



COSME Programme

Call for Proposals

Co-financing of public procurement of innovation consortia

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1. INTRODUCTION AND BACKGROUND

1.1. Introduction

Small and medium-sized enterprises (SME) play a crucial role in reaching the objectives of the Europe 2020 Strategy¹. Whereas they are considered as crucial 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 this context, the Programme for the competitiveness of enterprises and small and medium-sized enterprises (2014-2020)², (COSME), aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The Executive Agency for Small and Medium-sized Enterprises³ (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission with the implementation, *inter alia*, of parts of the COSME programme.

In this respect, this call for proposals, managed by EASME, implements parts of the COSME Work Programme 2020, as last amended on 19 October 2020⁴. This action will focus particularly on the public procurement for innovation area and falls under the second specific objective of the COSME programme: access to markets.

1.2. Policy Context

Small- and Medium-sized enterprises (SMEs) are the backbone of European economies: between 2013 and 2017, almost 60% of value creation and two thirds of employment in the EU were attributable to SMEs⁵. Public Procurement represents approximately 14% of the EU GDP. Notwithstanding these aspects, less than half of this budget is purchased from SMEs. Indeed, access to public procurement remains difficult for SMEs, who are only awarded 50% of the value of public contracts above EU public procurement thresholds⁶, a share clearly below their weight in the economy.

The public sector can play a large role in helping companies, and in particular SMEs, overcome a well-known market failure: finding a first group of customers for their innovative products and

¹ COM (2010)2020 final of 3 March 2010 "Europe 2020. A strategy for smart, sustainable and inclusive growth".

² Regulation (EU) No 1287/2013 of 11 December 2013 (Official Journal of the European Union L 347/33 of 20.12.2013).

³ EASME was set up by Commission Implementing Decision 2013/771/EU of 17 December 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 341/73 of 18.12.2013).

⁴ Commission Implementing Decision C(2020) 7044 final of 19.10.2020 amending Implementing Decision C(2020)111 on the financing of the programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises and the adoption of the work programme for 2020.

⁵ European Commission (2018): 2018 Small Business Act fact sheet & scoreboard, available at: <https://ec.europa.eu/docsroom/documents/32581/attachments/1/translations/en/renditions/native>.

⁶ Average percentage of contracts awarded to SMEs over the period 2016-2019, according to the data included in the TED database: https://ec.europa.eu/internal_market/scoreboard/performance_per_policy_area/public_procurement/index_en.htm.

services. Innovation is constrained by a 'chicken or egg problem,' whereby suppliers will often wait until there is a demonstrated demand before they develop new solutions, while at the same time the potential buyers are waiting to see a new product or service enjoying some success in the market before they will risk buying it themselves⁷.

Within the public sector, the responsibility of identifying and purchasing innovative solutions to meet specific needs lies with Public Buyers. For the purposes of this call, public buyers are to be understood as entities (not limited to public bodies themselves) acting on behalf of public bodies to procure innovative solutions and/or act as contracting authorities for the product and services procured⁸.

Public Procurement of Innovative solutions or public procurement of innovation (PPI) happens when the public sector uses its purchasing power to act as early adopter of innovative solutions which are not yet available on large scale commercial basis. The PPI process broadly refers to any public procurement that presents one or both of the following aspects:

- buying the process of innovation;
- buying the outcomes of innovation.

Public procurement of innovation may commence with research and development of products, services or processes that do not yet exist. Public buyers state their need with little to no concrete idea of the solution and support innovative businesses and researchers in finding the perfectly suited product, service or process. In this way, the public buyer effectively becomes part of the innovation lifecycle from the very beginning of product or service development.

Furthermore, public buyers may choose innovative products, services or processes that are new in the market instead of renewing or replicating existing procurement contracts.

PPI is currently facing a number of issues, which can be summarised in the following way:

- **Lack of knowledge and expertise** in contracting authorities on the use of practices that favour innovation, on risk management in procurement, and on market and technological developments.
- **Lack of (or wrong) incentives** for contracting authorities, which give priority to short term costs and provide no incentives for the additional risks (and initial costs) of purchasing innovative solutions, even if in the long and medium term cost savings and efficiency gains can be obtained.
- **Lack of perception of public procurement as a useful tool for achieving general policy objectives**, with procurement focusing on legal and procedural aspects instead of how it can contribute to public policy objectives.

⁷ Ten Cate, A., Harris, J., Shugars, J. and Westling, H. (1998): Technology Procurement as a Market Transformation Tool. <http://www1.eere.energy.gov/femp/pdfs/techproc.pdf>.

⁸ For instance, a limited responsibility (private) company owned by a public administration procuring services on its behalf is to be understood as “public buyer” for the purposes of this call for proposals.

- **Lack of innovative capability in public organisations**, with little or no dedicated resources (financial or personnel) to identify, experiment, develop or evaluate innovations; nor even to identify if innovative solutions could help overcome problems in the public services better than standardised solutions.
- **Fragmentation of demand / lack of critical mass** due to the fragmentation of procurement actions across borders and administrative boundaries, which leads to individual procurements being too small for companies to make the effort of coming forward with innovative solutions. There are clear economies of scale by pulling together procurement processes. They stem from, for instance, the joint use of human resources to manage the processes and the sharing of risks between several buyers.
- **Difficulties for innovative SMEs to be involved in public procurement** as direct beneficiary/ client of a purchasing authority. This hampers the access of public authorities to the innovative potential of SMEs, in particular high-tech SMEs who play a key role in creating innovative solutions.

In addition, PPI can contribute to finding useful solutions to address the challenges created by the current COVID-19 epidemics. These solutions obviously pertain to the public health area, but not exclusively. Transport, human resources organisation, communications are examples of areas where innovative solutions may help public buyers in giving an efficient response to the new situation and reality. Consortia should take these aspects into consideration in their proposals.

SMEs, with their tremendous potential, are very well placed to offer innovative and efficient solutions.

