**ANNEX M**

**Details of the financial support to third parties**

Under this call, applicants will propose financial support to third parties in order to help achieve the objectives of the action[[1]](#footnote-1). Third parties are neither co-applicants (see Section 2.1.1 of the present Guidelines), nor affiliated entities) (see Section 2.1.2 of the Guidelines), nor associates or contractors (see Section 2.1.3 of the Guidelines).

**The financial support to third parties should be a minimum of 75% of the total grant amount. A call for proposals for third parties must be made at least once a year.**

Once the grant contract has been signed, the ‘lead applicant’ is referred to as ‘the coordinator’. The responsibilities of the coordinator are listed under Article 1.6 of the General Conditions. The General Conditions are Annex II to Annex G of these Guidelines. The coordinator retains full financial responsibility for ensuring that the action is implemented in accordance with the contract.

Among other things, the coordinator has to ensure that the following articles of the General Conditions are respected by the third parties:

Article 6 – Visibility

Article 14.1 – Cost eligibility criteria

Article 14.2 – Eligible direct costs

Article 14.11 – Non-eligible costs

Article 16 – Accounts and technical checks (accounts, right of access, record keeping)

Article 17.3 – No profit

In particular, it is highly recommended that the coordinator take all necessary measures to ensure the eligibility of the funds allocated as financial support to third parties by himself and his co-applicants. In other words, if ineligible costs are identified at any point during the project implementation period, the contracting authority will turn only to the coordinator to reclaim any amount unduly paid, including the costs incurred in awarding financial support to third parties (see Section 2.1.4 of the Guidelines).

**This Annex sets out the conditions for financial support to third parties. In line with these conditions, the lead applicant must define its own criteria for the support to third parties in Section 2.1.1 of the application form.**

In compliance with the present guidelines, in particular any conditions or restrictions in this section, **the lead applicant must indicate** in Section 1 of Annex A.1 Concept note (application form):

1. **Overall objectives, specific objective(s) and outputs[[2]](#footnote-2) (i.e. the results) to be achieved with the financial support**

The financial support to third parties must achieve the global objective and the specific objective set out in Section 1.2 of the Guidelines. In applying for financial support, third parties must demonstrate how they will achieve one or more of the priorities listed in Section 1.2 of the Guidelines:

a) creation/production of high-quality ACP goods and services at a competitive price and in increased quantities;

b) access to national, regional and international markets, and broadest possible circulation/dissemination/promotion of ACP goods and services;

c) better, more widespread visual literacy education;

d) improved access to financing through innovative mechanisms that allow co-financing and aim to reduce ACP cultural operators’ dependence on international financing.

1. **Eligible activities**

The activities are components of the action, as stated in Section 2.1.4 of the Guidelines.

The maximum duration of the activities eligible for financial support must be specified.

The maximum duration of the activities eligible for financial support must not exceed the planned duration of the action specified in Section 2.1.4.

Eligible activities must be clearly and comprehensively described.

Actions must be implemented in **one or more of the ACP countries** listed in Annex L of the Guidelines.

Applicants have to specify in the first page of the grant application form for which lot they are applying.

Some activities may be carried out in ACP Member States belonging to lots other than those chosen by the applicant, or in non-ACP countries. The applicant should explain in the application form how the location of activities is justified within the context of the overall action and how these activities benefit the target populations in the ACP countries.

Particular attention should be paid to long-term strategies that ensure the sustainability of results beyond the duration of the actions, with the involvement of local communities. In this respect, the activities and methodology for information, monitoring, capacity building and evaluation must be clearly defined from the outset.

The types of actions eligible for third-party support may include the following activities (non‑exhaustive list provided by way of example):

**Strand (1) Creating/producing high-quality goods and services at a competitive price and in increased quantities**

* Support for cinema/theatre and institutions of artistic education, dance schools, writers’ residencies (including new communication technologies), on-the-job training, peer learning, e‑learning,
* Support for cultural projects involving isolated areas and disadvantaged groups, together with support for beneficiaries (mainly small-scale local cultural actors, young audiences and isolated areas, including local public cultural organisations);
* Support for tangible and intangible cultural heritage, including museums and collections (production and touring of exhibitions, mediation activities facilitating access to sites/collections for new audiences, including through multimedia technologies, documentation, information and awareness-raising activities about heritage),
* Actions to enable the production/development of cultural creations used and disseminated to encourage intercultural understanding:
	+ Promotion of networking and cooperation at local, regional and international level, identifying and sharing best practices and knowledge;
	+ Development of media initiatives based on reporting standards, including the production and dissemination of material by means of the internet/social media, or radio/television broadcasts on topics covered by the call.

