

# 6. Grants

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## 6.Grants

For the purpose of this section, the term ‘grant beneficiary’ should be understood as (i) the only beneficiary of the grant (in case of mono-beneficiary grants) or as (ii) all beneficiaries of the grant (in case of multi-beneficiaries grants).

Where it is not specified otherwise the lead applicant (i.e. the organisation or individual who submits an application for a grant) and the co-applicant(s) are hereinafter jointly referred as the applicant(s).

The terms "proposals" and "applications" are used interchangeably in this chapter to refer to the submission by the applicant of either the concept note, in restricted procedures, or the concept note and full proposal, in open procedures. By contrast, "full applications" is used in restricted and open calls for proposals to refer to the full proposal.

6.1. Basic rules for grant contracts

6.1.1. Definition

A grant is a financial donation/non-commercial payment by the contracting authority from the general budget of the European Union or the European Development Fund (EDF) given to a specific grant beneficiary to finance:

- either an action intended to help achieve a European Union policy objective (action grant);
- or the operation (i.e. the running costs) of an entity that pursues an aim of general European Union interest and supports a European Union policy (operating grant[1][2]).

The body(ies) signing a grant contract is known as the grant beneficiary(ies) and should not be confused with the partner country, the final beneficiary of the operation[3]nor with the target group[4].

In the case of an operating grant, the grant must take the form of a financial contribution to the work programme of the entity.

A grant contract differs from a procurement contract in a number of ways:

Procurement "Buying things"		Grants "Giving money"
Purchase of services, supplies or works	<b>Object</b>	Proposal from an applicant to contribute to the achievement of a policy objective through:  - a project (i.e an action grant);  or  - the functioning costs of the applicant (i.e. an operating grant)
Contracting Authority	<b>Owner of Results</b>	Grant beneficiary
100% of the cost	<b>Financial contribution</b>	The Union finances a part of the costs, which are eligible for Union-financing. The grant beneficiary (or another donor) finance the other part.
Allowed	<b>Profit</b>	Not allowed

A grant is made for an action, proposed to the contracting authority by an applicant, which falls within the normal framework of the applicant’s activities. This is in contrast to a procurement contract, in which the contracting authority draws up the terms of reference for a project it wants to be carried out.

The lead applicant may act individually or with co-applicant(s): however, if awarded the grant contract, both the lead applicant and the co-applicant(s) (if any) become grant beneficiary(ies).

The action must be clearly identified. No action may be split for the purpose of evading compliance with the rules laid down in this practical guide.

A grant beneficiary is responsible for implementing the action and owns the results. By contrast, under a procurement contract, it is the contracting authority who owns the results of the action.

A grant beneficiary generally contributes to the financing of the action unless full Union financing is essential for the action to be carried out (see Section 6.3.9.). In the case of procurement contracts, the contractor does not contribute financially. The amount of a procurement contract represents a price fixed in accordance with competitive tendering rules.

No grant may give rise to profits (i.e. it must only balance income and expenditure for the action see Section 6.3.10. for exceptions), unless the objective is to reinforce the financial capacity of a beneficiary or generate income. The no-profit rule applies to the action and not necessarily to the grant beneficiary.

The fact that a body is non-profit-making does not mean that it can only conclude grant contracts; non-profit bodies can also tender for procurement contracts[5].

No grant contract can be signed unless the action meets the above requirements.

The following, amongst others, are not grants under the European Union Financial Regulation[6]:

- programme estimates;
- procurement contracts[7];
- macro financial assistance, budgetary and debt relief support;
- payments made to bodies entrusted with budget implementation under Articles 62 and 63 FR[8] (e.g. international organisations, national agencies of the Member States or third countries etc.);
- financial instruments within the meaning of Articles 208 and 209 of the Financial Regulation, including interest rate rebates associated to these instruments. NB: Interest rate rebates and guarantee fee subsidies not combined in a single measure with these financial instruments are assimilated to grants, but not subject to the co-financing and no-profit rule (See Section 6.3.10.).

In principle, grants paid under direct management and indirect management with partner countries are covered by the rules set out in this chapter.

### **6.1.2. Actors involved**

There are three kinds of actors that may receive funding under a grant contract:

- **the lead applicant**

If awarded the grant contract, the lead applicant will become the beneficiary identified as the coordinator in the special conditions of the grant contract. The coordinator is the main interlocutor of the contracting authority. It represents and acts on behalf of the co-beneficiary(ies) (if any) and coordinates the design and implementation of the action.

- **co-applicants (if any) – who will become the co-beneficiaries following the award of the grant**

Co-applicant(s) participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the lead applicant.

and

- **affiliated entities (if any)**

Only the lead applicant and co-applicants will become parties to the grant contract.

Their affiliated entities<sup>[9]</sup> are neither beneficiaries of the action nor parties to the contract. However, they participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be eligible, provided they comply with all the relevant rules already applicable to the beneficiaries under the grant contract. Affiliated entities must satisfy the same eligibility criteria as the lead applicant or the co-applicant to which they are affiliated.

Only entities having a structural link with the applicants, in particular a legal or capital link, may be considered as affiliated entities to the lead applicant and/or to co-applicant(s).

This structural link encompasses mainly two notions:

- a) Control, as defined in Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC<sup>[10]</sup>.

Entities affiliated to a beneficiary may hence be:

- Entities directly or indirectly controlled by the beneficiary (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by the beneficiary (granddaughter companies or second-tier subsidiaries) and the same applies to further tiers of control.
  - Entities directly or indirectly controlling the beneficiary (parent companies). Likewise, they may be entities controlling an entity controlling the beneficiary.
  - Entities under the same direct or indirect control as the beneficiary (sister companies).
- b) Membership, i.e. the beneficiary is legally defined as an e.g. network, federation, association in which the proposed affiliated entities also participate or the beneficiary participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.

The structural link must be neither limited to the action nor established for the sole purpose of its implementation. This means that the link would exist independently of the award of the grant; it should exist before the award procedure and remain valid after the end of the action.

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

#### What is not an affiliated entity?

The following are not considered entities affiliated to a beneficiary:

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

#### How to verify the existence of the required link with the beneficiary?

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

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

If the analysis of the accounts or of the statutes does not provide for a clear-cut affiliation between the applicant and the entity that it presents as its affiliate, the entity may be treated as separate co-applicant in the same proposal. The change in the treatment of that entity, from an affiliated entity to a co-applicant, is not to be considered substantial and falls within the scope of corrections that may be made during the finalisation phase of the grant contract.

Affiliated entities are only relevant for action grants, not for operating grants.

The following entities are neither applicants nor affiliated entities:

- Associates

Other organisations or individuals may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant, with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in Section 2.1.1. of the Guidelines for applicants.

- Contractors

The grant beneficiaries and their affiliated entities are permitted to award contracts. Associates or affiliated entities cannot be also contractors in the project.

- If financial support is allowed under the relevant grant contract

The grant beneficiaries may award financial support to third parties. These third parties are neither affiliated entities nor associates nor contractors.

## 6.2. Forms of grants

Grants, being a Union contribution, may take any of the forms provided for in Article 125(1) FR, namely:

(a) financing not linked to costs of the relevant operations based on<sup>[11]</sup>:

- (i) either the fulfilment of conditions set out in sector specific legislation or Commission Decisions; or
- (ii) the achievement of results measured by reference to the previously set milestones or through performance indicators;

(b) reimbursement of eligible costs that may be based on any or a combination of the following forms:

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

Simplified costs options may take the form of:

- (i) unit costs, which cover all or certain specific categories of eligible costs that are clearly identified in advance by reference to an amount per unit;
- (ii) lump sums, which cover in global terms all or certain specific categories of eligible costs that are clearly identified in advance;

(iii) flat-rate financing, which covers specific categories of eligible costs, which are clearly identified in advance, by applying a percentage;

(c) a combination of the forms referred to in points (a) to (b).

#### **DIRECT MANAGEMENT**

A prior approval must be sought for the use of financing not linked to costs.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation by the European Commission must be sought for the use of financing not linked to costs.

#### **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required.

### **New possibilities for grants**

While until the recent past grants were mainly awarded in the form of reimbursement of eligible costs actually incurred, the 2018 Financial Regulation:

- has introduced the possibility of a financing not linked to costs;
- has introduced the notion of single lump sum for grants.

### **Maximum amount of a grant and eligible costs**

Grants must not exceed an overall ceiling expressed in terms of an absolute value ('maximum grant amount') that must be established on the basis of:

- (a) estimated eligible costs, where possible, in the case of reimbursement of eligible costs actually incurred;
- (b) the overall amount of estimated eligible costs clearly defined in advance in the form of lump sums, unit costs or flat rates (see above Art. 125(1)(c),(d) and(e));
- (c) the overall amount of financing not linked to costs in the case referred to in point (a) of Article 125(1).

Without prejudice to the basic act, grants may in addition be expressed as a percentage of the estimated eligible costs where the grant takes the form specified in point (a) above or as a percentage of the lump sums, unit costs or flat rate financing referred to in point (b) above.

The grant is generally expressed as a maximum amount and a percentage of the eligible costs. This means that the contracting authority's contribution usually covers only a certain percentage of the costs, according to the rules set out in the call for proposals. The call for proposals also establishes the maximum and minimum amounts of the contribution.

These forms of reimbursement can be combined together to cover different categories of eligible costs, provided the limits and conditions stated in the call for proposals are complied with.

Example: A grant for an action may be awarded in the form of a lump sum covering costs for equipment together with unit costs covering personnel costs and reimbursement of actual costs covering other running costs (see Section 6.2.1.).

### **6.2.1. Simplified cost options**

Simplified cost options (SCOs) may take the form of unit costs, lump sums and/or flat-rates or a combination of these forms[12]. They are meant to simplify the management of the grant. It should be noted that there is no limitation (other than the total amount of estimated eligible costs) on the amount of costs that can be declared in the form of SCOs.

They are of two types, each type being subject to different conditions as regards their prior authorisation:

1. 'Output or result based SCOs', sometimes also referred to as 'performance based' SCOs: this category includes costs linked to outputs, results, activities, deliverables in the framework of a specific project (for example the determination of a lump sum for the organisation of a conference, or for the realisation of a determined output/activity). Where possible and appropriate, lump sums or unit costs must be determined in such a way to allow their payment upon achievement of concrete outputs and/or results. They will be authorised by the relevant contracting authority (if recommended to be accepted by the evaluation committee, they will be formally approved by the contracting authority responsible and stated in the contract[13]).
2. 'Other SCOs': This second category entails simplified cost options embedded in the accounting practices of the beneficiary. This category is only applicable to pillar assessed entities when receiving a grant awarded directly without a call for proposals, for which an ex-ante assessment is deemed necessary[14] to ensure coherence across services, considering the need for a consistent application of the conditions required. In order for the contracting authority to allow the use of these SCOs, the beneficiary's cost accounting practices need to have been positively assessed by an independent external auditor.

Please also refer to Annex e3a2 Guidelines for simplified cost options for further details.

For calls for proposals and grants awarded without a call for proposals to non-pillar assessed entities, applicants may only propose output or result-based SCOs, which can only take the form of unit costs and lump sums, since flat-rate financing is input based and therefore cannot be proposed by applicants. The contracting authority will decide whether or not to accept SCOs. SCOs can apply to one or more of the direct cost headings of the budget (i.e. cost headings 1 to 6), or to cost sub-headings, or to specific cost items within these cost headings. Please note that, in the case of grants awarded without a call for proposals to non-pillar assessed entities, output or result-based SCOs are admissible only if an evaluation committee has been appointed.

With regard to "Other SCOs", unless otherwise provided for in the basic act, the use of lump sums, unit costs or flat-rate financing embedded in the accounting practices of the beneficiary must be authorised by a decision of the contracting authority responsible, who must act in accordance with the internal rules of the European Commission.

Once the amounts have been assessed and approved by the contracting authority (as clearly laid down in the budget of the action[15]), they will not be challenged by ex post controls. This means that auditors will not check all the supporting documents to establish the actual costs incurred, but they will concentrate on the correct application of the formula used and the related inputs or generating events as established in the contract. Auditors will not check the actual costs to verify the generation of a profit or a loss, even though the auditors and/or the European Commission have the right to access the statutory records of the beneficiary, notably its general accounting statements, for statistical, methodological or anti-fraud purposes (as applicable to all forms of grants) according to article 16 of the general conditions. This means that the beneficiary has to keep supporting documents establishing that the grant has been effectively implemented.

### **6.2.2 Single lump sum**

The 2018 Financial Regulation provides for the possibility that a lump sum, as referred to in point (d) of Article 125 (1) FR, may cover the entire eligible costs of an action or a work programme.

