b8d, b4, b7,

		<p>criterion. The possibility under the professional capacity criterion to require information to examine professional conflicting interest. The presence of professional conflicting interests shall be examined on the basis of the declaration of professional conflicting interests and, where relevant, the information provided in response to contracting authority's request for additional information.</p>	<p>b8b, b8n, b8o5, b8o7, c4b, c7b, d4b, d7b</p>
	Foreign Subsidies Regulation	<p>Application of the Foreign Subsidies Regulation which aims to address concerns about foreign subsidies distorting competition within the EU internal market. A description is provided for the steps to be followed.</p>	<p>Sections 2.6.10.2 Annexes b3, b8n, b8o7, c4l, ds4c</p>
	Abnormally low tenders	<p>The contracting authority has the obligation to identify tenders that appear to be abnormally low. Guidance provided on how to assess potentially abnormally low tenders and the steps to be followed.</p>	<p>Sections 2.6.10.1</p>
	Period of validity of tenders	<p>More elaborate guidance on the period of validity of tenders. Extension of the period of validity of tenders for service award procedures, 110 days instead of 90 days.</p>	<p>Sections 2.9.5, Annexes b8b, b8o5</p>
	VAT	<p>VAT instructions and new method to submit invoices for consortia without legal personality for service and supply contracts. New annex VI 'VAT instructions' (b8j6) explaining that each member of a de facto consortium (including the leader) must issue a separate invoice for its share/part only and corresponding to the services/supplies provided, for all types of purchases.</p>	<p>Annexes b8j6, c4p</p>
	Offsetting provisions	<p>Clearer description on offsetting in tender documents and special conditions. Recovery by offsetting may also be done against outstanding debts of any consortium member for any payment, including against pre-financing. In case of outstanding debt, the contractor will be informed with the award notification letter that any payment may be offset against outstanding debts of any consortium member.</p>	<p>Annexes b8c2, b8b, b11a, b8o5, b13a, c8a, c4d, c4b, c7a, d4o, d8a, d4b, ds4o, ds4b, d7a</p>
	Explanatory note (contract signature)	<p>An explanatory note during contract preparation is only required when there are important elements to report between the evaluation and contract signature.</p>	<p>Sections 2.10.2 Annexes a6</p>
	Explanatory note (contract closure)	<p>An explanatory note during contract closure is only required when there are important elements to report between the final payment, or the release of the performance guarantee, and contract closure.</p>	<p>Annexes a6</p>

		Record keeping	Reduction of the record keeping period from 7 years to 5 years. Alignment with article 132 of the Financial Regulation.	Sections 2.5.5 Annexes b8d, c4e, d4p
3	Services	Promoting the participation of SMEs	In the ' <i>Organisation and Methodology</i> ' it is now stated that the involvement of SMEs will be considered an added value in the tender evaluation. Single companies will not receive the maximum available points for the criterion "Involvement of all members of the consortium." Statement on SME's included in the statement in the tender form.	Annexes b8g, b8n, a5f, b3
		Key Experts profile	Replacement of the annex ' <i>Key Expert Curriculum Vitae</i> ' with ' <i>Key Expert's profile</i> '. This expert's profile is meant to only indicate the elements relevant to the requirements listed in the terms of reference and used in the evaluation grid in the form of award criteria. The structure of the expert's profile should facilitate the examination of the award criteria for key experts. This change followed simplification measure number 26.	Sections 3.4.3.2, 3.4.10.3 Annexes b8a, b8b, b8d, b8e, b8h, b8n, b8m1, b12a, b8o3, b8o4, b8o5, b8o7, b11c
		Minimum requirements of Key Experts for fee-based contracts	Clearer description on the minimum requirements for key experts. Guidance on the formal education and work experience.	Sections 3.2.2 Annexes b8e
		Minimum requirements of Key Experts for Global Price	The default option is that no minimum requirements for experts are defined. It is up to the contractor to define the precise inputs of the experts. In duly motivated cases, minimum requirements can be requested for a team.	Sections 3.2.1 Annexes b8f
		Replacement of experts and liquidated damages	New provisions in the procurement documents and in the general conditions for service contracts to strengthen the conditions required for replacement of key experts and the application of liquidated damages. Creation of a pre-information letter (b14) for the communication with the contractor about the replacement of key experts and the application of liquidated damages. This change followed simplification measure number 24.	Sections 3.6 Annexes b14, b8d, b11c
		Communication with presumed successful tenderer	Creation of a new annex called ' <i>Notice to the Presumed Successful Tenderer</i> ' (b11c). This notice includes communication on the Declaration on honour, the verification of	Sections 3.4.10.5, Annexes b11c, b11a

