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ARCHIPELAGO

an African-European partnership
for vocational training

ADMINISTRATIVE & FINANCIAL MANAGEMENT GUIDE FOR THE BENEFICIARIES OF GRANT CONTRACTS

2019 – 2023



EUROCHAMBRES

CPCAF

Confederación
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Formación
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Empresarial



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List of Abbreviations

CPCCAF	Conférence permanente des chambres consulaires africaines et francophones
EC	European Commission
ECH	EUROCHAMBRES
EDF	European Development Fund
EU	European Union
EUTF	European Union Emergency Trust Fund for Africa
GDPR	General Data Protection Regulation
PRAG	Practical Guide to Contract Procedures for the EU External Actions
ToR	Terms of Reference
TVET	Technical Vocational Education and Training
VAT	Value Added Tax

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1 MAIN DEFINITIONS

Lead applicant

When awarded the grant contract, the lead applicant becomes the **beneficiary** identified as the **coordinator** in the special conditions of the grant contract. The coordinator is the main interlocutor of the contracting authority. It represents and acts on behalf of the co-beneficiary(ies) (if any) and coordinates the design and implementation of the action.

Co-applicants

Co-applicants become the co-beneficiaries following the award of the grant.

Co-applicant(s) participate in designing and implementing the action and the costs they incur are eligible in the same way as those incurred by the lead applicant. The same eligibility criteria usually apply to all partners.

Affiliated entities

Only the lead applicant and co-applicants become parties to the grant contract. Their affiliated entities are neither beneficiaries of the action nor parties to the contract. However, they participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be eligible, provided they comply with all the relevant rules applicable to the beneficiaries under the grant contract.

Associates

Other organisations or individuals may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant, with the exception of per diem or travel costs.

Contractors

The grant beneficiaries and their affiliated entities are permitted to award contracts. Associates or affiliated entities **cannot** be also contractors in the project.

2 MAIN EU GUIDELINES AND LEGAL DOCUMENTS

Special Conditions (SC)

The so-called “Special Conditions” constitute the main part of the grant contract between the contracting authority and the beneficiary.

General Conditions (GC)

The so called “General Conditions” applicable to European Union-financed grant contracts for external actions constitute the Annex II to the grant contract and gives key indications for the management of the grant contract.

E3h2 Annex G - Annex II - General conditions

[e3h2_gencond_en.pdf](#) 

3 AGREEMENTS

Grant Contract

The grant contract consists of the Special Conditions and its annexes.

Cooperation Agreement

Grant projects are often implemented by a consortium of partners. It is important that the rules of cooperation are laid down, specified and signed by all partners i.e. beneficiaries.

Such a cooperation agreement is not only necessary to regulate concrete cooperation, including the respective obligations, but often results from requirements in the guidelines for the call for proposals.

The purpose of the agreement between the African and European partners is:

- to create a clear and conflict-free legal basis for their cooperation,
- to make the respective obligations transparent,
- to facilitate the deployment of long-term and short-term experts seconded to the project,
- to ensure the appropriate use and inventory of the equipment made available from project funds in accordance with the General Conditions and this manual,
- to ensure that financial resources are used and accounted for in accordance with the contract,
- to ensure that the obligations of the grant contract signed between the contracting authority and the coordinator are respected by the co-applicants to whom part of the grant is transferred, and
- to secure the examination rights.

Termination of the contract (Article 12 GC)

If the **coordinator or the contracting authority** believes that the contract can no longer be executed effectively or appropriately, it shall duly consult the other. Failing agreement on a solution, the coordinator or the contracting authority may terminate the contract by serving two months written notice, without being required to pay indemnity.

