



Technical support to the implementation and management of ENI CBC programmes

Templates and tools for subgrants by ENI CBC project beneficiaries

Version for beneficiaries

February 2020

DISCLAIMER

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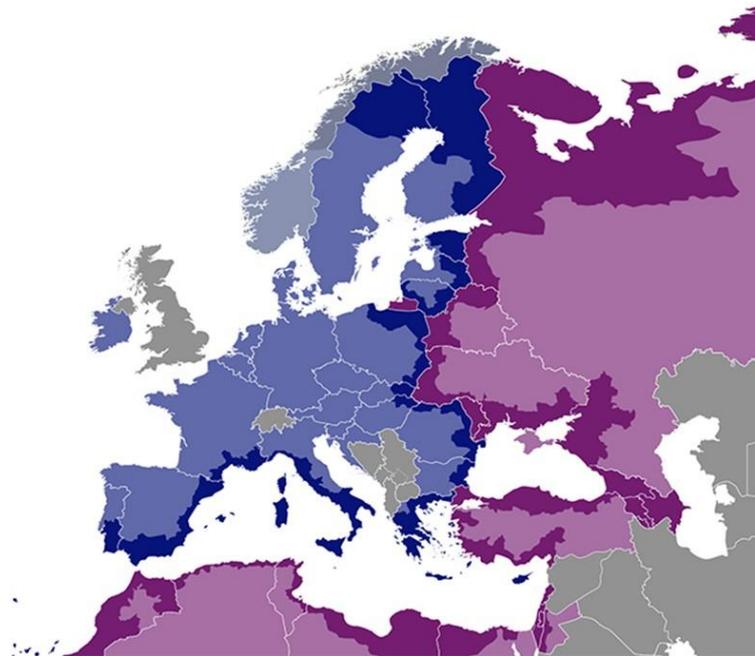


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1. Sub-grants in the context of ENI CBC

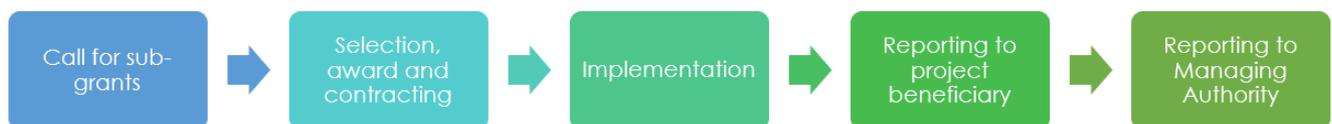
The European Commission re-introduced the option of sub-granting in the context of external funding in 2007, and several ENI CBC programmes include this possibility in their calls for proposals. It is described as “**financial support to third parties**” in article 204 of the Omnibus Regulation¹, as well as in the section on this subject in PRAG², with a focus on “**no margin of discretion**” in its award.

There are **three key conditions** for this financial support ensuring the inexistence of discretion:

1. the maximum amount of financial support that can be paid to a third party, which shall not exceed EUR 60 000, and the **criteria for determining the exact amount**;
2. the different types of activities that may receive such financial support, on the basis of a **fixed list**;
3. the **definition of the persons or categories of persons** which may receive such financial support and the criteria for providing it.

A **sub-grant** is an indirect financial contribution through an EU grant beneficiary to a sub-grant beneficiary (**sub-grantee**) for an **action**³ intended to help achieving the objectives of the project for which the grant was awarded.

The **goal** of this document is to support project beneficiaries in developing their own **sub-grant schemes**, so that they can be implemented in compliance with the applicable rules, as the award of sub-grants should follow the same type of procedures than a call for proposals, while respecting the principle of proportionality. The beneficiary has no margin of discretion, as set out in the above-mentioned article 204. Each sub-grant scheme must cover all the process of the financed actions or **sub-projects**:



The next sections of this document deal with how the key principles of the calls may be transposed to sub-grants, while providing a set of standard templates, which can be used as a source of inspiration for project beneficiaries.

The ENI CBC programmes may decide on the specific rules to be applied, considering the type of actions, the financing mode and the specificities of the area and potential target groups. The eligible activities have to be consistent with the eligibility criteria of the call for proposals for projects. There is a need for special attention to the activities financed through

¹ Regulation (EC) 2018/1046

² Section 6.9 in PRAG 2019

³ This document uses the word “action” as a synonym of “sub-project”.

the sub-grants, as depending on the priorities to which they are contributing to, we may encounter **indirect State aid** activities. If so the case, they will need to be managed in accordance with the programme rules.



