



EUROPEAN COMMISSION

Executive Agency for Small and Medium Sized Enterprises (EASME)

CALL FOR PROPOSALS – COS-WP2014-4-05

ERASMUS FOR YOUNG ENTREPRENEURS

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1. INTRODUCTION – BACKGROUND

Small and medium-sized enterprises (SMEs) play a crucial role in reaching the objectives of the Europe 2020 Strategy¹. Whereas they are considered as powerful engines for growth and job creation, their competitiveness is affected by a limited exploitation of international opportunities and innovation prospects in the Single Market and beyond.

In June 2008, the European Commission adopted the ‘Small Business Act’ for Europe (SBA), recognising the central importance of small and medium-sized enterprises (SMEs) in the EU economy. Principle I of the SBA sets out to ‘create an environment in which entrepreneurs can thrive and entrepreneurship is rewarded’. As a concrete follow-up to this aim, the Commission launched the pilot project ‘ERASMUS for Young Entrepreneurs’ in 2008. It operates mainly on the basis of call for proposals whereby Intermediary Organisations (IOs) are selected to manage the programme locally. After several call for proposals of this nature the programme, which showed promising results, the action was turned into a more consolidated programme, under the Entrepreneurship and Innovation Programme. In 2014, the Council and the European Parliament adopted the Programme for the Competitiveness of Enterprises and Small and Medium Enterprises (COSME), that includes the mobility of new entrepreneurs among the Actions to Promote Entrepreneurship.

In this context, the Programme for the Competitiveness of Enterprises and Small and medium-sized Enterprises (2014-2020), hereinafter referred to as COSME², aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The Commission Implementing Decision C(2014)247 of 22/01/2014 concerning the adoption of the COSME work programme for 2014 foresees a budget of 4 120 000 € for the implementation of the Erasmus for Young Entrepreneurs action.

The contracting authority is the Executive Agency for Small and Medium-sized Enterprises (hereinafter referred to as "EASME").³ EASME is, *inter alia*, entrusted by the European Commission with the implementation of parts of the COSME programme and the Horizon 2020 programme.⁴

2. OBJECTIVE(S) – THEME(S) – PRIORITIES - ACTIVITIES

2.1 Objectives

The overall objective of the Erasmus for Young Entrepreneurs programme is to enhance entrepreneurship, develop the international outlook and competitiveness of European

¹ COM(2010) 2020 final of 3 March 2010.

² Regulation (EU) No 1287/2013 of 11 December 2013 (Official Journal of the European Union 2013/L 347/33)

³ EASME was set up by Commission implementing decision 2013/771/EU of 17.12.2013 "establishing the Executive Agency for Small and Medium-sized Enterprises and repealing decisions 2004/20/EC and 2007/372/EC" (Official Journal of the European Union L 341 of 18.12.2013).

⁴ See Article 3 of the above-mentioned Commission implementing decision.

SMEs and foster potential start-up entrepreneurs and newly-established micro and small enterprises in the Participating Countries.⁵

The purpose of the call is to **select bodies which will act as Intermediary Organisations** (IOs) to implement the Erasmus for Young Entrepreneurs programme at local level. They will, in particular, recruit and assist the entrepreneurs who will benefit from the programme. This call will therefore support actions of organisations enhancing and facilitating the mobility of new entrepreneurs, and is not intended for entrepreneurs willing to participate in the programme.

The Intermediary Organisations will be required to cooperate with all other organisations and authorities involved in the mobility programme, enabling new entrepreneurs to take part in mobility activities as agreed. They will receive support from the existing Support Office (SO), which helps with the coordination and management of the programme across Participating Countries.

These organisations will help new entrepreneurs from Participating Countries enrich their experience, deepen their knowledge and expand their network by spending periods in enterprises run by experienced entrepreneurs in other Participating Countries. The overall objective of this programme is to enhance entrepreneurship, develop the international outlook and competitiveness of European SMEs and foster potential start-up entrepreneurs and newly-established micro and small enterprises in the Participating Countries.