Single lump sums may be determined on the basis of the estimated budget, which should comply with the principles of economy, efficiency and effectiveness. Compliance with these principles must be verified ex ante at the time of evaluation of the grant application.

When authorising single lump sums, the contracting authority responsible must comply with the conditions applicable to output or result based SCOs.

When using this form of financing, the description of the action must include detailed information on the essential conditions triggering the payment, including, the achievement of outputs and/or results.

### 6.3. Overview

There are strict rules governing the way in which grants are awarded. They require programming, transparency and equal treatment. Grants may not be cumulative or awarded retrospectively and they must generally involve co-financing. The amount specified in the grant contract as eligible for financing may not be exceeded.

As general rule with some specific exceptions, the grant may not have the purpose or effect of producing a profit for the beneficiary.

Grants are awarded either by a European Commission decision notified<sup>[16]</sup> to the successful applicant or by a written agreement (standard grant contract) concluded with it. Grants awarded in the framework of external action are awarded through written agreement (standard grant contract).

#### 6.3.1. Management modes - grants

See Section 2.2. for an explanation of the different management modes applicable to the European Union external actions.

The differences relating to grants are as follows:

##### **DIRECT MANAGEMENT**

Grants are awarded by the European Commission, which is responsible for issuing calls for proposals, receiving proposals, chairing evaluation committees, deciding on the results of calls for proposals and signing the contracts.

##### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Grants are awarded by the contracting authority designated in the financing agreement, i.e. the government or an entity of the partner country with legal personality with which the European Commission concludes the financing agreement.

The contracting authority is responsible for issuing calls for proposals, receiving proposals, chairing evaluation committees and deciding on the results of calls for proposals. The contracting authority must submit the evaluation report, details of the proposed grants and, where required, the draft contracts to the European Commission for endorsement. No endorsement of the contracts by the European Commission is, however, needed in certain cases contemplated in the practical guide to procedures for programme estimates.

Once the grant has been approved, the contracting authority signs the contract and notifies the European Commission accordingly. As a general rule, the European Commission is represented as an observer when proposals are opened and evaluated and must always be invited.

The contracting authority must submit the guidelines for applicants and grant award notices to the European Commission for publication, with the exception of the cases referred to in the practical guide to procedures for programme estimates.

##### **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

Grants are awarded by the contracting authority designated in the financing agreement, i.e. the government or an entity of the partner country with legal personality with which the European Commission concludes the financing agreement. It is responsible for issuing calls for proposals, receiving proposals, chairing evaluation committees, deciding on the results of calls for proposals and signing the contracts without the prior authorisation of the European Commission.

The contracting authority must submit the guidelines for applicants and grant award notices to the European Commission for publication.

## 6.3.2. Management Tools

### DIRECT MANAGEMENT

Calls for proposals in **direct management** launched by the DG International Partnerships will be processed through the two following online tools: PADOR and PROSPECT[17].

**PADOR** (potential applicant data online registration) is the database where lead applicants, co-applicants and affiliated entities should register, update information about their organisation and upload their supporting documents (statutes, audit reports, legal entity form (LEF) etc.). The purpose of the on-line registration in PADOR is to provide the European Commission with information about the organisations involved in the action.

By registering on-line in PADOR, lead applicants, co-applicants and their affiliated entities get a unique identifier (EuropeAid ID), which they need to insert in their application form. The organisations are responsible for keeping information in PADOR up to date.

In case on-line registration is impossible because of technical difficulties, the lead applicants, co-applicants and affiliated entities must submit, together with their application, the PADOR registration form (Annex F) following the instructions given in the guidelines for applicants.

For further information, see :

<https://wikis.ec.europa.eu/display/ExactExternalWiki/e-Calls+PADOR> where you can find the PADOR help guides for applicants and co-applicants, the PADOR help guide for affiliated entities and the frequently asked questions.

As PADOR is designed for organisations, natural persons who participate in a call (where the relevant guidelines allow for their participation) do not have to register in PADOR nor submit PADOR registration form. All information necessary for the evaluation of their applications is included in ROSPECT and the application form.

**PROSPECT** is the single online platform to be used for the management of calls for proposals and it is used for all calls managed by DG International Partnerships (both in headquarters and delegations).

PROSPECT consists of four modules:

- Module 1: to be used by the business administrator only, in order to configure the templates in PROSPECT
- Module 2: to be used by the European Commission services to create and publish calls for proposals
- Module 3: to be used by lead applicants (including individuals) to submit their application online
- Module 4: to be used by evaluators and external assessors to conduct the evaluation of proposals.

Online submission is in principle mandatory for applicants. However, by default the guidelines for applicants include an option to submit applications exceptionally offline. Only if applicants are not prevented from submitting via PROSPECT due to technical issues in their country will this option be deleted and applications will only be accepted via PROSPECT.

When applicants encode in PROSPECT their EuropeAid ID, PROSPECT retrieves automatically from PADOR all relevant information about the organisation. When applicants encode in PROSPECT a PADOR offline form (Annex F), Commission staff will use this form to create or update their PADOR profile. The functionality of 'Upload PDF' available in PADOR allows European Commission staff to quickly transfer the data from Annex F into PADOR.

For further information use this link, <https://wikis.ec.europa.eu/display/ExactExternalWiki/e-Calls+PROSPECT> where you can find:

- PROSPECT manuals for internal users, external assessors and applicants

### **6.3.3. Eligibility criteria**

#### **6.3.3.1. Nationality rule**

See Section 2.3.1.

Participation in grant award procedures is open on equal terms to all natural and legal persons and to entities that do not have legal personality under the applicable national law, provided that their representatives have the capacity to take on legal obligations on their behalf and that they offer financial and operational guarantees equivalent to those provided by legal persons. Furthermore, applicants must be established in an eligible country in accordance with the applicable basic act (for more details see Section 2.3.1.).

#### **DIRECT MANAGEMENT**

A prior approval must be sought for the participation in grant award procedures of entities that do not have legal personality under the applicable national law.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation by the European Commission must be sought for the participation in grant award procedures of entities that do not have legal personality under the applicable national law.

#### **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required.

#### **6.3.3.2. Exceptions to the nationality rule**

See Section 2.3.9.

#### **6.3.3.3. Grounds for exclusion**

See Section 2.6.10.1.

### **6.3.4. Programming**

Grants under direct management are subject to a financing decision, which at the same time constitutes the annual or multiannual work programme. The financing decision indicates the period it covers, the basic act, if any, the objectives pursued, the expected results, the method of implementation, the indicative timetable of calls for proposals with the indicative amount and the maximum rate of co-financing. The financing decision is adopted by a Commission decision and published on the website of DG International Partnerships. There is no need for a work programme for grants under indirect management.

### **6.3.5. Transparency**

See Section 2.5.2.

### **6.3.6. Equal treatment**

See Section 2.5.2.

### **6.3.7. Non-cumulation**

See Section 2.5.2.

### **6.3.8. Non-retroactivity**

See Section 2.5.2.

Exceptionally, a grant may be awarded for an action that has already begun where the applicants can demonstrate and justify the need to start the action before the contract is signed. In this case, expenditure incurred before the submission of grant applications is, as a general rule, not eligible for financing[18].

The acceptance of costs from an earlier date[19] (i.e. before submission of grant applications) is possible only in duly substantiated exceptional cases[20]:

- a) in duly justified exceptional cases as provided for in the basic act; or
- b) in the event of extreme urgency where an early engagement by the Union would be of major importance, for the purposes of humanitarian aid, emergency support operations, civil protection operations or for crisis management aid and in other exceptional and duly substantiated emergencies.

In these cases, the costs incurred by a beneficiary before the date of submission of the application must be eligible for Union financing under the following conditions:

- (i) the reasons for such derogation have been properly substantiated by the contracting authority responsible;
- (ii) the grant agreement sets explicitly the eligibility date earlier than the date for submission of applications.

The relevant eligibility date should also be included in the guidelines for applicants.

The contract for an operating grant must be awarded within 4 months from the start of the beneficiary's financial year. Costs eligible for financing may not have been incurred before the grant application was lodged nor before the start of the beneficiary's financial year.

No grant may be awarded retroactively for actions already completed.

#### **DIRECT MANAGEMENT**

Retroactive financing constitutes an event to be reported.

The approval by the AOSD of cost eligibility before the signature of a grant contract, but after submission of a grant application is an event to be reported.

Moreover, retroactive financing to cover costs incurred before the submission of the proposal, for reasons of extreme urgency in crisis management aid or in other exceptional and duly substantiated emergencies also constitutes an event to be reported.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation by the European Commission must be sought for the retroactive financing.

#### **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required.

### **6.3.9. Co-financing**

See Section 2.5.2.

As general rule, a grant may not finance the entire cost of the action or the entire operating expenditure of a beneficiary, with the following exceptions:

## **Full Financing**

The contracting authority must be in a position to show that financing in full is essential to carry out the action in question and must substantiate its award decision accordingly. Under direct management, full financing constitutes an event to be reported. Under indirect management with ex-ante controls, the contracting authority must obtain the prior authorisation of the European Commission.

For instance, the financing of an action in full may be authorised in the following cases, save where prohibited by the basic act:

- humanitarian aid, including assistance for refugees, uprooted persons, rehabilitation and mine clearance;
- aid in crisis situations;
- action to protect health or the fundamental rights of people;
- where the relevant financing agreement foresees full financing;
- actions with international organisations;
- where it is in the interests of the European Union to be the sole donor to an action, and in particular to ensure visibility of a European Union action. Grounds must be provided for in the award decision.

For EIDHR financed actions (MFF 2014-2020), full financing is also possible for cases (i) and (ii) under g) in section 6.4.2.

For the MFF 2021-2027 financed actions, full financing is also possible for cases a) and b) under h) in section 6.4.2.

The co-financing may take the form of the beneficiary's own resources (self-financing), income generated by the action and financial or in kind contributions from third parties.

The contracting authority may accept contributions in kind as co-financing, if considered necessary or appropriate. Co-financing in kind means the provision of goods or services to the grant beneficiary free of charge by a third party. Therefore, contributions in kind do not involve any expenditure for the grant beneficiary<sup>[21]</sup>. For the purpose of the no-profit rule (see Section 6.3.10.), in kind contributions are not taken into account.

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

Contributions in kind from third parties, with the exception of in kind contributions in the form of volunteers' work<sup>[22]</sup>, must be presented separately from the contributions to the eligible costs in the estimated budget (like non eligible taxes, they are presented as accepted costs in the estimated budget for the action). Their approximate value must be indicated in the estimated budget and must not be subject to subsequent changes.

The beneficiary has to declare the co-financing actually provided in the final report. The beneficiary(ies) may at that point replace any planned contribution from its own resources by financial contributions from third parties.

For low value grants (i.e. any grant up to EUR 60 000) refusal of co-financing in kind — if proposed but not considered appropriate or necessary — should be clearly justified.

## **Volunteers' work**

Where the relevant call for proposals allows for the work performed by volunteers to be considered as acceptable co-financing, beneficiaries may declare personnel costs for the work carried out by volunteers under an action or work programme as eligible cost, on the basis of unit costs determined by the European Commission at the following address: <https://ec.europa.eu/transparency/regdoc/?fuseaction=list&coteId=3&year=2019&number=2646&version=ALL&language=en>.

Contributions in kind from third parties in the form of volunteers' work, valued in accordance with the above paragraph, must be presented in the estimated budget, separately from the other eligible costs, in the dedicated budget line 10.2 of the budget template (PRAG Annex e3c) . The value of the volunteer's work must always be excluded from the calculation of indirect costs. Volunteers' work may comprise up to 50% of the co-financing, the latter corresponding to the part not financed by the EU grant. For the purposes of calculating this percentage, other contributions in kind, if allowed, and other co-financing must be based on estimates provided by the applicant[23].

#### **6.3.10. No-profit rule**

See Section 2.5.2.

Grants may not have the purpose or effect of producing a profit within the framework of the action or the work programme, with the exception of some specific cases (see below) as provided for in the special conditions of the standard grant contract.

Profit is defined as a surplus of the receipts over the eligible costs approved by the contracting authority when the request for payment of the balance is made.

The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the coordinator that fall within one of the two following categories:

- a) European Union grant;
- b) income generated by the action; unless otherwise specified in the special conditions.

In case of an operating grant, amounts dedicated to the building up of reserves must not be considered as a receipt.

When grants or parts of grants are based on simplified cost options, these amounts should be established in such a way as to exclude profit *a priori*. If this is the case, the amounts of unit costs, lump sums and/or flat rates established in the contract must not be challenged by ex post controls, i.e. through comparison with the actual costs they cover (see Section 6.2.1. and Annex E3a2 Guidelines for simplified cost options).