The European Union promotes several initiatives at EU level supporting PPI⁹. For instance, Horizon 2020 offers funding opportunities for consortia of buyers to either prepare and undertake together PCP (Pre-Commercial Procurement) or PPI procurements or cooperate on identifying opportunities and preparing for future PCPs / PPIs. As another example, the EAFIP initiative (the European Assistance for Innovation Procurement Initiative)¹⁰ provides free of charge technical and legal assistance to individual buyers to implement PCPs and PPIs, and has been organising a webinar on opportunities to tackle the COVID-19 Crisis through Innovation Procurement. Finally, the Directorate General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission (DG GROW) has also launched a cycle of webinars on the innovation partnership¹¹, a specific procedure for the purchase of innovative goods, services or works.

⁹ https://ec.europa.eu/growth/single-market/public-procurement/innovative_en.

¹⁰ <https://eafip.eu>.

¹¹ https://ec.europa.eu/growth/single-market/public-procurement/innovative_en.

2. OBJECTIVE(S) – THEME(S) – ACTIVITIES – OUTPUTS

2.1. General policy objectives

Given the significance of public procurement in the EU economy, the use of more innovation-oriented procurement can be a major contributor to the wider ambition of smart, sustainable and inclusive growth as well as potentially boosting the overall development of innovative companies in Europe.

With regard to its objectives in relation to SMEs and the COSME programme, this call for proposals is intended to contribute to the general objective of “strengthening the competitiveness and sustainability of the Union's enterprises, particularly SMEs” contained in EU Regulation (EU) 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (the COSME Regulation).

This call for proposals falls within the second COSME objective, as it intends to improve SMEs’ access to markets inside the Union.

In particular, this call for proposals is expected to contribute to a significant increase in the proportion of SMEs that have access to the public procurement market. In parallel, it will also contribute to increasing the visibility and awareness of the advantages of procuring innovation for a constantly increasing greater number of public buyers.

2.2. Specific objectives

This call for proposals has three main objectives.

1. The first objective is to encourage cooperation between public buyers to promote the use of public procurement to contribute to the development of innovative solutions able to tackle their needs.
2. The second objective is to increase the impact of public procurement on innovation. Public procurement can be used as a tool to foster innovation in areas of strong public interest such as, for instance, clean energy (contributing to Paris targets for fighting climate change) or healthcare. This will in turn encourage innovative EU companies, in particular SMEs, to develop new solutions to address societal challenges.
3. The third objective is to link and establish synergies with research and innovation projects funded by the EU whenever possible. This may be relevant in particular with other projects funded by the Commission in relation to innovation procurement, for instance the two ongoing projects funded under the call for proposals under the 2018 COSME Work Programme

namesake of the current call for proposals (COS-PPI-2018-2-01, ref. GRO-SME-18-B-07) and the so-called Innobroker projects¹² financed under the COSME programme.

For this objective, consortia are invited to take into consideration also other EU initiatives on PPI¹³ to avoid repeating the same activities and to maximise the impact of their projects.

2.3. Eligible activities

This call for proposals aims at setting up consortia of public buyers from at least two eligible countries (as defined in section 6.1). The consortia shall design and implement a public procurement for innovation (PPI) action by carrying out the tasks described in the paragraphs below. The public buyers in the consortia will procure the identified innovative solution(s), if possible in a joint manner, in full compliance with EU and national public procurement rules.

Applicants must demonstrate (i) that the envisaged procurement solution(s) will be new to the procurer, (ii) that the solutions are not yet available on a large-scale commercial basis and (iii) that the solution(s) can be replicable and of interest to public buyers in other EU Member States.

The following activities are mandatory to be carried out in the context of this call for proposals:

1. **Assessment of the public buyers' needs.** It is essential that projects define a preparatory phase to clearly identify, prioritise and develop the client's needs. Projects must engage in early discussions with immediate users (and possibly end-users) and others that may be affected by the proposed investment. Public buyers shall also determine the state-of-the-art of potentially available solutions by developing thorough "market consultations" involving the supply chain, accompanied by an announcement which may be published in English via a Prior Information Notice in the Official Journal of the European Union¹⁴. In addition, they shall develop common or joint specifications for the procurement of innovative solutions within the consortium. Specifications shall not give any advantage to any technological or non-technological solution and shall use functional/performance-based requirements instead of solution prescriptive specifications.
2. **Market consultation** supporting dialogue with potential contractors to assess the state-of-the-art and technological limitations for potential innovative solutions and carrying out wide-ranging market research to come to a better view on the state-of-the-art and identify the companies working in the field. This procedure typically involves desk research with targeted expert discussions and events bringing together buyers with leading suppliers with the aim of better understanding buyers' needs and the state-of-the-art.

¹² One consortium funded under the COSME Work Programme 2017 "Innovation Procurement Broker: Creating Links for the Facilitation of Public Procurement of Innovation" (COS-LINKPP-2017-2-02, ref. GRO-SME-17-B-07). A namesake call under the COSME Work Programme 2020 (ref. GRO-SME-20-B-06) is currently under preparation and should be launched late 2020.

¹³ <https://ec.europa.eu/digital-single-market/en/public-procurement-innovative-solutions>.

¹⁴ Applicants may find interesting information in this guide, drafted for PPI under Horizon 2020 http://ec.europa.eu/research/participants/data/ref/h2020/other/gm/h2020-guide-ppi-procurement-docs_en.docx.