By awarding grants to promote the mobility of new entrepreneurs, the Commission's specific objectives are:

1. To provide on-the-job-training for new entrepreneurs in small and medium-sized enterprises elsewhere in the Participating Countries in order to facilitate a successful start-up, and development of their business ideas;
2. To foster sharing of experience and information between entrepreneurs on the obstacles and challenges of starting up and developing their businesses;
3. To enhance market access and identification of potential partners for new and established businesses in other EU and Participating Countries;
4. To support networking between entrepreneurs from different Participating Countries by building on knowledge and experience from other Participating Countries.
5. The Intermediary Organisations will deliver high quality standards so as to deliver the following expected output for this call for proposals:
6. further developing a network of new entrepreneurs (NEs), host entrepreneurs (HEs) and Intermediary Organisations (IOs)
7. enabling around 650 new entrepreneurs to work alongside and learn from a host entrepreneur in another Participating Country. Therefore, 1300 entrepreneurs should be involved in this action by early 2017.

⁵ Participating Countries are listed under point 6.2 "Geographical Eligibility"

8. creating new businesses, joint ventures and spin-off companies and foster cross-border business cooperation
9. enhancing the international activities and innovation potential of host entrepreneurs.

2.2 Description of the work

2.2.1 Eligible Activities

The activities to be implemented under this call for proposals, including the rules to be respected and procedures to follow, are detailed in the Appendix — Erasmus for Young Entrepreneurs Implementation Manual for Intermediary Organisations (Quality Manual). The document thoroughly describes the tasks to be performed by Intermediary Organisations: it includes the eligibility criteria of entrepreneurs, the procedures for registration of entrepreneurs to the programme and building of relationships, as well as the responsibilities of the different actors involved, including deadlines to be respected. It also outlines the roles of the Support Office and the European Commission.

As a minimum requirement, the IOs proposals are expected to describe the following activities in detail, in accordance with the provisions of the Implementation Manual for Intermediary Organisations (Appendix):

a) Promotion of the programme

Applicants must describe the proposed communication and promotion measures to effectively raise awareness, disseminate information on the mobility scheme and reach a maximum number of potential candidates. Communication activities should in particular target relevant business organisations and other bodies supporting businesses and start-ups, as well as other target audiences as appropriate. Applicants should demonstrate that they have appropriate access to entrepreneurs. These activities should be focused so as to ensure that the entrepreneurs who will subsequently apply to the programme will qualify for it and will show good motivation and commitment. For instance, new entrepreneurs must have at least the firm intention to set up a business to enrol for the programme. Also, potential participants should understand that the exchanges organised under the scheme are not internships.

The EU sponsorship of the project should also be clearly visible. The applicants will at least include a link to the programme's website on their respective websites, and the European Commission logo in their communication tools for the programme. Other means of awareness-raising are also encouraged.

b) Enrolment of entrepreneurs

Applicants should explain how they will engage entrepreneurs to participate in the programme, and the specific channels and efforts they will use for this purpose. Applicants should be well aware of the challenge of this task, as barriers can be expected from entrepreneurs who could potentially benefit from the programme: it can be a challenge for a young entrepreneur to venture abroad, all the more so if he has just started a new business. Host entrepreneurs may have the perception not to have the time, or underestimate the benefits they could derive from the exchange with the new entrepreneur.

The proposal should contain enough information about access to and contacts with entrepreneurs, that the applicants have, whether this access is direct or indirect (via their own or other networks), and the kind of relationships they maintain, giving figures where possible.

c) Assessing applications from NEs and HEs

The Commission has developed the Erasmus for Young Entrepreneurs online IT tool whereby NEs and HEs apply for the scheme. It will be necessary to screen applications and advise candidates to ensure a high quality of registrations and, in particular, to gauge how committed the applicant NEs are to setting up a business (entrepreneurial motivation, business plan). For the HEs, IOs will assess their willingness to mentor an NE, engage in the exchange (this is not a mere internship for the new entrepreneur), and to derive positive benefit for themselves from the collaboration. Applicants are invited to describe how they would check the quality and ensure the eligibility of applications. The proposals should include the necessary provisions for the maintenance of the portfolio of entrepreneurs, periodic validation of interest and updating of the profiles. IOs shall assess, manage and follow-up on applications both from entrepreneurs from within and outside their target groups (e.g. from spontaneous applications), even if their activity is targeted to specific groups (e.g. women entrepreneurs, social entrepreneurship, region). Equally, IOs should endeavour to avoid any discrimination for reasons of sex, sexual orientation, religion, race, colour, ethnic or social origin, genetic features or membership of a national minority.

