

European Commission
Directorate-General for Development
and Cooperation - EuropeAid

PROCUREMENT AND GRANTS
FOR EUROPEAN UNION EXTERNAL ACTIONS
A Practical Guide

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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).

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 EU budget or the EDF given to a specific grant beneficiary to finance:

- either an action intended to help achieve a Union policy objective (action grant);
- or the operation (i.e. the running costs) of an entity which pursues an aim of general European interest and supports a European Union policy (operating grant¹).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 operation³ nor with the target group.⁴

Grants should be distinguished from other legal commitments in external actions and the correct rules applied accordingly. A grant contract differs from a procurement contract in a number of ways:

¹ The duration of an operating grant may not exceed 12 months.

² For the 11th EDF and amended 10th EDF Financial Regulation (Bridging Facility) the relevant objective/interest is defined as: (a) an action intended to help achieve an objective of the Cotonou Agreement or the Overseas Association Decision, 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.

Procurement "Buying things"		Grants "Giving money"
Purchase of services, supplies or works	Object	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	Owner of Results	Grant beneficiary
100% of the cost	Financial contribution	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	Profit	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 which 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 point 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 point 6.3.10.), 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 no-profit-making does not mean that it can only conclude grant contracts; non-profit bodies can also tender for procurement contracts.

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

The following, amongst others, are not grants under the EU Financial Regulation⁵:

- programme estimates;

⁵ see Art.121 (2) EU Financial Regulation for complete list.

- procurement contracts⁶
- macro financial assistance, budgetary and debt relief support
- payments made to bodies to which budget implementation tasks are delegated under Articles 58, 59 and 60 of the EU Financial Regulation⁷ (e.g. international organisations, national agencies of the Member States or third countries etc.)
- financial instruments within the meaning of articles 139 and 140 of the EU 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

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** 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 and the co-applicant(s).

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 on the annual financial statements, consolidated

⁶ EU Financial Regulation Art. 101

⁷ Applicable also to EDF as per Art. 17 (2) of the 11th EDF Financial Regulation and amended 10th EDF Financial Regulation (Bridging Facility).

financial statements and related reports of certain types of undertakings:

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

By way of exception, an entity may be considered as affiliated to 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) which 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.

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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.

- 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

The grant is 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.

The contribution of the contracting authority is a reimbursement of eligible costs established on the basis of:

- actual costs incurred by the grant beneficiary(ies)
- one or more simplified cost options

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 may take the form of unit costs, lump sums and/or flat-rates. They are fixed during the contracting phase, and are meant to simplify the management of the grant. Please refer to Annex E3a2 Guidelines-Checklist for simplified cost options for more complete information.

At proposal stage the applicants may propose this form of reimbursement for some costs, and the contracting authority will decide whether to accept them. Simplified cost options 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.

As a general rule the total amount of financing on the basis of simplified cost options that can be authorised by the contracting authority (excluding the indirect costs) cannot exceed EUR 60 000 per each grant beneficiary (including simplified cost options proposed by its own affiliated entities)⁸.

⁸ This means also that the part of the final amount which will be reimbursed on the basis of simplified cost options may not exceed EUR 60.000, unless a Commission decision allows otherwise.

However a European Commission's decision could set different conditions that will be reflected in the call for proposals as appropriate⁹.

Per each of the corresponding budget item or heading the applicants must:

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

The amounts have to be based on estimates using objective data such as statistical data or any other objective means or with reference to certified or auditable historical data of the applicants. The methods used to determine the amounts of unit costs, lump sums or flat-rates must comply with the criteria established in Annex E3a2 Guidelines-Checklist for simplified cost options, and especially ensure that they correspond fairly to the actual costs incurred by the grant beneficiary (or affiliated entities), are in line with its accounting practices, no profit is made and no costs are covered that are already covered by other sources of funding (no double funding). The Annex E3a2 Guidelines-Checklist for simplified cost options contains directions and a checklist of controls to assess the minimum necessary conditions that provide reasonable assurance for the acceptance of the proposed amounts.

Once the amounts have been assessed and approved by the contracting authority (as clearly laid down in the budget of the action¹⁰), 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 formulas 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.

If a verification /audit reveals that the formulas used by the beneficiary to determine unit costs, lump sums or flat-rates are not compliant with the conditions established or the generating events have not occurred and therefore an undue payment has been made to the beneficiary, the contracting authority may recover up to the amount of the simplified cost options.

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

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

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

⁹ The applicants may be authorised by the contracting authority to use simplified cost options in the budget for amounts up to EUR 60 000 per each beneficiary, and by European Commission's decision above EUR 60 000.

¹⁰ See example in Annex E3a2 Guidelines-Checklist for simplified cost options.

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action and the rate of actual use of the field office for the purpose of the action may be declared as eligible direct costs.

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

The method of allocation has to be:

1. Compliant with the beneficiary's usual accounting and management practices and applied in a consistent manner regardless of the source of funding and

2. Based on an objective, fair and reliable allocation keys. (Please refer to Annex e3a2, to have examples of acceptable allocation keys).

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

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

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

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

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

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

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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 a 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 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).