3. **Engaging the market jointly**, giving to the market signals concerning the size of the procurement in order to trigger the interest of providers. In addition, public buyers shall provide information on when the procurement is expected to take place, the description of the identified needs and what solution is expected to be procured. The communication and dissemination activities designed and implemented by the projects will need to address this task.
4. **Capacity Building and Coordination between public buyers** including trainings, exchanges, secondment of personnel and other similar practices.
5. **Developing the specifications:** assisting contracting authorities to articulate their needs in a way that ensures the best response from potential contractors.
6. **Preparation and implementation of the tendering procedure, covering the following steps:**
 - Design of the tender bearing in mind the specificity of cross-border procurement, if applicable. Legal expertise (internal or external) is important at this stage.
 - Definition of award criteria.
 - Publication of the call for tenders for innovative solutions in the Official Journal of the European Union at least in English and on the dedicated project website. Publication on other media is encouraged since it will help increase the visibility of the tenders.
 - Evaluation of the received offers on the basis of the award criteria and completion of the award procedure.
 - Purchase, as launch customers, of the innovative solution on offer¹⁵.
 - Co-ordinate the procurement process at least among the participating public procurement bodies.

The procurement process must be carried out in full compliance with applicable European and national law and must take measures to ensure fair competition to independent small and medium-sized enterprises (SMEs). Awarding must apply the principle of best value for money. In addition to these compulsory aspects, the procurement process is invited to favour green and sustainable procurement, by paying attention to environment and energy efficient solutions, incorporating these concerns into all aspects of service delivery and infrastructure management¹⁶.

¹⁵ Beneficiaries need not only to finalise the procurement procedures, but also provide evidence that they effectively purchased the innovative solution (for instance with an invoice and bank transfer).

¹⁶ For concrete indications about Green and Sustainable procurement, applicants may refer themselves to the European Commission “Guidelines on organising meetings and events at the Commission” https://ec.europa.eu/environment/emas/pdf/other/EC_Guide_Sustainable_Meetings_and_Events.pdf.

For instance, the contractor is encouraged to reduce the environmental impact of events or meetings by: choosing venues easily accessible by public transport, proposing accommodation options in certified environmentally friendly hotels, proposing travel itineraries using carbon-offsetting flights or trains (instead of flights), proposing green catering (prefer plant-based food, opt for seasonal and organic food and drinks, avoid food waste and single use plastic, and provide reusable cups/bottles/glasses/cutlery/plates), pay attention to the management of waste and place displays to communicate the sustainable arrangements that have been put in place.

As another example, the contractor is encouraged to consider when it comes to small supply contracts to reserve the contract for sheltered workshops for disadvantaged persons, women, and long-term unemployed people.

7. **Communication on the achievements of the projects.** This includes informing the relevant stakeholders and the general public at large about the procurement action, about its results and about the level of EU co-financing. In practice, projects need to define activities aimed at:

- Wide dissemination to a public audience of relevant organisations (in particular public buyers) and individuals (citizens).
- Co-operation and exchange of information with other European projects that support public procurement of innovation, at least those supported under this call for proposals and potentially others who receive EU funding through other COSME actions, Horizon 2020 and other funding programmes.
- Raise awareness among other public buyers, potential suppliers of innovative solutions and policy-makers by providing first-hand information about the contribution of public procurement of innovation to a better business environment and, ultimately, to smart, sustainable and inclusive growth.

For these purposes, projects shall:

- **Design a communication strategy.** Proposals have to present a clear and coherent communication and dissemination strategy for the project activities and results. The proposal shall in particular identify the objectives and target audiences of the strategy, and present the potential key messages, appropriate tools and channels of the communication and dissemination activities, pairing them with coherent and clear performance indicators and a coherent budget¹⁷.

- Create and maintain a **project website**, including updated information, for the duration of the project. The website shall implement all necessary measures to ensure protection of personal data¹⁸ and shall remain accessible for at least two years after the end of the project.

2.4. Expected results

Consortia shall contribute to fostering the cooperation between public buyers towards the increased use and impact of public procurement to develop innovative solutions to meet their needs.

In order to reach these results, consortia shall define in a joint manner their needs for innovative solutions. For this, they are expected to have a clear idea of what they intend to purchase, the approximate budget and an approximate timing of the steps leading to the purchase already at the first stage of the proposal. They are also expected to give priority to innovations that can be scaled up and

¹⁷ For instance, should the communication and dissemination strategy foresee promotion via Social media, the proposal shall clarify if the project intends to use organic and/or paid promotion, and estimate coherently the dedicated budget.

¹⁸ The website shall ensure that personal data of the visitors are collected and processed in respect of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), available at: <https://eur-lex.europa.eu/eli/reg/2016/679/oj>.

replicable, at least in the same activity area, or if possible more widely. The definition of these elements shall lead the consortia to the definition of concrete results of their project.

As a result of the project, each public buyer is expected to carry out at least one actual purchase. This is to be done either jointly with other public buyers of its consortium, which is the preferred option for this call for proposals, or individually.

In practical terms, this process shall involve in particular:

- Conducting and/or participating in the market consultation, which shall be done in at least 5 Member States and ideally at EU level.

In order to facilitate the participation of European SMEs and startups, the market consultation shall be designed in a suitable way. For instance, the content shall be made available in at least 2 EU languages, including English.

To be considered successful, each market consultation shall lead to 5 to 10 bids, or even more if possible, depending on the level of participation and area of expertise.

- Negotiating with potential providers with a view to arriving at the best possible solution. It is expected that public buyers will make the negotiation process as suitable as possible to reach the expected result of identifying the best possible solution. For instance, public buyers are invited to consider covering the costs incurred by providers in the negotiation, as this has proven to be a barrier to the entry of SMEs in the past.
- Paying attention to the issue of intellectual property rights (IPR). Innovative SMEs may be deterred from participating in a tender if the public buyer is unwilling to leave (part of) the IPR to the provider. Consortia are expected to adopt measures to avoid that SMEs be discouraged to participate in the procurement procedures because of unclear or non-favourable IPR regimes. They are thus expected to explicitly mention the IPR regime in the call for tender and design it in a way that is as SME friendly as possible.

The consortia shall contribute to an increased awareness of PPI amongst public buyers and suppliers. For this, consortia are expected to design a strong, coherent and effective communication strategy, which shall properly target the right audience and use the most appropriate communication tools, including a website and social media.