d) Building relationships

The process of successfully matching NEs and HEs is a key element of the mobility scheme and it is implemented by using the Erasmus for Young Entrepreneurs online IT tool. The so-called "matching" process will be considered successful if it leads to a 'successful relationship' as defined in the Implementation Manual (Appendix) and in the future model grant agreement. Intermediary Organisations are invited to describe how they plan proactively to identify the best matches, support contacts and monitor relationships before and during the stay abroad. Intermediary Organisations also need to describe if and how they intend to help NEs gain access to sources of financial assistance to cover costs related to a stay with an HE (indicating such sources where possible, and providing details of them) other than the Erasmus for Young Entrepreneurs grant, and how they intend to advise NEs on such sources.

e) Management of grant agreements, commitments and financial assistance

Once the relationship has been agreed, the IOs concerned have to ensure that all parties involved (NE, HE, IOs) sign the Erasmus for Young Entrepreneurs Commitment. In addition, the NE and his/her IO must sign an agreement specifying the tasks that will be carried out during the exchange, responsibilities, financial conditions and legal implications. Applicants should describe how they would arrange this in an efficient and effective way, allowing for potential amendments and the handling of payments and reports.

The purpose of the financial assistance provided to NEs is to support the cost of their stay. The IO that has accepted the NE is expected to give the NE financial assistance paid from Commission grants, provided that the relationship between NE and HE has been notified to the Commission⁶. The IO will be responsible for correct management of this

⁶ See Implementation Manual, section 2.4.1

financial assistance, including payment arrangements to NEs. Further details will need to be given in the agreement mentioned above.

The Commission has set the monthly amounts of financial assistance per country in the table provided as Annex 1 of the Implementation Manual for Intermediary organisations (also available at: <http://www.erasmus-entrepreneurs.eu/page.php?pid=005>). Applicants should describe how they intend to organise the management and control of this financial assistance in an efficient and effective way, including avoidance of any financial abuse.

f) Preparation of the exchange

Applicants are invited to describe the kind of information and induction they would organise and offer to NEs and how they intend to deliver this information and induction. Applicants are expected to deliver information on the mobility scheme and important EU-related business subjects, such as the Internal Market, European law issues (in particular regarding business and contract law) and support services including *inter alia* the Enterprise Europe Network and SOLVIT.

g) Follow up of the exchange

IOs are expected to offer local and remote assistance to visiting NEs during stays with HEs. Applicants are invited to describe the services they plan to offer to address practical questions (housing, transport, insurance, etc.) to NEs visiting their HEs, the modalities they will implement to follow up the exchanges and the mechanisms to be put in place to avoid problems and potential conflicts.

h) Management, quality control and evaluation

Applicants, and the coordinator in particular, should describe:

- How they will undertake the management of the project, especially the role of coordinator
- The measures they will take to ensure that high quality standards are applied by all consortium partners, how they will monitor the achievement of objectives and take appropriate corrective measures such as redistribution of objectives and budget, while ensuring compliance with the Erasmus for Entrepreneurs rules and procedures. The main risks that might be encountered and the corresponding mitigating measures should also be described.

i) Active networking

Applicants should describe how they will actively network with the other participants in the action, which will include taking part in four meetings in Brussels (or, though infrequent, possibly other locations in the Participating Countries) during the period of the grant agreement (travel and accommodation costs will have to be covered by each participant himself/herself. Sufficient budget should be foreseen to allow for the participation of all partners in a consortium in the meetings). Lead IOs will attend two additional specific meetings, usually back-to-back with the IOs Network Meetings. Regional cooperation of Intermediary Organisations should also be envisaged, e.g. with regard to promotion activities.

j) Reporting

The projects selected are expected to report regularly to the SO and the EC on their activities, matching relationships, problems encountered, solutions implemented and resources spent. The applicants should describe how they intend to organise this reporting in an efficient and effective way, according to the provisions of the Implementation Manual (Appendix).