In case a profit is made, the contracting authority has the right to reduce the final amount of the grant by the percentage of the profit corresponding to the final European Union contribution to the eligible costs actually incurred approved by the contracting authority (thus excluding other eligible costs declared on a simplified cost option basis), except in the cases listed below.

The no-profit rule does not apply to[24]:

- a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary. Where applicable, this must be specified in Article 7 of the special conditions;
- b) actions that generate an income to ensure their continuity after the period of Union financing provided for in the grant agreement. Where applicable, this must be specified in Article 7 of the special conditions;
- c) study, research, training or education support paid to natural persons or other direct support paid to natural persons most in need, such as unemployed persons and refugees. Where applicable, this must be specified in Article 7 of the special conditions;
- d) actions implemented by non-profit organisations;
- e) grants in the form of financing not linked to costs of the relevant operations (see Article 125(1)(a) FR);
- f) low value grants (i.e. grants of EUR 60 000 or less).

#### **6.3.11. Other essential points**

See Section 2.5.5.

Contingency reserve:

A reserve for contingencies and/or possible fluctuations in exchange rates not exceeding 5% of the direct eligible costs may be included by the applicants in the budget for external actions given the specificity and the higher level of unpredictability of external actions.

Ethics clauses:

See Section 2.5.6.

In addition, for all grant award procedures (calls for proposals or direct award) where the requested grant exceeds EUR 60 000, lead applicants, co-applicants and affiliated entities other than (i) natural persons (ii) pillar-assessed entities and (iii) governments and other public bodies whose application has been provisionally selected or placed in a reserve list, shall assess their internal policy against sexual exploitation, abuse and harassment (SEA-H) through a self-evaluation questionnaire with the aim to inform the contracting authority about the entity's SEA-H policy in place and the measures envisaged in order to improve the SEA-H policy within the relevant organisation[25].

## 6.4. Award procedures

### 6.4.1. Call for proposals

Grants must be awarded following the publication of a call for proposals, except in the cases listed in Section 6.4.2. below.

#### 6.4.1.1. Publication

A call for proposals is always published on the website of DG International Partnerships or Funding & Tender opportunities website (F&T Portal)[26]. A call for proposals must also be published locally where it is not organised by a service of the European Commission headquarters.

For the publication of calls for proposals in direct or indirect management and calls for proposals for Twinning projects, please refer to the relevant webpages of the two online tools: PADOR[27] and PROSPECT[28]. Calls for proposals are published on the website of DG International Partnerships[29] or Funding & Tender opportunities website (F&T Portal), while local calls for proposals are also published locally. The grants awarded under the Programme Estimates, if not published locally, have to be published on the website of DG International Partnerships or Funding & Tender opportunities website (F&T Portal) via PROSPECT (PRAG Sections 2.10.3.2 and 6.5.11.1). Trust Fund-related Calls for Proposals are not published in PROSPECT.

#### 6.4.1.2. Open or restricted call for proposals

Calls for proposals are by default restricted, i.e. a two-step procedure where all applicants may ask to take part but only the applicants who have been shortlisted (on the basis of a concept note in response to a call launched through published guidelines for applicants) are invited to submit a full application.

In exceptional cases, calls for proposals may be open, i.e. all applicants are free to submit a full application. In this case a concept note must still be submitted together with the full application and the evaluation process is carried out in two steps (shortlisting on the basis of the concept note), in accordance with the published guidelines for applicants (see Section 6.5.2.).

A decision to launch an open rather than a restricted call must be justified by the particular technical nature of the call, the limited budget available, the limited number of proposals expected or organisational constraints (e.g. calls by regional European Union delegations).

**DIRECT MANAGEMENT**

A prior approval must be sought for the launch of an open call for proposals.

**INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation by the European Commission must be sought for the launch of an open call for proposals.

**INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required.

**6.4.1.3. Partnerships**

Grant contracts may take the form of financial framework partnership agreements with a view to establishing a long-term cooperation between the Commission and beneficiaries implementing European Union funds[30][31]. Financial framework partnership agreements must specify the forms of financial cooperation, including the obligation to set out, in the specific agreements signed arrangements for monitoring the achievement of specific objectives. In addition, in case the financial partnership agreements takes the form of a grant, it must specify the nature of actions planned on a one-off basis or as part of an approved work programme, the procedure for awarding specific grants, in compliance with the principles and procedural rules in this practical guide and the general rights and obligations of each party under the specific contracts. The duration of the partnership may not exceed 4 years, save in duly justified cases clearly indicated in the annual activity report. Financial framework partnership agreements are treated as grants for the purposes of programming, *ex ante* publication and the award procedure and may, under indirect management, provide for the reliance on the systems and procedures of the beneficiary[32]. Financial framework partnership agreements should only be envisaged if their use has a clear extra value. For example, if only one specific grant is foreseen, financial framework partnership agreements are not the appropriate modality.

**DIRECT MANAGEMENT**

A prior approval must be sought for the use of a financial framework partnership agreement.

**INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation by the European Commission must be sought for the use of a financial framework partnership agreement.

**INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required.

**6.4.2. Grants awarded without calls for proposals ('Direct award')**

## **DIRECT MANAGEMENT**

Direct awards require a prior approval/constitute an event to be reported.

## **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

Prior authorisation of the European Commission must be sought. The negotiation report (Annex A10a) must be submitted to the relevant services of the European Commission, which must decide whether to accept the negotiation result.

## **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

No prior authorisation by the European Commission is required for the use of the direct award procedure or for the results of negotiation contained in the negotiation report (Annex A10a).

In the following circumstances, it is not necessary to organise a call for proposals before awarding grants<sup>[33]</sup>:

- a) Exceptional and duly substantiated emergencies (urgency);
- b) For the purposes of humanitarian aid and civil protection operations or for crisis management aid. This provision is *mutatis mutandis* applicable to programmes funded by the EDF under emergency assistance provided for in Articles 72 and/or 73 of the Cotonou Agreement;
- c) Where the grant is awarded to a body with a *de jure* or *de facto* monopoly, duly substantiated in the award decision. ‘De facto’ or ‘de jure’ monopoly means that the grant beneficiary:
  - has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law; or
  - is the only organisation (i) operating or (ii) capable of operating in the field of activity and/or geographical area to which the grant relates by virtue of all considerations of fact and law.
- d) Where the grant is to be awarded to a body identified by the relevant basic act<sup>[34]</sup>, as beneficiary of a grant or to bodies designated by the Member States, under their responsibility, where those Member States are identified by a basic act as beneficiaries of a grant. Note that ‘basic act’ refers to the Regulation governing the programme. It is not sufficient to identify a body for a direct award in financing decisions/annual action programmes, as these do not constitute basic acts;
- e) In case of research and technological development, to bodies identified in the work programme, where the basic act expressly provides for that possibility, and on condition that the action does not fall under the scope of a call for proposals;
- f) For actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals. These cases must be duly substantiated in the award decision.
- g) For EIDHR financed actions under MFF 2014-2020:
  - i. low value grants to human rights defenders to finance urgent protection actions, where appropriate without the need for co-funding;
  - ii. grants, where appropriate without the need for co-funding, to finance actions in the most difficult conditions or in situations referred to in Article 2(4) of Regulation (EU) No 235/2014 where the publication of a call for proposals would be inappropriate. Such grants shall not exceed EUR 1 000 000 and shall have a duration of up to 18 months, which may be extended by a further 12 months in the event of objective and unforeseen obstacles to their implementation;

h) For the MFF 2021-2027 financed actions:

- a) low-value grants to human rights defenders to finance urgent protection actions and needs, including through mechanisms for the protection of human rights defenders at risk, as well as to mediators and other civil society actors involved in crisis and armed conflict related dialogue, conflict resolution, reconciliation and peacebuilding, where appropriate without the need for co-financing;
- b) grants, where appropriate without the need for co-financing, to finance actions in the most difficult conditions where the publication of a call for proposals would be inappropriate, including situations where there is a serious lack of fundamental freedoms, including violation of human rights, threats to democratic institutions, escalation of crisis or armed conflict, where human security is most at risk or where human rights organisations and defenders, mediators and other civil society actors involved in crisis and armed conflict related dialogue, reconciliation and peacebuilding operate under the most difficult conditions; such grants shall not exceed EUR 1 000 000 and their duration shall not exceed 18 months, which may be extended by a further 12 months in the event of objective and unforeseen obstacles to their implementation;
- c) low value grants to civil society organisations using, to the extent possible, simplified forms of financing in accordance with Article 125 of the Financial Regulation.

In all cases, the contracting authority must prepare a report explaining the manner in which the grant beneficiary was identified and the grant amounts established, and the grounds for the award decision (see template negotiation report — Annex A10a). The contracting authority must follow the steps shown in the negotiation report template and ensure that all the basic principles for grants are respected (including eligibility, capacity and exclusion).

In the case of grants awarded without a call for proposals, even though an evaluation committee may be useful, it is not compulsory.

The procedures described in Section 6.5.10. must be followed by analogy, with the report referred to in the previous paragraph being included in the contract dossier.

Even if the beneficiary is designated in the basic act or it is in a monopoly situation the financial capacity always has to be verified as the financial interests of the European Union have to be protected.

## 6.5. Calls for proposals

### 6.5.1. Publicity

To ensure the widest possible participation and the requisite transparency, every call for proposals must be accompanied by guidelines for applicants.

The guidelines for applicants are published on the website of DG International Partnerships or Funding & Tender opportunities website (F&T Portal)[\[35\]](#) and in any other appropriate media (other websites, specialised press, local publications, etc.). They should also be available in hard copy from the contracting authority. They should be available in the languages appropriate to the call for proposals.

The European Commission is responsible for publishing the guidelines for applicants on the website of DG International Partnerships or F&T portal. If the contracting authority is not a service of the European Commission headquarters, it must arrange local publication directly at the same time as they are published on the designated website.

Since the cost of publishing the entire guidelines for applicants in the local press might be prohibitive, the template in Annex e2 prescribes the minimum information that is required for local publication. Those guidelines must be available at the address stated in the local publication.

It is also highly advisable, after the launch of the call for proposals, to hold one or more information sessions that all the potential applicants can attend. Such information sessions must take place at the latest 21 days before the deadline for submission of the concept notes[36]. Moreover, information sessions can also be organised at the latest 21 days before the deadline for submission of the full application for applicants whose concept notes have been pre-selected. Any presentation/documentation to be delivered in the information session must also be uploaded at least on the website of DG International Partnerships or F&T portal, where the call was published. In direct management the dates, locations and presentations for information sessions on global calls for proposals must be coordinated with the European Commission headquarters. The information to be disseminated in all targeted regions must be harmonised in a non-discriminatory way.

If the contracting authority, either on its own initiative or in response to a request for clarification amends information in the call for proposals, a corrigendum with the changes must be published subject to the same publicity conditions as those for the call for proposals. The corrigendum may extend the deadline to allow applicants to take the changes into account.

In order to make more efficient use of calls for proposals the contracting authority may group calls for proposals for different instruments (it may then be advisable to divide the calls into lots[37]) and/or use the budget of several successive years. In the latter case, a suspensive clause must be included for the following years. Calls may also cover several countries of one region and group the related budgetary appropriations.

### **6.5.2. Drafting and contents of the guidelines for applicants**

The guidelines for applicants (that include the application form and other annexes) explain the purpose of the call for proposals, the rules on eligibility of applicants, the types of action and costs that are eligible for financing, and the evaluation (selection and award) criteria (see template guidelines for applicants). They also contain instructions on how to fill in the application form, what to attach to it and what procedures to follow for applying. They give information on the evaluation process that will follow (including an indicative timetable) and the contractual conditions applying to successful applicants.

The guidelines for applicants should set out very clearly and in detail the objectives and priorities of the call for proposals, and give particular attention to the eligibility criteria. They must be published and any change to them must be published as well.

It is advisable to clarify and limit the priorities and objectives of calls and to clearly explain the eligibility criteria for applicants (see Section 6.5.3. below) to ensure that only adequate applications will be submitted.

#### **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The guidelines for applicants are adopted by the contracting authority.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

The contracting authority must submit the guidelines for applicants to the delegation of the European Union for approval prior to issuance.

### **6.5.3. Eligibility and evaluation (selection and award) criteria**

#### **6.5.3.1. Eligibility criteria**

The eligibility criteria determine the conditions for participating in a call for proposals. They must be drafted with due regard to the objectives of the action and be transparent and non-discriminatory. The eligibility criteria apply to two different points:

- Eligibility of the applicants: this refers to the applicants' legal and administrative status - see in particular Sections 2.3.1. and 2.6.10.1. (rules on nationality and grounds for exclusion). If a call for proposals relates to actions that might or need to be implemented by several entities, the minimum, maximum or the recommended number of entities and the eligibility criteria applicable to each entity or to all together may be specified.