Finally, consortia are also expected to contribute to an improvement in the efficiency of the provision of public services. For this, they are thus expected to define measures and tools to reach this results and appropriate indicators (e.g. increased users' satisfaction, financial savings, increased environmental friendliness, etc.) to evaluate it.

2.5. Requirements for the preparation of the proposals in each stage

The evaluation process will apply a two-stage methodology.

In the framework of **stage 1** of the evaluation, applicants will have to submit an “**outline**”.

The objective of this outline will be to present a strategy for the whole project in brief. In addition, this summary of the proposal shall describe the main characteristics of the target group(s) and the core aspects of the needs¹⁹ it intends to identify and of the innovative products or services that it intends to purchase to meet such needs.

In addition, the outline shall include an indicative timeline of the project, which must include at least the following milestones:

- Kick off meeting planned within 30 days from the signature of the agreement in EASME's premises.²⁰
- At least one progress meeting in EASME's premises or on site to monitor the progress made by the projects.²¹
- Progress report(s) to be submitted, as outlined in section 13, for approval by EASME. These reports will describe the progress made towards the achievement of the deliverables as well as expected outcomes and results outlined in this document. These reports will not be linked to a payment.
- Interim and final technical implementation reports and financial statements to be submitted for EASME's approval as outlined in section 13. These reports shall be linked respectively to interim and final payments.

The outline shall put emphasis on the potential impact that the project outline will have on the first two main objectives of this call for proposals, as described in section 2.3. The overview will need to clearly highlight how the project aims to contribute to these two objectives, in light of the related EU policies and priorities.

Together with this outline, applicants have to present a summary of the estimated budget of the project, with the expected (approximate) costs for all applicants and requested contribution. This financial summary cannot exceed two pages.

Only the six highest ranked successful proposals that will be successful under **stage 1** will be invited to **stage 2**. EASME might decide to invite more than six proposals to stage 2 if more than one proposal will have the same total score of the one ranked in the sixth position of the ranking established following the evaluation of proposals submitted under stage 1.

¹⁹ Proposals should pay particular attention to the unprecedented needs generated by the current COVID-19 epidemics situation and present strategies to anticipate and evaluate their potential consequences on the EU market.

²⁰ This milestone refers to the internal kick-off of each project, where the coordinator and all project partners shall meet to launch the project and define the next steps. In addition, EASME will organise a kick-off meeting with at least the coordinators of the projects awarded under this call. This will serve as an official meeting with the Contracting Authority and will constitute an opportunity for the projects to start cooperating. The travel and accommodation expenses should be taken into account in the project budget.

²¹ EASME, as Contracting Authority, might organise one or more monitoring visits to verify the progress made by the projects.

In the framework of the second stage of the evaluation, the applicants invited to **stage 2** following the criteria defined above will have to submit a “**full proposal**”.

The full proposal shall reprise and describe in detail the milestones already set in stage 1.

In addition, the full proposal shall provide a detailed overview of the work plan, presenting a clear timeline of the project including a full, in-depth description of the work packages and/or tasks to be performed by the consortium. Applicants will also have to describe the expertise and skills of the project partners relevant for the action and present a clear allocation of human and capital resources to each work package/task, so to justify the allocation of the activities to a specific partner. The evaluation will thus take into account the feasibility of the action and its implementation strategy defined in the detailed work plan, together with the relevance of the consortium partners and the appropriateness of the repartition of tasks among them.

In parallel, the full proposal shall address in more detail the relevance of the whole, detailed action, and of the single activities foreseen, for all three main objectives of this call for proposals as defined in section 2.3, in light of the related EU policies and priorities. The proposal shall also demonstrate the European added value of the action and present the synergies between the proposed project and other actions at European level (including those described in section 1.2 and 2.3).

Furthermore, the full proposal shall clearly define their target group(s) and present in detail and with concrete examples the needs²² it intends to identify and the innovative products or services it aims to purchase to meet such needs as a result of the procurement processes put in place. Particular attention will be paid to the impact of the action and of the specific dedicated tasks on the supply side (how it will boost providers in a specific sector/market) and on the demand side (how the innovative solution purchased is going to solve a problem for the largest possible number of public buyers).

Moreover, the full proposal shall describe in detail the concrete impact of the project, including the impact of the communication and dissemination activities and the measures identified to ensure the sustainability of the projects (including environmental aspects), with attention to the multiplying effects and replicability of the action.

The work packages defined in detail in the second stage must also contain a final evaluation of results clearly demonstrating whether and how the relevant results (as well as other results specific to the proposal) have been achieved.

The full proposal shall also present the coordination activities with EASME. Additional opportunities for interactions (in written or via meetings, both in person or remotely) with the Contracting Authority can be considered in order to facilitate an effective project monitoring. Applicants are free to propose further more specific deliverables and/or results relevant to the objectives of this call for proposals.

The outline for stage 1 (Annex 1 of this call for proposals) must not exceed 5 pages. Any pages exceeding this limit will be disregarded.

²² As per stage 1, proposals should pay particular attention to the unprecedented needs generated by the current COVID-19 epidemics situation and present strategies to anticipate and evaluate their potential consequences on the EU market.

The Description of Action for stage 2 (Annex 3 of this call for proposals) must not exceed 30 pages. Any pages exceeding this limit will be disregarded.

Further details about the requirements for both the outline of stage 1 and the full proposal of stage 2 are included in Annex 5 “Guide for applicants”.

2.6. Performance indicators for the action

The action will be assessed, as a minimum, against the following performance indicators:

- Number of companies involved in the joint market consultation(s) carried out;
- Number of buyers involved in a joint commitment to purchase;
- Number of joint specifications developed;
- Impact of procurement (in both volume and value terms);
- Replicability of the developed solution and its use by other buyers not taking part in the consortium;
- Number of suppliers involved in the procurement (at consultation stage, at award stage, etc.) and the proportion of SMEs within these;
- Number of countries of the suppliers involved in the procurement at the different stages;
- Direct procurement amount;
- Indirect procurement amount (after the end of the action, but still linked to the action);
- Effectiveness of the communication and dissemination activities²³.
- Contribution of procured solutions to the public policy objectives, to be measured by indicators proposed by the applicant and validated by EASME and the Commission.
- Relevant sustainability indicator(s) (depending on the nature of the innovation e.g. CO2 emissions).