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6.3.1. Management modes#Management Modes - grants

See section 2.2. for an explanation of the different management modes of 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 publishing work programmes, 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.

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6.3.2. Management Tools#PADOR and PROSPECT

DIRECT MANAGEMENT:

Calls for proposals in **direct management** by DG DEVCO will be processed through the two

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following online tools: PADOR and PROSPECT.

PADOR (Potential Applicant Data Online Registration) is the database where lead applicants, co-applicants and affiliated entities (non-state actors and local authorities (not individuals)), should register, update information about their organisation (i.e. not information relating to a specific call for proposals) and upload their supporting documents (statutes, audit reports, LEF form etc.).

The guidelines for each call for proposals specify whether prior registration in PADOR is obligatory or not.

- a) If registration in PADOR is obligatory, lead applicants, co-applicants and their affiliated entities must register in order to 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 off-line form (Annex F) following the instructions given in the guidelines for applicants.

For further information, see :

http://ec.europa.eu/europeaid/work/online-services/pador/index_en.htm, 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.

- b) If registration in PADOR is not obligatory, lead applicants, co-applicants and affiliated entities must fill in the Annex "Information about Lead Applicant / Co-applicant(s) / Affiliated entity(ies)" (Annex F)

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. All information necessary for the evaluation of their applications is included in PROSPECT and the application form.

PROSPECT is the single online platform to be used for the management of calls for proposals. As of July 2015 it is used for all calls managed by DG DEVCO (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 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 will not be prevented from submitting via PROSPECT due to technical issues in their country this option will 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, colleagues should use this form to create or update their PADOR profile. The functionality of "Upload PDF" available in PADOR allows colleagues to quickly transfer the data

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from the PDF offline form into PADOR.

For further information, see the below links, where you can find:

- PROSPECT Manuals for internal users, external assessors and applicants
- PROSPECT E-learning

6.3.3. Eligibility criteria#Eligibility criteria - grants

Nationality rule

See section 2.3.1.

Participation in the award of grant contracts is open on equal terms to all natural and legal persons and, after prior approval ([direct management](#)) or [prior authorisation of](#) the European Commission ([indirect management with ex-ante controls](#)), to entities which 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. Applicants must furthermore be established in an eligible country in accordance with the applicable basic act.

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Exceptions to the nationality rule

See section 2.3.2.

Derogations to the nationality rule must be stated in the guidelines for applicants and are subject to prior [authorisation](#) by the European Commission before action is taken. Restrictions to the nationality rule are not allowed as such; however, if provided for in the relevant basic act, on the basis of the objectives of the programme, scope and the particular location of the action(s), the eligibility of the applicants may in practice be limited. For example, if the objective of the programme is to establish cooperation between European universities and those from a specific geographical region, by definition only universities from Europe and that specific region may apply.

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Grounds for exclusion

Natural or legal persons are not entitled to participate in calls for proposals or be awarded grants if they are covered by any of the situations listed in section 2.3.3. A declaration to this fact must be provided with all applications for grants above EUR 60.000 (i.e. not for "low value grants", see section 6.6.).

[If the contracting authority becomes aware of a situation of exclusion where a recommendation of the panel is required in accordance with section 2.3.3.1, it will immediately seize the panel. The evaluation will not be suspended. If a grant is to be awarded to the applicant concerned, the award of the grant will be suspended until the panel has issued its recommendation and the decision to exclude the entity/person concerned has been taken.](#)

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[If the situation of exclusion is confirmed, the relevant entity/person will be excluded and the grant will be awarded to the first applicant in the reserve list. Otherwise, the entity/individual will be awarded the grant as foreseen. Before the award decision \(i.e. as part of the eligibility check\) the evaluation committee has to check that none of the proposed applicants or affiliated entities have been recorded](#)

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[in the Early Detection and Exclusion System.](#)

[The contracting authority cannot conclude a contract with entities which are recorded at exclusion level. If any of the parties involved are recorded in the Early Detection and Exclusion System at another level, measures to strengthen monitoring should be applied during the execution of the contract and payments.](#)

6.3.4. Programming#Programming;Annual work programme

Grants under direct management are subject to a work programme which needs to be published before a call for proposals is launched or a grant is awarded by way of direct award. The work programme can be either annual or multiannual. It must specify the period it covers, the basic act, if any, the objectives pursued, the expected results, the indicative timetable of calls for proposals with the indicative amount and the maximum rate of co-financing.

The work programme is included in the Commission decision adopting the annual action programme and published on the EuropeAid website. A separate publication of the work programme is not necessary.

There is no need for a work programme for grants under indirect management.

6.3.5. Transparency#Transparency

The availability of grants must be publicised widely and in an easily accessible way.

The work programme is implemented by publishing calls for proposals save in duly substantiated and exceptional cases where direct award is justified (see section 6.4.2.).

All grants awarded in the course of a financial year will be published annually with due observance of the requirements of confidentiality and security.

6.3.6. Equal treatment#Equal treatment

The grant award process must be completely impartial. This means that the proposals must be evaluated by an evaluation committee, with the advice of assessors where appropriate, using published criteria (see section 6.5.3.).

