



EUROPEAN COMMISSION

Employment, Social Affairs and Equal Opportunities DG

Social Dialogue, Social Rights, Working Conditions, Adaptation to Change
Social Dialogue, Industrial Relations

BUDGET HEADING 04.03.03.01

INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE

CALL FOR PROPOSALS

2009

VP/2009/001

In view of the large number of enquiries, please do not telephone.
Questions should be sent by e-mail only to: empl-04-03-03-01@ec.europa.eu.

To ensure a more rapid response it is helpful if applicants send their queries
in English, French or German.

The English version of the call is the original.

TABLE OF CONTENTS

1	OBJECTIVES OF THIS BUDGET HEADING	3
2	ELIGIBLE MEASURES.....	4
	I. Support for European social dialogue	4
	II. Improving expertise in the field of industrial relations	4
3	SUBMISSION AND EXAMINATION OF GRANT APPLICATIONS	5
	3.1 Submission and implementation dates	5
	3.2 Co-financing rates for the sub-programmes	5
	3.3 Eligibility and selection criteria.....	6
	3.4 Award criteria.....	10
4	PRACTICAL PROCEDURES	11
	4.1 Where can the application form be found?.....	11
	4.2 Where does the application need to be sent?.....	11
	4.3 What next? Accepted and rejected applications.....	12
	ANNEX I FINANCIAL GUIDELINES FOR APPLICANTS.....	13
	ANNEX II MODEL FOR TENDER SPECIFICATIONS FOR SUBCONTRACTING EXTERNAL EXPERTISE.....	28

BUDGET HEADING 04.03.03.01 INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE
--

1 OBJECTIVES OF THIS BUDGET HEADING

In line with the remarks in the budget of the European Union, this budget heading is intended to cover grants for promoting social dialogue at cross-industry and sectoral level in accordance with Article 138 of the EC Treaty. The appropriations will therefore be used to finance consultations, meetings, negotiations and other actions designed to achieve these objectives and to promote actions outlined in the European Commission's Communication on *The European social dialogue, a force for innovation and change* (COM(2002) 341 final) and the Communication on *Partnership for change in an enlarged Europe – Enhancing the contribution of European social dialogue* (COM(2004) 557 final).

The measures should help the social partner organisations (representatives of management and labour) to contribute to addressing the overarching challenges facing European employment and social policy as laid down in the EU Lisbon Strategy and the Commission's Communication on the Renewed Social Agenda (*Renewed Social Agenda: Opportunities, access and solidarity in 21st century Europe*, COM(2008) 412 final, 2 July 2008).

Objectives of this call include measures addressing modernisation of the labour market, anticipation and management of change, flexicurity, mobility and migration, youth employment, contributions to the health and safety strategy, reconciliation of work and family life, gender equality, action in the field of anti-discrimination, active ageing, active inclusion and decent work.

Measures which will contribute to addressing the employment and social dimensions of EU priorities relating to the response to the current economic crisis, tackling climate change and preparing for the follow-up to the Lisbon Strategy from 2010, will be particularly welcome.

The budget heading can also be used to finance actions involving representatives of the social partners from the Candidate Countries¹. Special attention will be paid to improving the level of female participation. These two components are of a horizontal nature; they apply to both sub-programmes.

Access for disabled persons must be guaranteed for measures funded under this heading.

On the basis of these objectives, two sub-programmes have been defined:

- | | |
|----|--|
| I | Support for European social dialogue |
| II | Improving expertise in the field of industrial relations |

A commitment appropriation of **€14 150 000** has been entered for 2009 for this call.

¹ http://ec.europa.eu/enlargement/candidate-countries/index_en.htm.

Non-Governmental Organisations (NGOs) wishing to undertake measures in the field of Corporate Social Responsibility (CSR) should apply to the PROGRESS programme.

2 ELIGIBLE MEASURES

I. Support for European social dialogue

This first sub-programme is divided into six categories of action:

- measures to prepare European social dialogue, such as preparatory surveys, meetings and conferences;
- measures regarded as part of social dialogue within the meaning of Article 138 of the Treaty, such as negotiations, preparatory meetings for negotiations or activities relating to the implementation of negotiated agreements and other negotiated outcomes;
- measures to implement the European social partners' work programmes (such as the organisation of round tables, exchanges of experience and networks of key actors);
- measures to monitor and follow up European social dialogue activities and outcomes, such as conferences and other initiatives to disseminate the results of European social dialogue through European or national events, or through paper or electronic publications (including the translation);
- measures to strengthen the capacity of social partners to contribute to European social dialogue with particular attention to New Member States and Candidate Countries (such as information and training seminars)²;
- measures by social partners which contribute to the Lisbon strategy and in particular to its employment dimension and actions to implement the European employment strategy (EES) and to monitor and analyse its impact on labour markets.

II. Improving expertise in the field of industrial relations

The aim of this sub-programme is to improve expertise in industrial relations (especially in European and comparative terms), to promote the exchange of information and experience among parties actively involved in industrial relations (companies, workers, public authorities and research centres) and to promote the development of industrial relations in Europe.

The following actions may be co-financed:

- general seminars or conferences on industrial relations, including preparatory studies, the organisation of round tables, exchanges of experience and networks of key actors and/or experts;
- initiatives to further the collection and use of information on national industrial relations systems and on developments at European level;

² National capacity-building activities which could be funded under the European Social Fund (Regulation (EC) N° 1081/2006 on the European Social Fund, Article 5(3)§2) are not eligible: "Under the Convergence objective, an appropriate amount of ESF resources shall be allocated to capacity-building, which shall include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners, in particular as regards adaptability of workers and enterprises referred to in Article 3(1)(a)." (Scope)

- initiatives to promote knowledge on effective industrial relations practices, including successful forms of worker participation;
- initiatives contributing to the preparation or use (presentation, discussions and dissemination) of the European Commission's Industrial Relations in Europe report

3 SUBMISSION AND EXAMINATION OF GRANT APPLICATIONS

3.1 Submission and implementation dates

Complete applications must be submitted to the European Commission by the deadlines for submission indicated below.