In the following circumstances the contracting authority may, after having duly consulted the coordinator, terminate the contract or the participation of any beneficiary(ies) in the contract without any indemnity on its part when:

- a) a beneficiary(ies) fails, without justification, to fulfil any substantial obligation incumbent on them individually or collectively by this contract and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt of the letter;
- b) a beneficiary(ies) or any person that assumes unlimited liability for the debts of the beneficiary(ies) is bankrupt, subject to insolvency or winding up procedures, is having its assets administered by a liquidator or by the courts, has entered into an arrangement with creditors, has suspended business activities, or is in any analogous situation arising from a similar procedure provided for under any national law or regulations relevant to the beneficiary(ies);

- c) a beneficiary(ies), or any related entity or person, have been found guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- d) it has been established by a final judgment or a final administrative decision or by proof in possession of the contracting authority that the beneficiary(ies) has been guilty of fraud, corruption, involvement in a criminal organisation, money laundering or terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or circumventing fiscal, social or any other applicable legal obligations, including through the creation of an entity for this purpose;
- e) a change to a beneficiary(ies)'s legal, financial, technical, organisational or ownership situation or the termination of the participation of a beneficiary(ies) substantially affects the implementation of this contract or calls into question the decision awarding the grant;
- f) a beneficiary(ies) or any related person, are guilty of misrepresentation in supplying the information required in the award procedure or in the implementation of the action or fail to supply – or fail to supply within the deadlines set under this contract - any information related to the action required by the contracting authority;
- g) a beneficiary(ies) has not fulfilled 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 it is established;
- h) the contracting authority has evidence that a beneficiary(ies), or any related entity or person, has committed breach of obligations, irregularities or fraud in the award procedure or in the implementation of the action;
- i) a beneficiary(ies) is subject to an administrative penalty referred to in Article 12.8 of the General Conditions;
- j) the contracting authority has evidence that a beneficiary(ies) is subject to a conflict of interests;
- k) the European Commission has evidence that a beneficiary(ies) has committed systemic or recurrent errors or irregularities, fraud, or serious breach of obligations under other grants financed by the European Union and awarded to that specific beneficiary(ies) under similar conditions, provided that those errors, irregularities, fraud or serious breach of obligations have a material impact on this grant.

The cases of termination under points (b), (c), (d), (h), (j) and (k) may refer also to persons who are members of the administrative, management or supervisory body of the beneficiary(ies) and/or to persons having powers of representation, decision or control with regard to the beneficiary(ies).

In the cases referred to in points (c), (f), (h) and (k) above, any related person means any physical person with powers of representation, decision-making or control in relation to the beneficiary(ies). Any related entity means, in particular, any entity which meets the criteria laid down by Article 1 of the Seventh Council Directive No 83/349/EEC of 13 June 1983.

In duly justified cases, the **participation of a beneficiary(ies) in this contract may be also terminated by the coordinator**. To this purpose, the coordinator shall communicate to the

contracting authority the reasons for the termination of its participation and the date on which the termination shall take effect, as well as a proposal on the reallocation of the tasks of the beneficiary(ies) whose participation is terminated, or on its possible replacement. The proposal shall be sent in good time before the termination is due to take effect. If the contracting authority agrees, the contract shall be amended accordingly.

Upon termination of the contract the coordinator shall take all immediate steps to bring the action to a close in a prompt and orderly manner and to reduce further expenditure to a minimum.

Amendment of the contract (Article 9 GC)

Any amendment to the contract, including the budget, the logframe and other annexes, shall be set out **in writing**. The contract can be modified only during its execution period.

If an amendment is requested by the beneficiary(ies), the coordinator shall submit a duly justified request to the contracting authority **thirty days before the date on which the amendment should enter into force**, unless there are special circumstances duly substantiated and accepted by the contracting authority.

Changes of address, bank account or auditor may simply be notified by the coordinator. However, in duly substantiated circumstances, the contracting authority may oppose the coordinator's choice.

An amendment may not have the purpose or the effect of making changes to this contract that would call into question the grant award decision or be contrary to the equal treatment of applicants.

Changes in Description of the Action and the Logical Framework that affect the expected results (i.e. outputs, all indicators at output, outcome and impact level and the related targets, baselines and sources of verification) **shall be agreed in writing**, and before the modification takes place, with the Contracting Authority. Approved changes must be explained in the next report.