6.3.7. Non-cumulation#Non-cumulation

No beneficiary may receive more than one grant from the European Union for the same action, unless otherwise provided in the applicable basic act. Under the direct management mode, however, an action may be financed jointly from separate budget lines by a number of authorising officers.

A beneficiary may be awarded only one operating grant financed by the European Union per financial year.

The applicants must specify in the application form any applications and awarded grants relating to the same action or to the same work programme.

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6.3.8. Non-retroactivity#Crisis situation – grants;Non-retroactivity

Grants may, as a rule, only cover costs incurred after the date on which the grant contract is signed.

Exceptionally, a grant may be awarded for an action which has already begun only 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 financing¹². Under direct management, retroactive financing - where costs incurred before the signature of the grant contract but after the submission of the grant applications will be reimbursed - requires a prior approval (Article 19 of Annex IV of the Cotonou Agreement) / constitutes an event to be reported (Budget). Under indirect management with ex-ante controls, the contracting authority must obtain the prior authorization of the European Commission.

The acceptance of costs from an earlier date¹³ (i.e. before submission of grant applications) is possible only in duly substantiated exceptional cases:

- a) as specifically provided for in the basic act concerned; and/or
- b) in case of extreme urgency for crisis management aid, civil protection operations and for humanitarian aid operations; and/or
- c) in situations of imminent or immediate danger threatening to escalate into armed conflict or destabilise a country, whereby an early engagement by the European Union would be of major importance in promoting conflict prevention .

In cases b) and c), the reasons for such derogation have to be properly substantiated in the financing decision. And both the financing decision and the grant contract must explicitly provide for this by setting an 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 6 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.

6.3.9. Co-financing#Co-financing (Grants);Financing in full

As a 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

Deleted: Prior approval by the European Commission must be sought before any decision is made if retroactive financing is provided pursuant to article 19 of Annex IV of the Cotonou Agreement, i.e. pre-financing provided by the partner country performing the activities (EDF only).¶ In all other cases, the decision to allow for retroactive financing after the financing decision has been adopted must be reported (event to be reported) where costs incurred before the signature of the grant contract but after the submission of the grant applications will be reimbursed. ¶

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¹² For direct awards the financing may go back to the starting date of negotiations as confirmed by administrative evidence.

¹³ Which could be an even earlier date than that of the financing decision.

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clearance;

- Aid in crisis situations;
- Action to protect health or the fundamental rights of people;
- Where the relevant financing agreement foresees full financing or
- Actions with international organisations.
- Where it is in the interests of the Union to be the sole donor to an action, and in particular to ensure visibility of a Union action. Grounds must be provided for in the European Commission's financing decision.

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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 beneficiary¹⁴. 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) shall ensure they comply with national tax and social security rules.

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.

6.3.10. No-profit rule#No-profit

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 request for payment of the balance is made by the coordinator that fall within one of the two following categories:

- income generated by the action, unless otherwise specified in the Special Conditions of the contract;
- financial contributions specifically assigned by other donors to the financing of the same eligible costs financed by the grant. Any financial contribution that may be used by the beneficiary(ies) to cover costs other than those eligible under a contract or that are not due to the

¹⁴ 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.

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donor where unused at the end of the action are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the beneficiary(ies).

In case of an operating grant, amounts dedicated to the building up of reserves shall 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 shall 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-Checklist 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 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).

The no-profit rule does not apply to:

- a) actions whose objective is to consolidate the financial capacity of a beneficiary. Where applicable, this must be specified in Article 7 of the Special Conditions
- b) actions which generate an income to ensure their continuity beyond the end of the contract. Where applicable, this must be specified in Article 7 of the Special Conditions
- c) other direct support paid to natural persons in most need¹⁵, such as unemployed persons and refugees. Where applicable, this must be specified in Article 7 of the Special Conditions
- d) study, research or training scholarships paid to natural persons
- e) low value grants (i.e. grants of EUR 60.000 or less)

6.3.11. Other essential points#Contingency reserve

See point 2.3.6.

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.

6.4. Award procedures#Award procedure - grants

6.4.1. Call for proposals#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.

¹⁵ Note that this direct support refers to the grant provided to the beneficiary and not to any financial support provided by the beneficiary to a third party.

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Publication

A call for proposals is always published on the EuropeAid website.

A call for proposals must also be published locally where it is not organised by a service of the European Commission headquarters.

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, and via a prior approval [\(direct management\) or prior authorisation](#) of the European Commission [\(indirect management with ex-ante controls\)](#), calls for proposals may be open, i.e. all applicants are free to submit a full grant 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 response to the published guidelines for applicants (see section 6.5.2.).

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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).

Partnerships

Grant contracts may [take the](#) form of framework partnership agreements with a view to establishing a long-term cooperation with the contracting authority¹⁶. Framework partnership agreements specify the common objectives, 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 four years, save in exceptional cases, justified in particular by the subject of the framework partnership. Framework partnership agreements are treated as grants for the purposes of programming, *ex ante* publication and the award procedure. Framework partnership agreements should only be envisaged if their use has a clear extra value. For example, if only one specific grant is foreseen, framework partnership agreements are not the appropriate modality.

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¹⁶ As from 2015, FPA templates for mono-beneficiary grants under direct management including a template for the specific grant contracts based on the standard grant contract for EU external actions are available as annexes to the Practical Guide.