Only applications for actions starting in 2009 will be considered. In view of the time needed to examine applications, actions may not start before the deadlines indicated below. Proposals which propose an earlier starting date than the ones indicated below will not be considered.

Applicants should note that if their project is approved they will not necessarily receive the grant agreement prior to the starting date of the action and should, therefore, take this into account in programming the timing of their project. Any expenditure incurred before written confirmation that the application has been accepted is at the applicant's risk.

Applications will be examined by an Evaluation Committee which will meet within 35 working days following the deadlines for submission.

The **deadlines** for the submission of applications are as follows:

- **2 March 2009** for actions commencing no earlier than **2 May 2009** (indicative amount foreseen depending on the quality of projects submitted: **€6 050 000**);
- **1 September 2009** for actions commencing no earlier than **1 November 2009** and no later than **22 December 2009** (indicative amount foreseen depending on the quality of projects submitted: **€8 100 000**).

In general, the duration of an action is 12 months. The Commission reserves the right to adjust the duration of the action proposed in the application.

Applications will be examined and selected taking account of the remarks in the EU budget, the criteria laid down in this document and the principle of balanced support.

3.2 Co-financing rates for the sub-programmes

In general, this budget heading allows support to be given to projects to which the applicants contribute at least 20 % of the total eligible cost of the action. Contributions in kind will not be taken into account. Any application which requests a grant of more than 80 % will be excluded automatically from the selection.

In derogation from the previous paragraph, the European Commission may decide to finance up to 95 % of the total cost of social dialogue actions involving negotiations in accordance with Articles 138 and 139 of the Treaty, meetings to prepare for negotiations (sub-programme I – second bullet point), or joint social partner actions relating to the implementation of the results of European social dialogue negotiations.

Social dialogue meetings organised by the European social partners themselves can also be financed up to a rate of 95 %.

Project size/amount

The amount of the average grant in 2008 was in the range of **€151 000**. Experience has demonstrated that larger-scale projects tend to contribute most effectively to achieving the objectives of the budget heading.

3.3 Eligibility and selection criteria

Eligible applicants

To be eligible, applicants must:

- Be properly constituted and registered legal persons. In application of Article 114 of the Financial Regulation, social partner organisations without legal personality are also eligible provided that their representatives have the capacity to undertake legal obligations on their behalf and assume financial liability³.
- Fall within one of the following categories:

1	Social partners	<p>European social partner organisations currently consulted in accordance with Article 138 of the Treaty⁴.</p> <p>National or regional organisations affiliated to such organisations as long as the project is part of a European approach</p> <p>European social partner organisations not covered by the above, for example for actions involving the preparation and launch of European social dialogue at sectoral level</p>
2	Organisations linked to industrial relations	<p>Non-profit-making organisations, research centres and institutes, universities</p> <p>Non-profit-making networks of companies⁵ or of workers' organisations</p>

³ See Council Regulation 1995/2006 of 13 December 2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2006:390:SOM:EN:HTML>

⁴ An up-to-date list of these organisations can be found at http://ec.europa.eu/employment_social/social_dialogue/consultations_en.htm.

⁵ This means that the applicant organisation must be a network.

3	Public authorities	Public authorities, including related associations and government services or agencies
4	International organisations	International organisations (such as UN Agencies) active in the fields of social dialogue and/or industrial relations

- Have their registered offices in one of the EU Member States⁶;
- Not be in one of the situations referred to in Articles 93(1), 94 and 96(2)(a) of the Financial Regulation.⁷

Eligibility of actions

To be eligible, actions must:

- Be linked to at least one objective of the budget heading;
- Include partners from several different Member States in the case of projects which are not submitted by a European organisation or international organisation. This must be demonstrated in the application by signed letters indicating the active involvement;
- Have the support of a European social partner organisation, if the application is submitted under sub-programme I. This must be demonstrated in the application by a signed letter indicating the involvement;
- Comply with the European Community co-financing percentage of maximum 80 %, with the exception of the derogations identified in section 3.2;
- Be fully carried out in the Member States of the European Union or the candidate countries⁸;
- Comply with the subcontracting rules of the call for proposals indicated in Annex I;
- Comply with the rule on the starting date of actions in section 3.1.

⁶ In derogation from this requirement, international organisations (such as UN Agencies) active in the fields of social dialogue and/or industrial relations having their registered offices outside the EU Member States are also eligible.

⁷ The situations referred to include bankruptcy, compulsory winding-up, being under court administration, in an arrangement with creditors or any other similar proceedings; convictions of professional misconduct; non-fulfilment of social security or tax payment obligations; convictions of fraud, corruption, involvement in a criminal organisation or any other illegal activity; declared in serious breach of contract in relation to activities funded by the Community budget; subject to conflict of interest; guilty of misrepresentation in supplying the required information.

⁸ In derogation from this requirement, international organisations, such as UN Agencies, active in the fields of social dialogue and/or industrial relations can carry out activities also at the place of their registered office.

Eligible applications

To be eligible, applications must:

- Be sent by the submission deadlines indicated in section 3.1;
- Be submitted on-line before being printed, and sent as a paper application duly signed;
- Be complete and include **all the documents indicated in the following table**. Applicants should note that the Evaluation Committee will not examine applications lacking one or more of these documents:

1	Official covering letter of application: quoting the reference of the call for proposals, with the original signature of the applicant's legal representative.
2	Print-out of the duly completed and submitted on-line application form: (https://webgate.ec.europa.eu/swim) dated and with the original signature of the legal representative. NOTE: The on-line form <u>must be electronically submitted before printing</u> . After the electronic submission no further changes to the application are possible.
3	A signed declaration of honour (Annex D.1 to the on-line application). This must be written on the official letterhead paper of the applicant organisation and have the original signature of the legal representative, certifying that the applicant organisation is not in one of the situations listed in Articles 93(1), 94 and 96(2)(a) of the Financial Regulation and that it has the financial and operational capacity to complete the activity for which funding is requested. NOTE: The signed declaration of honour must be submitted in the paper version.
4	"Financial identification" form duly completed with the original signature of the legal representative and the original signature and stamp of the bank. The financial identification form can be found at: http://ec.europa.eu/budget/execution/ftiers_en.htm
5	"Legal entities" form duly completed with the original signature of the legal representative. The legal entities form can be found at: http://ec.europa.eu/budget/execution/legal_entities_en.htm Applicants must also provide: <ul style="list-style-type: none">• a copy of the certificate of official registration or other official document attesting to the establishment of the entity (where this exists);• a copy of the articles of association/statutes or equivalent, proving the eligibility of the organisation;• a copy of a document confirming the applicant's tax or VAT number, if available; and• in the case of social partner organisations without legal personality, a letter of the representative with the capacity to undertake legal obligations and assume financial responsibility.