Main rules regarding budget changes

- The maximum grant cannot not be increased.
- **Notification:** Where the amendment to the budget does not affect the basic purpose of the action, and the financial impact is limited to a transfer between items **within the same main budget heading** including cancellation or introduction of an item, **or a transfer between main budget headings involving a variation of 25%** or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the coordinator may amend the budget and inform the contracting authority accordingly, in writing and at the latest in the next report.¹ Nonetheless, it is recommendable to have a the contracting authority's consent (e.g. an email exchange).
- **Addendum:** If an amendment **exceeds the variation of 25% of a budget line** a budget addendum needs to be formulated by the coordinator and agreed by the contracting authority (in writing).

¹ This method may not be used to amend the headings for indirect costs, for the contingency reserve, for in-kind contributions or the amounts or rates of simplified cost options defined in the contract

Extension of the Contract (Article 11 GC)

The coordinator shall inform the contracting authority without delay of any circumstances likely to hamper or delay the implementation of the action. The coordinator may request an extension of the action's implementation period. The request shall be accompanied by all the supporting evidence needed for its appraisal. Any extension shall not imply an increase of the maximum grant as specified in the specific conditions.

4 BASIC RULES AND ROLES

Data protection (Article 1 GC)

Any personal data will be processed solely for the purposes of the performance, management and monitoring of this Contract by the Contracting Authority and may also be passed to the bodies charged with monitoring or inspection tasks under European Union law. Beneficiaries will have the right of access to their personal data and the right to rectify any such data. If the Beneficiaries have any queries concerning the processing of personal data, they shall address them to the Contracting Authority. The Beneficiaries will have right of recourse at any time to the European Data Protection Supervisor.

The Beneficiaries shall limit access and use of personal data to that strictly necessary for the performance, management and monitoring of this Contract and shall adopt all appropriate technical and organisational security measures necessary to preserve the strictest confidentiality and limit access to this data and in line with the General Data Protection Regulation (GDPR) (EU) 2016/679.

Liability (Article 3 GC)

The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Beneficiaries while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot, therefore, accept any claim for compensation or increases in payment in connection with such damage or injury.

The Beneficiaries shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Beneficiaries shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement of rules or regulations by the Beneficiaries or the Beneficiaries' employees or individuals for whom those employees are responsible, or as a result of violation of a third party's rights. For the purpose of the aspect of liability employees of the Beneficiaries shall be considered third parties.

Confidentiality (Article 5 GC)

Subject to aspects of accounting, the Contracting Authority and the Beneficiaries shall preserve the confidentiality of any information, notwithstanding its form, disclosed in writing or orally in relation to the implementation of this Contract and identified in writing as confidential until at least 5 years after the payment of the balance.

The Beneficiaries shall not use confidential information for any aim other than fulfilling their obligations under this Contract unless otherwise agreed with the Contracting Authority.

In EU funded projects the European Commission shall have access to all documents communicated to the Contracting Authority and shall maintain the same level of confidentiality.

Visibility (Article 6 GC)

The Beneficiaries shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the Action. Such measures shall comply with the Communication and Visibility Manual for European Union External Actions laid down and published by the European Commission, that can be found at: https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en

The Coordinator shall submit a communication and visibility plan and report on its implementation in accordance with the reporting requirements detailed in this Guide and the contract.

In particular, the Beneficiaries shall mention the Action and the European Union's financial contribution in information given to the final recipients of the Action, in its internal and annual reports, and in any dealings with the media. It shall display the ARCHIPELAGO logo and specific project partners logos wherever appropriate.

In case natural, recognizable persons are depicted in a photograph or film, the coordinator shall, in the final report to the contracting authority, submit a statement of these persons giving their permissions for the use of their image. The above does not refer to photographs taken or films shot in public places where random members of the public are identifiable only hypothetically and to public persons acting in their public activities (see Annex 01).

Logo

In the case of projects funded within the ARCHIPELAGO programme, only the programme logo provided will be used (no project specific logos to be developed).

Ownership (Article 7 GC)

Unless otherwise stipulated in the special conditions, ownership of, and title and intellectual and industrial property rights to, the action's results, reports and other documents relating to it will be with the beneficiary(ies).

The beneficiary(ies) shall ensure that it has all rights to use any pre-existing intellectual property rights necessary to implement this contract.