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DIRECT MANAGEMENT

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

INDIRECT MANAGEMENT WITH EX-ANTE CONTROLS:

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

INDIRECT MANAGEMENT WITH EX-POST CONTROLS:

No prior authorisation by the European Commission is required.

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6.4.2. Grants awarded without calls for proposals ('Direct award')#Direct award – grants;Monopoly – grants;Urgency

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 or not 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).

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In the following circumstances it is not necessary to organise a call for proposals before awarding grants:

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.

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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 one of the grant beneficiaries, (or it may also be a consortium):

- 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 act¹⁷, 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 shall be duly substantiated in the award decision.

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.

6.5. Call for proposals

6.5.1. Publicity#Publicity - grants

In order 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 EuropeAid website 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

¹⁷ For EIDHR (MFF 2014-2020), Article 6(1) (c) CIR also allows for direct awards in the case of (i) low-value grants to human rights defenders to finance urgent protection actions and (ii) subject to certain limitations, grants to finance actions in the most difficult conditions or situations referred to in Art. 2(4) of the CIR where the publication of a call for proposals would be inappropriate.

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<#>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.¶

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EuropeAid website. 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 which is required for local publication. Those guidelines must be available at the address stated in the local publication.

It is also very advisable, after the launch of the call for proposals, to hold one or more information sessions which all the potential applicants can attend. Such information sessions shall take place at the latest 21 days before the deadline for submission of the concept notes. Any presentation/documentation to be delivered in the information session must also be uploaded at least on the EuropeAid website 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 the 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 candidates 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 lots¹⁹) and/or use the budget of several successive years. In the latter case a suspensive clause should 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#Guidelines for applicants - grants

The guidelines for applicants (which 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 which 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 clarify the eligibility criteria for applicants (see section 6.5.3 below) to ensure that only adequate applications will be submitted.

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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:

¹⁹ Note that a division of lots into sub-lots is not possible.

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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#Award criteria – grants;Selection criteria – grants

Eligibility criteria

The eligibility criteria determine the conditions for participating in a call for proposals. They must be drafted with due regard for 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 section 6.3.3 (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.

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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 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 to be always verified even if the beneficiary is designated in the basic act or it is in a monopoly situation as the financial interests of the European Union have to be protected in any case²⁰. The only exception is where the beneficiaries are: natural persons in receipt of scholarships, natural persons most in need and receiving direct support, public bodies or international organisations where it either does not really make sense (for natural persons) or the risk is considered non-existent.

Assessments are made on the basis of the supporting documents submitted in the context of the call for proposals. These may include an external audit report of the lead applicant, the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed. In case of doubts about the capacity of the applicants, the evaluation

²⁰ For framework partnership agreements, the verification of the financial capacity takes place before entering into the framework agreement

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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 which it can be confident 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#Additional information – grants

During the time between publication and the deadline for the submission of proposals, 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 proposals. The contracting authority must reply to all such questions at least 11 days before the deadline for submission of proposals. 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 the interest of transparency and equal opportunities, the answer provided to applicants on points which may be of interest to other applicants shall be made available to all applicants. The way to achieve this is to publish on the Europeaid website (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 proposals. Under direct management (i.e. where PROSPECT is used) the publication on the Europeaid website is done via PROSPECT.

6.5.5. Deadline for submission of proposals#Deadline for submission - grants

Under 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).

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 PROSPECT²¹ 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 or applications 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

²¹ only where the option to exceptionally submit applications offline is foreseen in the guidelines for applicants,

efficiency, reject any application received after the effective date of approval of the first evaluation step. For an open procedure, this first step is the approval of the concept note evaluation. For a restricted procedure the first step is either the approval of the concept note evaluation (first stage) or the approval of the evaluation of the full application (second stage).

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.

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The minimum period between the date of publication of the guidelines for applicants and the deadline for submission of proposals is 90 days for open calls for proposals. 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. For restricted calls for proposals the minimum period for submission is 45 days. In exceptional cases, a shorter deadline may be allowed as a derogation.

6.5.6. Submission of proposals

Proposals must be submitted in accordance with the instructions given in the guidelines for applicants (see template guidelines, Annex e3a).

Originals or photocopies of originals of the requested supporting documents must be provided (through PADOR, where relevant) [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.

No supporting document will be requested for applications for low value grants.

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 certifying its accounts for the last financial year available.

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 shall 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.

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6.5.7. The Evaluation Committee#Evaluation Committee - grants

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 them²².

In the case of direct award of grants (see section 6.4.2.), despite its potential usefulness, it is not compulsory to set up an evaluation committee.

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 an EU 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, which informs the European Commission at the latest fifteen working days before the start of the evaluation. If the European Commission does not object within five 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 authorization 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 given in the evaluation report.

All evaluators have equal voting rights.

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

²² 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.

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full application must be assessed independently at least by two voting members²³.

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.

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Use of assessors

Where the applications 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 applications, or part thereof, may be carried out by external or internal assessors²⁴ 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 lots²⁵.

