EUROPEAN COMMISSION
Directorate-General for Education, Youth, Sport and Culture

Culture and Creativity
Cultural Policy

Call for proposals EAC/S18/2019

CO-CREATION AND CO-PRODUCTION scheme for the music sector

Preparatory Action Music Moves Europe: Boosting European Music Diversity and Talent

INTRODUCTION – Background

1.1. Overall EU policy context for culture

This call for proposals serves the implementation of the distinct activity "CO-CREATION AND CO-PRODUCTION scheme for the music sector" within the context of the Preparatory action "**Music Moves Europe: Boosting European music diversity and talent"** in accordance with the Commission decision C (2019) 1819 of 12 March 2019 adopting the 2019 annual work programme for the implementation of Pilot Projects and Preparatory Actions in the area of education, youth, sport and culture[1].

The European Union's role in the culture area is specified in Article 167 of the Treaty of the Functioning of the EU. The activities in this field at EU level are defined by the multiannual Work Plan for Culture (2019-2022)[2] of the Council and are framed in particular by the European Commission's New European Agenda for Culture of May 2018[3], which aims to reinforce the role and position of culture in an increasingly globalised world.

In this context, the role of the European Commission (hereinafter: the Commission) is to help address common challenges, such as the impact of the digital shift, changing models of cultural governance, and the need to support the innovation potential of the cultural and creative sectors.

The Creative Europe Programme has served since 2014 as a consolidated framework programme in support of Europe's cultural and audio-visual sectors. It has supported the implementation of actions in line with the EU's cultural policy. In the context of the preparations of the post-2020 Multiannual Financial Framework (MFF), the negotiations on the next Creative Europe programme are ongoing[4] with the aim to build on the existing Programme's achievements to date, and to scale up efforts to safeguard cultural diversity and strengthen competitiveness of the cultural and creative sectors.

1.2. The music sector in Europe

Music constitutes an important pillar of European culture. Aside from its economic significance – it employs more people than film and generates more than 25bn EUR revenue annually – the music sector is also an essential component of Europe's cultural diversity, social inclusiveness and soft power diplomacy and it brings positive changes to many levels of society.

Based on small and medium businesses with a strong potential for growth and job creation, the European music sector has been strongly influenced by the digital shift: new

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1 Commission Decision C (2019) 1819 of 12 March 2019, page 41 point 3.4 – Full text available here: https://ec.europa.eu/programmes/erasmus-plus/sites/erasmusplus2/files/2019-annual-work-programme.pdf

2 https://ec.europa.eu/culture/news/2018/new-work-plan-culture-start-2019_en

3 COM(2018)267 final, 22.05.2019

4 Proposal for a Regulation of the European Parliament and of the Council establishing the Creative Europe programme (2021 to 2027) and repealing Regulation (EU) No 1295/2013 [COM (2018) 366 final], 30.05.2018. Full text is available here: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2018:366:FIN The Commission published the proposals for the next MFF and the next generations of EU programmes in May 2018. See: https://ec.europa.eu/digital-single-market/en/news/proposal-regulation-establishing-creative-europe-programme

distribution channels, powerful digital players, innovative start-ups, business models and consumption patterns have emerged over the last decades.

The music industry is therefore changing and finds itself at the forefront of an unchartered territory, most certainly paving the way for the other content industries. The unstable music ecosystem calls for an increasing need to mobilise the sector as well as policy makers to face such new challenges and explore the related new opportunities. As actions and policy initiatives at national level often prove neither sufficient nor suitable to encompass the global nature of the industry and of the consumption schemes, there is a need and a demand for an EU intervention to support Europe's key assets in the music field: creativity, diversity and competiveness in a context of globalisation.

In 2019, the Preparatory action "Music Moves Europe: Boosting European music diversity and talent" should build on and complement the two calls for tender and the two calls for proposals that the Commission launched in May 2018, during the first year of its implementation. It should address the music sector's specific needs in the short and medium-term. With an increased budget of 3.000.000 euros, the 2019 Preparatory action offers an opportunity to develop initiatives on a larger scale than it was possible in 2018 and to explore ways of cooperation in different relevant areas for the music sector.

1.3. The Music Moves Europe Preparatory action

The Commission's legislative proposal for the next Creative Europe Programme includes the "sectorial support for music" as a new element for the benefit of the music sector, in addition to existing funding opportunities (i.e. cooperation projects, networks, platforms)[5].

In general terms, such support would be directed towards European diversity and talent, the competitiveness of the European music sector as well as an increased access of citizens to music in all its diversity.

The Preparatory action "Music Moves Europe: Boosting European music diversity and talent" aims at paving the way towards such sectorial support. To this end, the implementation of the 2019 Preparatory action will follow a two-fold approach:

- to build on and develop further actions in the fields of "training" and "export";

- to implement and evaluate actions in new areas, i.e.: "small venues", "co-creation", "health effects", "music education".

The present call for proposals aims at supporting the implementation of innovative co-creation and co-production schemes.