6	<p>A detailed work programme for the project. This is a separate document, in addition to the project description in the on-line application form and it must also be submitted electronically as Annex D.4 to the on-line application form. The electronic version must be identical to the paper version of the detailed work programme. The detailed work programme should not be longer than 10 pages.</p> <p>The detailed work programme must provide a detailed description of the project and a timetable for the activities. The names, positions, and employment status of all staff involved in the project should be included in the detailed work programme. The detailed work programme should be submitted in English, French or German.</p>
7	<p>A budget explanation for the project. This is a separate document in addition to the budget in the on-line application form, and it must also be submitted electronically as Annex D.5 to the on-line application form. The electronic version must be identical to the paper version of the budget explanation.</p> <p>The budget explanation provides any additional relevant information concerning the budget (such as details on the travel costs), including subcontracting plans (see Annex 1) The budget explanation should be submitted in English, French or German.</p>
8	<p>Letters of support:</p> <ul style="list-style-type: none"> • if the applicant is submitting a proposal under sub-programme I, a signed letter of support from the European social partner organisation demonstrating its involvement in the project; • if partners are involved in project management, for example providing scientific support and/or financing, a letter of commitment from each of the partners, explaining the nature of their involvement and specifying the cash amounts of any funding provided.
9	<p>A Curriculum Vitae of the Project Manager indicating clearly the current employer with whom there exists either a permanent or temporary contract of employment.</p>
10	<p>Draft tender specification in case of subcontracting for external expertise: Applicants wishing to recruit the services of external experts must provide a copy of the draft tender specifications. This applies to <i>any</i> amount of external expertise above €5 000. This requirement does not apply to public authorities which are already governed by a system of public procurement rules, however, where applicable, this should be indicated.</p> <p>To assist applicants, a model for tender specifications is included in Annex II. Important additional information concerning subcontracting can be found in Annex I.</p>
11	<p>The most recent balance sheet of the applicant's organisation. The applicant should specify which currency is being used in the balance sheet. The Commission reserves the right to request balance sheets from previous years, if necessary.</p>
12	<p>For grant requests over €500 000, an external audit report produced by an approved auditor, certifying the accounts of the applicant organisation for the last financial year available (not necessary for public bodies and international organisations).</p>

Selection criteria

The applicant must have the financial and operational capacity to complete the activity for which funding is requested. Thus the applicant must have access to solid and adequate funding to maintain activities for the period of the project and to help finance it as necessary and must have the operational resources (technical, management) needed to successfully complete the activity.

The financial and operational capacity should be proven by the annual balance sheets, declaration of honour and curriculum vitae mentioned above.⁹

3.4 Award criteria

Proposals which fulfil the eligibility and selection criteria indicated above will be assessed according to the following award criteria:

- i. The extent to which the action meets the objectives and priorities of the budget heading
- ii. The extent to which the action has a genuine transnational dimension
- iii. The quality of partnerships, including the degree of involvement and commitment at the application stage of the social partners/stakeholders in the action¹⁰
- iv. The extent to which the action contributes to the priorities, activities or results of European social dialogue/the debate on industrial relations
- v. The added value, i.e. the lasting impact and/or multiplier effect¹¹ of the action¹²
- vi. The cost-effectiveness of the action
- vii. The arrangements to publicise the action and disseminate the results
- viii. The overall quality, clarity and completeness of the proposal and budget explanation

Integrated approach

Social partner organisations which are members of the same sectoral social dialogue committee are encouraged to adopt an *integrated approach* to their projects (e.g. to combine different activities and to include preparatory, follow-up and dissemination activities within the same grant application). The Evaluation Committee will give priority to such projects.

⁹ To give an example, one possible way to analyse the financial capacity of the applicant is to calculate a ratio between the total assets in the balance sheet and the budget of the project (i.e. the ratio between the "total assets" in the balance sheet divided by total project budget should be higher than 0.70).

¹⁰ Please note that the Commission does not consider it appropriate to include independent consultants, conference organisers, etc., as project partners. Please read Annex I carefully.

¹¹ The multiplier effect refers to how the project and its results will promote change in other fields, such as geographical, sectoral and thematic.

¹² The Commission also reserves the right when assessing projects to take into account the effectiveness and added value of previous or ongoing projects undertaken by the applicant with Community funding.

4 PRACTICAL PROCEDURES

4.1 Where can the application form be found?

The compulsory on-line grant application form as well as the other requested forms can be found at the following Internet address:

<http://ec.europa.eu/social/main.jsp?catId=630&langId=en&callId=196&furtherCalls=yes>

4.2 Where does the application need to be sent?

Please send your covering letter of application, together with all the other documents listed in the table under section "3.3 *Eligible applications*" above as originals as well as **one copy of all of these documents** by the submission deadlines indicated above, to the following address:

*Call for proposals VP/2009/001
Budget heading 04.03.03.01
European Commission – DG EMPL/F.1
J54 01/004
B – 1049 Brussels
Belgium*

Please send your application by registered mail or express courier service only and keep proof of the date of sending (the date of the post office stamp or express courier receipt will be considered as proof of the date of sending).

Hand-delivered applications must be received by the European Commission on the last day for submission. The address for hand deliveries of documents for the European Commission is: Avenue du Bourget n° 1, B-1140 Evere, Belgium. Proof of delivery is a signed receipt from the Commission's Archives Service stamped with the date of the last day for submission or earlier.

Regarding the presentation of the application file, it is recommended to:

- Follow the order of documents as listed in the table under section 3.3 "Eligibility and selection criteria – Eligible applications"
- Print the documents double-sided, where possible
- Only use 2-hole folders (please do not bind or glue)

If an applicant submits more than one proposal, each one must be submitted separately.