Assessors work under the supervision of the chairperson of the evaluation committee, who – in case the call is managed at Commission headquarters - may delegate this task to the relevant task manager. 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 checklist²⁶ and the declaration by the lead applicant (see the application form). Each proposal need only be checked by one assessor.

It is preferable to delegate this work to the contracting authority's staff. 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 proposal, working independently of each other²⁷. 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 five years' experience of a particular issue should be expected.

Delegations as internal assessors for headquarters' calls for proposals.

Where the call for proposals is organised by a service of the European Commission headquarters, one

²³ 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.

²⁴ Internal assessors are to be understood as internal to the contracting authority (based in EU Delegations or at headquarters). External assessors are external experts.

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²⁵ 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. It is however not possible to have different assessors within the same lot.

²⁶ Please note that the concept note / full application should not be rejected only because the lead applicant did not submit the checklist or the information filled in by the applicant in the checklist is not correct (relevant for indirect management only).

²⁷ It is also possible to have proposals evaluated by one assessor and one voting member of the evaluation committee acting as the second assessor.

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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 place²⁸. For regional actions it is the lead delegation — or, as appropriate, headquarters — which will consult the EU delegations in the region concerned.

The assessor coming from the delegation will be nominated in accordance with the applicable instructions on the nomination of evaluation committees by the head of delegation. 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.

Impartiality and confidentiality

See section 2.8.2.

Responsibilities of the evaluation committee

See section 2.8.3.

6.5.8. Stages in the evaluation process#Evaluation process - grants

The evaluation process starts with the receipt of the concept notes (for restricted calls for proposals) or the full applications and concept notes (for open calls for proposals) by the contracting authority, and ends with the decision to award grants to the selected applicants.

Receipt and registration of proposals

On 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: The service in charge of the call must ensure that all applications received

²⁸ In duly justified cases the EU delegation may also be involved in the evaluation of the concept notes.

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are registered in PROSPECT. Lead applicants who submitted online will receive an automatic acknowledgement of receipt. Applications received by post 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.

Opening session and administrative checks

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 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 concept notes/proposals should contain the following information:

- The registration number of the concept note/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.

The proposals that met the deadline are then 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.

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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. Whatever the evaluation committee decides, this must be fully recorded and reasons given in the evaluation report(s) (see section 2.8.3.).

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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 which 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

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with the evaluation of the concept notes.

Evaluation of the concept note

Concept notes submitted within the deadline and which duly passed the administrative checks are then evaluated for the relevance and design of the action, using an evaluation grid (see Annex E5a²⁹). 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 EU delegation exceptionally participates in the evaluation of concept notes, a copy of each concept note must be sent to 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 secretary then draws up a list of all the concept notes, ranked by score. As a first step, only the concept notes which 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 [authorisation](#).

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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 and administrative checks. 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.

Evaluation of the full applications

For restricted procedures, the opening session (indirect management only) and administrative checks described [above](#) are also undertaken before the full application is evaluated.

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The quality of the full applications is assessed using the evaluation grid (see Annex E5b³⁰) containing the selection and award criteria. Comments are made for each subheading on the basis of the questions and criteria used for that heading. The overall assessment is based on the scores obtained under each

²⁹ For direct management, the same grid is generated in PROSPECT.

³⁰ For direct management, the same grid is generated in PROSPECT.

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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 [\(for direct management they are available in PROSPECT\)](#).

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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 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).³¹ 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.

The secretary then draws up a list of all the proposals, 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](#).

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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 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, 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.

Eligibility checks

This assessment is carried out using the declaration by the lead applicant, 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

³¹ This means that one of the assessors will be from the relevant EU Delegation.

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may use its discretion in deciding whether the concerned applicants should be allowed to submit missing documents or correct the relevant information, in the interest of equal treatment and proportionality. Whatever the evaluation committee decides, this must be fully recorded and reasons given in the evaluation report (see section 2.8.3.).

- 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.

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 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.

The evaluation committee's conclusions

The evaluation committee drafts its recommendations after the assessors have examined all the proposals. It 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 a proposal (being the most justifiable case where 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 prepare a new evaluation grid (either collective or prepared by one of the voting members of the committee) for the proposal concerned. 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).

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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 proposals selected for financing, indicating the score obtained by each proposal, 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 proposals 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 a proposal 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 point 6.3.6.)

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- The evaluation committee may decide not to allocate all the available funds if it finds that there are too few proposals of the quality required to receive a grant. In other words, the mere availability of funds should not lead to the award of proposals 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 a proposal if it has selected another which is of a similar nature but has been awarded a higher score.
- Where several proposals 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 proposals which have been awarded a lower score, and select the proposals 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 proposals that obtained the best scores after those selected for financing. This reserve list is valid for the period stated in the evaluation report. The proposals 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 proposals 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.

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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.

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If the contracting authority confirms that no modifications have been made (either in the special conditions or in the proposed contract annexes) from the standard contract conditions annexed to the guidelines for applicants, the European Commission's authorisation of the evaluation report, including the list of award proposals 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 proposal.

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

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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#Cancellation 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.

The contracting authority must then send a cancellation notice to the relevant services in the European Commission for publication on the EuropeAid website.

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

INDIRECT MANAGEMENT WITH EX-ANTE CONTROLS:¶

In addition to the above, the contracting authority must inform the European Commission (event to be reported).