- Eligibility of the action: this refers to the types of activities, sectors or themes and geographical areas covered by the call for proposals.

#### **6.5.3.2. Evaluation criteria: selection and award**

The evaluation criteria consist of selection and award criteria, all of which are defined in the evaluation grid.

- The selection criteria are used to assess the lead applicant's financial capacity as well as the lead applicant's and the co-applicant(s)'s (and their affiliated entity(ies)) operational capacity to complete the proposed action:
  - the lead applicant must have stable and sufficient sources of funding to keep operating throughout the action implementation period and to participate, where appropriate, in its funding;
  - applicants (and their affiliated entity(ies)) must have altogether the necessary experience, professional competencies and qualifications to complete the proposed action.

The financial capacity has always to be verified[38], except where the lead applicant belongs to one of the following categories: natural persons in receipt of education support, natural persons most in need and receiving direct support, public bodies or international organisations[39].

Assessments are made on the basis of the information and supporting documents submitted in the context of the call for proposals. Supporting documents may include an external audit report of the lead applicant, the profit and loss account and the balance sheet for up to the three last financial years for which the accounts were closed. In case of doubts about the capacity of the applicants, the evaluation committee may ask for additional proof.

- The award criteria are used to assess proposals against the set objectives and priorities, so that grants are awarded to actions that maximise the overall effectiveness of the call for proposals. They should enable the contracting authority to select proposals that will comply with its objectives and priorities and guarantee the visibility of the European Union financing.

The award criteria relate, in particular, to the relevance of the action and its compatibility with the objectives of the grant programme under which the call for proposals is being financed; the quality, expected impact and sustainability of the action, and its cost-effectiveness.

All eligibility and evaluation criteria specified in the call for proposals must be applied as specified and cannot be changed in the course of the procedure. The criteria should be precise and non-discriminatory (see the evaluation grid templates).

#### **6.5.4. Additional information before the deadline for submission of proposals**

During the time between the publication and the deadline for the submission of the concept note/full application[40], in addition to any information session held (see Section 6.5.1.), applicants should be able to ask questions to help them fill in the form and put together their applications. The contracting authority should therefore provide a contact point to which questions may be addressed. Lead applicants may submit questions in writing up to 21 days before the deadline for the submission of the concept notes/full applications.

The contracting authority must reply to all such questions at least 11 days before the deadline for submission of concept notes/full applications. Replies will be published on the relevant website(s), i.e. there is no need to provide individual replies. In the interest of equal treatment of applicants, the contracting authority cannot give a prior opinion on the eligibility of an applicant, an affiliated entity, an action or specific activities.

In compliance with transparency and equal opportunities requirements, the answer provided to applicants on points that may be of interest to other applicants must be made available to all applicants. The way to achieve this is to publish on the website where the call was published, website of DG International Partnerships or Funding and Tender opportunities website (F&T portal) (and other websites, where appropriate) a document containing all the questions and answers provided. This document must be updated regularly until 11 days before the deadline for submission of concept notes/full applications.

## **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT**

For calls for proposals launched in **direct management** as well as for calls for proposals in **indirect management** published in PROSPECT, the publication of all questions received and answers provided on the website of DG International Partnerships/F&T portal, is done via PROSPECT.

### **6.5.5. Deadline for submission of proposals**

#### **DIRECT MANAGEMENT**

For calls for proposals launched in **direct management**, proposals must be submitted online via PROSPECT by the date and time indicated in the guidelines for applicants. Lead applicants receive a confirmation of the date and time of their submission in PROSPECT. All dates and times in PROSPECT are expressed in Brussels time (GMT+1).

#### **INDIRECT MANAGEMENT**

Where PROSPECT is not used (i.e. under indirect management) or where PROSPECT is used but it is technically impossible for the applicant to submit the proposal via PROSPECT<sup>[41]</sup> proposals must be submitted to the contracting authority at the address and, at the very latest, by the date (and time, for hand-delivery) indicated in the guidelines for applicants, as evidenced by the date of dispatch, the postmark or the date of the deposit slip (for hand-delivery, the deadline for receipt is on the date and hour fixed in the guidelines for applicants). However, if accepting concept notes/full applications<sup>[42]</sup> that were submitted on time but arrived late would considerably delay the award procedure or jeopardise decisions already taken and notified, the contracting authority may, for reasons of administrative efficiency, reject any application received after the effective date of approval of the concept note evaluation (first stage) or of the evaluation of the full application (second stage)<sup>[43]</sup>.

The deadline for submission must be long enough to allow for high-quality proposals. Experience shows that a too short deadline may prevent potential applicants from submitting proposals or cause them to submit incomplete or ill-prepared proposals.

The minimum period for submission is 45 days. In exceptional cases, a shorter deadline may be allowed as a derogation<sup>[44]</sup>.

### **6.5.6. Submission of the concept note and full application**

Concept notes and full applications<sup>[45]</sup> must be submitted in accordance with the instructions given in the guidelines for applicants (see template guidelines, Annex e3a).

Lead applicants invited to submit a full application following a pre-selection of their concept note must submit the following documents<sup>[46]</sup> together with the full application form<sup>[47]</sup>:

- The statutes or articles of association of the lead applicant, of each co-applicant (if any) and of each affiliated entity (if any);
- The legal entity form duly completed and signed by each of the applicants;
- A financial identification form of the lead applicant.

In addition, for the purpose of the evaluation of the financial capacity, the following documents should be submitted:

- For action grants exceeding EUR 750 000 and for operating grants above EUR 100 000, the lead applicant must provide an audit report produced by an approved external auditor where it is available, and always in cases where a statutory audit is required by European Union or national law. That report must certify the accounts for up to the last three available financial years. In all other cases, the applicant must provide a self-declaration signed by its authorised representative certifying the validity of its accounts for up to the last three available financial years[48];
- For action grants not exceeding EUR 750 000 and for operating grants below EUR 100 000, a copy of the lead applicant's profit and loss account and the balance sheet for up to the last three financial years for which the accounts were closed).

Originals or photocopies of originals of the requested supporting documents must be provided showing legible stamps, signatures and dates of the said originals. If the supporting documents are not written in one of the official languages of the European Union or (if applicable) of the country of implementation of the action, a translation into the language/one of the languages of the call for proposals of the relevant excerpts of these documents showing proof of the applicants' eligibility may be requested for the purposes of interpreting the proposal.

## **Exceptions**

The audit obligation does not apply to international organisations nor to public bodies.

Depending on its risk assessment, the contracting authority may waive the audit obligation for secondary and higher education and training establishments.

The applicants must indicate the sources and amounts of European 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.

### **DIRECT MANAGEMENT**

The supporting documents required by a specific call for proposals must be uploaded in PADOR by the time limit given by the European Commission. If it is impossible to access PADOR on-line, lead applicants must submit the requested supporting documents together with PADOR registration form at the time of the full application.

No supporting document will be requested for applications for low value grants and for the following categories of applicants: (i) natural persons in receipt of education support (ii) natural persons most in need, such as unemployed and refugees, and in receipt of direct support (iii) public bodies, including Member State organisations (iv) international organisations (v) persons or entities applying for interest rate rebates and guarantee fee subsidies where the objective of those rebates and subsidies is to reinforce the financial capacities of beneficiaries or to generate an income.

## **6.5.7. The Evaluation Committee**

All members of the evaluation committee and any observer must sign a declaration of impartiality and confidentiality (see Annex A4) prior to carrying out any task related to the evaluation.

### **6.5.7.1. Composition**

Proposals are evaluated by an evaluation committee appointed by the contracting authority comprising a non-voting chairperson, a non-voting secretary and an odd number of voting members (the evaluators) with a minimum of three of them[49].

The evaluators must possess the technical and administrative capacity necessary to give an informed opinion on the proposals. They must have a reasonable command of the language in which the proposals are submitted. They must represent at least two organisational entities of the contracting authority with no hierarchical link between them, unless there are no separate entities (e.g. in a European Union delegation). If necessary, substitutes for the members can be appointed on the same conditions as the members.

#### **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The evaluation committee (i.e. the chairperson, the secretary and the evaluators) must be appointed by name by the contracting authority. Participation by observers must be authorised in advance by the contracting authority.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

The members of the evaluation committee (i.e. the chairperson, the secretary and the evaluators) are appointed by name by the contracting authority, who informs the European Commission at the latest 15 working days before the start of the evaluation. If the European Commission does not object within 5 working days, the evaluation committee is deemed to be approved. The European Commission must be invited to appoint an observer and is strongly encouraged to attend all or part of the meetings. Attendance by other observers requires prior authorisation by the European Commission.

The evaluation committee members should attend all meetings, except the opening meeting. Any absence must be recorded and explained in the evaluation report. A member who withdraws from the evaluation committee for whatever reason must be replaced by a substitute evaluator designated according to the standard procedure for appointing members of the evaluation committee. The chairperson of the evaluation committee determines to what extent the evaluation process must be restarted. This decision and any other decision relating to the replacement of a committee member must be recorded and reasons to be given in the evaluation report.

All evaluators have equal voting rights. Although Article 150 FR exempts Delegations from ensuring a hierarchical separation between members of evaluation committees, the hierarchical separation amongst voting members should in principle be applied whenever possible.

The evaluation committee should be formed early enough to ensure that the members (and any observer appointed by the European Commission, in the case of indirect management with partner countries with *ex ante* controls) are available in time to prepare and conduct the evaluation process.

The allocation of the final scores is a joint decision of the evaluation committee. However, the assessment of proposals may be split among the voting members. In this case, each concept note or full application must be assessed independently at least by two voting members[50].

The committee reserves the right to perform re-evaluations in duly substantiated cases. However, in the case of substantial discrepancies between the two assessments, the committee must re-evaluate the application concerned.

#### **6.5.7.2. Use of assessors**

Where the proposals received are particularly numerous or highly technical, it may not always be possible for the evaluation committee to examine each one in detail. If necessary, the assessment of all proposals or part thereof, may be carried out by external or internal assessors[51] so that the evaluation committee may conduct its deliberations on the basis of their assessments. Usually, the same assessors will be used for the different steps. Different assessors may be appointed for different lots[52].

Assessors work under the supervision of the chairperson of the evaluation committee. Assessors may attend the meetings of the evaluation committee as observers to present the results of their assessments and answer any questions from the evaluation committee members.

- For the administrative checks (including the eligibility of the action), the assessors check each proposal against the criteria listed in the checklist[53] and the declaration by the lead applicant (see the application form). Each proposal needs only to be checked by one assessor.

External assessors may be recruited as required.

- For the evaluation of concept notes and full applications, assessors must use the published evaluation grids (see template evaluation grids) to give scores and provide comments.
- At least two assessors must assess each concept note and each full application, working independently of each other<sup>[54]</sup>. The two assessors should preferably be chosen from among European Commission staff. In case of scarcity of internal resources, external assessors may also be chosen. The external assessors must have an in-depth knowledge of the issues covered by the grant programme concerned. Their expertise should be checked against their CVs. A minimum of 5 years of experience of a particular issue should be requested.

#### **6.5.7.3. EU Delegations as internal assessors for European Commission headquarters' calls for proposals**

Where the call for proposals is organised by a service of the European Commission headquarters, one of the two assessors for the evaluation of the full application will be from the EU delegation of the country where the action is to take place<sup>[55]</sup>. For regional actions, it is the lead EU delegation or, as appropriate, Headquarters that will consult the European Union delegations in the region concerned.

The assessor coming from the EU delegation will be nominated in accordance with the applicable instructions on the nomination of evaluation committees by the relevant authorizing officer. If assessors are not used, the EU delegation should nevertheless be duly consulted. If an EU delegation is not in a position to carry out the evaluation within the deadline, in order to avoid delays, its assessment can be taken over by a voting member from the evaluation committee or other internal or external assessor.

#### **DIRECT MANAGEMENT, AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The assessors are selected by the contracting authority. External assessors who receive a remuneration for their contribution (i.e. not officials or other staff of the contracting authority or the public administration of the partner country, staff of Member States embassies or of NGOs who participate pro bono) must be selected using the procedure for service contracts, i.e. in accordance with the applicable thresholds.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

The assessors are selected by the contracting authority. The list must be submitted for approval to the European Commission. Outside assessors who receive a remuneration for their contribution (i.e. not officials or other staff of the contracting authority or the public administration of the partner country, staff of Member States embassies or of NGOs who participate pro bono) must be selected using the relevant procedure for service contracts, i.e. in accordance with the applicable thresholds.

#### **6.5.7.4. Impartiality and confidentiality**

See Section 2.9.2.

#### **6.5.7.5. Responsibilities of the evaluation committee**

See Section 2.9.3.