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	- 19/01/2021 17:00 h Brussels time for stage 1

²³ Applicants are invited to present relevant, quantifiable key performance indicators (KPI) for the expected results of their planned communication and dissemination activities.

	- 08/06/2021 17:00 h Brussels time for stage 2
b) Evaluation period*	- January-March 2021 for stage 1 - June-August 2021 for stage 2
c) Information to applicants*	- April 2021 for stage 1 - September 2021 for stage 2
d) Signature of grant agreements*	December 2021
e) Starting date of the action*	January 2022

* indicative.

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 5 million.

The grant per project will range from a minimum of EUR 2 million to a maximum of EUR 5 million.

EASME expects to fund 1 to 2 proposals.

The grant is limited to:

- a fixed reimbursement rate of **90% of eligible costs of cost categories A, B, D, E as defined in section 12.2 of this call for proposals** (linked to collaboration, procurement preparation and follow-up activities of the public tender); and
- a fixed reimbursement rate of **30% of the eligible costs of cost category C as defined in section 12.2 of this call for proposals**, for the actual purchase of innovative solution(s).

The costs for subcontracting (category B) and the costs of the purchase of the innovative solution(s) (category C) are excluded from the calculation of the indirect costs (category E).

Eligible costs of public buyers must represent a minimum of **60%** of the total eligible costs.

EASME reserves the right not to distribute all the funds available.

5. ADMISSIBILITY REQUIREMENTS

The following requirements must be complied with:

- Applications must be submitted no later than the deadlines for submitting applications referred to in section 3;
- Applications must be submitted in writing, using the electronic system specified in section 16;
- 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.

Incomplete applications may be considered inadmissible. This refers to the requested administrative data, the proposal description and requested grant amount, and any supporting documents specified in this call for proposals.

6. ELIGIBILITY CRITERIA

6.1. Eligible applicants

Proposals may be submitted by any of the following applicants:

- non-profit organisations (private or public);
- public authorities (national, regional, local);
- universities or educational institutions²⁴;
- research centres;
- profit making entities;

Natural persons are not eligible.

In order to assess the applicant's eligibility, EASME shall request supporting documents in due time.

Linked third parties²⁵, i.e. 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 applicants** in order to declare eligible costs.

²⁴ With “educational institutions” it is to be intended “entities that provide instructional services to individuals or education-related services to individuals and other educational institutions”, as per the OECD definition available at this link: <https://stats.oecd.org/glossary/detail.asp?ID=743>.

²⁵ In the framework of the COSME programme, the term “linked third parties” is used in the meaning of “affiliated entity” as established in Article 187 of the “Financial Regulation applicable to the general budget of the Union July 2018”, available here: https://ec.europa.eu/budget/library/biblio/publications/2018/financialregulation_en.pdf.

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

- EU Member States;
- countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation²⁶.

6.2. Eligible consortia

In order to be eligible, a proposal must be submitted by a consortium composed of **at least two public buyers** (as defined in section 1.2) from two different eligible countries (as defined in section 6.1.). The public buyers will act as Contracting Authorities of the procurement procedures launched and finalised in the framework of the project(s) funded under this call for proposals.

Other organisations who are not public buyers and meet the eligibility criteria may join a consortium as the partners see fit.

6.3. For UK applicants

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement²⁷ 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 for proposals.

Should either the term “linked third party” or “affiliated entity” be used in the Model Grant Agreement, both are to be intended with the same meaning, following the description provided in Article 187 of the Financial Regulation.

- ²⁶ The following groups of countries are eligible for participation in COSME according to Article 6 COSME Regulation:
- a. European Free Trade Association (EFTA) countries which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA Agreement, and other European countries when agreements and procedures so allow;
 - b. acceding countries, candidate countries and potential candidates in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements and Association Council Decisions, or similar arrangements;
 - c. countries falling within the scope of the European neighbourhood policies, when agreements and procedures so allow and in accordance with the general principles and general terms and conditions for the participation of those countries in the Union's programmes established in the respective Framework Agreements, Protocols to Association Agreements and Association Council Decisions.

The updated list of eligible third countries is available on the following webpage: http://ec.europa.eu/growth/smes/cosme/index_en.htm. Proposals from applicants in Article 6 countries may be selected provided that, on the date of award, agreements have been signed setting out the arrangements for the participation of those countries in the programme.

²⁷ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

6.4 Implementation period

The project's duration should be between 36 months and 48 months. Applications with different duration might also be considered, provided that the duration is coherent to the objectives of this call for proposals and realistic for the proposed activities.

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 Agency 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

If an applicant declares one of the situations of exclusion listed above (see section 7.1), 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) 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 of the EU Financial Regulation (FR)²⁸, by filling in the relevant form attached to the application form accompanying this call for proposals.

8. SELECTION CRITERIA

8.1 Financial capacity

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 on the basis of the following supporting documents:

- a) Low value grants (\leq EUR 60 000):
 - a declaration on their honour.
- b) Grants $>$ EUR 60 000:
 - a declaration on their honour and,

²⁸ See Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012, (OJ L 193/1 of 30.07.2018).

EITHER

- the profit and loss account, the balance sheet for the last two financial years 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.

c) Grants for an action > EUR 750 000, in addition:

- (i) the information and supporting documents mentioned in point b) above, and
- (ii) an **audit report** produced by an approved external auditor certifying the accounts for the last two financial years available, where such an audit report is available or whenever a statutory report is required by law.

If the audit report is not available AND a statutory report is not required by law, a self-declaration signed by the applicant's authorised representative certifying the validity of its accounts for the last two financial years available must be provided.

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

The above-listed documents will have to be provided at later stage, and only upon request of EASME.