6.5.10. Awarding grants#Award decision - grants

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

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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.

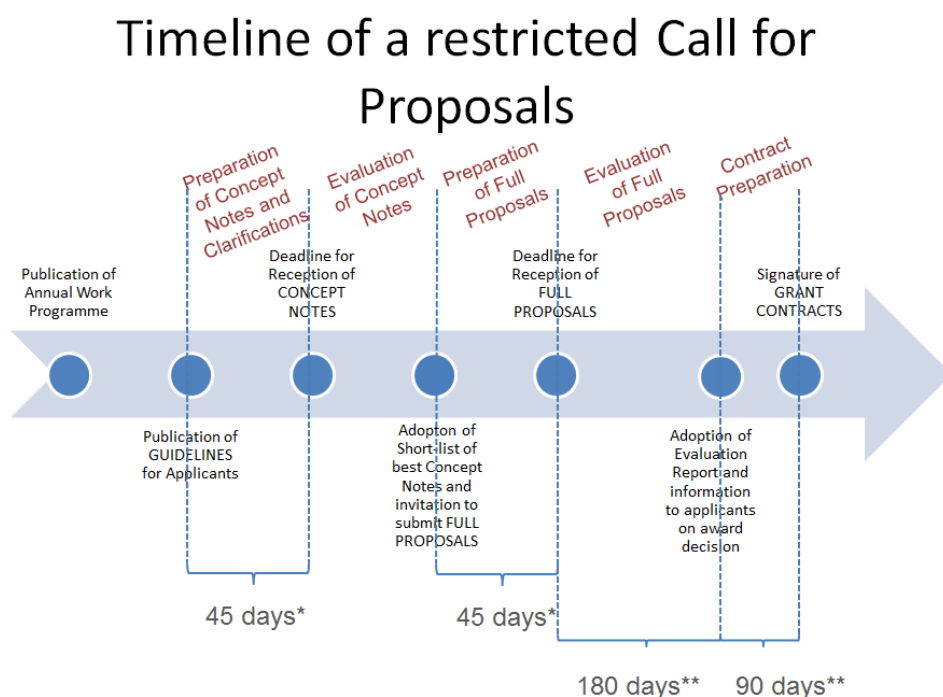
INDIRECT MANAGEMENT WITH EX-ANTE CONTROLS:

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.

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

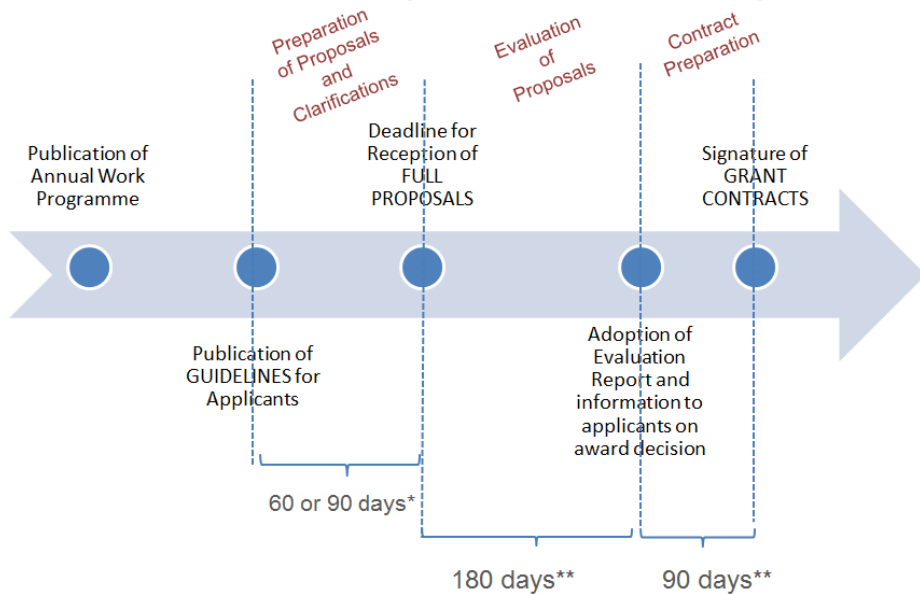


*- These periods may be extended by the Contracting Authority, they may also be reduced but a derogation is needed in this case
**- These periods do not apply in the case of complex actions or where a large number of proposals has been received

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Timeline of an open Call for Proposals



*- 60 days where the maximum size of each grant to be awarded is EUR 100.000 or less.

In both cases, these periods may be extended by the Contracting Authority, they may also be reduced but a derogation is needed to do so

**-. These periods do not apply in the case of complex actions or where a large number of proposals has been received

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 section 2.9.2.

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 which 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 co-financing fixed by the evaluation committee for the European Union contribution. 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.

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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 EU financing, etc.).

If needed, the same will be done with the subsequent applicants on the reserve list (3rd, 4th, 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#Eligible costs;Expenditure verification report – grants;Final report – grants;Financial guarantee – grants;Interim report – grants;Pre-financing – grants;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.

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- 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 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 2.3.5.).