1.4. The "Co-Creation, Co-Production" scheme for the music sector

This call is confined to the artistic creation in the music sector and, for the purpose of this call for proposal, the terms of co-creation and co-production are used as synonyms that depict the collaborative process of artistic creation of lyrics and songs, aiming at commercialisation and revenue generation.

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5 See note 4 above

The collaborative creation of value by both the producers and consumers (by bonding and developing co-creation relationships and interactions between artists, record labels and fans) is not subject of and targeted by this call.

Human interaction boosts creativity and cross-fertilisation of ideas. There is growing evidence of a sharp increase in international collaborations between artists, songwriters and producers from different countries as musical talents search for new influences and new inspiration[6]. A glance at the songwriter credits on any music charts these days shows that most hit songs are written by more than one writer. Collaboration has become the new workplace in many creative industries and it is the combination of talent, skill-set, chemistry and connection, that all add up to the recipe of success.[7]

Music co-production is a new approach to creating and commercialising recorded content. The advent and evolution of multitrack recording gave the recording engineer the ability to capture the artist's sound in different ways at different times and then assemble them into a new whole.

In the European context, residencies, co-writing camps and different artistic retreats must be seen as an excellent opportunity to showcase European cultural diversity through music. They can contribute to the development of new artistic practices, innovative creation and research. The creation and development of European co-production schemes, focused on producing new repertoire with international writing teams, offers a good way of encouraging people to think outside of their own borders and context by stimulating cross-border/cross-genre collaboration.

It is widely believed that co-production contributes to well-being, and brings social and emotional, as well as potential economic benefits. Co-creation and co-production improve the participants' creative writing and collaborative skills.

2. OBJECTIVES AND EXPECTED RESULTS

2.1. Objectives

General objective

In line with the Preparatory Action 2019, the **general objective** of this call is to identify and to support at least 10 innovative and sustainable pilot co-production and co-creation programmes for songwriters and musicians in the music sector with a clear European added-value[8] in order to facilitate the development of European music repertoire.

In this respect, the focus lies on bringing together songwriters and music performers with different nationalities (from the eligible countries) and backgrounds in order to create a diverse learning environment that nurtures creativity and enhance mutual learning. The 'programmes' should focus on emerging artists. The programmes should have a clear vision on how the outputs, notably the newly created songs will be promoted in order to reach the audience.

Lessons learnt from these programmes should improve the sector's understanding on how co-production and co-creation schemes could improve the position of artists to pursue a

[6] https://www.audiodraft.com/blog/co-producers-whats-that-and-how-can-i-become-one/

[7] http://www.songwriting.net

[8] Art. 5 of Regulation 1295/2013 establishing the Creative Europe Programme (2014-2020) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1295

successful career. Therefore skills development, including personal and career development, should accompany the proposed actions. These findings should feed into an integrated strategy for music support for the next generation of EU funding programmes after 2020, which could support European diversity and talent, the competitiveness of the sector as well as increased access of citizens to music in all its diversity.

Specific objectives

The proposals should demonstrate their contribution to the following compulsory specific objective:

Organise a nurturing and inspirational camp of European dimension to group creative people to improve the participants' songwriting skills. The camp should provide opportunities to learn from experienced professionals, boost creative writing skills, enable collaboration with other camp attendees, help build the participants' songwriting network, promote networking with successful music industry professionals, and help participants navigate through the creative process and the business side of songwriting. The proposed co-production and co-creation schemes should have a clear vision on how the produced musical products will be used for pitching and envisage how they can reach the audience.

Proposals should also cover at least two of the following complementary objectives to help artists to enter successfully the music market:

- Accompany the development of co-creation and co-production skills and aptitude with developing skills on effective promotion methods that ensure the songs get heard, including among others how to build a website and how to use social media correctly.

- Develop story-telling skills for artists and help them identify their target audience.

- Help connect artists to musicians, producers, publishers and record labels, music departments at movie and TV studios.

- Train and connect participants how to write music for accompanying a story for films, television, advertisements or theatres, including how to accompany with music a character development in visual performances.

- Provide coaching to enable personal and career development of composers and artists to become successful players in the music industry.

- Improve the understanding of artists on copyright and licencing.

All of the proposals should indicate the uniqueness of the proposals compared to already existing co-creation and co-production schemes for composers and artists. All of the proposals should include evaluation method of the expected results and of summarising lessons learnt.

Proposals can build on the experiences of existing schemes developed and implemented by the applicants, but they should clearly indicate in a convincing matter the added value of the Union support to develop further the existing schemes in the light of the above objectives.

All proposals must promote gender equality and the cross-border circulation of music.

2.1. Expected results

The call intends to support proposals that deliver the following non-exhaustive examples of results and are clearly link to the objectives:

- Implementing at least 10 European co-creation and co-production schemes for songwriters and musicians.
- Demonstration of co-production and co-creation schemes that improve understanding on the questions of training needs for songwriters and musicians.
- Enhancing the cooperation and collaboration of songwriters and musicians with each other and with other actors along the value chain of the music industry.
- Lessons learnt from the funded projects to improve the sector's understanding on the specific needs for songwriters and musicians to improve their possibilities to enter the market and get better access to their audience. These findings should help design the EU's future support for music in the context of the new Creative Europe programme 2021-2027, which will support European diversity and talent, the competitiveness of the sector as well as increased access of citizens to music in all its diversity.