ENQUIRIES MUST BE MADE BY E-MAIL ONLY AT:

empl-04-03-03-01@ec.europa.eu

- PLEASE DO NOT TELEPHONE -

4.3 What next? Accepted and rejected applications

Applications will be examined by an Evaluation Committee, which will meet within 35 working days following the deadline for submission.

Rejected applications

The European Commission will notify unsuccessful applicants no later than one month after the meeting of the Evaluation Committee at which the application was examined. Requests concerning the progress of dossiers sent prior to the elapse of these time periods will not be answered.

Rejected proposals may be resubmitted in accordance with a subsequent submission deadline following amendments. They will, however, only be considered if a new and complete application file including all supporting documents is sent to the Commission by the relevant deadline. Documents submitted under a previous submission deadline will not be taken into account.

Selected applications

Successful applicants will receive two original copies of the grant agreement for acceptance and signature. Both these copies must be sent back to the Commission, which will then return one of them once it has been signed by both parties.

ANNEX I

FINANCIAL GUIDELINES FOR APPLICANTS

CONTENTS

1	GENERAL PRINCIPLES	14
2	RULES RELATED TO THE GRANT REQUESTED	14
3	THE ESTIMATED BUDGET OF THE ACTION	15
3.1	The budget must be detailed and balanced.....	15
3.2	Expenditure.....	15
3.2.1	General criteria for eligibility of costs.....	15
3.2.2	Eligible direct costs	16
3.2.3	Eligible indirect costs - Overheads.....	21
3.2.4	Non-eligible costs	21
3.3	Income	21
4	HOW THE GRANT WILL BE CALCULATED	22
5	AGREEMENT GOVERNING THE GRANT	23
6	PAYMENT PROCEDURES.....	23
7	GUARANTEE.....	23
8	BANK ACCOUNT AND INTEREST GENERATED BY PRE-FINANCING PAYMENTS	23
9	SUBMISSION OF REPORTS AND OTHER DOCUMENTS	24
10	PUBLICITY	25
11	EVALUATION	25
12	CHECKS AND AUDITS	25
12.1	Audit report in support of grant applications.	25
12.2	Audit report in support of requests for payment	26
13	PROCEDURE: ELECTRONIC MEANS OF SUBMISSION - SWIM.....	26
13.1	Introduction of grant applications	26
13.2	Requests for payments and budgetary modifications	27
14	DATA PROTECTION	27

The purpose of this document is to enable applicants to prepare their grant applications.

Please read these guidelines carefully before replying to the current call for proposals.

MAIN FINANCIAL AND MANAGEMENT RULES

Disclaimer: this document provides applicants with a quick summary of the main legal and financial rules contained in the Financial Regulation (FR) applicable to the general budget of the European Communities¹³ and its Implementing Rules (IR)¹⁴. The information given is not exhaustive and beneficiaries are therefore asked to carefully read the agreement sent to them, as it will constitute the legal basis for the grant.

1 GENERAL PRINCIPLES

Grants are subject to the principles laid down in the Financial Regulation, in particular the principles of co-financing, prohibition of double financing and no-profit.

Co-financing principle

Community grants may not finance the entire cost of the action to be subsidised. The applicant must contribute to the implementation of the action either by way of own resources or by financial contribution from third parties (in the form of public or private assistance obtained elsewhere).¹⁵

No double financing rule

Each action may give rise to the award of only one grant, there can be no duplicate European Community funding of the same expenditure. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action and for routine activities.¹⁶

No-profit rule

The Community grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of total actual receipts over the total actual costs of the action. Any income of the action must be indicated in the estimated budget and the final financial statement. The amount of the grant will be reduced by the amount of any surplus.¹⁷

2 RULES RELATED TO THE GRANT REQUESTED

- The rules on co-financing rates can be found in the text of the call for proposals.
- The grant does not cover ineligible costs (see below for definition).
- Contributions in kind (unpaid charity work by a private individual or corporate body, etc.) cannot be accepted.

¹³ Council Regulation (EC, Euratom), n° 1605/2002 of 25.06.2002 (OJ L 248, 16.09.2002), as amended by Regulation n° 1995/2006 (OJ L 390, 30.12.2006) (<http://eur-lex.europa.eu/LexUriServ/site/en/consleg/2002/R/02002R1605-20070101-en.pdf>).

¹⁴ Commission Regulation (EC, Euratom) n° 2342/2002 of 23.12.2002, (OJ L 357, 31.12.2002) and subsequent amendments: Commission Regulation (EC, Euratom) n° 1261/2005 of 20.07.2005 (OJ L 201, 02.08.2005), Commission Regulation (EC, Euratom) n° 1248 of 07.08.2006 (OJ L 227, 07.08.2006) and Commission Regulation n° 478/2007 (OJ L 111, 28.04.2007) (<http://eur-lex.europa.eu/LexUriServ/site/en/consleg/2002/R/02002R2342-20070501-en.pdf>)

¹⁵ Art. 113 FR and 172 IR

¹⁶ Art. 111 FR and 173(5) IR

¹⁷ Art. 109(2) FR and 165(1) IR

- Signed letters of commitment from the applicant organisation and/or other sources must be provided stating the precise amount of each financial (cash) contribution to the budget. If other institutions or organisations (partners) are involved in carrying out the project, the letter of commitment/partnership, from each of the partners, should also provide the name, address and person responsible and explain the nature of their involvement.
- An external audit report of the previous accounts of the applicant organisation produced by an approved external auditor must be provided for grant applications where the cost to be financed exceeds € 500 000.¹⁸ The report must certify the accounts for the last financial year available.
- The partial or total withholding by the applicant of any information that may have an impact on the Commission's final decision concerning the application will entail the automatic disqualification of the application or, if discovered at a later stage, will entitle the Commission to impose financial and administrative penalties¹⁹.

3 THE ESTIMATED BUDGET OF THE ACTION

3.1. The budget must be detailed and balanced

Grant applications must include a detailed estimated budget presented in Euro (see application form). Applicants established in countries outside the Eurozone must use the conversion rates published in the Official Journal (OJ) of the European Union (<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>). Applicants should be aware that they fully carry the exchange rate risk.