**Strand (2) Access to national, regional and international markets, broadest possible circulation/dissemination/promotion of ACP goods and services**

* Market support for festivals, support for TV channels/platforms broadcasting a quota of local films, galleries, theatres, exhibition spaces,
* Development of online distribution, development of websites to promote works (audio‑visual, fashion, design, crafts, visual arts, heritage, etc.),
* Support for the projection of works on the Internet and local and national TV channels, in cultural centres, youth centres, schools, rural and remote areas, etc., support for the use of new audiovisual technologies among young people, etc.,
* Support for dubbing, subtitling in local/European languages, development of applications (cross-media) for playing on tablets and telephones,
* Development of professional capacities and skills with a view to better adaptation to a globalised world and markets (e.g. administrative, creative and marketing skills, vocational and technical training) to strengthen links with the private sector, support for knowledge transfer.

**Strand (3) Better, more widespread visual literacy education**

* Support for attracting new audiences and for cultural education, especially among young people.
* Organisation of educational workshops for young people and women and special sessions in primary and secondary schools.

* Encouraging and supporting the introduction of visual literacy in state educational programmes.

**Strand (4) Facilitated access to financing through innovative mechanisms enabling co‑financing and aiming to reduce ACP cultural operators’ dependency on international financing.**

* Contribute to increasing cultural operators’ access to markets (local, regional and international) and attracting investors’ interest in:
* Support for creators/artists by providing advice, tools and resources to help them start their own business (video games, animation films, platforms, creation, design, web content),
* Support for existing companies by developing relationships with Impact, Venture and other innovative funds giving them access to working capital and growth.
	+ Support for research and/or improved access to financing mechanisms and innovative technological approaches
1. **Entities eligible for financial support**

Any third party eligible for financial support must meet the following criteria:

* be a legal person **and**
* be established since at least 2017 in one ACP Member State of the specific lot for which the application is submitted (as listed in Annex L), **and**
* have directly implemented, during the last two years (2017/2018), at least one project in the cultural and creative sector, for at least 50% of the amount of the grant requested, **and**
* be directly responsible for the preparation and management of the activities being funded.
1. **Criteria for selecting these entities and granting financial support**

Third parties submit their projects to a call for proposals issued by the Coordinator, whose eligibility and selection criteria meet all the criteria of the Guidelines (see Section 2.1) and the present Annex.

The application must set out, in Section 2.1.1 of the application form, the criteria and methodology to be used to select third parties. The application must also describe in Section 2.1.1 of the application form the financial and operational monitoring and support mechanisms which will be put in place.

The coordinator may apply their own rules to the selection and evaluation process, provided that they comply with the principles of proportionality, sound financial management, equal treatment and non-discrimination.

The coordinator must ensure transparency and avoid conflicts of interest throughout the award procedure.

The coordinator must ensure that the exclusion criteria referred to in point 2.6.10 of the PRAG[[3]](#footnote-3) do not apply to the third parties. Proof and documented evidence that third parties are not subject to any of the exclusion criteria must be kept in the beneficiaries' records.

The contracting authority and the European Commission may appoint observers to the coordinator's evaluation committee for the selection of third parties. Once the selection process has been completed, the list of recipients of financial support (i.e. the third parties) should be submitted to the contracting authority and the European Commission for information.

1. **Criteria for determining the exact amount of financial support to third parties**

The application must set out the criteria and methodology used to determine the amount of the financial support to third parties.

It must also include the following indicative information:

* The total amount allocated for financial support to third parties; and
* The number of third-party projects to be supported.
1. **Maximum amount of financial support per third party**

The financial support per third party may not exceed **€180,000 per project selected.**

Applicants should propose in their applications which documents the third parties will need to keep to demonstrate that the financial support has been used in accordance with the grant contract, as specified in the introductory paragraph of this Annex.