2.2. Expected outputs

- Each project should implement a co-production scheme in the music sector;
- Each project should produce a project paper in which the beneficiaries explain the lessons learnt from the implementation of the project.

3. TIMETABLE

	Steps	Date and time or indicative period
(a)	Publication of the call	23 December 2019
(b)	**Deadline for submitting applications**	**30 March 2020**
(c)	Evaluation period	April-May 2020
(d)	Information to applicants	July 2020
(e)	Signature of grant agreements	September 2020

4. BUDGET AVAILABLE

The total budget earmarked for the co-financing of projects under this call for proposals is estimated at EUR 500,000.00.

The maximum grant will be EUR 50,000.00.

The maximum co-financing rate will be 85%.

The Commission expects to fund at least 10 proposals.

The Commission reserves the right not to distribute all the funds available.

5. ADMISSIBILITY REQUIREMENTS

In order to be admissible, applications must be:

- sent no later than the deadline for submitting applications referred to in section 3;
- submitted in writing (see section 14), using the application form and electronic submission system available at https://ec.europa.eu/eusurvey/runner/CoCreationAndCoProduction and
- drafted in one of the EU official languages, preferably in English.

Failure to comply with those requirements will lead to rejection of the application.

6. ELIGIBILITY CRITERIA

6.1. Eligible applicants

In order to be eligible, projects must be presented by applicants meeting the following criteria:

- be a public or private organisation with legal personality. Natural persons are not eligible to apply for a grant under this call;
- be an established entity, organisation or provider demonstrating relevant music sector expertise with knowledge and capacity to organise music co-creation camps or workshops and / or music residencies.

Proposals may therefore be submitted by any of the following applicants:

- non-profit organisation (private or public);
- public authorities (national, regional, local);
- universities;
- SMEs.

Entities affiliated to the beneficiary are not eligible to receive funding under this Call for proposals.

Country of establishment

Only applications from legal entities established in the following countries are eligible:

- EU Member States;
- non-EU countries that are participating in the Creative Europe Programme Culture[9]

A proposal may be submitted by **one** entity or a **consortium,** composed of at least two legal entities.

[9] https://eacea.ec.europa.eu/creative-europe/library/eligibility-organisations-non-eu-countries_en

In case a proposal is submitted by a consortium, the proposal must identify all the members of the consortium and among them the coordinator.

Consortium requirements

In case the application is submitted by several entities working together (consortium), the above criteria apply to each one of those entities.

In case of a consortium, the several entities working together shall take the form of a partnership of co-beneficiaries, and designate a leading partner who is the co-ordinator. The co-ordinator will act as an intermediary for all communications between the Commission and the co-beneficiaries. However, beneficiaries are jointly responsible for implementing the action resulting from the grant awarded. To implement the action properly, they must make appropriate internal arrangements, consistent with the terms of the Grant Agreement."

For **UK** applicants:

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement* on 1 February 2020 and in particular Articles 127(6), 137 and 138, the references to natural or legal persons residing or established in a Member State of the European Union are to be understood as including natural or legal persons residing or established in the United Kingdom. UK residents and entities are therefore eligible to participate under this call.

* Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

Supporting documents

In order to assess the applicants' eligibility, the following supporting documents are requested:

- **private entity**: extract from the official journal, copy of articles of association, extract of trade or association register, certificate of liability to VAT (if, as in certain countries, the trade register number and VAT number are identical, only one of these documents is required);
- **public entity**: copy of the resolution, decision or other official document establishing the public-law entity.

6.2. Eligible activities

The following non-exhaustive types of activities are eligible under this call for proposals, provided that they contribute to the achievement of the general and specific objectives:

- Organisation of co-creation and co-production schemes in the music sector;
- Training, mentoring and peer learning schemes;
- Trainee schemes with paid replacement;
- Pitching, promotion of created songs in order to commercialise the created songs;
- Communication and dissemination of projects results

To deliver tangible results, these small-scale schemes should reach at least **20 songwriters and musicians** taking part and completing the activities.

Implementation period

- Activities may not start before the signature of the grant agreement.
- By way of exception, activities may be carried out before the signature of the contract but in any case, not before the submission of the grant application, provided that the applicant clearly states in the proposal that the applicant bears the financial risks for covering the cost of the operations carried out before the signature of the agreement.
- Activities must start at the latest within 4 months of the date of the information to the applicant was sent by the Commission.
- The maximum duration of projects is 14 months.

Applications for projects scheduled to run for a longer period than that specified in this call for proposals will not be accepted.