The budget estimate must be properly balanced: the two totals (income and expenditure) must be the same, since the available income (including the grant requested from the Commission) will have to finance the planned expenditure²⁰. Please make sure that all the items related to the implementation of the action are included and not just those for which financing is being sought.

3.2. Expenditure

Expenditure must include the estimated costs exclusively for the implementation of the action.

3.2.1. General criteria for eligibility of costs

In order to be eligible for Community funding, costs must meet the following criteria²¹:

- a) be incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;
- b) be indicated in the estimated overall budget of the action attached to the grant agreement;
- c) be necessary for the implementation of the action which is the subject of the grant;

¹⁸ Art. 173(4) IR (No audit report is required from public bodies or international organisations.)

¹⁹ Art. 175 IR

²⁰ Art. 173(3) IR

²¹ Art. 172a IR

- d) be identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost-accounting practices of the beneficiary;
- e) comply with the requirements of applicable tax and social legislation;
- f) be reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

The successful applicant must take care to avoid any unnecessary or unnecessarily high expenditure.

The beneficiary's internal accounting and auditing procedures must permit a direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

Documentation justifying costs must be kept by the beneficiary for **five years** following final payment by the Commission.

Expenditure eligible for financing may not have been incurred before the grant application was lodged.

Extra costs associated with the participation of people with disabilities are also eligible. These costs may be required to cover the use, for example, of special means of transport, personal assistants or sign language interpreters.

3.2.2. Eligible direct costs

The eligible direct costs for the action are those costs which, provided that they satisfy the criteria of eligibility set out above, are identifiable as specific costs directly linked to the performance of the action and which can therefore be booked to it directly.

In particular, the following direct costs may be considered eligible:

Staff costs

The costs of staff (permanent or temporary staff employed by the beneficiary or the partners) assigned to the implementation of the action, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, are eligible. The salary costs should not exceed the average rates corresponding to the beneficiary's usual policy on remuneration. In addition, they should not be higher than the generally accepted market rates for the same kind of task.

The costs of personnel of national administrations may be considered as eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.

Please fill in the form reserved for these costs in the budget estimate (see application form) indicating the persons to be remunerated (full-time/part-time), the number of days of work to be performed and the daily rate calculated on the basis of an average of 20 days per month, up to a maximum total of 220 working days per year.

When submitting the request for final payment, the beneficiary may have to provide pay slips and timesheets justifying the actual staff costs declared.

The cost of any work to be performed by external experts by means of subcontracting must not be included in staff costs but under services.

Travel, accommodation and subsistence allowances

Travel costs must not exceed the most reasonable rates available on the market. Accommodation and subsistence costs related to the participants in the action are eligible provided that they are in line with the beneficiary's usual practices on travel costs or do not exceed the scales approved periodically by the Commission which are set out in the table below.

Journeys must be carried out by the most direct and economic route. Economy class fares will be used as the benchmark for analysing air travel costs. Air travel is acceptable only for distances above 400 km, i.e. return flight above 800 km. For other modes of transport, the benchmark is the first-class rail fare. Car journeys: equivalent of corresponding first-class train ticket.

The *Daily subsistence allowances (DSA)* are paid in addition to costs for accommodation as a flat-rate amount and are considered to cover breakfast and two main meals, local transport, the cost of telecommunications and all other sundries. Daily subsistence allowances are to be calculated as follows according to the length of the mission:

- stays less or equal to 6 hours: reimbursement of actual costs (on production of supporting documents);
- more than 6 hours up to 12 hours inclusive: 0.5 DSA;
- more than 12 hours up to 24 hours inclusive: 1 DSA;
- more than 24 hours up to 36 hours inclusive: 1.5 DSA;
- more than 36 hours up to 48 hours inclusive: 2 DSA;
- more than 48 hours up to 60 hours inclusive: 2.5 DSA, etc.

The maximum amounts (in Euro per calendar day) accepted for each country are set out in the table below, and applicants are advised to adhere to these rates in their budget estimates²²:

²² The daily allowance rates are subject to periodic review by the Commission.

Destinations		DSA EUR	in Maximum hotel price in EUR	Destinations		DSA EUR	in Maximum hotel price in EUR
AT	Austria	95.00	130.00	IT	Italy	95.00	135.00
BE	Belgium	92.00	140.00	LT	Lithuania	68.00	115.00
BG	Bulgaria	58.00	169.00	LU	Luxembourg	92.00	145.00
CY	Cyprus	93.00	145.00	LV	Latvia	66.00	145.00
CZ	Czech Republic	75.00	155.00	MK	F.Y.R. of Macedonia	50.00	160.00
DE	Germany	93.00	115.00	MT	Malta	90.00	115.00
DK	Denmark	120.00	150.00	NL	The Netherlands	93.00	170.00
EE	Estonia	71.00	110.00	PL	Poland	72.00	145.00
EL	Greece	82.00	140.00	PT	Portugal	84.00	120.00
ES	Spain	87.00	125.00	RO	Romania	52.00	170.00
FI	Finland	104.00	140.00	SE	Sweden	97.00	160.00
FR	France	95.00	150.00	SI	Slovenia	70.00	110.00
HR	Croatia	60.00	120.00	SK	Slovakia	80.00	125.00
HU	Hungary	72.00	150.00	TR	Turkey	55.00	165.00
IE	Ireland	104.00	150.00	UK	United Kingdom	101.00	175.00

Please note that the Commission and the other European Institutions cover the travel and subsistence costs of their own officials when they participate in an event organised by the beneficiary, and these should therefore not be included in the budget estimate.

Catering

The total amount calculated according to the above mentioned rules regarding Daily subsistence allowances shall constitute a maximum. If catering services are provided by the organisers, the DSAs directly paid to participants must be reduced accordingly.

Costs of services

Information, dissemination and publication costs can be taken into account provided that they are directly related to the action. Please give, for each publication and/or other materials, a description, an estimate of the number of pages and copies planned, the frequency and language of publication, an indication of the production costs per copy, as well as an estimate of the distribution costs where appropriate.