#### **6.5.8. Stages in the evaluation process**

The evaluation process starts with the receipt of the concept notes<sup>[56]</sup> by the contracting authority, and ends with the decision to award grants to the selected applicants.

##### **6.5.8.1. Receipt and registration of proposals**

###### **6.5.8.1.1 Submission by PROSPECT**

In direct management, where PROSPECT is used for the management of calls for proposals, lead applicants must submit their proposals online via PROSPECT following the instructions given in the PROSPECT user manual.

Upon submission of the proposal, the lead applicants will receive an automatic confirmation of receipt in their PROSPECT profile.

### **6.5.8.1.2 Submission by other means**

In indirect management, lead applicants must submit proposals by post, private courier service or by hand delivery. When receiving proposals, the contracting authority must register them and provide a receipt for those delivered by hand (see Annex A7). The envelopes must remain sealed and be kept in a safe place until they are opened. The outer envelopes of proposals must be numbered in order of receipt (whether or not they are received before the deadline for submission of proposals).

Under direct management in the exceptional cases where for technical reasons is not possible to register in PROSPECT, lead applicants must submit proposals by post, private courier or by hand delivery. The service in charge of the call must ensure that all applications received are registered in PROSPECT following the opening session. Lead applicants who submitted online will receive an automatic acknowledgement of receipt. Applications received by post, private courier or hand deliveries (including any overdue applications) must be encoded on behalf of the applicants in the system and the original must be kept in the archives. Once an application is encoded, PROSPECT will generate an automatic acknowledgement of receipt to the email address of the organisation and of the contact person. In case of overdue applications, PROSPECT will generate the respective letter. In case the specific call does not allow the submission of proposals by post, private courier or hand deliveries, the applications received by these means will be rejected.

### **6.5.8.2. Opening session and administrative checks**

Members of the evaluation committee and external assessors where relevant, must have signed their declarations of impartiality and confidentiality, before they may have access to the applications.

#### **6.5.8.2.1 Opening session**

Under indirect management and direct management in cases where some applications are received on paper, all proposals received should be opened in an opening session (after expiry of the submission deadline) at which the registration details are checked and the proposals are numbered.

The secretary to the evaluation committee supervises the opening session and requests the assistance of other staff of the contracting authority if need be.

The register of proposals received should contain the following information:

- the registration number of the proposal;
- the date of submission;
- the lead applicant's name and address.

For each proposal:

- the original is kept safely in the archives of the contracting authority;
- copies are distributed to the evaluators and, where applicable, to the assessors.

#### **6.5.8.2.2 Administrative checks**

Only those proposals that met the deadline are subject to an administrative check to assess whether the criteria mentioned in the checklist are fulfilled. Under no circumstances may assessors or members of the evaluation committee change the checklist.

Note that the administrative check also includes an assessment of the eligibility of the action. Administrative checks may be carried out by members of the evaluation committee (including the secretary) or by one or more assessors.

If any of the requested information is missing or is incorrect, the application may be rejected on that sole basis and the application will not be evaluated further. However, if due to a clerical error on the part of the applicants, the applicants fail to submit evidence or to give a statement, the evaluation committee may, except in duly justified cases, ask the lead applicant to provide, within a set deadline, the missing information or clarify supporting documents. Such information or clarifications may not substantially change the proposal or alter the terms of the call. Once received, the evaluation committee may use its discretion in deciding whether it should be accepted, while ensuring equal treatment of proposals and proportionality. Any decision taken by the evaluation committee must be fully recorded and the evaluation report(s) shall give reasons (see Section 2.9.3.).

The contracting authority must keep proposals not considered for further evaluation.

If the members of the evaluation committee do not carry out the check themselves, the evaluation committee must review the conclusions of the assessor(s) using the completed grids. To facilitate the evaluation committee's review of the assessments, the secretary must ensure that one list is drawn up containing proposals that did not comply with the administrative checks. Reasons must be given for each entry on the list.

Following the opening session (where relevant), and the administrative checks, the evaluation committee meets to decide on any contentious case (including the eligibility of actions) and proceeds with the evaluation of the concept notes.

#### **6.5.8.3. Evaluation of the concept note**

Concept notes submitted within the deadline and that duly passed the administrative checks are then evaluated for the relevance and design of the action, using an evaluation grid (see Annex e5a[57]). The overall assessment is based on the scores obtained under each subheading, added up by heading. If the evaluation committee does not evaluate the concept notes itself, the final score is the arithmetical average of the scores given by the assessors. The completed evaluation grids for each concept note must be sent to the evaluation committee, if assessors are used.

Where the call for proposals is organised by a headquarters service of the European Commission and an European Union delegation exceptionally participates as assessor in the evaluation of concept notes, each concept note is assessed by the European Union delegation in the country where the proposed action is to take place, for assessment on the basis of the same evaluation grid (see Annex E8). The completed evaluation grids for each full application must be sent to the evaluation committee.

The secretary then draws up a list of all the concept notes, ranked by score. As a first step, only the concept notes that receive a score of at least 30 points in the evaluation are considered for pre-selection. Concept notes that reach the above threshold will then be ranked by score. The highest scoring applications will be pre-selected until at least twice the available budget for the call for proposals is reached.

#### **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The evaluation report on step 1 (the opening session (where relevant), the administrative checks and the concept notes) is submitted to the contracting authority, which must then decide whether to accept the recommendations of the evaluation committee.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

In addition to the above, the contracting authority must then submit the evaluation report to the European Commission for prior authorisation.

Following the evaluation of the concept notes, the contracting authority informs all lead applicants in writing of the results of the evaluation and whether or not they passed the opening (where applicable) and administrative checks and shall invite the shortlisted lead applicants to submit a full application[58]. Under direct management, this letter is generated and sent via PROSPECT. In case of hand deliveries or applications received by post, PROSPECT sends the letter to the email addresses encoded. Lead applicants who did not provide an email address will be informed by post.

#### **6.5.8.4. Evaluation of the full applications**

The opening session (indirect management and direct management in exceptional cases of paper submission) and administrative checks described above are also undertaken before the full application is evaluated[59].

The quality of the full application is assessed using the evaluation grid (see Annex e5b[60]) containing the selection and award criteria. Comments are made for each subheading on the basis of the questions and criteria used for that heading. In addition, there must always be a check of consistency between budget items and the description of the action. The overall assessment is based on the scores obtained under each subheading, added up by heading. If the evaluation committee does not evaluate the applications itself, the final score is the arithmetical average of the scores given by the assessors. For indirect management, the completed assessments for each proposal must be sent to the evaluation committee (for direct management they are available in PROSPECT).

Where the call for proposals is organised by a Headquarters service of the European Commission each full application will be allocated via PROSPECT to the European Union delegation in the country where the proposed action is to take place, for an internal assessment on the basis of the same evaluation grid (see Annex e8).[61]The completed evaluation grids for each full application must be sent to the evaluation committee.

Under direct management (members of) the evaluation committee or internal assessors evaluating the full applications may re-evaluate the scores given for the relevance at concept note stage and transferred to the full application. It is up to the evaluation committee to accept this new assessment or not.

Please note that the information assessed on the basis of the concept note may not be changed by the applicants in the full application except for the following: i) the contribution requested from the European Union for the action may not differ from the initial estimate by more than 20%. Should that requested contribution differ from the initial estimate, the difference between the European Union contribution and the total cost of the action must remain within the limits imposed by the guidelines for applicants; ii) the lead applicant may add, remove or replace one or more co-applicant(s) or affiliated entity (ies) only in duly justified cases; iii) the lead applicant may adjust the duration of the action if unforeseen circumstances outside the scope of the applicants have taken place following the submission of the concept note and require such adaptation (risk of action not being carried out). In such cases the duration must remain within the limits imposed by the guidelines for applicants. An explanation/justification of the relevant replacement/adjustment must be included in an accompanying letter or email[62].

The secretary then draws up a list of all the full applications, ranked by score. The highest scoring applications will be pre-selected until the available budget for this call for proposals is reached.

#### **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The evaluation report on the full applications (Step 2) is submitted to the contracting authority, which must decide whether to accept the recommendations of the evaluation committee.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

In addition, the contracting authority must then submit the evaluation report to the European Commission for authorisation.

Following the evaluation of the full applications, the contracting authority informs all lead applicants in writing of the results of the evaluation, whether or not they passed the opening (where applicable) and administrative checks and whether they have been provisionally selected according to their score. Those whose proposals have been provisionally selected will be invited to supply the required supporting documents.

Under direct management, the notification letter is generated and sent via PROSPECT. In case of hand deliveries or applications received by post, PROSPECT sends the notification letter to the email addresses encoded. Lead applicants who did not provide an email address will be informed by post.

#### **6.5.8.5. Submission of supporting documents[63]**

Lead applicants must submit the documents listed in Section 6.5.6 together with the full application[64]. In addition, a lead applicant whose application has been provisionally selected or placed on the reserve list will be requested to supply any other additional document requested by the contracting authority as well as the Declaration on Honour where the amount of the grant exceeds EUR 15 000. In direct management, lead applicants must provide these documents by uploading them in PROSPECT. When the value of the grant exceeds EUR 60 000, lead applicant, co-applicants and affiliated entities shall submit via PADOR the self-evaluation questionnaire on SEA-H.

#### **6.5.8.6. Final Eligibility checks**

Only those applications for which supporting documents were provided by the set deadline will be subject to an eligibility check. This assessment is carried out using the declaration by the lead applicant (including the lead applicant's statement of not being in an exclusion situation), the required supporting documents and the criteria set out in the guidelines for applicants. Under no circumstances may assessors or members of the evaluation committee change the declaration.

- Is the declaration by the lead applicant in conformity with the supporting documents requested?

Any missing supporting document or any inconsistency between the declaration and the supporting documents is sufficient to reject the proposal. However, the evaluation committee may use its discretion in deciding whether the concerned applicants should be allowed to submit missing documents or correct the relevant information, having regard to the principles of equal treatment and proportionality. Any decision taken by the evaluation committee must be fully recorded and the reasons leading to this decision must be explained in the evaluation report(s) (see Section 2.9.3.).

- Eligibility: are the applicants (and any affiliated entity(ies)) eligible?

This is assessed according to the criteria set out in the guidelines for applicants.

The eligibility checks may be carried out by members of the evaluation committee or by assessors. Each proposal may be examined by one person only.

While the eligibility checks are usually carried out only for the provisionally selected applicants at the end of the procedure, the evaluation committee may decide to check eligibility at any previous step in the procedure. In the interest of good administrative practice, the evaluation committee can check and then exclude applicants at any stage of the evaluation if it is immediately obvious that the latter do not meet the eligibility criteria.

If the members of the evaluation committee do not carry out the assessment themselves, the evaluation committee must review the conclusions of the assessors using their completed grids. To facilitate the evaluation committee's review of the assessments, the secretary must ensure that one list containing the ineligible proposals is drawn up. Reasons must be given for the ineligibility of each entry on the list.

#### **6.5.8.7. The evaluation committee's conclusions**

The evaluation committee drafts its recommendations; in case assessors participate to the evaluation committee, such recommendations are drafted only after the assessors have examined all the applications. In this respect, the evaluation committee must not change the assessors' scores or recommendations and must not alter the evaluation grids completed by the assessors.

The evaluation committee may decide to approve the ranking drawn up by the secretary on the basis of the assessors' report. If the evaluation committee does not accept the scores awarded by the assessors to an application (where for instance there is a significant difference or clear discrepancies between the scores awarded by the assessors), it must give reasons for this decision in the evaluation report. The committee then has to fill in a new evaluation grid (either collectively or by one of the voting members of the committee) for the proposal concerned. Such a re-evaluation may not be entrusted to external assessors. A new list will be produced on the basis of the scores from the new evaluation, which replace those given by the assessors. The new evaluation may also cover only one or more parts of the evaluation (for example, where the evaluation committee decides to re-evaluate only the relevance of the actions).

All such decisions must be recorded and fully substantiated in the evaluation report. The evaluation grids completed by the members of the evaluation committee must be kept with those completed by the assessors.

The evaluation committee's decisions are taken independently and in an advisory capacity. The evaluation committee must ultimately draw up a list of the applications selected for financing, indicating the score obtained by each application, the requested amount of the proposed grant and the proportion of the eligible costs proposed to be financed. Subject to the following considerations, this list is made up of the applications obtaining the best scores, ranked by order, within the limits of the funds available under the call for proposals.