7. EXCLUSION CRITERIA

7.1. Exclusion

The authorising officer shall exclude an applicant from participating in call for proposals procedures where:

(a) the applicant is bankrupt, subject to insolvency or winding-up procedures, its assets are being administered by a liquidator or by a court, it is in an arrangement with creditors, its business activities are suspended, or it is in any analogous situation arising from a similar procedure provided for under EU or national laws or regulations;

(b) it has been established by a final judgment or a final administrative decision that the applicant is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;

(c) it has been established by a final judgment or a final administrative decision that the applicant is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the applicant belongs, or by having engaged in any wrongful intent or gross negligence, including, in particular, any of the following:

  (i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of eligibility or selection criteria or in the performance of a contract, a grant agreement or a grant decision;

  (ii) entering into agreement with other applicants with the aim of distorting competition;

  (iii) violating intellectual property rights;

  (iv) attempting to influence the decision-making process of the Commission during the award procedure;

  (v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;

(d) it has been established by a final judgment that the applicant is guilty of any of the following:

(i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 of the European Parliament and of the Council and Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995;

(ii) corruption, as defined in Article 4(2) of Directive (EU) 2017/1371 or Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997, or conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA, or corruption as defined in the applicable law;

(iii) conduct related to a criminal organisation, as referred to in Article 2 of Council Framework Decision 2008/841/JHA;

(iv) money laundering or terrorist financing within the meaning of Article 1(3), (4) and (5) of Directive (EU) 2015/849 of the European Parliament and of the Council;

(v) terrorist offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA, respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;

(vi) child labour or other offences concerning trafficking in human beings as referred to in Article 2 of Directive 2011/36/EU of the European Parliament and of the Council;

(e) the applicant has shown significant deficiencies in complying with main obligations in the performance of a contract, a grant agreement or a grant decision financed by the Union's budget, which has led to its early termination or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks, audits or investigations by an authorising officer, OLAF or the Court of Auditors;

(f) it has been established by a final judgment or final administrative decision that the applicant has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95;

(g) It has been established by a final judgement or final administrative decision that the applicant has created an entity in a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;

(h) it has been established by a final judgement or final administrative decision that an entity has been created with the intent referred to in point (g);

(i) for the situations referred to in points (c) to (h) above, the applicant is subject to:

(i) facts established in the context of audits or investigations carried out by European Public Prosecutor's Office after its establishment, the Court of Auditors, the European Anti-Fraud Office or the internal auditor, or any other check, audit or control performed under the responsibility of an authorising officer of an EU institution, of a European office or of an EU agency or body;

(ii) non-final judgments or non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;

(iii) facts referred to in decisions of persons or entities being entrusted with EU budget implementation tasks;

(iv) information transmitted by Member States implementing Union funds;

(v) decisions of the Commission relating to the infringement of Union competition law or of a national competent authority relating to the infringement of Union or national competition law; or

(vi) decisions of exclusion by an authorising officer of an EU institution, of a European office or of an EU agency or body.

7.2. Remedial measures[10]

If an applicant declares one of the situations of exclusion listed above (see section 7.4), it must indicate the measures it has taken to remedy the exclusion situation, thus demonstrating its reliability. This may include e.g. technical, organisational and personnel measures to correct the conduct and prevent further occurrence, compensation of damage or payment of fines or of any taxes or social security contributions. The relevant documentary evidence which illustrates the remedial measures taken must be provided in annex to the declaration. This does not apply for situations referred in point (d) of section 7.1.

7.3. Rejection from the call for proposals

The authorising officer shall not award a grant to an applicant who:

(a) is in an exclusion situation established in accordance with section 7.1; or

(b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information; or

(c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equal treatment, including distortion of competition, that cannot be remedied otherwise.

Administrative sanctions (exclusion)[11] may be imposed on applicants if any of the declarations or information provided as a condition for participating in this procedure prove to be false.

7.4. Supporting documents

Applicants must provide a declaration on their honour certifying that they are not in one of the situations referred to in Articles 136(1) and 141 FR, by filling in the relevant form attached to the application form accompanying the call for proposals (Annex 2)

This obligation may be fulfilled in one of the following ways:

(i) the coordinator of a consortium signs a declaration on behalf of all applicants; OR

[10] Article 136(7) FR
[11] Article 138 FR

(ii) each applicant in the consortium signs a separate declaration in their own name.

8. SELECTION CRITERIA[12]

8.1. Financial capacity[13]

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the duration of the grant and to participate in its funding. The applicants' financial capacity will be assessed based on the following methodology, which is further detailed in Annex Va and Vb of the Call for proposals.

The applicant should provide the following documents as evidence of financial capacity application:

– a declaration on their honour (Annex I of this Call for proposals).

On the basis of the documents submitted, if the Commission considers that financial capacity is weak, s/he may:

- request further information;
- decide not to give pre-financing;
- decide to give pre-financing paid in instalments;
- decide to give pre-financing covered by a bank guarantee (see section 11.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries.

If the Responsible Authorising Officer considers that the financial capacity is insufficient, s/he will reject the application.

8.2. Operational capacity[14]

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action. In particular, they must demonstrate:

– proven record of organising co-creation and / or residencies' schemes;

– established cultural/music sector relationships and good understanding of key issues facing music creation Europe-wide;

– organisational and logistical capacity for pilot delivery within the requested timescale, including effective recruitment of participating artists.

In this respect, applicants have to submit a declaration on their honour, and the following supporting documents:

- an exhaustive list of at least 3 previous projects and activities within the past 5 years performed and connected to organising co-creation and / or residencies' schemes.