Translation costs must include the following details: the number of languages; the number of pages to be translated; and the rate applied per page. These rates may not exceed the most reasonable market rates.

Interpretation: the different components must be specified. In particular, the number of languages, the number of interpreters, the number of days and the daily rates must be specified. The accepted daily fee of an interpreter may not exceed €700 (including VAT). Interpreters should be hired locally. For their travel and subsistence expenses to be covered by the grant, it must be impossible to hire them locally and it must be explained why this is so.

Evaluation: if the proposal supported requires some form of evaluation, monitoring and evaluation methods must be developed, as well as tools to assess, on an on-going basis, the progress of the action in relation to the objectives defined at the beginning and the results. The cost of such work will be regarded as eligible expenditure, if duly justified.

Subcontracting

Any service undertaken by an external party in connection with the implementation of the action is considered to be **subcontracting**.²³

Applicants should have the operational capacity to complete the action to be supported. However, when justified and necessary, parts of the project may be subcontracted to another person or organisation. In this case, the beneficiary shall ensure that the relevant terms²⁴ applicable to itself under the agreement are also applicable to the subcontractors.

It must be clearly specified in the description of the project which tasks will be subcontracted and why this subcontracting is necessary.

Main rules related to subcontracting activities

When concluding external contracts in order to implement the action, the beneficiary must seek competitive tenders from potential contractors and award the contract in writing to the bid offering **the best value for money, i.e. the best price-quality ratio**. In doing so, the beneficiary shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests.

For amounts larger than € 60 000, beneficiaries must, if requested, be able to prove (including proof of posting) that they have sought bids from at least five different tenderers and be able to provide a copy of the tender specifications. Contracts with a value less than or equal to €5 000 may be awarded on the basis of a single tender.

Contracts as referred above may be awarded only in the following cases:

- a) They may only cover the execution of a limited part of the action;
- b) Recourse to the award of contracts must be justified in relation to the tasks necessary for the implementation of the action;
- c) The tasks to be subcontracted and the corresponding estimated costs must be set out in detail in the budget estimate;
- d) Any recourse to the award of contracts while the action is underway shall be subject to prior written authorisation by the Commission;
- e) The beneficiary shall retain sole responsibility for the implementation of the action and for compliance with the provisions of the agreement. The beneficiary must undertake the necessary arrangements to ensure that the subcontractor waives all rights in respect of the Commission under the agreement;
- f) The beneficiary must undertake to ensure that the terms mentioned above applicable to the beneficiary under the agreement are also applicable to the subcontractor.

²³ Art. 120FR, 184 IR

²⁴ The terms related to liability, conflict of interests, confidentiality, publicity, evaluation, assignment and checks and audits.

External expertise

In addition to the general rules applying to all subcontracting, the following rules must be observed for subcontracting for external expertise.

- Subcontracting for external expertise is only admissible if the staff of the project partners do not have the skills required.
- Work and tasks carried out by the project partners (as described in the letters of support) are not subject to these rules on subcontracting. However, it is not permissible to include normal commercial suppliers of goods and services as project partners in order to avoid these rules. By way of example, the Commission does not find it appropriate to include as project partners independent consultants, conference organisers, and so on.
- The work programme of the grant application must include a declaration and justification of the nature and value of all external expertise. The planned selection and award procedures should be carefully explained. Applicants should note that projects with insufficiently clear explanations of the external expertise and which do not respect the rules outlined here, will be considered to be ineligible.
- Applicants wishing to recruit the services of external experts must provide a copy of the draft tender specifications. This applies to *any* amount of external expertise above €5 000. This requirement does not apply to public authorities which are already governed by a system of public procurement rules, however, where applicable, this should be indicated. To assist applicants, a model for tender specifications is included in Annex II.
- The description of the subcontracting plans and procedures for external expertise included in the work programme of the beneficiary will form a part of the grant agreement. The Commission reserves the right to verify that the beneficiary has carried out the subcontracting in accordance with this description and with the rules included in the grant agreement. Failure to comply with these conditions will constitute grounds for non-acceptance of the costs of subcontracting in the final accounts of the beneficiary.

Administration costs

Depreciation for purchase of equipment²⁵: the purchase cost of equipment (new or second-hand) is eligible provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the period of eligibility for Community funding covered by the grant agreement and the rate of actual use for the purposes of the action may be taken into account by the Commission. A justification for the need of purchasing such equipment is to be annexed to the budget estimate.

Other eligible administrative costs are: rent of meeting rooms (coffee breaks included), rent of interpretation booths, communication costs, charges for financial services, costs relating to a bank guarantee and to external audits, etc. Indicative amounts for rental of booths, excluding technical equipment: €750 (excluding VAT) per day. Rental of booths with equipment and technical assistance: €1200 (excluding VAT) per day.

²⁵ Art. 172 IR

3.2.3. Eligible indirect costs - Overheads

Indirect costs are general administrative costs – overhead costs incurred in connection with the eligible direct costs for the action. They are limited to a maximum flat-rate of 7% of the total eligible direct costs for the action. These can include maintenance, stationery, photocopying, mailing postage, telephone and fax costs, heating, electricity or other forms of energy, water, office furniture, insurance and any other expenditure necessary for the successful completion of the project. Postage costs are considered as overhead costs and cannot be accepted under the headings "publications" or "administration".

If the accepted budget includes a provision for flat-rate funding in respect of indirect costs, they need not to be supported by accounting documents.

Indirect costs are not eligible for an action where the beneficiary already receives an operating grant from the Community budget during the period in question.

3.2.4. Non-eligible costs

The following expenses are ineligible and not accepted:

- contributions in kind: these are contributions that are not invoiced, such as voluntary work, equipment or premises made available free of charge;
- return on capital;
- debt and debt service charges;
- doubtful debts;
- provisions for losses or potential future liabilities;
- interest owed;
- exchange losses;
- VAT, unless the beneficiary can show that he/she is unable to recover it;²⁶
- excessive or reckless expenditure;
- costs declared by the beneficiary and covered by another action or work programme receiving a Community grant.