Publicising the award of grants

Once the contracts have been signed, the contracting authority drafts a notice of award for each call for proposals (see award notice, Annex E11). It immediately sends it in electronic form to the European Commission for publication on the EuropeAid website.

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).

At the end of each year, the contracting authority also prepares and submits to the European Commission for publication a summary table based on the format in the annex to the Practical Guide (Annex E11 including the table 'Grants awarded without a call for proposals').

The contracting authority also publishes this information on its own Internet site and/or in any other appropriate media.

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

Low value grants are those grants which 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 need for the applicants to submit the declaration on honour that they are not in one of the exclusion situations.
- No supporting documents are requested.
- The pre-financing guarantee may not be asked.

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- 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. Restricted call for proposals#Restricted call for proposals;Shortlist - grants

The measures applicable to an open call for proposals, as described in section 6.4., apply by analogy to a restricted call for proposals, with the following exceptions.

In a restricted call for proposals, the guidelines for applicants require lead applicants to first submit a concept note.

The administrative checks on the concept notes, and then on the full applications, are made using the relevant checklists.

The guidelines for applicants state that a specific number of lead applicants, based on the available budget, will be invited to submit a final proposal. A list restricted to the published number is drawn up, consisting of the applicants with the best scores for the concept notes, ranked in order. A report is drafted to document the results of the opening session and administrative checks and the concept note evaluation.

The shortlisted lead applicants are then invited in writing to submit a full application. The eligibility checks are only made on the proposals that have been provisionally selected at the end of the evaluation, on the basis of the supporting documents requested by the contracting authority and of the declarations by the lead applicant, according to the rules set out in the guidelines for applicants and within the available budget for the call.

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

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

6.8. Modifying grant contracts#Modifying grant contracts

6.8.1. General principles

See section 2.10.1.

Grant contracts may be amended only by written additional agreements, not by administrative orders.

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

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

6.8.2. Preparing an addendum#Addendum - grants

See section 2.10.2.

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

6.9.1. Award of contracts

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

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

6.9.2. Financial support to third parties by grant beneficiaries

If the action requires financial support to be given to third parties, 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 which 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

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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 which may be given

The maximum amount of financial support that can be paid shall not exceed EUR 60.000 per third party, except where the financial support is the primary aim of the action. In that case, no limits apply³².

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 to demonstrate that the financial support has been used in accordance with the grant contract.

Financial support can also be a useful tool to increase the number of local beneficiaries and partners per action, within the limits described above.

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.

6.10. Grants to organisations whose pillars have been positively assessed, (other) international organisations and national bodies³³

6.10.1. 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 assessed³⁴ by the European Commission as part of an assessment for the entrustment of budget implementation tasks, this organisation will not sign the standard grant

³² Under the initial 10th (and previous) EDF Financial Regulation financial support could not be the primary aim of the action.

³³ [Grants to Union agencies are - for example – possible in accordance with Art.4.10 \(g\) of Regulation \(EU\) No 236/2014 \(CIR\).](#)

³⁴ This refers to the three basic pillars: accounting, internal control and external audit. Exceptionally, if one of those pillars has not been successfully assessed, remedial measures may be put in place to ensure an equivalent level of protection.

contract but a PA Grant Agreement based on the PAGoDA template³⁵. This agreement may have to be supplemented by provisions that have been agreed as part of framework agreements with the relevant organisation.

However, the Special and General Conditions of the PA Grant Agreement will be supplemented by standard templates published with the call for proposals, i.e. the budget (Annex B) and the logical framework (Annex C)³⁶. The description of the action (Annex I to the PA Grant Agreement) will be drawn from the application form submitted by the organisation³⁷.

Where the coordinator is not a pillar assessed organisation but one or more co-beneficiaries 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 coordinator or a co-beneficiary is an international organisation whose pillars have not been positively assessed.

– Definition of international organisation

As per the Rules of application of the EU Financial Regulation, ‘international organisation’ means an international public-sector organisation set up by intergovernmental agreement, and specialised agencies set up by such organisations — these organisations may have worldwide or regional scope. Organisations 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 instruments (for instance, its statutes and/or the intergovernmental agreement setting it up).

The following organisations are explicitly stated in the Rules of application of the EU Financial Regulation, to be international organisations: the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies (note that national organisations of the Red Cross or Red Crescent are not regarded as international organisations).

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

– Method of implementation and procedures

The European Commission (College) is responsible for deciding in the financing decision on the

³⁵ Available on the EuropeAid website. This does not apply to grant contracts with the World Bank which are based on a different set of templates.

³⁶ For direct awards, the organisation and the contracting authority may agree to use other templates (e.g. the templates of the organisation) as long as these templates comply with the provisions of the PA Grant Agreement.

³⁷ Where the PA Grant 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 PA Grant Agreement results from a direct award, the organisation and the contracting authority may agree to use different templates as long as these templates comply with the provisions of the PA Grant Agreement. For the narrative reports, the organisation may use its own templates as long as these templates comply with the relevant provisions of the PA Grant Agreement

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specific implementation mode of the action³⁸.

A Delegation Agreement based on the PAGoDA template³⁹ is signed with international organisations if the financing decision provides for indirect management with an international organisation provided that the organisation has successfully passed a pillar assessment. A Delegation Agreement based on the PAGoDA template is signed with national bodies where the financing decision provides for indirect management with a national body in this sense provided that the body has successfully passed a pillar assessment.