The rules of the programme prevail over the recommendations of this document!!

1.1. What kind of sub-grants?

An ENI CBC project may include a wide range of types of sub-grants and sub-grantees, depending on the project goals, going from small-scale sub-projects with sub-grantees from different countries, to financial or in-kind support to NGOs, entrepreneurs, micro-enterprises or researchers.

Some **examples** are:

- Financial support to an entrepreneur for the set-up of a new company,
- Financial or in-kind⁴ support to specific investments in targeted sectors (ecological agriculture, sustainable tourism, urban technologies, etc.)
- Financing of innovative cooperation activities between actors from different countries or between research centers and enterprises,
- Stages for entrepreneurs, researchers or professors,
- Financial or in-kind support to NGOs or educational centers for environmental awareness-raising campaigns,
- Financial support to the internationalization of micro-enterprises,
- Development of environmental small-scale pilot projects by local authorities.

Please ensure that the sub-grant scheme is designed and implemented in such a way that it brings significant **added-value** to the project and a **strong contribution to the achievement** of its **objectives**!

⁴ In-kind support might consist, for example, in the donation of equipment or the provision of technical assistance, both paid directly by the project beneficiary.

2. Calls for sub-grants

2.1. Key principles

The project beneficiaries must award the sub-grants following similar principles as the calls for proposals for projects, but taking into account the specificities of the smaller size of the financed action. Sub-grants below 60.000€ are considered as low-value grants⁵ and, as a consequence, some principles, such as the one on no-profit, do not apply.

The **key principles** to follow are:

Principle	Description
Transparency	The project beneficiary, acting as “contracting body”, shall publish all relevant information in order to enable the potential sub-grantees to obtain timely and accurate information on the actions being undertaken. The sub-grant scheme must be implemented by publishing calls for proposals and all sub-grants awarded will be published with due observance of the requirements of confidentiality and security.
Equal treatment	No preferential treatment may be given to any potential sub-grantee. This rule applies not only to the process of identifying and selecting sub-grants but also during the implementation of the action.
Co-financing	The costs are shared between the EU and the project, with or without contribution from the subgrantees.
No cumulative award	Each sub-grantee may not get more than one sub-grant per each action. The applicant must specify in the application form any applications and awarded grants or sub-grants relating to the same action.
No retroactivity	The sub-grant may not be used to finance actions which have already been completed. The programmes may also require that they do not commence prior to the award of the sub-grant.

2.2. Content of the call

The first element of the call for sub-grants is to develop simplified “**guidelines for sub-grant applicants**” with a clear identification of the:

- **Contracting body:** identification of the project beneficiary or beneficiaries signing the sub-grant contract,
- **Scope:** type of eligible activities to be carried out by sub-grantees, which must contribute directly to the project goals,
- **Maximum duration,**

⁵ See article 2(4 1) of the Omnibus Regulation.

- **Profile of the sub-grantees:** type of eligible organisations or persons (even natural persons), which may apply, including any limitation to participation (e.g., “no more than one sub-grant shall be awarded to each applicant”),
- **Partnership:** in case that the sub-grants require the work in partnership, either in the same country or in different countries,
- **Geographical eligibility** of the sub-grantees and the activities: ideally the same than the project partnership, even though they may be extended to all the programme area. We strongly recommend not to extend it beyond the programme area though, in particular when the justification of expenditure is not performed via simplified costs,
- **EU financing:** maximum amount of the sub-grant,
- **Financial regime:** type of eligible costs and their justification during implementation, either via direct costs or simplified costs option⁶.
- **Budget:** regardless of the financial regime, the applicant must prepare a simplified budget with an estimation of costs,
- **Reporting:** frequency and content of the reporting to the contracting beneficiary,
- **Implementation conditions:** in case of use of simplified costs, the sub-grants justification will be output-based or result-based. The type of output and/or results indicators must be clearly identified,
- **Selection and award criteria and procedure,** including an estimated timetable and appeal procedure.

The “**Application pack**” should also include:

- **Application form**
- **Standard sub-grant contract**
- **Reporting** template

 <p># 1</p>	<p>TOOL #1: Annexes 1, 2, 3 & 6 include templates respectively for the Guidelines for potential sub-grantees, application form, standard sub-grant contract and reporting templates (both financial and activity).</p>
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	<p>An incomplete or non-compliant application pack may lead to the ineligibility of the awarded sub-grants!!</p>
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The application pack may be written and filled-in by applicants in the national language if the call is single-country. We recommend that these documents are written in the programme language(s) when the call is multi-country.