	documentary evidence on exclusion and selection criteria, the confirmation of key experts' and auditor/practitioner availability. This annex consolidates parts which were previously found in the evaluation report and the letter to the best tenderer. The maximum time limit for providing the information and proposing a replacement in case of unavailability of a proposed key expert is reduced to 7 days. The evaluation report will report on the verifications done with the presumed successful tenderer.	
Contract modifications and their limits	Precisions regarding budget modifications between fees, lump sums and incidental expenditure in case of fee-based contracts.	Sections 3.6 Annexes b8d
Incidental expenditure	Clarifications and guidance on the items that can be provided for by the incidental expenditure. A clearer structure for the incidental expenditure in the budget has been provided. Expenditure verification is now an item of incidental expenditure, which however, like in the past, cannot be reduced.	Sections 3.6 Annexes b8b, b8d, b8e, b8i2
Lump sum costs	Clarifications on lump sum costs that can be included as a global price activity in a fee-based contract, and on the fact that lump sums costs are included in the financial evaluation.	Sections 3.2.2 Annexes b8b, b8d, b8e, b8i2
Requests for specific contracts	Generic guidance on the launching of request for specific contracts from sending the request up to the award. Clarifications on the modification of specific contracts, whereby modifications for the repetition of similar services which require a negotiated procedure are not applicable to specific contracts. Unlike previous versions of the PRAG, no specific guidance will be provided on the external action framework contracts (SEA, AUDIT), for which the guidelines specific to each framework contract should be consulted.	Sections 3.5.1.
Timesheets	The General Conditions include in article 24.2 the mandatory elements for timesheets. The time input for each reporting period shall be rounded to the nearest whole number of days worked for that period. Creation of a new specimen timesheet for experts (b8k3) with the minimum elements of a timesheet. This change followed simplification measure number 25.	Annexes b8d, b8k3
Sub-contracting	Explanation on sub-contracting, particularly the case of one-person company.	Sections 3.4.10.3

4	Supplies	Liability and ownership of the Partner Country after delivery	Where the contracting authority is the European Commission acting on behalf and for the account of the Partner Country, the Partner Country will, immediately after provisional acceptance, assume full liability and retain full ownership with regard to the supplies delivered.	Annexes c4e
		Contract modifications and their limits	More precise information on administrative orders and alignment of the value of successive modifications with art. 175 of the Financial Regulation with 10% of the initial contract value as a ceiling. A description of the modifications that do not require an amendment: the strict application of procurement documents, the quantity of any incidental siting or installation and the extension of the period of implementation.	Sections 4.7, Annexes c4e
5	Works	Contract modifications and their limits	Description of the modifications that do not require an amendment: by measurement, price revision clause, and extension of the period of implementation.	Sections 5.7
		Direct management	End of work contracts in direct management. Removal of direct management options in chapter 5. This change followed simplification measure number 20.	Chapter 5
6	Grants	Financing Not Linked to Costs (FNLC)	Introduction of financing not linked to costs provisions in grant contract templates and guidelines for calls for proposals. Guidelines on FNLC embedded in annex K. Introduction of new templates: financial report for entirely FNLC and hybrid actions, Terms of Reference for third party assessment on the validation of the results reported. The use of FNLC requires a prior approval and must be preceded by an opinion from INTPA R4.	Sections 6.3.4 Annexes e3a, e3a2, e3b, e3c, e3d, e3h1, e3h2, e3h5, e3h6, e3h7b, e3h7c, e3h8c
		Change of bank account	The bank account is part of the special conditions. Therefore, a change of bank account requires an amendment to the contract.	Annexes e3h1, e3h2
		Simplified Cost Options (SCO)	Only two types of Simplified Cost Options are possible: the ones determined by the contracting authority and authorised prior to the launch of the award procedure, and single lump sum. Result-based SCOs and the related guidelines, previously embedded in annex K, cease to exist.	Sections 6.3.3 Annexes e3a, e3h2, e3h8b
		Evaluation simplification and improvement	Simplification of the evaluation process by merging evaluation steps 2 and 3. Eligibility check is performed at the full application evaluation stage on the basis of the Declaration	Sections 6.5.6, 6.5.8.4, 6.5.8.5

	on Honour. Content of evaluation reports and letters step 2 and 3 is merged in annexes, respectively, e6b and e9b.	Annexes e3a, e6b, e9b
Clarifications on reporting obligations	Precisions on and modifications of reporting obligations under Article 2 of the general conditions. New rules and submission frequency for detailed breakdown of expenditure, to be submitted with financial report and not anymore with the payment requests. Reorganisation of the financial report to include information on both incurred costs and advance payments/commitments.	Annexes e3h2, e3h4, e3h7a, e3h7b
Publication of calls for proposals (Digitalisation)	Publication of calls for proposals through F&T portal.	Section 6.5.1 Annexes e3a
Volunteers' work	Volunteers' work must not exceed 50 % of all sources of financing (that is the Union grant, in-kind contributions, and other sources of financing) as per new Financial Regulation.	Section 6.2.8 Annexes e3c, e3h2
NGO definition	In the new application form, grant applicants will be required to declare their legal status, including whether they qualify as NGOs, in line with the new definition of the Financial Regulation.	Annexes e3b
Transfer of assets ownership	Annex IX includes a new part B, for purchases below EUR 5 000, to be signed and kept by the beneficiary for control purposes. Requirement that the final beneficiary of the action to whom the assets are transferred must commit to and ensure that they will use these assets in compliance with basic EU values.	Annexes e3h2, e3h10
Financial Support to Third Parties	New case of event to be reported when the threshold of EUR 60 000 per third party is exceeded.	Section 6.8.2
Sensitive contracts	Clauses on handling of sensitive grant contracts and sensitive information included in special conditions and expenditure verification report.	Annexes e3h1, e3h8a