12 Article 198 FR
13 Article 198 FR.
14 Article 196 and 198 FR.

- an exemplary list of at least 3 previous projects, activities or publications within the past 5 years connected to the music sector, beyond the organisation of the co-creation and / or residencies' schemes;
- curriculum vitae or description of the profile of the people primarily responsible for managing and implementing the operation;

9. AWARD CRITERIA[15]

Eligible applications/projects will be assessed on the basis of the following criteria:

Relevance (0-40 points – minimum threshold: 24/40)

This criterion will assess the relevance of the project and its expected contribution to the objectives of the call, including:

- The level of innovation of the proposal compared to the existing co-creation and co-production schemes currently available on the market;
- The relevance of the selection of participants and trainers for attaining the proposed objectives;
- Transferability of the proposed methodology to European level.

Quality of the activities (0-40 points – minimum threshold: 24/40)

This criterion evaluates how the project will be implemented in practice, how likely it will reach its objectives and how it will communicate and share its results. It will assess in particular:

The quality of the overall design of the activities and how the project will be implemented in practice, including:

- Quality of the strategy on how the produced musical products will be used for pitching and will reach the audience;
- Clarity of the description of actions and clear demonstration of their contribution to the achievement of the outputs and results ;
- Sustainability (the extent to which the actions or the network will continue after the end of the project);
- Cost effectiveness of the proposed action, and in particular the quality of the means of implementation and the resources deployed in relation to the objectives envisaged,;

Management of the project (0-20 points – minimum threshold: 12/20)

This criterion will assess the quality of the proposal regarding the capability to organise, coordinate and implement the various aspects of the proposed activities, including:

- Clarity on the organisation of the co-creation and co-production scheme (including the recruitment of the teaching staff/lecturers/mentors, the selection of the participants/trainees, the timetable, monitoring and quality assurance)
- Relevance of the structure of the partnership to the project;

[15] Article 199 FR

- Clarity of the timeline for activities;
- Clear and adequate distribution of tasks between the project team members;
- Sufficient allocation of human resources and efficient organisation of the project team to implement the project.

Points will be allocated to eligible applications out of a total of 100 on the basis of the above-specified weighting.

The applications will first be assessed against the 'relevance' award criterion, followed by the quality of activities criterion, and finally against the management of the project criterion. Applications that do not reach the **minimum quality threshold of 60% of the maximum possible score for relevance, will not be assessed further.** Applications that do not reach the **minimum quality threshold of 60% of the maximum possible score for the quality of activities will not be assessed further**.

Applications falling below the indicated minimum thresholds for any of the criterion shall be rejected.

10. LEGAL COMMITMENTS[16]

In the event of a grant awarded by the Commission, a grant agreement, drawn up in euro and detailing the conditions and level of funding, will be sent to the applicant, as well as the information on the procedure to formalise the agreement of the parties.

Two copies of the original agreement must be signed first by the beneficiary/coordinator on behalf of the consortium and returned to the Commission immediately. The Commission will sign it last.

The applicants understand that submission of a grant application implies acceptance of the general conditions attached to this call for proposals. These general conditions bind the beneficiary to whom the grant is awarded and shall constitute an annex to the grant decision.

11. FINANCIAL PROVISIONS

11.1. Form of the grant

11.1.1 Reimbursement of costs actually incurred

The grant will be defined by applying a maximum co-financing rate of 85% to the eligible costs actually incurred and declared by the beneficiaries.

For details on eligibility of costs, please refer to section 11.2.

11.1.2 Reimbursement of eligible costs declared on the basis of unit costs

The grant will be defined by applying a maximum co-financing rate of 85% to the eligible costs declared by the beneficiary on the basis of:

- the amounts per unit set in Annex 6 ('reimbursement of unit costs') for the following categories of costs: costs related to the work carried out by volunteers[17]

[16] Article 201 FR.

The amount per unit will be paid for every unit consumed.

Where the estimated costs of the action includes costs for volunteers' work and without prejudice to the maximum co-financing rate specified in Section 11.1, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work.

11.2. Eligible costs

Eligible costs shall meet all the following criteria:

- they are incurred by the beneficiary.
- they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;
    - The period of eligibility of costs will start as specified in the grant agreement.
    - If a beneficiary can demonstrate the need to start the action before the agreement is signed, the costs eligibility period may start before that signature. Under no circumstances can the eligibility period start before the date of submission of the grant application.
- they are indicated in the estimated budget of the action;
- they are necessary for the implementation of the action which is the subject of the grant;
- they are 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;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

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

Eligible costs may be direct or indirect.

11.2.1. <u>Eligible direct costs</u>

The eligible direct costs for the action are those costs which:

with due regard to the conditions 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, such as :

(a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, provided that these costs are in line with the beneficiary's usual policy on remuneration.

[17] In accordance with Article 181(6) FR. For the purposes of this Call, "volunteer" means a person working on a non-compulsory basis for an organisation without payment

Those costs include actual salaries plus social security contributions and other statutory costs included in the remuneration. They may also comprise additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used;

The costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may also be included under such personnel costs, provided that the following conditions are fulfilled:

(i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);

(ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and

(iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;

The recommended methods for the calculation of direct personnel costs are provided in Appendix.