- The evaluation committee may recommend the selection of an application under certain conditions that should be met prior to contract signature. Any such conditions, however, should not call into question the grant award decision or be contrary to the equal treatment of applicants (see Sections 6.3.6. and 2.5.2).
- The evaluation committee may decide not to allocate all the available funds if it finds that there are too few applications of the quality required to receive a grant. In other words, the mere availability of funds should not lead to the award of contracts for applications that do not reach the necessary level of quality.
- The evaluation committee may draw up a list by subject or geographical area according to the guidelines for applicants.
- The evaluation committee may reject an application if it has selected another that is of a similar nature but has been awarded a higher score.
- Where several applications submitted by the same lead applicant are selected for financing, but the lead applicant does not have the financial and operational capacity required to implement all the actions together, the committee may reject the applications that have been awarded a lower score, and select the applications that the lead applicant has the capacity to implement.

The evaluation committee may also draw up, in the same conditions, a ranked reserve list comprising a limited number of applications that obtained the best scores after those selected for financing. This reserve list is valid for the period stated in the evaluation report. The applications included in that list are likely to receive a grant if funds become available under the call for proposals (if the eligible costs of the selected applications decrease, or it is impossible to sign a contract with the selected applicants, etc.).

The final evaluation report, covering the eligibility checks, is drawn up following the final meeting of the evaluation committee. It must be signed by all members of the evaluation committee.

#### **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The entire evaluation procedure is recorded in an evaluation report to be signed by the chairperson, the secretary and all evaluators. This must be submitted to the contracting authority, which must decide whether or not to accept its recommendations.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

In addition to the above, the contracting authority must then submit the evaluation report and the recommendations of the contracting authority to the European Commission for authorisation.

If the contracting authority confirms that no modifications have been made (either in the special conditions or in the proposed contract annexes) to the standard contract conditions annexed to the guidelines for applicants, the European Commission's authorisation of the evaluation report, including the final list of grants to be awarded counts as a global endorsement of the corresponding contracts if such endorsement is required. The list must include all the information necessary to conclude the contracts (including the applicants' details, the maximum grant amount and the duration of the contract). No endorsement by the EU delegation is required in certain cases referred to in the practical guide to procedures for Programme Estimates.

Once the approvals have been given, the contracting authority will begin awarding the grants (see Section 6.5.10.).

The award decision states the subject and overall amount of the decision, the approved evaluation report and, where appropriate, the grounds for the decision by the contracting authority to depart from the recommendations made by the evaluation committee in the report in respect of a particular application.

Subject to the contracting authority's legislation on access to documents, the entire procedure, from the drawing-up of the call for proposals to the selection of successful applicants, is confidential. The evaluation committee's decisions are collective and its deliberations must remain secret. The evaluation committee members and assessors are bound to secrecy. If its law conflicts with the confidentiality required, the contracting authority must obtain prior authorisation from the European Commission before disclosing any information.

#### **6.5.9. Cancelling the call for proposals procedure#Cancelation of call for proposals**

The contracting authority may decide to cancel the call for proposals procedure at any stage, but particularly in the light of the evaluation report, if:

- the call for proposals has been unsuccessful, i.e. no worthwhile proposal has been received or there were no replies;
- the economic or technical data of the programme have been fundamentally altered;
- exceptional circumstances or force majeure render the normal implementation of the planned actions impossible;
- there have been irregularities in the procedure, in particular where these have prevented equal treatment.

#### **DIRECT MANAGEMENT**

The cancellation of a call for proposals constitutes an event to be reported.

#### **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

The contracting authority must obtain the prior authorisation of the European Commission.

#### **INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

The responsibility for cancelling a call for proposals procedure lies with the contracting authority.

If a call for proposals is cancelled, all lead applicants must be notified of the cancellation by the contracting authority but will not be entitled to compensation. Under direct management, this letter is generated and sent via PROSPECT. In case of hand deliveries or applications received by post, PROSPECT sends the letter to the email addresses encoded. Lead applicants who did not provide an email address will be informed by post.

The contracting authority must then send a cancellation notice to the relevant services in the European Commission for publication on the website where the call was published, website of DG International Partnerships or Funding and Tender opportunities website (F&T portal).

#### **6.5.10. Awarding grants**

##### **6.5.10.1. Notification of applicants**

## **DIRECT MANAGEMENT AND INDIRECT MANAGEMENT WITH *EX POST* CONTROLS**

Notifications to the successful lead applicants on the outcome of the evaluation of their applications must be provided within 6 months following the submission deadline of the full application. However, for complex actions (such as multi-beneficiaries calls or calls with a large number of proposals) or where there have been delays attributable to the applicants, the 6 months deadline can be extended.

After the contracting authority has given its official approval of the final list of grants to be awarded, it notifies all successful lead applicants in writing that their applications have been selected.

Under direct management, this letter is generated and sent via PROSPECT. In case of hand deliveries or applications received by post, PROSPECT sends the letter to the email addresses encoded. Lead applicants who did not provide an email address will be informed by post.

## **INDIRECT MANAGEMENT WITH *EX ANTE* CONTROLS**

In addition to the above, the approval of the European Commission is required.

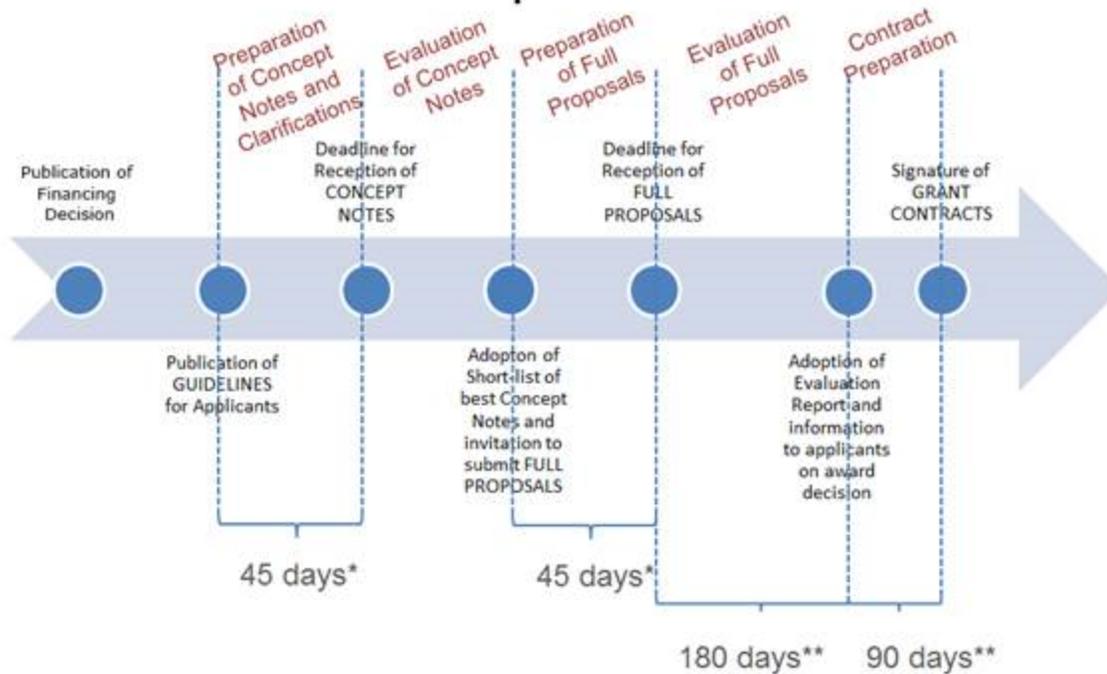
If the call for proposals was organised by a headquarters service of the European Commission a copy of these notifications, and, where appropriate, all the documentation and information from the evaluation needed to draft and manage the contract, are sent to the European Union delegation in the country where the proposed action is to take place.

Letters to successful lead applicants must be sent within 15 days of the award decision: unsuccessful lead applicants must be informed that they have not been selected (including the reasons why they were unsuccessful) within 15 days of the notification to the successful lead applicants.

At the latest before taking the award decision, the contracting authority ensures that there is no record of the successful applicant, including partners, in exclusion situation in the early detection and exclusion system nor in the lists of European Union restrictive measures (see Sections 2.4. and 2.6.11.1 and 2.6.11.3.) (in indirect management this must be checked with the EU delegation).

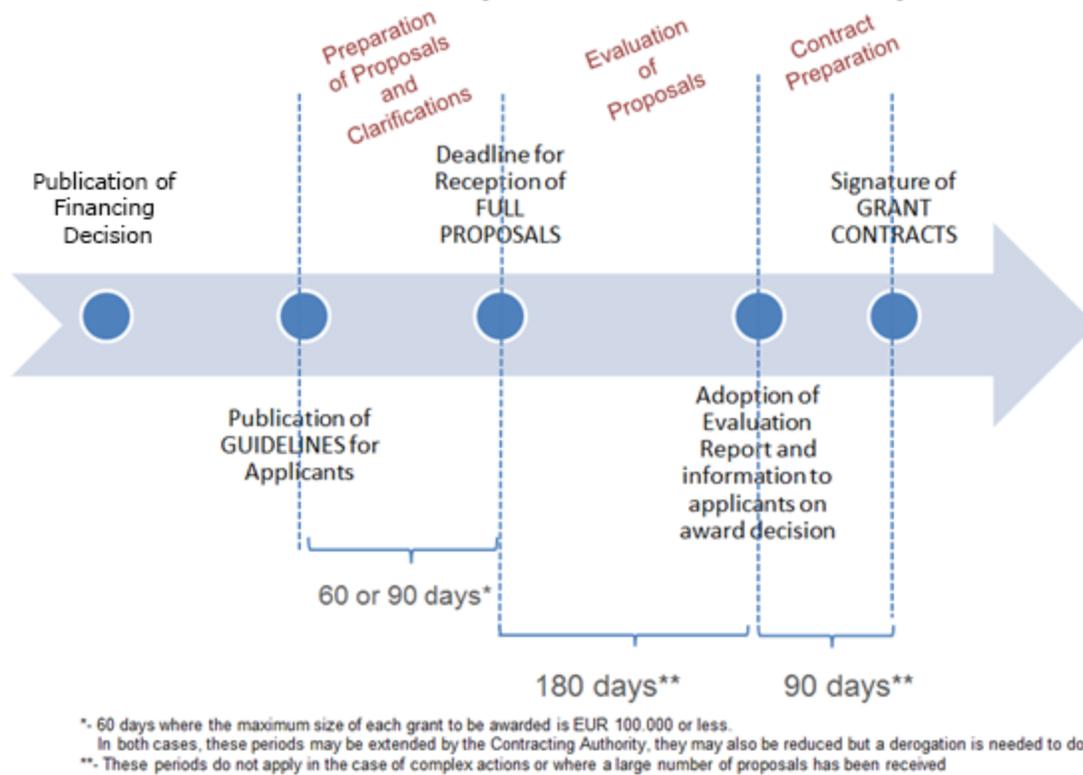
The timeline and the different stages of restricted and open calls for proposals can be summarised as follows:

# Timeline of a restricted Call for Proposals



\*. These periods may be extended by the Contracting Authority, they may also be reduced but a derogation is needed in this case  
 \*\*. These periods do not apply in the case of complex actions or where a large number of proposals has been received

# Timeline of an open Call for Proposals



## 6.5.10.2. Contract preparation and signature

In preparing grant contracts for each of the successful applicants on the final list, the contracting authority must follow the steps outlined in Sections 2.10.2 and 2.10.3.

The budget proposed for the action by the successful applicants at the call for proposals stage must be corrected to remove any obvious arithmetical errors or ineligible costs prior to signing the contract. The description of the action is corrected accordingly if need be.

The contracting authority may decide that other clarifications or minor corrections may be made to the description of the action or to the budget in so far as they do not call into question the grant award decision, do not conflict with equal treatment of applicants, and:

- relate to matters clearly identified by the evaluation committee; or
- aim at taking into consideration changes that have occurred since the date of receipt of the proposal.

These amendments cannot lead to an increase in either the amount of the grant or the percentage of the European Union contribution as set in the guidelines of the call for proposals. In this respect, records of the contacts with the applicants must be kept on the file.

In direct management, the signing of a grant contract with an applicant must take place within 3 months from the notification of the award decision. However, in exceptional circumstances, in particular in case of complex actions (such as multi-beneficiaries calls or, in case of calls with a large number of proposals) or where there have been delays attributable to the applicants, this rule should not be applied.

**Any other alteration to the successful applicant's proposal, or negotiation of it, is prohibited.**

**Use of reserve lists**

Once the above mentioned procedure has been followed, and all possible contracts have been signed with successful applicants on the final list, it may be the case that some funds remain available under the budget of the call for proposals. It may even be the case that additional funds are added while the reserve list is still valid.