This type of contract does not entail a financial contribution to an action proposed by the organisation/body but the delegation of budget implementation tasks to the organisation/body as delegatee. However, the Delegation Agreement may also include activities that are implemented directly by the organisation/body.

Delegation Agreements must not be confused with the implementation of an action “by way of a grant” as a result of the submission of a successful application by an international organisation or (other) pillar assessed organisation to a call for proposals (or exceptionally as a result of a direct award of a grant).

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6.10.2. 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 allowed to waive the financial guarantee).

6.10.3. 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 signed⁴⁰.

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 beneficiary⁴¹. 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 a ministry, such support will be provided by way of an operating grant. Again, the NAO or ministry may award contracts in line

³⁸ For further information on management modes including cooperation with pillar assessed organisations you may consult chapter 3 of the DEVCO Companion.

³⁹ As of 2015 the PAGoDA template has replaced the Indirect Management Delegation Agreement (IMDA).

⁴⁰ Note that before the entry into force of this 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.

⁴¹ Note that a prior approval must still be requested.

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with the relevant provisions of the grant contract. The aforementioned support to the NAO or a ministry must not be confused with support to the implementing structure of a project under a programme estimate. In the latter case, the EU 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)⁴².

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 estimate⁴³.

⁴² 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](#).

⁴³ Some of these activities may be performed as direct labour. For further information on programme estimates, please consult the Practical Guide for Programme Estimates.

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6.11. List of Annexes

E	Grants	
E2	Local publication	e2_localpub_en.doc
E3	<u>Guidelines for grant applicants</u>	
E3a	Guidelines for Applicants (indirect management)	e3a_guidelines_en.doc
E3aP	Guidelines for Applicants (PROSPECT)	e3aP_guidelines_prospect_en.pdf
E3a1	Information on the tax regime applicable to grant contracts	e3a1_guidelines_annexJ_en.doc
E3a2	Checklist for simplified cost options	e3a2_checklistsimplifiedcostoptions_en.doc
E3b	Application form (indirect management)	e3b_applicform_en.doc
E3bP1	Application form – concept note (PROSPECT)	e3bP1_applicform_cn_prospect_en.pdf
E3bP2	Application form – full application (PROSPECT)	e3bP2_applicform_fa_prospect_en.pdf
E3c	Budget	e3c_budget_en.xls
E3d	Logical Framework	e3d_logframe_en.doc
E3e1	Legal Entity File (individual)	e3e1_lefind_en.pdf
E3e2	Legal Entity File (private companies)	e3e2_lefcompany_en.pdf
E3e3	Legal Entity File (public bodies)	e3e3_lefpublic_en.pdf
E3f	Financial identification form	e3f_fif_en.pdf
E3h1	Special conditions	e3h1_specond_en.doc
E3h2	General conditions (annex II)	e3h2_gencond_en.pdf
E3h3	Contract-award rules (annex IV)	e3h3_awardproc_en.doc
E3h4	Request for payment (annex V)	e3h4_requestpay_en.doc

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E3h5	Interim narrative report (annex VI)	e3h5_interreport_en.doc
E3h6	Final narrative report (annex VI)	e3h6_finalreport_en.doc
E3h7	Financial report (annex VI)	e3h7_financialreport_en.xls
E3h8	Expenditure verification (annex VII)	e3h8_expendverif_en.doc
E3h9	Financial guarantee (annex VIII)	e3h9_finguarantee_en.doc
E3h10	Transfer of Ownership of Assets	e3h10_transferassetsownership_en.doc
E3h11	Derogations International Organisations	e3h11_derogations_ios_en.doc
E4a	Terms of Reference for Assessors	e4a_torassessors_en.doc
E4b	Guidelines for Assessors	e4b_guidelinesassessors_en.doc
E5a	Concept note evaluation grid	e5a_conceptevalgrid_en.doc
E5b	Evaluation grid full application form	e5b_propevalgrid_en.doc
E6a	Evaluation Report Step 1 — Opening and & administrative checks and Concept Note Evaluation (indirect management)	e6a_opening_conceptevalrep_en.doc
E6b	Evaluation report Step 2 — Full application evaluation (indirect management)	e6b_applicevalrep_en.doc
E6c	Evaluation report Step 3 — Final eligibility checks (indirect management)	e6c_finalevalrep_en.doc
E8	Letter to Delegation evaluation	e8_note_delegation_evaluation_en.doc
E9a	Letter Step 1 (indirect management)	e9a_letter_step_1_en.doc
E9b	Letter Step 2 (indirect management)	e9b_letter_step_2_en.doc
E9c	Letter Step 3 (indirect management)	e9c_letter_step_3_en.doc
E10	Addendum to contract	e10_addendum_to_contract_en.doc
E11	Publication of award	e11_publication_of_award_en.doc
E12a	Framework Partnership Agreement	e12a_fw_partnership_agreement_en.doc
E12b	Framework Partnership Agreement – Specific Agreement	e12b_fw_partnership_agreement_spe_agr_en.doc

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