(b) costs for the work of volunteers up to the limit of 50 % of the overall Union and other co-financing of the action;

(b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;

(c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:

(i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and

(ii) has been purchased in accordance with the rules on implementation contracts laid down in the grant agreement, if the purchase occurred within the implementation period;

The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

Only the portion of the equipment's depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the action and the context of the use of the equipment or assets;

(d) costs of consumables and supplies, provided that they:

(i) are purchased in accordance with the rules on implementation contracts laid down in the grant agreement; and

(ii) are directly assigned to the action;

(e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with the rules on implementation contracts laid down in the grant agreement;

(f) costs derived from subcontracts, provided that specific conditions on subcontracting as laid down in the grant agreement are met;

(g) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the grant agreement.

11.2.2. Eligible indirect costs (overheads)

Indirect costs are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

A flat-rate amount of 7 % of the total eligible direct costs of the action, including the costs of volunteers' work, is eligible as indirect costs, representing the beneficiary's general administrative costs which can be regarded as chargeable to the action/project.

Indirect costs may not include costs entered under another budget heading.

Applicants' attention is drawn to the fact that if they are receiving an operating grant financed by the EU or Euratom budget, they may not declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.

In order to demonstrate this, in principle, the beneficiary should:

a. use *analytical cost accounting that allows to separate all costs (including overheads)* attributable to the operating grant and the action grant. For that purpose the beneficiary should use *reliable accounting codes and allocation keys* ensuring that *the allocation* of the costs is done in *a fair, objective and realistic way.*

b. *record separately*:

- all costs incurred for the operating grants (i.e. personnel, general running costs and other operating costs linked to the part of its usual annual activities), and
- all costs incurred for the action grants (including the actual indirect costs linked to the action)

If the operating grant covers the entire usual annual activity and budget of the beneficiary, the latter is not entitled to receive any indirect costs under the action grant.

11.3. Ineligible costs

The following items are not considered as eligible costs:

a) return on capital and dividends paid by a beneficiary;

b) debt and debt service charges;
c) provisions for losses or debts;
d) interest owed;
e) doubtful debts;
f) exchange losses;
g) costs of transfers from the Commission charged by the bank of a beneficiary;
h) costs declared by the beneficiary under another action receiving a grant financed from the Union budget. Such grants include grants awarded by a Member State and financed from the Union budget and grants awarded by bodies other than the Commission for the purpose of implementing the Union budget. In particular, beneficiaries receiving an operating grant financed by the EU or Euratom budget cannot declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.
i) contributions in kind from third parties;
j) excessive or reckless expenditure;
k) deductible VAT.

11.4. Balanced budget

The estimated budget of the action must be attached to the application form. It must have revenue and expenditure in balance.

The budget must be drawn up in euros.

Applicants for whom costs will not be incurred in euros should use the exchange rate published on the Infor-euro website available at:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

The applicant must ensure that the resources which are necessary to carry out the action are not entirely provided by the EU grant.

Co-financing of the action may take the form of:

- the beneficiary's own resources,
- income generated by the action or work programme, like for instance training and participation fees,
- financial contributions from third parties.

11.5. Calculation of the final grant amount

The final amount of the grant is calculated by the Commission at the time of the payment of the balance. The calculation involves the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs

The amount under step 1 is obtained by applying the reimbursement rate specified in section 11.1.1 to the eligible costs actually incurred and accepted by the Commission including costs declared in the form of unit costs to which the co-financing rate applies in accordance with section 11.1.2.

Step 2 — Limit to the maximum amount of the grant

The total amount paid to the beneficiaries by the Commission may in no circumstances exceed the maximum amount of the grant as indicated in the grant agreement. If the

amount obtained following Step 1 is higher than this maximum amount, the final amount of the grant is limited to the latter.

If volunteers' work is declared as part of direct eligible costs, the final amount of the grant is limited to the amount of total eligible costs approved by the Commission minus the amount of volunteers' work approved by the Commission.

Step 3 — Reduction due to the no-profit rule

'Profit' means the surplus of receipts over the total eligible costs of the action where receipts are the amount obtained following Steps 1 and 2 plus the revenue generated by the action for beneficiaries other than non-profit organisations.

In-kind and financial contributions by third parties are not considered receipts.

The total eligible costs of the action are the consolidated total eligible costs approved by the Commission. The revenue generated by the actions is the consolidated revenue established, generated or confirmed for beneficiaries other than non-profit organisations on the date on which the request for payment of the balance is drawn up.

If there is a profit, it will be deducted in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission.

This does not apply to grants with a value equal or below EUR 60,000.00.

Step 4 — Reduction due to improper implementation or breach of other obligations

The Commission may reduce the maximum amount of the grant if the action has not been implemented properly (i.e. if it has not been implemented or has been implemented poorly, partially or late), or if another obligation under the Agreement has been breached.

The amount of the reduction will be proportionate to the degree to which the action has been implemented improperly or to the seriousness of the breach.