⁶ See the specific sections on this aspect further on in this document.

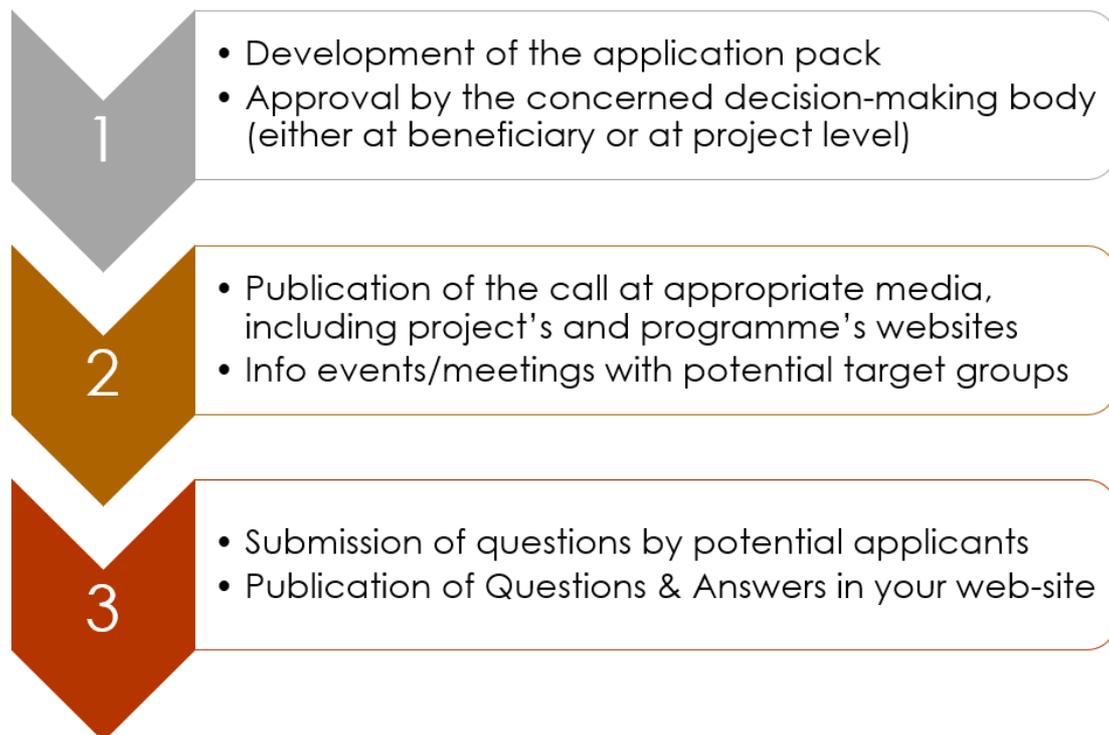
2.3. Publication and publicity of the call

The call must be published through appropriate means, in order to ensure the principles of transparency and equal treatment. The project must prove that there was a wide dissemination amongst the target group(s) identified as potential sub-grantees.

	Inadequate publication and/or insufficient publicity of the call may lead to the ineligibility of the awarded sub-grants!!
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2.4. Steps of the call for sub-grants

Which are the steps to follow until the submission of applications by the potential sub-grantees?



3. Selection, award and contracting

3.1. Selection and award criteria

As in the case of the calls for proposals for projects, the sub-grants must have selection and award criteria which are clear, non-discriminatory and not prejudicial to fair competition. Which is the difference?

Type of criteria	Purpose
Selection criteria	To assess that the potential sub-grantee has sufficient financial, economic, technical and professional capacity to implement the tasks of the proposed sub-grant action. The chosen criteria shall be proportionate and may not go beyond the scope of the action.
Award criteria	To determine the award decision during the evaluation procedure. They must be related to the relevance and design of the application for sub-grant, including the estimation of costs.

The **selection and award criteria** must be measured with a scoring system, similar to the one used in the call for proposals. The scoring system must be known in advance by the potential sub-grantees and published in the documents of the call.



Focused selection and award criteria are a key factor for the success of the sub-grant scheme!!