2.2.2 Deliverables

2.2.2.1 Deliverables at programme level

This initiative expects to have achieved the following results by January 2017:

- Circa 650 exchanges matched;
- Circa 2000 entrepreneurs registered;
- Circa 100 Intermediary Organisations involved in the implementation of the programme;
- At least 25 countries covered;
- Rate of successful exchanges above 90%.

2.2.2.2 Deliverables at project level

Under this call for proposals, each proposal should provide for the following key deliverables:

- Involving at least 100 entrepreneurs in a successful relationship, either as new or as host entrepreneurs.
- Offering assistance and support to NEs who are visiting an HE covered by the Intermediary Organisation, including the financial assistance as referred to in 2.2.1 (e) above;
- Participating in scheduled meetings in Brussels or other locations in the EU.

3. INDICATIVE TIMETABLE

3.1 Indicative timetable of the call

	Stages	Date and time or indicative period
a)	Publication of the call	20 May 2014
b)	Deadline for submitting applications	17/07/2014 – 17:00:00
c)	Evaluation period	1/08/-30/09/2014
d)	Information to applicants	October 2014
e)	Signature of grant agreement	November 2014
f)	Starting date of the action	01 February 2015

3.2 Indicative Timetable during Implementation / Deliverables

Information, promotion, and website update	February/March 2015
1 st Networking meeting	February 2015
Assembling applications, matching relationships and signing agreements and quality commitments	February 2015 – November 2015
Lead IOs' 1 st meeting	February/March 2015
2 nd Networking meeting	September/October 2015
Induction, start of NE's stays abroad and of logistical support to NE/HE	March 2015 – November 2016
Mid-term review meetings ⁷	February-March 2016
3 rd Networking meeting	February 2016
Lead IO's 2 nd meeting	Feb/March 2016
4 th Networking meeting	September/October 2016
End of placements	January 2017
Submission of final implementation reports	April 2017

Additional information:

- Duration of the action cannot exceed 24 months.
- No applications will be accepted for projects scheduled to run for a longer period than that specified in this call for proposals.

4. BUDGET AVAILABLE

The indicative budget available for EU financing under this call is 4 120 000 euro.

The maximum amount of the grant that can be awarded to a project is 500.000 euro.

It is expected that 8 to 10 projects can be funded under this call.⁸

⁷ Should the project be called for a review meeting, all partners in the consortium are requested to attend.

⁸ In case of a revision of the COSME Work Programme, a higher amount might be made available for this action, and thus more projects might be co-financed.

5. ADMISSIBILITY REQUIREMENTS

- Applications must be submitted no later than the deadline for submitting applications referred to in section 3.
- Applications must be submitted as explained in section 14.
- Applications must be drafted in one of the EU official languages.

Failure to comply with those requirements will lead to the rejection of the application from the outset and without any evaluation process.

6. ELIGIBILITY CRITERIA

6.1 Eligible applicants

This call aims at selecting consortia implementing the programme:

- Consortia should be composed of at least 5 independent legal entities from at least 4 different Participating Countries.
- It is not allowed that a partner participates in more than one proposal. Should this happen, all the proposals involving this partner will be considered as ineligible.
- The coordinator and other partners must satisfy the same eligibility criteria.

Legal status eligibility

Applicant organisations must be legal entities. They can be fully or partly public or private bodies and their core activity must be in the field of business support; private bodies must be properly constituted and registered under national law.

This may for instance include:

- Public entities responsible for or active in the fields of economic affairs, enterprise, business support or related issues,
- Chambers of commerce and industry, chambers of handicrafts or similar bodies,
- Business support organisations, start-up centres and incubators,
- Business associations and business support networks,
- Public and private entities offering business support services.

Legal entities having a legal or capital link with applicants, which is neither limited to the action nor established for the sole purpose of its implementation, may take part in the action as affiliated entities, and may declare eligible costs as specified in section 11.2.

For that purpose, applicants shall identify such affiliated entities in the application form.

6.2 Geographical eligibility

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

- EU Member States

- Countries participating in the COSME programme under Article 6 of the COSME Regulation⁹.