11.6. Reporting and payment arrangements[18]

The beneficiary may request the following payments provided that the conditions of the grant agreement are fulfilled (e.g. payment deadlines, ceilings, etc.). The payment requests shall be accompanied by the documents provided below and detailed in the grant agreement:

Payment request[19]	**Accompanying documents**[20]
A **pre-financing payment** corresponding to 70% of the maximum grant amount	Automatic upon entry into force of Grant agreement
Payment of the balance The Commission will establish the amount of this payment on the basis of the calculation of	(a) final implementation report describing the activities and achievement of the projects, in light of the objectives, including

[18] Articles 115, 202 and 203 FR.
[19] Article 115 FR
[20] Article 203(2) FR

the final grant amount (see section 11.5 above). If the total of earlier payments is higher than the final grant amount, the beneficiary will be required to reimburse the amount paid in excess by the Commission through a recovery order[21].	evaluation and lessons learnt; (b) power point presentation detailing the activities and the achievements of the project; (c) final financial statement covering the whole duration of the project, aggregating the financial statements already submitted previously and indicating the receipts

In case of a weak financial capacity, section 8.1 above applies.

11.7. Other financial conditions

a) <u>Non-cumulative award</u>

An action may only receive one grant from the EU budget.

Under no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate in the grant application the sources and amounts of Union funding received or applied for the same action or part of the action or for its (the applicant's) functioning during the same financial year as well as any other funding received or applied for the same action[22].

b) <u>Non-retroactivity</u>

No grant may be awarded retrospectively for actions already completed.

A grant may be awarded for an action which has already begun only where the applicant can demonstrate in the grant application the need to start the action before the grant agreement is signed.

In such cases, costs eligible for financing may not have been incurred prior to the date of submission of the grant application.

c) <u>Implementation contracts/subcontracting</u>[23]

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary may award the contract in accordance with its usual purchasing practices provided that the contract is awarded to the tender offering best value for money or the lowest price (as appropriate), avoiding conflicts of interest.

The beneficiary is expected to clearly document the tendering procedure and retain the documentation in the event of an audit.

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21 Article 115(2) FR
22 Article 196(1)(f) FR
23 Article 205 FR

Beneficiaries may subcontract tasks forming part of the action. If they do so, they must ensure that, in addition to the above-mentioned conditions of best value for money and absence of conflicts of interests, the following conditions are also complied with:

a) subcontracting does not cover core tasks of the action;

b) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;

c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget;

d) any recourse to subcontracting, if not provided for in description of the action, is communicated by the beneficiary and approved by the Commission. The Commission may grant approval:

   (i) before any recourse to subcontracting, if the beneficiaries requests an amendment

   (ii) after recourse to subcontracting if the subcontracting:

   – is specifically justified in the interim or final technical report and

   – does not entail changes to the grant agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;

e) the beneficiaries ensure that certain conditions applicable to beneficiaries, enumerated in the grant agreement (e.g. visibility, confidentiality, etc.), are also applicable to the subcontractors.

d) Financial support to third parties[24]

The applications may not envisage provision of financial support to third parties.

12. PUBLICITY

By the beneficiaries

Beneficiaries must clearly acknowledge the European Union's contribution in all publications or in conjunction with activities for which the grant is used.

In this respect, beneficiaries are required to give prominence to the name and emblem of the European Commission on all their publications, posters, programmes and other products realised under the co-financed project.

To do this they must use the text, the emblem and the disclaimer available at *https://ec.europa.eu/info/resources-partners/european-commission-visual-identity_en* and the European Commission's visual identity guidelines. For further details you may also contact comm-visual-identity@ec.europa.eu.

If this requirement is not fully complied with, the beneficiary's grant may be reduced in accordance with the provisions of the grant agreement.

[24] Article 204 FR

By the Commission[25]

With the exception of scholarships paid to natural persons and other direct support paid to natural persons in most need, all information relating to grants awarded in the course of a financial year shall be published on an internet site of the European Union institutions no later than the 30 June of the year following the financial year in which the grants were awarded.

The Commission will publish the following information:

- name of the beneficiary;
- address of the beneficiary when the latter is a legal person, region when the beneficiary is a natural person, as defined on NUTS 2 level[26] if he/she is domiciled within the EU or equivalent if domiciled outside the EU;
- subject of the grant;
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

13. PROCESSING OF PERSONAL DATA

The reply to any call for proposals involves the recording and processing of personal data (such as name, address and CV). Such data will be processed pursuant to Regulation (EC) No 2018/1725 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. Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposal will be processed solely for that purpose by the European Commission; Directorate –General for Education, Youth, Sport and Culture; Culture and Creativity Directorate; Cultural Policy Unit.

Personal data may be registered in the Early Detection and Exclusion System by the Commission, should the beneficiary be in one of the situations mentioned in Articles 136 and 141 of Regulation (EU, Euratom) 2018/1046[27]. For more information see the Privacy Statement on:

https://ec.europa.eu/info/data-protection-public-procurement-procedures_en

14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

Proposals must be submitted by the deadline set out under section 3.