On the basis of the documents submitted, if the authorising officer 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 12.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries²⁹;

If the authorising officer considers that the financial capacity is insufficient, the application will be rejected.

²⁹ The beneficiaries are advised to provide for this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

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 (CV), preferably in European CV format (<http://europass.cedefop.europa.eu>) or description of the profile of the main persons primarily responsible for managing and implementing the different activities of the action. The CV should be accompanied, where appropriate, (like in the field of research and education) by a list of relevant publications/projects managed);
- a summary table indicating the persons that will make up the core team responsible for the project with their qualifications and competences. A template is included in the application forms;
- a list of previous projects and activities performed and connected to the policy field of the call for proposals or to the actions to be carried out. An example is included as Annex 7.

9. AWARD CRITERIA

Eligible applications (**outline**) submitted under **stage 1** will be assessed on the basis of the following criteria:

<i>Criteria</i>	<i>Max. score</i>
<p>Relevance of the outline of the action in view of the objectives of the call (<i>meeting the first two main objectives of the call set in section 2.3; expected main results</i>)</p> <p><i>What is the importance of the proposed outline of the action in relation to EU policies and priorities identified in the call?</i></p> <p><i>To what extent are the actions proposed by the applicant strategically chosen to meet the first two main objectives of this call?</i></p> <p><i>How well does the project fit with the core expectations/needs of the identified target group?</i></p>	40
<p>Impact on target audience (<i>appropriate impact general indicators</i>)</p> <p><i>Is the proposal suggesting clear and realistic general impact indicators?</i></p>	30
<p>Cost-effectiveness (<i>coherence between core results proposed and budgeted resources</i>)</p>	30

<i>Do the expected core results stand in a reasonable relationship to the amount of the grant? Does the summary budget seem justified when compared to the expected impact?</i>	
TOTAL	<i>100</i>

At the end of stage 1, unsuccessful proposal coordinators will receive an Evaluation Summary Report (ESR), showing the results of the evaluation of their proposal.

Successful stage 1 proposals will receive general feedback. **Only the six highest ranked** proposals that will be successful under **stage 1** will be invited to submit a **full proposal** under **stage 2**. EASME might decide to invite more than six proposals to stage 2 if more than one proposal will have the same total score of the one ranked in the sixth position of the ranking established following the evaluation of proposals submitted under stage 1. The stage 1 ESR will be sent only after stage 2 together with the stage 2 ESR.

Eligible proposals (**full proposals**) submitted under **stage 2** will be assessed on the basis of the following criteria:

<i>Criteria</i>	<i>Max. score</i>
<p>Relevance of the detailed action and activities in view of the objectives of the call (<i>meeting the three main objectives of the call set in section 2.3; appropriate results; appropriate partnership; competences and European dimension</i>)</p> <p><i>What is the importance of the proposed detailed action in relation to EU policies and priorities identified in the call?</i></p> <p><i>To what extent are the detailed actions and activities proposed by the applicant strategically chosen to meet the three main objectives of this call?</i></p> <p><i>How relevant is the project proposed in view of the objectives of the call?</i></p> <p><i>How well does the project fit with the detailed expectations/needs of the identified specific target group?</i></p> <p><i>How strategically chosen are the project partners (relevance of the partners to the project)?</i></p> <p><i>To what extent do the proposed activities, composition of the partnership and the selected target group(s) demonstrate a European added value?</i></p> <p><i>Is there any complementarity between the proposed project and other actions being taken at European level?</i></p>	<i>30</i>
<p>Quality of the proposed actions (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</p>	<i>30</i>

<p><i>How clear, coherent and ambitious is the work plan?</i></p> <p><i>How appropriate, practical and innovative are the activities proposed (including the internal plan of action/work packages)?</i></p> <p><i>To what extent is the work plan clearly defined in terms of schedule, milestones and deliverables?</i></p> <p><i>Is there a logical link between identified needs, specific objectives, proposed actions and expected results? Is this link well described and justified?</i></p> <p><i>How suitable is the contribution of each partner to the activities proposed?</i></p> <p><i>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</i></p> <p><i>To what extent can the methodology and management set up be effective and ensure the high quality of the action proposed?</i></p>	
<p>Impact on target audience (appropriate impact concrete indicators; dissemination; project continuation)</p> <p><i>Is the proposal presenting in detail clear, realistic, practical and quantifiable impact indicators?</i></p> <p><i>To what extent does the project contribute to creating a real, measurable impact on the sectors concerned, including in terms of environmental sustainability?</i></p> <p><i>To what extent is the project likely to have a tangible impact on the target groups?</i></p> <p><i>How effective, innovative and convincing are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</i></p> <p><i>Are the expected multiplying effects reasonable? To what extent does the proposal include elements of follow-up and transferability (including lessons learnt and good practices) at EU level?</i></p> <p><i>Are concrete measures planned in order to ensure that the project can be continued after the termination of EU funding?</i></p>	20
<p>Cost-effectiveness (coherence, detail and clarity between actions proposed and budgeted resources)</p> <p><i>To what extent the detailed budget is coherent with the work plan of the proposal?</i></p>	20

<p><i>To what extent is the budget clear and detailed, as well as effective, to implement the action? Does the breakdown of the budget, category by category, offer a way of ensuring that the amount of the grant awarded is reasonable in relation to the expected results?</i></p> <p><i>To what extent is the proposed expenditure necessary for the implementation of the project?</i></p> <p><i>Do the expected results stand in a reasonable relationship to the amount of the grant? Does the detailed budget seem justified when compared to the expected impact?</i></p>	
TOTAL	<i>100</i>

In order to be included in the ranking after stage 1, eligible outlines in stage 1 will need to have passed an overall threshold of 70%. In addition, thresholds of 50% will be applied to each individual award criterion described above in order to ensure a consistent minimum quality for all award criteria.