In these cases, the procedure for signing additional contracts from the reserve list will be:

- If the funds still available suffice to finance the requested European Union contribution from the first runner on the reserve list, the provisions above regarding the notification and contract preparation/signature are followed. In order to verify whether the funds are enough, the arithmetical errors and potential ineligible costs must have been taken into consideration as they may lead to a reduction of the budget.
- If the funds available do not suffice, this same applicant will be offered the possibility to increase its co-financing in order to bridge the gap. If the applicant is able to do so (please note that, as a result of this exercise, the percentage of eligible costs must remain within the authorised co-financing rules set by the guidelines of the concerned call), the contract will be signed in line with the instructions in this chapter. In the case that no additional funds can be secured by the applicant, or in case that the new percentage of co-financing is not compliant with the guidelines for applicants, no contract will be signed and the second runner in the list will be contacted. The same approach is followed (availability of funds to finance the action after correction of potential arithmetical errors or ineligible expenditure, possibility is given to increase their contribution if the remaining funds cannot cover the requested European Union financing, etc.).

If needed, the same will be done with the subsequent applicants on the reserve list (3<sup>rd</sup>, 4<sup>th</sup>, etc.).

**Under no circumstances will applicants be requested to reduce or amend their actions (apart from the possible corrections and clarifications explained in this chapter) in order to make them fit the available European Union financing, since this would entail a negotiation and an alteration of the proposal.**

This procedure may lead to situations where lower ranked proposals are finally given a contract instead of higher ranked ones. For the sake of transparency and equal treatment, it is important to keep a record of all communications with the applicants when following the above described process.

#### **6.5.11. Characteristics of the standard grant contract**

If awarded the grant contract, the applicants will become the grant beneficiary(ies) and party(ies) to the grant contract. In particular, the lead applicant will become the beneficiary identified in Annex e3h1 (special conditions) as the coordinator.

- The coordinator is the main interlocutor of the contracting authority. It represents and acts on behalf of any other beneficiary (if any) and coordinates the design and implementation of the action.
- The costs eligible for financing are the costs incurred by the grant beneficiary (or beneficiaries in case of multi-beneficiary grants). Costs incurred by affiliated entities to a beneficiary may also be accepted as eligible costs.
- The standard grant contract recognises the beneficiary's independence of action and lays down simplified management rules accordingly. In particular, it allows the coordinator to adapt or modify the action without the prior consent of the contracting authority provided that the modifications are not substantial (i.e. they do not put into question the conditions of award of the contract) and do not result in a change of more or less than 25% to any budget heading.
- In awarding any procurement contracts required for the purposes of the action, the beneficiary must comply with the rules set out in Annex IV to the contract.
- Unless otherwise requested or agreed by the European Commission, the grant beneficiary must take the necessary measures to ensure the visibility of the Union financing or contribution (see Section 2.5.3.).

##### **6.5.11.1. Publicising the award of grants**

## **DIRECT MANAGEMENT**

Grants awarded in direct management of EUR 15 000 or more are published in the Financial Transparency System (FTS) (as extracted from ABAC) and on the website of DG International Partnerships/F&T portal (as extracted from PROSPECT in case of call for proposals).

## **INDIRECT MANAGEMENT**

Grants awarded in indirect management are published locally. If such local publication is not done, the EU delegation shall upload in PROSPECT Annex e11 as filled in by the contracting authority.

Once the contracts have been signed, the contracting authority drafts a notice of award for each call for proposals (see award notice, Annex e11).

In direct management, it immediately uploads it in electronic form in PROSPECT and it is automatically sent for publication on the website of DG International Partnerships or F&T portal<sup>28</sup>. In addition, the contracting authority must record all information concerning the procedure (including the number of applicants in the past year; the number and percentage of successful applications per call for proposals; the mean duration of the procedure from the date of closure of the call for proposals to the award of a grant; the grant amounts; the names of the applicants; and details of the beneficiaries).

In indirect management, for the grant contracts concluded in the framework of programme estimates, the relevant contracting authority shall prepare for publication a summary table based on the format in Annex e11 to the Practical Guide ('Publication of awards') and i) publishes it on its own Internet site and/or in any other appropriate media. If the relevant contracting authority does not publish on its own internet site, the EU Delegation should remind this obligation and if still not published, the EU Delegation should ii) immediately upload Annex e11 in electronic form in PROSPECT (indirect management - publication only) and it is automatically sent for publication on the website of DG International Partnerships or F&T portal.

The European Commission may waive or authorise the contracting authority from the partner country to waive the above obligations if publication of the information might threaten the safety of the beneficiaries or harm their business interests.

### **6.6. Low value grants**

Low value grants are those grants that are lower than or equal to EUR 60 000.

In this case, specific simplifications apply:

- The refusal of accepting in kind co-financing must be justified.
- No supporting documents are requested.
- The pre-financing guarantee may not be asked.
- Accounting records and supporting documents must be kept for 3 years after the payment of the balance.
- The no-profit rule does not apply.

### **6.7. Modifying grant contracts**

#### **6.7.1. General principles**

See Section 2.11.2.

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

When using the standard grant contract, the maximum amount of the grant and the maximum percentage of the European Union contribution must not be increased.

### **6.7.2. Preparing an addendum**

See Section 2.11.2.

## **6.8. Award of contracts & financial support to third parties by grant beneficiaries**

### **6.8.1. Award of contracts**

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

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

### **6.8.2. Financial support to third parties by grant beneficiaries**

If the action requires financial support to be given to third parties<sup>[65]</sup>, it may be given on condition that:

- Before awarding the grant, the contracting authority has verified that the grant beneficiary offers appropriate guarantees as regards the recovery of amounts due to the European Commission. This is due to the fact that the grant beneficiaries remain financially responsible vis-à-vis the contracting authority for the correct use of the financial support.
- The following conditions for giving such support are strictly defined in the grant contract to avoid the exercise of discretion by the grant beneficiary. By default, the applicants will include this information in their applications:
  - a) The objectives and results to be obtained with the financial support
  - b) The different types of activities eligible for financial support, on the basis of a fixed list

Where no specific activities are supported (e.g. unconditional cash transfers to refugees to support their living or to human right defenders to support their work in general) this must also be specified. In this case, the grant beneficiary does not have to demonstrate that the financial support has been used by the recipients of financial support for a specific purpose.

- c) The types of persons or categories of persons that may receive financial support

As basic acts usually do not foresee restrictions on nationality and origin regarding the recipients of financial support the contracting authority has to include any such restrictions in the guidelines for applicants.

- d) The criteria for selecting these entities and giving the financial support

Where the contracting authority wants to ensure that the beneficiary complies with certain principles and/or procedures justified by the specifics of a call (e.g. where large amounts will be redistributed through calls for proposals), this should be set forth in the guidelines for applicants. For example, the guidelines could foresee that, when launching calls for proposals for the award of financial support, beneficiaries may use their own procedures provided these procedures comply with the principles of proportionality, sound financial management, equal treatment and non-discrimination, ensure transparency with adequate publication of calls for proposals and prevent conflict of interests throughout the entire award procedure.

- e) The criteria for determining the exact amount of financial support for each third entity

Where the contracting authority wants to ensure that the financial support should be based e.g. on costs actually incurred or comply with the no-profit-principle this needs to be specified in the guidelines for applicants.

f) The maximum amount that may be given

The maximum amount of financial support that can be paid must not exceed EUR 60 000 per third party, except where achieving the objectives of the actions would otherwise be impossible or overly difficult. In that case, no limits apply[66].

Where the contracting authority wants to apply a total ceiling for the giving of financial support (i.e. the available envelope for the applicants in this regard), this needs to be specified in the guidelines for applicants.

Applicants may also be invited in the guidelines for applicants to propose the necessary documents to be kept by third parties to demonstrate that the financial support has been used in accordance with the grant contract.

In the current context where grants of a large amount are encouraged to avoid the multiplication of small contracts, financial support to third parties can be an effective way to fund grass-roots organisations or local authorities, within the above described limits.

For the avoidance of doubt, rules on financial support apply only where a beneficiary provides this support to a third party. The criteria above do not need to be complied with when funds are provided to co-beneficiaries or affiliated entities.

## 6.9. Grants to organisations whose pillars have been positively assessed, (other) international organisations and national bodies

### 6.9.1. Grants to organisations whose pillars have been positively assessed by the European Commission and (other) international organisations

If the beneficiary of a grant (i.e. the coordinator in a multi-beneficiary contract) is an organisation whose pillars have been positively assessed by the European Commission, this organisation will not sign a grant contract but a contribution agreement based on the related template[67]:[68].

However, the template of the contribution agreement will need to take into consideration standard templates published with the call for proposals, i.e. the budget (Annex B) and the logical framework (Annex C)[69] which is to be included in the description of the action. The description of the action (Annex I to the contribution agreement) will be drawn from the application form submitted by the organisation[70].

Where the lead applicant is not a pillar assessed organisation but one or more co-applicant are international organisations whose pillars have been positively assessed, the standard grant contract will be signed. In this case, additional provisions of Annex e3h11 will be incorporated under Article 7 of the special conditions.

Some provisions of Annex e3h11 (see Annex e3h11 for details) also need to be included in the special conditions if the lead applicant or a co-applicant is an international organisation whose pillars have not been positively assessed.

#### *- Definition of international organisation*

As per Article 156 FR, ‘international organisation’ means an international public-sector organisation set up by international agreement, and specialised agencies set up by such organisations — these organisations may have a worldwide or regional scope. Entities created under national law are not international organisations (e.g. a national NGO with several regional or country offices).

Organisations such as the United Nations and its agencies and specialised entities, the World Bank, the Organisation for Economic Cooperation and Development, the World Trade Organisation, the International Monetary Fund, the Organisation for Security and Cooperation in Europe, the European Bank for Reconstruction and Development and the International Organisation for Migration clearly fall under the definition of ‘international organisation’. In cases of doubt, to ascertain whether an organisation is covered by the definition, the nature of the organisation must be determined mainly on the basis of its legal founding documents (for instance, its statutes and/or the intergovernmental agreement setting it up).

Other non-profit organisations can be assimilated to international organisations by a Commission decision.

### 6.9.2. Grants awarded to (other) national public bodies from Member States or third donor countries

Grants awarded to national public bodies from Member States or third donor countries **whose pillars have not been positively assessed** by the European Commission must follow the normal grant rules and procedures set out in this chapter and the standard grant contract will be signed. However, national public bodies may benefit from special rules applicable to public-sector bodies (for instance, being exempted from submitting a financial guarantee).

### 6.9.3. Grants to national public bodies from a partner country

Where a public body from a partner country successfully participates in a call for proposals, it will implement the action by way of a grant and the standard grant contract will be signed[71].

Where a public body from a partner country implements an action outside the scope of a call for proposals the applicable modality depends on the concrete action:

1. If the activities to be implemented by the public body with its own resources/staff are envisaged as a stand-alone project (i.e. not involving budget implementation tasks) the public body will sign the standard grant contract. In these cases, a direct award is always justified due to the monopoly situation of the beneficiary[72]. Such activities may also include the award of contracts but only to supplement the activities to be implemented by the staff of the public body.
2. Where the financial contribution of the European Union aims at supporting the running costs of the National Authorising Officer (NAO) under the EDF or of a ministry, such support will be provided by way of an operating grant. Again, the NAO or ministry may award contracts in line with the relevant provisions of the grant contract. The aforementioned support to the NAO or to a ministry must not be confused with support to the implementing structure of a project under a programme estimate. In the latter case, the European Union contribution supports the body in managing budget implementation tasks (not the running costs) and will be provided as part of the programme estimate under the financing agreement with the partner country(ies)[73].
3. If the activities to be implemented by the public body are part of a larger project or programme involving also budget implementation tasks the public body will implement the activities under a programme estimate[74].