1. **Control system established to verify the eligibility of costs (implementation phase)**

The EU grant beneficiary shall assume sole responsibility for the management of the European Commission (hereinafter ‘EC’) funds. There is no contractual link between the EC and the third party. Therefore, the beneficiary shall set up a system of control of third-party activities and costs.

In order to monitor the project, the beneficiary shall provide, in its reports to the Contracting Authority, a comprehensive and detailed description of the award and implementation of any financial support given. These reports shall provide, inter alia, information on the award procedures, the identities of the recipients of the financial support, the amounts granted, the results achieved, the problems encountered and solutions found, the activities implemented as well as a provisional timetable of the activities still to be carried out.

Any publication or information or product provided shall be consistent with the objectives and main purpose of the call for proposals.

The auditor selected by the beneficiary shall verify the eligibility of the costs incurred by the third party. It is recommended that the beneficiary agrees with the auditor on the supporting documents required to certify the eligibility of costs incurred by third parties. Each payment request shall be accompanied by an expenditure verification report (audit report) certified by the auditor.

The beneficiary shall keep copies of all supporting documents[[4]](#footnote-4) related to financial support to third parties for the period specified in the General Conditions of the grant contract with the EC.

In addition, to the extent required, the beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4.1 to 4.4, 6 and 16 of the General Conditions are also applicable to third parties awarded financial support.

Furthermore, the beneficiary shall ensure that those third parties do not fall under any of the exclusion criteria described in point 2.6.10.1.1. of the exclusion criteria in the Practical Guide (PRAG)[[5]](#footnote-5).The beneficiary shall also ensure that all third parties complete and sign the ‘Third party declaration’ form below before the conclusion of the Financial Support to Third Party contracts.

**Third Party Declaration**

In order to provide the beneficiary with reasonable assurance that the third party is able to carry out the actions agreed upon, the authorised signatory of the third party hereby declares that the third party will be excluded from participation if it:

1) is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning such matters or is in any analogous situation arising from a similar procedure provided for in national legislation or rules;

2) has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*;

3) is guilty of grave professional misconduct proven by any means which the beneficiary can justify;

4) has not fulfilled its obligations to pay social security contributions or taxes in accordance with the legal provisions of the country in which it is established, the country of the beneficiary or the country where the contract is to be performed;

5) has been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Union’s financial interests;

6) is currently subject to an administrative penalty referred to in Section 2.6.10.1.2. of the Practical Guide to Contract Procedures for EC external actions.

The authorised signatory of the third party shall certify that he or she is not in any of the situations listed above and is signing on behalf of the third party.

|  |  |
| --- | --- |
| **Name of the organisation**  |  |
| **Address** |  |
| **Contact details** |  |
| **Name of person responsible** |  |
| **Function** |  |
| **Signature** |  |
| **Date** |  |

**(viii) Visibility**

Third parties shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the action and that the ACP Group of States has implemented it.. As far as possible, actions wholly or partially financed by the EU shall include information and communication activities designed to raise the awareness of specific or general audiences as to the reasons for the action, the reasons for EU support in the country or region concerned, and the results and impact of that support.

Third parties shall comply with the objectives and priorities and guarantee the visibility of EU financing (cf. Communication and Visibility Manual for EU External Actions, produced and published by the European Commission: <https://ec.europa.eu/europeaid/work/visibility/_en>).

In all circumstances, works produced with a financial contribution from the European Union and with the support of the ACP Group of States shall include logos of the EU and ACP Group of States and the words " **with the financial contribution of the European Union and the support of the Secretariat of the ACP Group of States**" in all communication material.

1. Please refer to the definition of ‘action’ in Section 2.1.4 of the Guidelines. [↑](#footnote-ref-1)
2. As per the OECD DAC definition, the term ‘results’ includes: ‘impact’ (overall objective), ‘outcome(s)’ (specific objective(s)) and ‘output(s)’. [↑](#footnote-ref-2)
3. <http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=1> [↑](#footnote-ref-3)
4. The beneficiary shall ensure that recipients of financial support allow the Contracting Authority, the Commission, OLAF and the Court of Auditors to exercise their powers of control over all documents and information. [↑](#footnote-ref-4)
5. <http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=1> [↑](#footnote-ref-5)