7. EXCLUSION CRITERIA

7.1. Exclusion from participation:

Applicants will be excluded from participating in the call for proposals procedure if they are in any of the following situations:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata;
- (c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the EIB and international organisations;
- (d) they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the RAO or those of the country where the grant agreement is to be performed;
- (e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such an illegal activity is detrimental to the Union's financial interests;
- (f) they are currently subject to an administrative penalty referred to in Article 109(1) of the Financial Regulation.¹⁰

7.2. Exclusion from award:

Applicants will not be granted financial assistance if, in the course of the grant award procedure, they:

- (a) are subject to a conflict of interest;
- (b) are guilty of misrepresentation in supplying the information required by EASME as a condition of participation in the grant award procedure or fail to supply this information;
- (c) find themselves in one of the situations of exclusion, referred to in section 7.1.

The same exclusion criteria apply to affiliated entities.

⁹ Up to date information regarding the countries that participate in COSME can be found at http://ec.europa.eu/enterprise/initiatives/cosme/index_en.htm

¹⁰ Regulation (EU, Euratom) No 966/2012 of the European Parliament and Council of 25.10.2012

Administrative and financial penalties may be imposed on applicants, or affiliated entities where applicable, who are guilty of misrepresentation.

7.3. Supporting documents

Applicants must sign a declaration on their honour certifying that they are not in one of the situations referred to in articles 106(1) and 107 to 109 of the Financial Regulation¹¹, filling in the relevant form.

8. SELECTION CRITERIA

8.1. Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. The applicants' financial capacity will be assessed on the basis of the following supporting documents to be submitted with the application:

a) Grants \geq EUR 60 000:

- a declaration on their honour and,

EITHER

- the profit and loss account, the balance sheet for the last financial year for which the accounts were closed;
- for newly created entities, the business plan might replace the above documents.

OR

- the table provided for in the application form, filled in with the relevant statutory accounting figures, in order to calculate the ratios as detailed in the form.

In the event of an application grouping several applicants (consortium), the above thresholds apply per applicant.

On the basis of the documents submitted, if the Authorising Officer considers that financial capacity is not satisfactory, he may:

- request further information;
- propose a grant agreement without pre-financing;
- propose a grant agreement with a pre-financing paid in instalments;
- propose a grant agreement with a 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;
- reject the application.

¹¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and Council of 25.10.2012

The verification of the financial capacity shall not apply to natural persons in receipt of scholarships, to natural persons in most need in receipt of direct support, to public bodies or international organisations.

8.2. Operational capacity

Applicants must have the professional competencies as well as appropriate qualifications necessary to complete the proposed action. In this respect, applicants have to submit a declaration on their honour, and the following supporting documents:

- curriculum vitae or description of the profile of the people primarily responsible for managing and implementing the operation (accompanied where appropriate, like in the field of research and education, by a list of relevant publications);
- the organisations' activity reports;
- an exhaustive lists of previous projects and activities performed and connected to the policy field of a given call or to the actions to be carried out.

9. AWARD CRITERIA

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

EVALUATION CRITERIA AND KEY ELEMENTS LIKELY TO BE ASSESSED BY THE EVALUATION COMMITTEE	MAX. SCORE
1. Relevance of the actions proposed in view of the objectives established in the call	25
<i>How wide and direct is the access to entrepreneurs (potential new and host entrepreneurs) of the applicants? (double weight)</i>	
<i>How relevant is (are) the proposed target group(s), taking into account the number of SMEs in the regions covered and its entrepreneurship potential?</i>	
<i>How relevant are the action and the proposal to the needs of the proposed target groups?</i>	
<i>How does the project build on previous experiences, in particular those regarding mobility, cross-border cooperation, entrepreneurship support, enhancement of business collaboration (including business matchmaking and partnership), and/or previous collaboration between the partners?</i>	
2. Quality of the proposed actions	25
<i>How coherent, appropriate and practical are the overall project design and the activities proposed in view of the effective recruitment, assessment and selection of applicants, proactive matchmaking, follow-up on exchanges, networking with other Intermediary Organisations and appropriate reporting?</i>	
<i>To what extent is the allocation of resources to the different partners and work packages appropriate and balanced in view of the achievement of the objectives of the proposal?</i>	
<i>To what extent does the project have an efficient and effective management structure and plan, especially with regard to fulfilling the timetable and respecting deadlines? How clearly defined are the tasks and responsibilities?</i>	
<i>To what extent does the proposal comply with the provisions of the Implementation Manual for Intermediary Organisation (Quality Manual)? Does the proposal include added value activities, going beyond these requirements?</i>	
3. Impact on target audience	25
<i>To what extent can the applicants offer services allowing for replication and extension of project outcomes, including after care activities?</i>	
<i>To what extent does the proposal envisage comprehensive induction trainings for entrepreneurs for a successful exchange, also including pre-departure information, as well as information on services for businesses, access to finance, etc., especially the EU ones such as the Enterprise Europe Network, SOLVIT, etc.?</i>	
<i>To what extent are the proposed promotion and dissemination activities effective to attract new and host entrepreneurs? Do they appropriately include the visibility of the EC support?</i>	
4. Budget and Cost-effectiveness	25