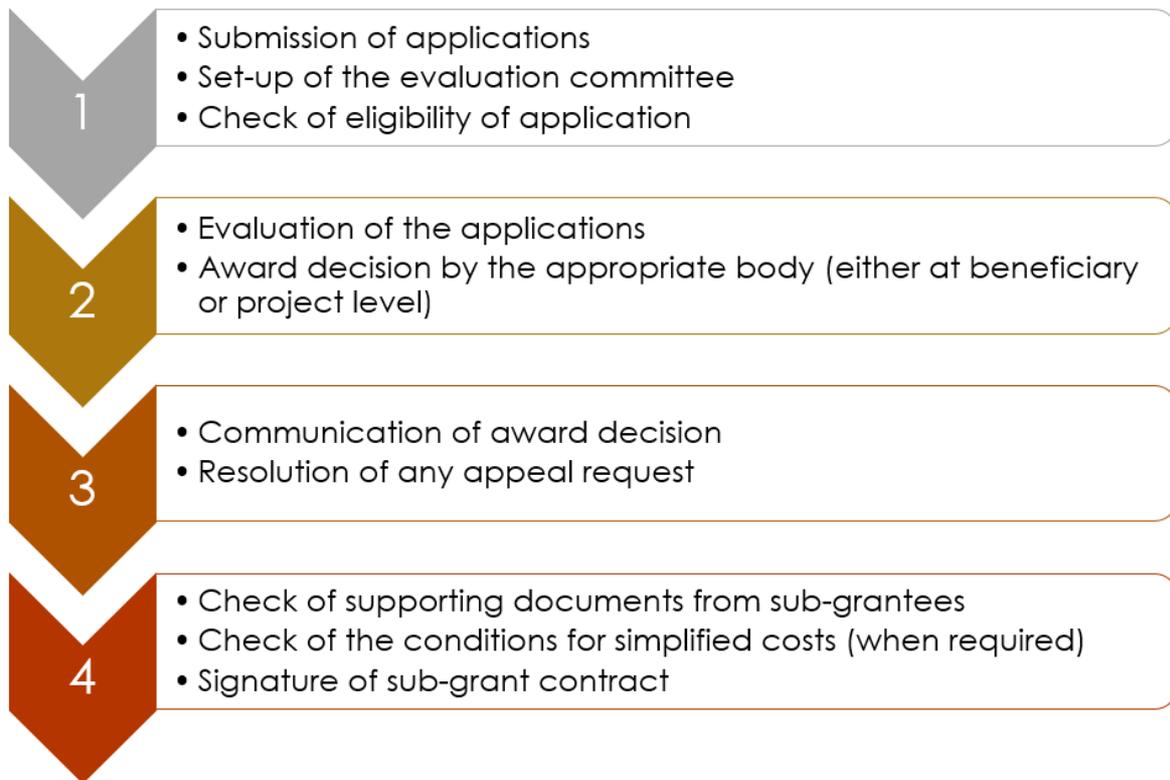
An **example of evaluation grid** with selection and award criteria can be found in annex 1 (guidelines for potential sub-grantees).

3.2. Evaluation and contracting procedure

The selection of the sub-grants is a critical procedure. Any non-respect of the principles mentioned in the previous section of this guide, or any incompliance of the self-defined criteria included in the call for sub-grants, might lead to the ineligibility of the sub-grants.

On top of the procedure itself, it is essential that the applications are assessed by an ad-hoc evaluation committee with adequate technical capacity and complete independence from the potential sub-grantees.

Which are the **steps** to follow from the submission of the applications to the signature of the sub-grant contracts?

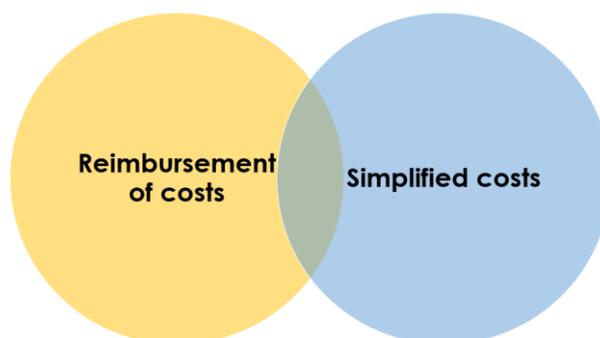


TOOL #2: Annex 4 includes the proposed templates for the evaluation of the sub-grant applications, which may be used by the members of the evaluation committee and must be kept as a proof of the respect of the above-mentioned key principles.