3.3. Income

Total income must be identical to total expenditure. The income side of the budget must show:

- The beneficiary's contribution in cash: the direct monetary (cash) contribution from the applicant's own resources and/or the contribution from any other fund providers. This means a financial flow that can be traced in the written accounts of the beneficiary.

²⁶ It should be noted that VAT paid by a public body to operators who are subject to VAT (when purchasing goods or supplying services within the framework of the implementation of the co-financed action) is not eligible. The VAT thus collected by operators liable for tax will in fact be returned to accounts of the Member State of the public body. Considering this VAT as an eligible cost would lead to double financing (by the Community and by the fiscal revenue).

- The revenue generated by the action: any income expected to be generated by the implementation of the action should be detailed (such as the yield from sales of publications).
- The Community grant: the grant requested from the Commission.

4 HOW THE GRANT WILL BE CALCULATED

If the proposal is selected for a grant, the Commission will calculate the Community contribution as a percentage of the total eligible costs as shown in the estimated budget for the implementation of the action.

The Commission reserves the right to reduce the grant requested if the proposal is acceptable but considered too expensive, and to reduce individual unit costs if these are estimated to be too high.

Determination of the final amount of the grant

The Community final grant is calculated on the basis of the **actual** eligible expenditure by applying the "double ceiling" rule and verifying compliance with the no-profit rule.

- Application of the "double ceiling" rule limiting the grant both to the percentage of the eligible costs and to the maximum amount mentioned in the grant agreement

The Community final grant is calculated by applying the percentage for the co-financing of the eligible costs laid down in the grant agreement to the total of the actual eligible costs. This amount must not exceed the maximum amount for the Community grant laid down in the grant agreement.

As a result, if the actual expenditure turns out to be lower than the expenditure you budgeted, the actual grant will also be reduced in application of the percentage contribution, which will remain the same. If the actual expenditure turns out to be higher than the expenditure budgeted, the Community grant will not be increased. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

- Verification of compliance with the **no-profit rule**

The grant may not have the purpose or effect of producing a profit for the beneficiary²⁷. On the basis of the above rule, if the total income of the action is higher than the total costs, the final grant amount will be reduced accordingly so that it will not produce a profit.

A mere forecast of expenditure does not give entitlement to a grant. This is why the final grant amount cannot be calculated until the Commission has received the final activity report and the final statement of expenditure. The expenditure that is committed to the implementation of the action must be justified by invoices or equivalent supporting documents, in order to be accepted as actual expenditure. It must also relate to actual rather than inputted costs.

²⁷ Art. 109(2) FR

5 AGREEMENT GOVERNING THE GRANT

Should the Commission award a grant, a standard grant agreement for an action setting out the conditions and maximum level of funding will be concluded with the beneficiary.

Successful applicants will receive two original copies of the grant agreement for acceptance and signature. Both of these copies must be sent back to the Commission, which will then return one of them once it has been signed by both parties.

6 PAYMENT PROCEDURES

The payment procedures will be laid down in the grant agreement. The payment procedures will depend on the length of the action and the amount of the grant awarded.

7 GUARANTEE²⁸

The Commission may require the beneficiary to provide a guarantee in advance, in order to limit the financial risk linked to the payment of the pre-financing.

This guarantee shall be denominated in Euro and shall be valid for a period sufficiently long to allow it to be activated. The guarantee shall be provided by an approved bank or financial institution established in one of the Member States.

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary in accordance with the conditions laid down in the grant agreement.

The guarantee may be replaced by a joint and several guarantee by a third party or by the irrevocable and unconditional joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

8 BANK ACCOUNT AND INTEREST GENERATED BY PRE-FINANCING PAYMENTS²⁹

Payment shall be made to the beneficiary's bank account or sub-account denominated in Euro. The account or sub-account indicated by the beneficiary must make it possible to identify the funds transferred by the Commission.

If the funds paid into the account yield interest or equivalent benefits under the law of the State on whose territory the account is opened, such interest or benefits, if they have been generated by pre-financing payments which remain the property of the European Community, shall not be treated as a receipt for the action.

The beneficiary shall, as specified in the grant agreement, inform the Commission of any interest or equivalent benefits yielded by pre-financing payments higher than €50 000. Notification must be made when the request is introduced for interim payment or for payment of the balance that clears the pre-financing.

²⁸ Compulsory in the case of pre-financing representing over 80% of the total amount of the grant and exceeding € 60 000. However, this requirement may be waived for public-sector bodies and international organisations or for beneficiaries who have signed a framework partnership agreement with the Commission. (Art.118 FR and 182(1) IR).

²⁹ Art. 5(a) FR, Art. 3, 4, 4(a) IR

Interests yielded by pre-financing payments between €50 000 and €750 000 will be directly deducted from payments. Interests generated by pre-financing payments higher than €750 000 will be recovered through a recovery order.

Interests shall not be due to the Communities for pre-financing paid to Member States, to their regional or local authorities including organisms and administrative and instrumental structures under their control, or paid in the framework of joint management with international organisations.

All costs related to these requirements (such as the cost for opening and closing accounts) are eligible and may be submitted in the budget estimate.

9 SUBMISSION OF REPORTS AND OTHER DOCUMENTS

The project manager should keep the Commission informed on the development of the action and informed in good time of the main events being organised as part of the action.

The final report on the implementation of the action, along with a final financial statement of all actual expenditure and actual revenue, are to be sent within three months from the closing date of the action. The final report should be drafted in either English, French or German and should, at a minimum, answer the following questions:

1. How was the action carried out? (Please provide a short description of the action, results and methodology. This part of the report will be published.)
2. How has the action met the objectives of the budget heading?
3. Describe the transnational dimension of the operation.
4. How were social partners/stakeholders involved?
5. What contribution was made by the partners?
6. How has the action contributed to the priorities, activities or results of European social dialogue/the debate on industrial relations?
7. What added value, i.e. lasting impact and/or multiplier effect, has the project contributed?
8. How was the action publicised and how have the results been disseminated?
9. What lessons have been learnt from this experience?
10. Are there any plans to follow up this project, and if so, how?

An electronic version of the final report on the implementation of action should also be provided on a CD-ROM, in word processing format.

Should the final report be deemed to be inadequate or of low quality, the Commission reserves the right to request additional information within 60 days of reception of the final report, and, if necessary, to suspend the final payment until the requested information is provided.