In order to be considered for funding, eligible full proposals in stage 2 proposals will need to have passed an overall threshold of 70%. In addition, thresholds of 50% will be applied to each individual award criterion described above in order to ensure a consistent minimum quality for all award criteria.

Proposals will be ranked for funding according to their total score awarded in the sole evaluation of stage 2.

10. LEGAL COMMITMENTS

In the event of a grant awarded by EASME, 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.

Please note that the award of a grant does not establish an entitlement for subsequent years.

The Agency may draw a reserve list of proposals that have passed the above thresholds. In the event that the original budget of the action is increased or that selected proposal(s) fail to conclude the grant agreement, a grant may be awarded to proposals from the reserve list, following their order on the ranking list in accordance with the scores obtained.

11. ADMINISTRATIVE REVIEW PROCEDURES

Unsuccessful applicants may request the review of the admissibility and eligibility procedure and the evaluation procedure with regard to their proposal as specified in section V of the Guide for applicants.

12. FINANCIAL PROVISIONS

12.1 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 or for its functioning during the same financial year as well as any other funding received or applied for the same action.³⁰

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 applicant must ensure that the resources which are necessary to carry out the action may not be entirely provided by the EU grant. Co-financing may take the form of:

- the beneficiary's own resources;
- income generated by the action;
- financial contributions from third parties.

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 for whom costs will not be incurred in euros, should use the exchange rate published on the Info-euro website available at: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm.

e) Implementation contracts/subcontracting

³⁰ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

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.

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

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU³¹ or contracting entities in the meaning of Directive 2014/25/EU³² must comply with the applicable national public procurement rules. The beneficiary is expected to clearly document the tendering procedure and retain the documentation for the event of an audit.

Beneficiaries may subcontract tasks forming part of the action as described in the proposal. 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:

- (i) subcontracting does not cover core tasks of the action;
- (ii) recourse to subcontracting is justified because of the nature of the action and what is necessary for its implementation;
- (iii) the estimated costs of the subcontracting are clearly identifiable in the estimated budget;
- (iv) any recourse to subcontracting, if not provided for in description of the action, is communicated by the beneficiary and approved by the Agency. The Agency 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;
- (v) 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.

f) Financial support to third parties.

Applications may not envisage provision of financial support to third parties.

³¹ Directive 2014/24/EU of the European Parliament and the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94/65 of 28.3.2014).

³² Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94/243 of 28.3.2014).

12.2 Funding forms

The grant will be defined by applying a maximum co-financing rate defined in section 3 to the eligible costs declared by the beneficiary. Amounts are indicated in euros.

➤ **Maximum EU contribution requested**

The EU contribution is limited to a maximum co-financing rate of eligible costs indicated in section 4. Consequently, part of the total eligible expenses entered in the estimative budget must be financed from sources other than the EU grant (see section 12.1c).

➤ **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, 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 12.1 b).

- ✓ 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.

In addition for **unit costs**:

- ✓ the number of actual units must comply with the following conditions:

- the units must be actually used or produced during the duration of the action;
- the units must be necessary for implementing the action or produced by it, and
- the number of units must be identifiable and verifiable, in particular supported by records and documentation.

Further details are included in the model grant agreement.

Eligible costs may be direct or indirect.

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 :

A. Direct personnel costs

Types of eligible personnel costs:

A.1 Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action ('**costs for employees (or equivalent)**'). They must be limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

They may also include **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- (a) it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- (b) the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

A.2 The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract or **seconded by a third party against payment** are eligible personnel costs, if:

- (a) 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);
- (b) the result of the work carried out belongs to the beneficiary, and
- (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

The costs of the personnel of **national administrations** are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;

A.3 Costs of owners of beneficiaries that are small and medium-sized enterprises ('**SME owners**'), who are working on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2a of the model grant agreement multiplied by the number of actual hours worked on the action.

Further details of the calculation of personal costs included in the model grant agreement.

B. Direct costs of subcontracting (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if the conditions set out in the grant agreement are met.

C. Direct costs of the actual purchase of the innovative solution(s) understood as the actual price indicated in the offer, excluding any cost related to the preparation and implementation of the tendering procedure.

D. Other direct costs

D.1 Travel costs and related subsistence allowances (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible if they are in line with the beneficiary's usual practices on travel.

D.2 The depreciation costs of equipment, infrastructure or other assets (new or second-hand) as recorded in the beneficiary's accounts are eligible, if they were purchased in accordance with the conditions set out in the grant agreement and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

The **costs of renting or leasing** equipment, infrastructure or other assets (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

D.3 Costs of other goods and services (including related duties, taxes and charges, such as non-deductible value added tax (VAT) paid by beneficiaries that are not public bodies acting as public authority) are eligible, if they are purchased specifically for the action and in accordance with the conditions set out in the grant agreement.

Such goods and services include, for instance, consumables and supplies, dissemination, protection of results, certificates on the financial statements (if they are required by the Agreement), translations and publications.

E. 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.

Indirect costs are eligible if they are declared only on the basis of the flat-rate of 7% of the eligible direct costs of category A and D. Costs for subcontracting (category B) and the costs of the purchase of the innovative solution(s) (category C) are excluded from the calculation of the indirect costs.

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

Applicants's attention is drawn to the fact that in the case of beneficiaries receiving an operating grant³³ financed by the EU or Euratom budget, they cannot declare indirect costs for the period 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.

➤ **Ineligible 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) currency exchange losses;
- (g) bank costs charged by the beneficiary's bank for transfers from the Agency;
- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating

³³ For the definition, see Article 180(2)(b) of the EU Financial Regulation: '**operating grant**' means financial contribution, to the functioning of a body which has an objective forming part of, and supporting, an Union policy, by means of a financial contribution to its work programme.

- grant financed by the EU or Euratom budget in the same period, unless they can demonstrate that the operating grant does not cover any costs of the action.
- (m) costs for staff of a national (or local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
 - (n) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies.

Further details are included in the model grant agreement.