No modification to the application is allowed once the deadline for submission has elapsed. However, if there is a need to clarify certain aspects or to correct clerical mistakes, the Commission may contact the applicant during the evaluation process[28].

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25 Articles 38 and 189 FR.

26 Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS), OJ L39, 10.2.2007, p.1.

27 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046

28 Articles 151 and 200(3) FR

Applicants will be informed in writing about the results of the selection process.[29]

Electronic submission:

Applicants are requested to log in at https://ec.europa.eu/eusurvey/runner/CoCreationAndCoProduction and follow the procedure for submitting an application.

Applications sent by post, fax or e-mail will not be accepted.

- **Contacts**

The contact point for any questions is:

EAC-CO-CREATION@ec.europa.eu

All replies will be published at https://ec.europa.eu/eusurvey/runner/CoCreationAndCoProduction in a reasonable time before the deadline for submission in order to allow sufficient time for completing the preparation of the proposals.

- **Annexes:**

Grant Application Documents

- **Grant Application form (multi-beneficiary)**
  EAC/S18/2019 - Grant Application form – mono-beneficiary
  EAC/S18/2019 - Grant Application form – multi-beneficiary
  – Annex I Declaration on honour
  – Annex II Mandate letters
  – Annex III Estimated Budget of the action
  – Annex IV List of CVs
  – Annex V(a) Economic & Financial Capacity - Methodology
  – Annex V(b) Economic & Financial Capacity – Form: *non applicable* NA
  – Annex VI Applicable rates for the reimbursement of costs related to volunteers' work on the basis of unit costs (a) Commission Decision C(2019) 2646 final of 10 April 2019 authorizing the use of unit costs for declaring personnel costs for the work carried out by volunteers under an action or a work programme

Reference Documents

- Draft Model Grant Agreement & General Conditions (mono-beneficiary)
- Draft Model Grant Agreement & General Conditions (multi-beneficiary)
- Model technical report
- Model financial statement
- List of supporting documents

[29] Article 200 FR

Appendix

Specific conditions for direct personnel costs

1. Calculation

The ways of calculating eligible direct personnel costs laid down in points (a) and (b) below are recommended and accepted as offering assurance as to the costs declared being actual.

The Commission may accept a different method of calculating personnel costs used by the beneficiary, if it considers that it offers an adequate level of assurance of the costs declared being actual.

a) for persons working exclusively on the action:

{*monthly rate for the person*

multiplied by

number of actual months worked on the action}

The months declared for these persons may not be declared for any other EU or Euratom grant.

The **monthly rate** is calculated as follows:

{*annual personnel costs for the person*

divided by 12}

using the personnel costs for each full financial year covered by the reporting period concerned.

If a financial year is not closed at the end of the reporting period, the beneficiaries must use the monthly rate of the last closed financial year available;

b) for persons working part time on the action

(i) If the person is assigned to the action at a fixed pro-rata of their working time:

{*monthly rate for the person multiplied by pro-rata assigned to the action*

multiplied by

number of actual months worked on the action}

The working time pro-rata declared for these persons may not be declared for any other EU or Euratom grant.

The monthly rate is calculated as above.

(ii) In other cases:

{*hourly rate for the person multiplied by number of actual hours worked on the action}*

or

{daily rate for the person multiplied by number of actual days worked on the action}

(rounded up or down to the nearest half-day)

The number of actual hours/days declared for a person must be identifiable and verifiable.

The total number of hours/days declared in EU or Euratom grants, for a person for a year, cannot be higher than the annual productive hours/days used for the calculations of the hourly/daily rate. Therefore, the maximum number of hours/days that can be declared for the grant are:

{number of annual productive hours/days for the year (see below)

minus

total number of hours and days declared by the beneficiary, for that person for that year, for other EU or Euratom grants}.

The '**hourly/daily rate**' is calculated as follows:

{annual personnel costs for the person

divided by

number of individual annual productive hours/days} using the personnel costs and the number of annual productive hours/days for each full financial year covered by the reporting period concerned.

If a financial year is not closed at the end of the reporting period, the beneficiaries must use the hourly/daily rate of the last closed financial year available.

The 'number of individual annual productive hours/days' is the total actual hours/days worked by the person in the year. It may not include holidays and other absences (such as sick leave, maternity leave, special leave, etc). However, it may include overtime and time spent in meetings, trainings and other similar activities.

2. Documentation to support personnel costs declared as actual costs

For **persons working exclusively on the action**, where the direct personnel costs are calculated following **point (a),** there is no need to keep time records, if the beneficiary signs a **declaration** confirming that the persons concerned have worked exclusively on the action.

For **persons assigned to the action at a fixed pro-rata of their working time**, where the direct personnel costs are calculated following **point (b)(i),** there is no need to keep time records, if the beneficiary signs a declaration that the persons concerned have effectively worked at the fixed pro-rata on the action.

For **persons working part time on the action**, where direct personnel costs are calculated following **point (b)(ii),** the beneficiaries must keep **time records** for the number of hours/days declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly.

In the absence of reliable time records of the hours worked on the action, the Commission may accept alternative evidence supporting the number of hours/days declared, if it considers that it offers an adequate level of assurance.