## 6.10. List of Annexes

E	Grants	
E2	Local publication	<a href="#">e2_localpub_en.docx</a>
<b>E3</b>	<b>Guidelines for grant applicants</b>	
E3a	Guidelines for grant applicants (indirect management)	<a href="#">e3a_guidelines_en.docx</a>
E3aP	Guidelines for grant applicants (PROSPECT)	<a href="#">e3aP_guidelines_prospect_DM_en.zip</a>
E3a1	Annex J – Information on the tax regime applicable to grant contracts	<a href="#">e3a1_guidelines_annexJ_en.doc</a>
E3a2	Annex K - Guidelines and checklist for assessing budget and simplified cost options	<a href="#">e3a2_guidelines SCO Annex K_en.docx</a>
E3b	Application form (indirect management)	<a href="#">e3b_applicform_en.docx</a>
E3bP	Application form – Annexes A.1 and A.2 - Concept note and full application (PROSPECT)	<a href="#">e3bP_applicform_cn_fa_prospect_DM_en.zip</a>
E3c	Annex B – Budget	<a href="#">e3c_budget_en.xlsx</a>

E3d	Annex C – Logical framework	<a href="#">e3d_logframe_en.docx</a>
E3e1	Annex D – Legal entity file (natural person)	<a href="#">e3e1_lefind_en.pdf</a>
E3e2	Annex D – Legal entity file (private or public law body with legal form)	<a href="#">e3e2_lefcompany_en.pdf</a>
E3e3	Annex D – Legal entity file (public law body)	<a href="#">e3e3_lefpublic_en.pdf</a>
E3f	Annex E – Financial identification form	<a href="#">e3f_fif_en.pdf</a>
E3h1	Annex G – Standard grant contract (special conditions)	<a href="#">e3h1_speccond_en.docx</a>
E3h2	Annex G – Annex II – General conditions	<a href="#">e3h2_gencond_en.pdf</a>
E3h3	Annex G – Annex IV – Procurement rules for beneficiaries	<a href="#">e3h3_awardproc_en.docx</a>
E3h4	Annex G – Annex V – Standard request for payment	<a href="#">e3h4_requestpay_en.doc</a>
E3h5	Annex G – Annex VI (1) – Model narrative and financial report (Interim narrative report)	<a href="#">e3h5_interreport_en.docx</a>
E3h6	Annex G – Annex VI (2) – Model narrative and financial report (Final narrative report)	<a href="#">e3h6_finalreport_en.docx</a>
E3h7	Annex G – Annex VI (3) – Model narrative and financial report (Financial report)	<a href="#">e3h7_financialreport_en.xlsx</a>
E3h8a	Annex G – Annex VII – Expenditure verification: terms of reference and report of factual findings (Annex VII)	<a href="#">e3h8a_expendverif_en.docx</a>
E3h8b	Annex G – Annex VII – Expenditure verification: table of transactions and table of errors (Annex VII)	<a href="#">e3h8b_expendverif_en.xlsx</a>
E3h9	Annex G – Annex VIII – Model financial guarantee	<a href="#">e3h9_finguarantee_en.doc</a>
E3h10	Annex G – Annex IX - Standard template for transfer of ownership of assets	<a href="#">e3h10_transferassetownership_en.doc</a>
E3h11	Derogations international organisations	<a href="#">e3h11_derogations_ios_en.docx</a>
E4a	Terms of reference for assessors	<a href="#">e4a_torassessors_en.docx</a>
E4b	Guidelines for assessors	<a href="#">e4b_guidelinesassessors_en.docx</a>
E5a	Concept note evaluation grid	<a href="#">e5a_conceptevalgrid_en.docx</a>
E5b	Evaluation grid full application form	<a href="#">e5b_propevalgrid_en.docx</a>
E6a	Evaluation report step 1 — Opening and & administrative checks and concept note evaluation (indirect management)	<a href="#">e6a_opening_conceptevalrep_en.docx</a>
E6b	Evaluation report step 2 — Full application evaluation (indirect management)	<a href="#">e6b_applievalrep_en.docx</a>
E6c	Evaluation report step 3 — Final eligibility checks (indirect management)	<a href="#">e6c_finalevalrep_en.docx</a>
E8	Letter to delegation evaluation	<a href="#">e8_note_delegation_evaluation_en.docx</a>
E9a	Letter step 1 (indirect management)	<a href="#">e9a_letter_step_1_en.docx</a>
E9b	Letter step 2 (indirect management)	<a href="#">e9b_letter_step_2_en.docx</a>
E9c	Letter step 3 (indirect management)	<a href="#">e9c_letter_step_3_en.docx</a>
E10	Addendum to contract	<a href="#">e10_addendum_to_contract_en.docx</a>
E11	Publication of award	<a href="#">e11_publication_of_award_en.docx</a>
E12a	Framework partnership agreement	<a href="#">e12a_fw_partnership_agreement_en.docx</a>
E13	PADOR offline registration form	<a href="#">e13_organisation_data_form_offline_en.pdf</a>
E14	Annex L – Self-evaluation questionnaire on SEA-H	<a href="#">e14_self-evaluation questionnaire on SEA-H_en.docx</a>

- [1] The duration of an operating grant may not exceed 12 months.
- [2] For the 11<sup>th</sup> EDF and amended 10<sup>th</sup>EDF Financial Regulation (bridging facility) the relevant objective/interest is defined as: (a) an action intended to help achieve an objective of the 2000/483/EC Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (Cotonou Agreement) or the Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision') (OJ L 344, 19.12.2013, p. 1), or of a programme or project adopted in accordance with that agreement or decision; or (b) the functioning of a body which pursues an objective referred to in point (a).
- [3] 'Final beneficiaries' are those who will benefit from the project in the long term at the level of the society or sector at large.
- [4] 'Target groups' are the groups/entities who will be directly positively affected by the project at the project purpose level.
- [5] Please note however that references acquired in implementing grant contracts cannot be presented in support of an application for a service contract (in Section 6 of the application form for service tenders, PRAG Annex b3), and that references to implemented service contracts cannot be presented in support of a grant application (in Sections 2.2 and 2.3 of Part B of the grant application form, PRAG Annex e3b).
- [6] See Article 180(3) of Regulation (EU, Euratom) No 1046/2018 of the European Parliament and of the Council of 30 July 2018 on the financial rules applicable to the general budget of the Union (OJ L 193, 30.7.2018, p.118) (FR).
- [7] Article 1(52) FR.
- [8] Applicable also to EDF as per Article 17(2) of the Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11<sup>th</sup> European Development Fund (OJ L 58, 3.3.2015, p. 17).
- [9] Article 187 FR.
- [10] OJ L 182, 29.6.2013, p. 19.
- [11] Specific guidelines on the procedure to be followed to accept financing not linked to costs will be provided to the services in due time.
- [12] Article 125(c) to (f) and Article 180(3) FR.
- [13] At least in the 'justification sheet' of the budget and in the budget itself.
- [14] Other SCOs need to be always ex-ante assessed independently of their amount.
- [15] See example in Annex e3a2 'Guidelines for simplified costs options for Union financed grant contracts.
- [16] Please note that legal commitments for grants implementing the budget under the Multiannual Financial Framework 2014-2020 may continue to take form of grant decisions. The provisions of Title VIII of FR 2018 applicable to grant contracts shall apply mutatis mutandis to grant decisions. The European Commission shall review the use of grant decisions under the post-2020 multiannual financial framework, in particular in view of the progress made in electronic signature and electronic management of grants by the time (Article 279(1) FR 2018).
- [17] Exceptions may apply e.g. to twinning projects.
- [18] For direct awards, the financing may go back to the starting date of negotiations as confirmed by administrative evidence.
- [19] That could be even an earlier date than that of the financing decision.
- [20] Under the FR (Article 110), it is no longer necessary to indicate cases of cost-eligibility-retroactivity in the financing decision.
- [21] Nevertheless, actual costs generated by the acceptance, distribution, warehousing etc. of in kind contributions may be eligible for funding if complying with Article 14 of the general conditions.
- [22] See dedicated box for details on the presentation of volunteer's work in the budget.
- [23] Article 190(2) FR.
- [24] Article 192(3) FR.
- [25] Please note that in direct management, for calls for proposals where PROSPECT is used, the self-evaluation questionnaire on SEA-H must be submitted via PADOR. In case of direct award of grants, where PROSPECT is not used, all submitted data, including the self-evaluation questionnaire on SEA-H, must be transferred into the relevant European Commission information systems.
- [26] With the next PROSPECT release, the publication of call for proposals will move from the website of DG International Partnerships to the Funding & Tender opportunities (F&T Portal).
- [27] <https://webgate.ec.europa.eu/pador>
- [28] <https://webgate.ec.europa.eu/prospect>
- null
- [30] Article 130 FR.
- [31] FFPA templates for mono-beneficiary grants under direct management including a template for the specific grant contracts based on the standard grant contract for European Union external actions are available as annexes to the practical guide.
- [32] In line with the conditions set by Article 154(2)(3)(4) FR.
- [33] Article 195 FR.

[34] For the European Instrument for Democracy & Human Rights (multiannual financial framework 2014-2020), Article 6(1) (c) (iii) of Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action (CIR) (OJ L 77, 15.3.2014, p. 95), and for the MFF 2021-2027, Article 27 (3) (c) of Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe.

[35] With the next PROSPECT release, the publication of call for proposals will move from the website of DG International Partnerships to the Funding & Tender opportunities (F&T Portal).

[36] Full application in case of open procedures.

[37] Note that a division of lots into sub-lots is not possible.

[38] For financial framework partnership agreements, the verification of the financial capacity takes place before entering into the framework agreement.

[39] Article 198(5) FR

[40] For open calls, during the time between the publication and the deadline for the submission of the application form.

[41] This only applies where the option to exceptionally submit applications offline is foreseen in the guidelines for applicants.

[42] For open calls, full application forms.

[43] For open calls, this first step is the approval of the concept note evaluation.

[44] For open calls, the minimum period between the date of publication of the guidelines for applicants and the deadline for submission of proposals is 90 days. Where the maximum size of each grant to be awarded within the programme is EUR 100 000 or less, the minimum period is 60 days.

[45] For open calls, the application form should be submitted in accordance with the instructions given in the guidelines for applicants.

[46] No supporting documents are requested for an application for a grant not exceeding EUR 60 000.

[47] For open calls, these documents should be submitted together with the application form.

[48] This requirement must apply only to the first application made by a beneficiary to a contracting authority responsible in any one financial year.

[49] Note that the evaluation committee, the chairperson, the secretary and the voting members are appointed for the call for proposals as a whole, i.e. there may not be different committees, chairpersons, secretaries or voting members for different lots.

[50] The foregoing is only relevant where no assessors are used. For the avoidance of doubt, neither the chairperson nor the secretary may assess concept notes/full applications.

[51] Internal assessors are to be understood as internal to the contracting authority (based in European Union delegations or at Headquarters). External assessors are external experts.

[52] Where different types of expertise are required for the different assessments, different assessors may also be appointed for the different steps of the award procedure.

[53] Please note that the concept note / full application should not be rejected only because the information filled in by the applicant in the checklist is not correct (relevant for indirect management only).

[54] It is also possible to have proposals evaluated by one assessor and one voting member of the evaluation committee acting as the second assessor.

[55] In duly justified cases, the European Union delegation may also be involved in the evaluation of the concept notes.

[56] Full applications and concept notes in case of open calls for proposals.

[57] For direct management, the same grid is generated in PROSPECT.

[58] For open procedures, following the assessment of the concept note by the evaluation committee, the contracting authority shall inform applicants whether their concept notes have been pre-selected and therefore, the full application will be evaluated.

[59] For open procedures, there is no opening and administrative checks before the evaluation of the full application.

[60] For direct management, the same grid is generated in PROSPECT.

[61] This means that one of the assessors will be from the relevant European Union delegation.

[62] In case of direct management when PROSPECT is used in Annex A.2 – Instructions for drafting the Full Application, Section 2.1.1, point viii.

[63] No supporting documents will be requested for applications for a grant not exceeding EUR 60 000.

[64] In case open calls for proposals, documents should be submitted together with the application form.

[65] Article 204 FR.

[66] Under the initial 10<sup>th</sup> (and previous) EDF Financial Regulation, financial support could not be the primary aim of the action.

[67] Organisations who have concluded framework agreements complementing the PAGoDA template can continue using the PA Grant template also after adoption of the contribution agreement template until a new framework partnership agreement has been signed.

[68] Available on the website of DG INTPA. With the new Financial Regulation this does not apply to grant contracts with the World Bank which are based on a different set of templates.

[69] For direct awards (direct award by contracting authorities from Partner Countries or duly substantiated and exceptional cases where direct award is justified -see Section 6.4.2.-), the organisation and the contracting authority may agree to use other budget and financial report templates (e.g. the templates of the organisation) as long as these templates comply with the provisions of the contribution agreement.

[70] Where the contribution agreement results from a call for proposals, the template for financial reports attached to the practical guide (Annex E3h7) has to be used. Where the contribution agreement results from a direct award (direct award by contracting authorities from Partner Countries or duly substantiated and exceptional cases where direct award is justified -see Section 6.4.2.-), the organisation and the contracting authority may agree to use different budget and financial report templates as long as these templates comply with the provisions of the contribution agreement. For the narrative reports, the organisation may use its own templates as long as these templates comply with the relevant provisions of the contribution agreement.

[71] Note that before the entry into force of the 2015 practical guide, public bodies from partner countries that were part of the national government did in general not implement actions by way of a grant but under a financing agreement with the relevant partner country.

[72] Note that a prior approval must still be requested.

[73] Note that the support to the running costs of the NAO/ministry will be included in a programme estimate, if the relevant financing agreement foresees also the award and management of procurement contracts and/or grants.

[74] Some of these activities may be performed as direct labour. For further information on programme estimates, please consult the practical guide for programme estimates.