➤ **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;
- the final financial statement must detail all eligible costs (actual costs, unit costs and flat-rate costs);
- a certificate on the financial statements of the action for each beneficiary, if
 - it requests an EU contribution of EUR 325 000 or more as reimbursement of actual costs and
 - the maximum EU contribution indicated, for that beneficiary in the estimated budget (see Annex 2 and 4) as reimbursement of actual costs is EUR 750 000 or more.

In the event of non-execution or clearly inadequate execution of an activity planned in the work programme annexed to the grant agreement, the final grant will be reduced accordingly.

EU grants may not have the purpose or effect of producing a profit within the framework of the action. **Profit shall be defined as a surplus, calculated at the payment of the balance, of receipts over the eligible costs of the action**, where receipts are limited to the Union grant and the revenue generated by that action. In this respect, where a profit is made, the Agency 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.

The '**final grant amount**' depends on the actual extent to which the action is implemented in accordance with the Grant Agreement.

This amount is calculated by the Agency at the payment of the balance in the following steps:

- Step 1 — Application of the reimbursement rate to the eligible costs declared by the beneficiaries and approved by the Agency.
- Step 2 — Limit to the maximum grant amount.
- Step 3 — Reduction due to the no-profit rule as the grant must not produce a profit³⁴:

³⁴ Not applicable for low value grants.

‘Profit’ means the surplus of the amount obtained following Steps 1 and 2 plus the ‘action’s total receipts’ (being the consolidated total receipts generated during its duration), over the ‘action’s total eligible costs’ (being the consolidated total eligible costs approved by the Agency).

The following are considered ‘receipts’:

(a) revenue generated by the action for beneficiaries other than non-profit organisation.

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

If there is a ‘profit’, it will be deducted in proportion to the final rate of reimbursement of the eligible actual costs approved by the Agency (as compared to the amount calculated following Steps 1 and 2).

Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations) from the maximum grant amount.

The final grant amount will be the lower of the following two:

- the amount obtained following Steps 1 to 3 or
- the reduced grant amount following Step 4.

Further details are included in the model grant agreement.

12.3 Payment arrangements:

Pre-financing payment

A pre-financing payment corresponding to 50% of the grant amount will be transferred to the beneficiary within 30 days, either from entry into force of the Agreement or from receiving the pre-financing guarantee, whichever is the latest.

Interim payment

One interim payment shall be paid to the beneficiary. The interim payment is intended to cover the beneficiary's expenditure on the basis of a request for payment when the action has been partly carried out. For the purpose of determining the amount due as interim payment, the reimbursement rate to be applied to the eligible costs approved by EASME shall be rate indicated in section 4.

The total amount of pre-financing and interim payment shall not exceed 90% of the maximum grant amount.

Final payment

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 12.2 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 EASME through a recovery order.

12.4 Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for an amount not exceeding the amount of the pre-financing and shall be valid for a period sufficiently long to allow it to be activated, 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 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 guarantee 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 when the pre-financing is deducted from interim payments or payments of the balance to the beneficiary, in accordance with the conditions laid down in the grant agreement.

13. REPORTING REQUIREMENTS

Beneficiaries will be requested to submit the following reports:

- An update on the technical progress of the projects every 3 months via email, not linked to a request for payment ('progress reports');
- Two technical progress reports, one per each reporting period, covering the first half of the reporting period of reference, only if these will last 22 months or more³⁵, not linked to a request for payment;
- A periodic technical and financial report, covering the first reporting period of the project, linked to a request for interim payment and submitted within 60 days of the end of the first reporting period ('interim report');
- A final technical and financial report, covering the second and last reporting period of the project, linked to the request for the payment of the balance and submitted within 60 days of the end of the project ('final report').

Further details are included in the model grant agreement.

³⁵ For instance, a project with a duration of 36 months will have two reporting periods of 18 months each. This project will not be required to submit a technical progress report not linked to payment. On the contrary, a project lasting 48 months will have two reporting periods of 24 months each. This project will be required to submit two progress technical reports not linked to payment, the first covering the first 12 months of the project, the second covering the period between month 25 and 36 of the project.

14. PUBLICITY

14.1 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.

In addition to the text and logo relevant to the EU programme, the EASME will provide beneficiaries with a disclaimer stating that the EU is not responsible for the views displayed in the publications and/or in conjunction with the activities for which the grant is used.

14.2 By EASME

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.

EASME 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 level³⁶ 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.

³⁶ 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 L 39 of 10.02.2007).

15. 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 (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data³⁷. Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposals will be processed solely for that purpose by the EASME Head of Unit A.1. Details concerning the processing of personal data are available on the privacy statement at: https://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants-sedia_en.pdf.

Personal data may be registered in the Early Detection and Exclusion System (EDES) should the beneficiary be in one of the situations mentioned in Articles 136 and 141 of the EU Financial Regulation (EU) 2018/1046³⁸ (for more information see the Privacy Statement on: http://ec.europa.eu/budget/library/explained/management/protecting/privacy_statement_edes_en.pdf).

16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS

Proposals must be submitted in accordance with the requirements of section 5 and by the deadline specified under section 3.

➤ Electronic submission

Applicants are requested to go to <https://ec.europa.eu/easme/en/cosme/cosme-funding-opportunities> and follow the procedure for submitting an application.

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, EASME may contact the applicant for this purpose during the evaluation process.

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

➤ Contacts

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-PPI-2020@ec.europa.eu.

Answers will be published at <https://ec.europa.eu/easme/en/section/cosme/cosme-open-calls-proposals>.

³⁷ OJ L 295/39 of 21.11.2018.

³⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>.

17. ANNEXES

1. Technical Annex 1 Part B - Outline template (stage 1)
2. Technical Annex 2 - Summary budget template (stage 1)
3. Technical Annex 1 Part B - Description of Action (DoA) template (stage 2)
4. Technical Annex 2 - Detailed budget template (stage 2)
5. COSME Guide for applicants
6. EASME Model Grant Agreement (MGA)
7. List of previous related projects and activities template