4. Implementation

4.1. Financial regime

The sub-grant may take one of the two following forms:



The choice of the form may either be decided at programme level or be left to the decision of the project beneficiaries. In any of the two cases, a list of categories of eligible costs must be defined in the "Guide for sub-grants" published for the call, and an estimated budget should be provided.

4.1.1. Reimbursement of costs

The sub-grant may be defined as the reimbursement of a specified proportion of the eligible costs actually incurred by the sub-grantee. If this is the case, the sub-grantee must:

- Ensure that the **costs are compliant with the eligibility requirements** of the programme and included in the categories accepted in the call for sub-grants,
- Follow the **programme rules** in what concerns the eventual **revenue** deriving from the sub-grant activities,
- Keep sub-project accounting showing a reliable and easy to follow **audit trail**⁷ of the expenditure and revenue,
- **Keep the original accounting supporting documents** until the end of the open-to-control period (see section 4.4.),
- Have the declared **expenditure verified** by the project auditors or competent public officers, following the requirements of the programme and the country.

The proportion of reimbursement of costs may be 100%, the **co-financing must be ensured at project level**. Some programmes may require that co-financing is provided by **the sub-grantee**).

⁷ The audit trail gives a step-by-step documented history of a transaction. It enables an examiner to trace the financial data from accounting to the source documents (invoice, receipt, voucher, etc.).



In the case of reimbursement of eligible costs, these costs must be added to the financial report of the beneficiary, once verified by an auditor or competent public officer, and reported to the Managing Authority together with the costs directly incurred by the beneficiary!!

4.1.2. Simplified costs

The sub-grant may also take the form of a **lump sum** (e.g., a fix amount of money to support the set-up of a new company or to pay specific equipment) and/or **unit rate(s)** (e.g., an amount of money for each person participating in environmental awareness-raising events or for the number of days of a research stage).

However, in order to use the simplified costs, it is necessary to fulfil certain conditions⁸:

- a) justification concerning the appropriateness of such forms of financing with regard to the nature of the projects as well as to the risks of irregularities and fraud and costs of control;
- b) identification of the costs or categories of costs covered by lump sums, unit costs or flat-rate financing, which shall exclude ineligible costs;
- c) description of the methods for determining lump sums, unit costs or flat-rate financing, and of the conditions for reasonably ensuring that the no-profit rule and co-financing principles are complied with and that double financing is avoided.

Once the amounts have been assessed and approved by the Managing Authority, they will not be challenged by ex post controls.

In case of use of simplified costs, the **fulfilment of these conditions** has to be **checked ex-ante** by the Managing Authority. Therefore, the decision on the sub-grant award must be complemented by a confirmation of the Managing Authority, prior to signature.

Under this financial regime, once the lump sum and/or unit rate(s) are approved, there is **no obligation to keep any accounting and financial supporting documents**. However, the evidence of the implementation of the activities become the key eligibility condition. That's why the simplified cost option is also called **output-based** or result-based.

Another characteristic of this method is the removal of the obligation of financial reporting and expenditure verification at sub-grant level.



In the case of sub-grant as a lump sum, the payment of the project beneficiary to the sub-grantee is considered as the eligible cost and the contribution of the co-financing must be done by the former, that is, there is no co-financing by the sub-grantee!!

⁸ According to article 50 of the ENI CBC Implementing Rules.

4.1.3. Payment schedule

The payment schedule must be decided by the project when developing the guidelines for sub-grants. Depending on the duration of the sub-grant activities it may include an initial pre-financing, intermediate payment and a balance payment at completion. The intermediate payment may be linked only to activity reports in case of simplified cost.

Take into consideration the following factors when deciding on the payment schedule:

- Risk of non-performance of activities (in time or in full),
- Risk of error in the eligibility of expenditure,
- Financial capacity of the sub-grantees. A reduced pre-financing may hamper the possibilities of success in small NGOs or civil society organisations,
- The harmonization of payments and reporting of the sub-grants with the project reporting, depending on the moment of signature of the sub-grant contracts.

4.2. Monitoring of activities

The sub-grant application must include a work plan with clear milestones and deliverables, which must be reported regularly (see section 5.1). The project beneficiary acting as contracting body must ensure an adequate monitoring of the sub-project activities and delivery of the committed outputs. This may include monitoring visits and/or the participation of its representatives in the key events of the sub-project.

The sub-grantees must also respect the same visibility rules than the project beneficiaries, as specified in the grant contract and programme rules. This aspect must also be checked by the project beneficiary.