<i>To what extent is the proposal's budget clear and detailed? Does the breakdown of the budget, category by category, offer a way of ensuring that the amount of the grant awarded is the minimum necessary for the operation to be completed?</i>	
<i>To what extent is the proposed expenditure sufficient and necessary for the implementation of the project?</i>	
<i>To what extent does the project overall provide value for money?</i>	
Maximum total score	100

In order to be considered for funding, proposals will need to have passed an overall threshold of 70% in terms of total score. In addition, thresholds of 50% will be applied to each of the four individual award criteria described above in order to ensure a consistent minimum quality for all award criteria. Proposals will be ranked according to their total score.

The EASME reserves the right to constitute a reserve list for this call. Applicants entered on the reserve list shall be presumed to have been rejected unless the EASME notifies that a grant will finally be awarded or that the proposal is definitively rejected. Proposals on the reserve list will be considered definitively rejected if they receive no notification by 31 March 2015. Proposals on the reserve list may receive an award if a project proposed for award fails to accept the award, or if the EASME decides to allocate extra funding to an action from a reserve list.

10. LEGAL COMMITMENTS

In the event of a grant awarded by the Agency, a grant agreement, drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary, as well as the procedure in view to formalise the obligations of the parties.

In order to ensure a proper functioning of the consortium, it is recommended that the partner organisations conclude a consortium agreement establishing their rights and obligations.

11. FINANCIAL PROVISIONS

11.1. General Principles

a) Non-cumulative award

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

In no circumstances shall the same costs be financed twice by the Union budget. To ensure this, applicants shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action as well as any other funding received or applied for the same action.

b) Non-retroactivity

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 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) Co-financing

Co-financing means that the resources which are necessary to carry out the action or the work programme may not be entirely provided by the EU grant.

Co-financing of the action or of the work programme may take the form of:

- the beneficiary's own resources,
- income generated by the action or work programme,
- financial contributions from third parties.

Co-financing may also take the form of in-kind contributions from third parties, i.e. non-financial resources made available free of charge by third parties to the beneficiary or to the consortium. The corresponding costs are not eligible.

d) Balanced budget

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

The budget must be drawn up in euros.

Applicants who foresee that costs will not be incurred in euros, are invited to 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.

e) Implementation contracts/subcontracting

Where the implementation of the action requires the award of procurement contracts (implementation contracts), the beneficiary must award the contract to the bid offering best value for money or the lowest price (as appropriate), avoiding conflicts of interests and retain the documentation for the event of an audit.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2004/18/EC¹² or contracting entities in the meaning of Directive 2004/17/EC¹³ shall abide by the applicable national public procurement rules.

Sub-contracting, i.e. the externalisation of specific tasks or activities which form part of the action/work programme as described in the proposal must satisfy the conditions applicable to any implementation contract (as specified above) and in addition to them the following conditions:

- it may only cover the implementation of a limited part of the action (up to 15% of eligible costs);
- it must be justified having regard to the nature of the action and what is necessary for its implementation;
- it must be clearly stated in the proposal.

Subcontracting does not in any way limit the responsibility of beneficiaries for the implementation of the action. Please note that the beneficiary(ies) should have the necessary capacity to perform the project. Only tasks that are not core business can be sub-contracted to consultants. That means that for instance tasks regarding relationship building and relationship management cannot be sub-contracted.