10 PUBLICITY

Beneficiaries of the grant are required to mention clearly the fact that they have received funding from the Community in any publication, in other materials and during activities (conferences or seminars, etc.) for which the grant is used, using the following wording: **"With support from the European Union"**. The logo of the EU given at the following web address: http://europa.eu/abc/symbols/emblem/index_en.htm should also be visible.

Any communication or publication by the beneficiary, in any form and medium, including the Internet, shall indicate that sole responsibility lies with the author and that the Commission is not responsible for any use that may be made of the information contained therein.

In addition to these minimum requirements, references specified in the text of the call for proposals must also be indicated.

All grants awarded in the course of a financial year shall be published on the Internet site of the Community institutions during the first half of the year following the closure of the budget year in respect of which they were awarded.

By signing the grant agreement for an action, the beneficiary authorises the Commission to publish the following information in any form and medium, including via the Internet site of the Community³⁰:

- the beneficiary's name and the address
- the subject of the grant,
- the amount awarded and the rate of funding of the costs of the action.

In order to achieve a wider dissemination of results, the project description will also be published on the European Commission's website.

Upon a duly substantiated request by the beneficiary, publication of this data can be waived if it threatens the safety of the beneficiary or harms his business interests.

11 EVALUATION

Successful proposals could be the subject of an ongoing and ex-post evaluation led by the Commission and/or by independent experts selected by the European Commission. Therefore, the beneficiaries of the grant undertake to make available to the Commission and/or persons authorised by it, all necessary documents or information and to give these persons the rights of access required.

12 CHECKS AND AUDITS

An external audit report is required in the following cases:

12.1. Audit report in support of grant applications³¹

Organisations' proposals for an action for which the grant exceeds € 500 000, shall be accompanied by an external audit report produced by a certified auditor. That report shall certify the accounts for the last financial year available.

³⁰ Art. 110(2) FR, 169(2) IR

³¹ Art. 173(4) IR

12.2. Audit report in support of requests for payment³²

In the case of a grant for an action over €750 000, requests for payment shall, when the cumulative amount per financial year of requests for interim payments and for payment of the balance is at least €325 000, be accompanied by an external audit report produced by an approved auditor or in case of public bodies, by a competent and independent public officer. Its purpose is to certify that the submitted accounts comply with the financial provisions of the agreement, that the costs declared by the beneficiary in the financial statements on which the request for payment is based are real, accurately recorded and eligible according to the grant agreement and that all receipts have been declared.

The obligation to provide such a certification of the financial statements and underlying accounts may be waived in the cases of grant beneficiaries that are public bodies or international organisations. If an external audit of the action's accounts is not required, the beneficiary himself shall certify on his honour that information contained in requests for payments is full, reliable and true. He shall also certify that the costs incurred can be considered eligible in accordance with the grant agreement and that requests for payment are substantiated by adequate supporting documents that can be checked.

The beneficiary undertakes to provide any detailed information requested by the Commission or by another qualified outside body chosen by the Commission for the purposes of checking that the action and the provisions of the agreement are being properly implemented. The beneficiary must enable the Commission and/or the European Court of Auditors to verify the organisation's accounting documents, if they deem this appropriate. To this end, documentation justifying items of expenditure must be retained by the applicant's organisation for five years following final payment by the Commission.

13 PROCEDURE: ELECTRONIC MEANS OF SUBMISSION - SWIM

The Internet Web application called "SWIM" (SAGA Web Input Module) allows applicants/beneficiaries to introduce, edit, validate, print and submit grant applications, request for payments and request for modifications on the budget estimate. SWIM can be accessed in the following web address³³: <https://webgate.ec.europa.eu/swim>.

13.1. Introduction of grant applications

The grant application form has to be electronically filled in as follows: first, access the system at the address mentioned above and click on the link "New grant application", then, select the number of the call for proposals you wish to apply for and fill in your application. Once your application is completed, click on the "submission" button in order to finalise the submission procedure.

Please note that after submitting your application form electronically, no changes to the application are possible.

After electronic submission, the application form must also be printed out, signed by the legal representative of the organisation submitting the proposal and sent by post to the responsible Unit, as specified in the text of the call for proposals.

Failure to respect this procedure will render the application ineligible.

³² Art. 180(2) IR

³³ For more technical details on SWIM, a user's manual is available on-line

13.2. Requests for payments and budgetary modifications

In addition to the documents specified in the grant agreement, financial documents required in support of requests for further pre-financing payments and for payment of the balance, as well as requests for modifications of the budget estimate to be made by addendum, must also be electronically submitted using SWIM.

To be allowed to log onto SWIM and access its grant file, the beneficiary will be asked to enter the same File number and Access code assigned by the system to the grant application when it was created.

14 DATA PROTECTION

The grant application will be processed by computer. All personal data (such as names, addresses, CVs, etc.) will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.³⁴ Replies to the questions in the application form are necessary in order to assess the grant application and they will be processed solely for that purpose by the department responsible for the Community grant programme concerned. On request, applicants may be sent personal data to correct or complete. For any question relating to the data, please contact the Commission department to which the form must be returned. Beneficiaries may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.

³⁴ Official Journal L 8, 12.1.2001.

ANNEX II

**MODEL FOR TENDER SPECIFICATIONS FOR SUBCONTRACTING
EXTERNAL EXPERTISE**

Tender Specifications –

- 1. Background**
- 2. Purpose of the Contract**
- 3. Tasks to be performed by the Contractor**

Description of tasks

Guidance and indications on tasks execution and methodology

- 4. Expertise required**
- 5. Time schedule and reporting**
- 6. Payments and standard contract**
- 7. Price**
- 8. Selection criteria**
- 9. Award criteria**

(option 1)

The contract will be awarded to the tenderer whose offer represents the best value for money - taking into account the following criteria:

-
-
-

It should be noted that the contract will *not* be awarded to a tenderer who receives less than 70% on the Award Criteria.

(option 2)

The contract will be awarded to the tenderer whose offer represents the lowest price.

- 10. Content and presentation of the bids**

Content of the bids

Presentation of the bids