4.3. State aid

Some ENI CBC programmes consider that State aid relevant activities are not eligible. If this is the case, we recommend that the contracting beneficiary requests the sub-grantees to submit a declaration on State aid with the same format than the one used by the programme in the call for proposals.

Alternatively, if the ENI CBC programme accepts the use of State aid tools, such as the *de minimis*, we recommend to apply them. The probability of the so-called **indirect State aid** in sub-projects is high.

 <p># 3</p>	<p>TOOL #3: TESIM publish a document called "Tools to manage de-minimis State aid in the ENI CBC programmes", with the annexes needed for the management of state aid under the <i>de minimis</i> regime by project beneficiaries.</p>
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5. Reporting

5.1. Reporting to the project beneficiary acting as contracting body

The frequency of the reporting will depend primarily on the duration of the implementation period:

- For one-off activities, only one report is needed at completion,
- For less than 6 months, we recommend one brief progress report after 3 months and a final report after completion,
- Until 12 months, we recommend two 4-monthly reports and the final one,
- For more than 12 months, we recommend 6-monthly reports and the final one.

Nevertheless, reporting schemes should also take into consideration other factors, such as the amount of the sub-grant and its financial regime.

	<p>The reporting requirements must be proportionate to the size of the grant. It is important not to over-burden the sub-grantees with complex reporting templates!!</p>
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5.1.1. Financial reporting

Only the sub-grants with reimbursement of costs must submit financial reports to the contracting bodies. Even though the programmes put in place electronic systems for reporting, only the project beneficiaries will have access to them. Considering the limited number of transactions usually performed in low-value grants, we recommend simplified reporting in Excel, following the template proposed in annex 3, accompanied by all the necessary supporting documents.

It will be the task of the project beneficiary to insert the expenditure in the electronic system. As the sub-grants will have a specific budget line at project level, it will suffice to insert one accounting entry with the global amount of expenditure incurred, paid and verified. The supporting document for the programme electronic system may be the financial report.

5.1.2. Activity reporting

The activity reporting must be adapted to the nature of the financed activities. The type of report may not be the same when the sub-grant finances stages of researchers, the acquisition of one piece of equipment or the set-up of a university spin-off or an environmental start-up.

Nevertheless, the report must include at least:

- A description of the activities, compared with the initial work plan,
- The delivery of outputs,

- The assessment on the achievement of the results,
- The compliance with the visibility requirements.

A reporting template is proposed in annex 3 of this document. Please adapt it to the specificities of the sub-grants financed by your project.

5.2. Reporting to the Managing Authority

The sub-grants must be embedded in the project reporting to the Managing Authority. The contracting body is responsible for including adequate information on the performance of the sub-grant schemes in this reporting, following programme requirements. If the contracting body is not the lead beneficiary, it will provide the later with all necessary information.

Beyond the description of the sub-grant activities, it is essential that the project beneficiary includes its **own assessment on their success** and, specially, on how they contributed to the achievement of project goals.

6. Sub-project completion

Upon sub-project completion, the sub-grantee must prepare the final report for the contracting, showing that the outputs and results have been achieved. One original of each publication and/or publicity material must be kept.

Both sub-grantees and contracting bodies must keep all the supporting documents during the period indicated in article 70 of the ENI CBC Implementing Rules⁹, that is five years until the end of the payment of the balance of the programme (not the project). This obligation includes the accounting records for the sub-grants under the reimbursement-of-costs regime.

The originals must be kept by the subgrantee, but we strongly recommend that the project beneficiary acting as contracting body keeps a copy of all of them, at least in scanned format.

	<p>The balance payment of the programmes is foreseen in 2024. Be ready to keep the original supporting documents until at least, 2029!!</p>
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During the period of compulsory record and document keeping, the sub-project may receive checks from the Managing Authority and the Audit Authority of the programme, as well as the European Commission, the European Court of Auditors and any other competent body.

⁹ Regulation EC 897/2014 NOTE: this reference is not provided in the previous occasion in which the Implementing Rules are presented (footnote 4).

Annexes with templates

Annex 1: Guidelines for sub-grant applicants

Annex 2: Standard application form

Annex 2.1. Sub-grant application form

Annex 2.2. Budget

Annex 3: Standard sub-grant contract

Annex 4: Evaluation grid

Annex 5: Declaration of impartiality and confidentiality

Annex 6: Reporting

Annex 6.1. Financial reporting

Annex 6.2. Activity reporting