¹² Directive 2004/18/EC on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts.

¹³ Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors.

It is not necessary to have already selected subcontractors at the time the proposal is submitted. However, cost of contractors not selected in accordance with the applicable rules for procurement will not be eligible.

f) **Financial support to third parties**

The applications must envisage a provision of financial support to third parties, i.e. for financial assistance to new entrepreneurs (see above). The applications must include:

- the types of activities for which third parties may receive financial support; the financial assistance given to NEs is intended to cover solely the costs of their stay in the Host Entrepreneur's country;
- the definition of the persons or categories of persons which may receive financial support;
- the criteria for awarding financial support;
- the maximum amount to be granted to each third party and the criteria for determining it;

The financial assistance paid to third parties (cost heading 1.2) shall be included under the corresponding cost heading. It covers, in addition to other potential miscellaneous items, the financial assistance paid to new entrepreneurs in support of the costs linked to their expenditure for travel, accommodation and subsistence during a stay with the host entrepreneur in another participating country. Details are mentioned in the Appendix.

11.2. Funding forms

Specific funding conditions under this call:

The rate of Union co-financing shall be up to 90 % of eligible costs incurred by the Intermediary Organizations. The European Union contribution shall not exceed 75 % of the programme management costs but may be up to 100 % of the sum allocated by beneficiaries (Intermediary Organizations) to third parties (sub-grantee, i.e. new entrepreneurs) participating in a mobility action. Financial assistance to new entrepreneurs participating in a mobility action shall take the form of a scale of unit cost of maximum EUR 6 600 per entrepreneur within the limit of EUR 500 000 by grant.

Funding	Amount or percentage
EU co-financing rate of the project	Max. 90% of eligible costs
EU contribution to programme management costs	Max. 75%
EU contribution to financial assistance to third parties (new entrepreneurs)	100% within the limit of 500.000 euro
Financial assistance to NEs	Min. 150.000 euro per grant Max. 6.600 euro per NE (in the form of a scale of unit costs)

Proposals that do not respect the above figures will be considered ineligible.

Grants are calculated on the basis of a detailed estimated budget indicating clearly the costs that are eligible for EU funding. The grant amount may neither exceed the eligible costs nor the amount requested. Amounts are indicated in euros.

➤ **Maximum amount requested**

The EU grant is limited to a maximum co-funding as indicated in the table above.

Consequently, part of the total eligible expenses entered in the estimative budget must be financed from sources other than the EU grant (see section 11.1c).

➤ **Contributions in kind**

The external co-financing may be made up of contributions in kind in order to cover other costs necessary to carry out the project. Such contributions must not exceed:

- either the costs actually borne and duly supported by accounting documents;
- or, in the absence of such documents, the costs generally accepted on the market in question.

In-kind contributions shall be presented separately in the estimated budget to reflect the total resources allocated to the action. Their unit value is evaluated in the provisional budget and shall not be subject to subsequent changes.

In-kind contributions shall comply with national tax and social security rules.

➤ **Eligible costs**

Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:

- ✓ 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, expenditure may be authorised before the grant is awarded. Under no circumstances can the eligibility period start before the date of submission of the grant application (see section 11.1b).

- ✓ 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 requirements 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.

The same criteria apply to the affiliated entities.

Eligible direct costs

The eligible direct costs for the action are those costs which, **with due regard for 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:

- the costs of personnel working under an employment contract with the applicant or equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the applicant's usual policy on remuneration. Those costs may include additional remuneration, including payments on the basis of supplementary contracts regardless of their nature, provided that it is paid in a consistent manner whenever the same kind of work or expertise is required and independently from the source of funding used;
- costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;
- subsistence allowances (for meetings, including kick-off meetings where applicable, conferences etc.) provided that these costs are in line with the beneficiary's usual practices;
- costs of travel (for meetings, including kick-off meetings where applicable, conferences etc.), provided that these costs are in line with the beneficiary's usual practices on travel,
- the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary, provided that the asset has been purchased in accordance with the conditions applicable to implementation contracts and that it is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary;
- costs of consumables and supplies, provided that they are purchased in accordance with the conditions applicable to implementation contracts;
- costs entailed by implementation contracts awarded by the beneficiaries for the purposes of carrying out the action/project, provided that the conditions laid down in the grant agreement are met;
- costs arising directly from requirements linked to the implementation of the action/project (dissemination of information, specific evaluation of the action, translations, reproduction);
- costs entailed by subcontracts, concluded for the externalisation of specific tasks or activities which form part of the action or work programme as described in the proposal, provided that the conditions with the conditions applicable to implementation contracts are met;
- costs of financial support to third parties, in accordance with the conditions set by the grant agreement for such financing;
- costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where required;

- costs relating to external audits where required in support of the requests for payments;
- non-deductible value added tax ("VAT").

Eligible indirect costs (overheads)

- a flat-rate amount of 7% of the total eligible direct costs of the action, is eligible under 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's attention is drawn to the fact that in the case of organisations receiving an operating grant, indirect costs are not eligible under specific actions.

➤ **Ineligible costs**

- return on capital;
- debt and debt service charges;
- provisions for losses or debts;
- interest owed;
- doubtful debts;
- exchange losses;
- costs of transfers from the EASME charged by the bank of a beneficiary;
- costs declared by a beneficiary and covered by another action receiving a European Union grant. In particular, indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant financed from the Union budget during the period in question;
- contributions in kind;
- excessive or reckless expenditure;
- others (in accordance with the relevant legal base);
- participation by any staff of the EU institutions in actions receiving grants;
- any other costs (in accordance with the relevant legal base),

➤ **Calculation of the final grant amount**

The final amount of the grant to be awarded to the beneficiary is established after completion of the action, upon approval of the request for payment containing the following documents:

- a final report providing details of the implementation and results of the action/work programme ;
- the final financial statement of costs actually incurred,
- a certificate on the financial statements for each beneficiary, if it requests a total contribution of EUR 325.000 or more, as reimbursement of actual costs.

EU grants may not have the purpose or effect of producing a profit within the framework of the action of the beneficiary. **Profit shall be defined as a surplus of the receipts over the eligible costs incurred by the beneficiary**, when the request is made for

payment of the balance. In this respect, where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

11.3. Payment arrangements

A pre-financing payment corresponding to **70%** of the grant amount will be transferred to the beneficiary within 30 days of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

The EASME will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 11.2 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 EASME through a recovery order.

11.4. Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the authorising officer responsible may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

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

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

12. PUBLICITY

12.1. 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 in accordance with the details provided in the grant agreement

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

12.2. By the Commission

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 level¹⁴ if he/she is domiciled within EU or equivalent if domiciled outside 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. DATA PROTECTION

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 45/2001 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 are required to evaluate the application in accordance with the specifications of the call for proposal will be processed solely for that purpose by the Head of Unit A.1 COSME, EASME. Details concerning the processing of personal data are available on the privacy statement at:

http://ec.europa.eu/dataprotectionofficer/privacystatement_publicprocurement_en.pdf.

Personal data may be registered in the Early Warning System (EWS) only or both in the EWS and Central Exclusion Database (CED) by the Accounting Officer of the Commission, should the beneficiary be in one of the situations mentioned in:

- the Commission Decision 2008/969 of 16.12.2008 on the Early Warning System (for more information see the Privacy Statement on: http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm),

or

- the Commission Regulation 2008/1302 of 17.12.2008 on the Central Exclusion Database (for more information see the Privacy Statement on http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm)

¹⁴ European Union Official Journal L 39, of 10 February 2007.

14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

Proposals must be submitted in accordance with the formal requirements and 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 for the correction of clerical mistakes, the Commission may contact the applicant for this purpose during the evaluation process.

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

➤ Electronic submission

Applicants are requested to log in at <http://ec.europa.eu/easme/cosme> and follow the procedure for submitting an application.

➤ Contacts

The EASME is available to answer questions relating to the content of the present call for proposals. All questions must be sent by e-mail to easme-cosme-erasmus-call2014@ec.europa.eu.

Answers will be published periodically and within a reasonable period of time on <http://ec.europa.eu/easme/cosme>.

➤ Appendix:

- *Erasmus for Young Entrepreneurs Implementation Manual for Intermediary Organisations (Quality Manual)*