Unless otherwise clearly specified in the description of the action (DoA) in Annex I of the grant contract, the equipment, vehicles and supplies paid for by the budget for the action shall be transferred to the final beneficiaries of the action, at the latest when submitting the final report. (see Annex 09)

Role of the beneficiaries (Article 1 GC)

The beneficiaries shall:

- a) carry out the Action jointly and severally vis-a-vis the Contracting Authority taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Description of the Action in Annex I and the terms and conditions of the Grant Contract.

To this purpose, the Beneficiaries shall implement the Action with the **requisite care, efficiency, transparency and diligence**, in line with the principle of sound financial management and with the best practices in the field.

- b) be responsible for complying with any obligation incumbent on them from this Contract jointly or individually;
- c) forward to the Coordinator the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes thereto, as well as any information needed in the event of audits, checks, monitoring or evaluations;
- d) ensure that all information to be provided and requests made to the Contracting Authority are sent via the Coordinator;
- e) agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiaries vis-a-vis the Contracting Authority for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable legislation(s).

The Coordinator/Lead Applicant shall:

- a) monitor that the Action is implemented in accordance with the Contract and ensure coordination with all Beneficiaries in the implementation of the Action;
- b) be the intermediary for all communications between the Beneficiaries and the Contracting Authority;
- c) be responsible for supplying all documents and information to the Contracting Authority which may be required under this Contract, in particular in relation to the narrative reports and the requests for payment. Where information from the Beneficiaries is required, the Coordinator shall be responsible for obtaining, verifying and consolidating this information before passing it on to the Contracting Authority. Any information given, as well as any request made by the Coordinator to the Contracting Authority, shall be deemed to have been given in agreement with all Beneficiaries;
- d) inform the Contracting Authority of any event likely to affect or delay the implementation of the Action;
- e) inform the Contracting Authority of any change in the legal, financial, technical, organisational or ownership situation of any of the Beneficiaries, as well as, of any change in the name, address or legal representative of any of the Beneficiaries;
- f) be responsible in the event of audits, checks, monitoring or evaluations, for providing all the necessary documents, including the accounts of the Beneficiary(ies), copies of the most relevant supporting documents and signed copies of any contract concluded;
- g) have full financial responsibility for ensuring that the Action is implemented in accordance with the Grant Contract;
- h) make the appropriate arrangements for providing the financial guarantee, when requested, under the provisions of Article 4.2 of the Special Conditions;
- i) establish the payment requests in accordance with the Grant Contract;
- j) be the sole recipient, on behalf of all of the Beneficiaries, of the payments of the Contracting Authority. The Coordinator shall ensure that the appropriate payments are then made to the Beneficiaries without unjustified delay;
- k) not delegate any, or part of, these tasks to the Beneficiaries or other entities.

5 REPORTING OBLIGATIONS AND PAYMENTS

Interim and final narrative and financial Reports (Article 2 GC)

The Beneficiaries shall provide the Contracting Authority with all required information on the implementation of the Action. The report shall describe the implementation of the Action according to the activities envisaged, difficulties encountered and measures taken to overcome problems, eventual changes introduced, as well as the degree of achievement of its results (impact, outcomes or outputs) as measured by corresponding indicators. The report shall be laid out in such a way as to allow monitoring of the objectives, the means envisaged or employed and the budget details for the Action. The level of detail in any report should match that of the Description of the Action (Annex I of the grant contract) and of the Budget for the Action (Annex III of the grant contract). The Coordinator shall collect all the necessary information and draw up consolidated **interim** and **final** reports. For interim report specifically: **the reporting period** is intended as a **six-month** period unless otherwise provided for in the Contract. A report template is provided and shall be used by beneficiaries (Annexes 2,3 and 4).

The **timing** and other details are specified in the Grant Contract.

The Contracting Authority may request additional information at any time. The Coordinator shall provide this information within 30 calendar days of the request, in the language of the Contract.

In general, the Coordinator shall **submit** the **final report** to the Contracting Authority **no later than three months** after the implementation period as defined in the Grant Contract.

Information duties

Beyond the reporting requirements as stated above the beneficiaries shall inform as quickly as possible the contracting authority

- if grants for the same purpose have been applied for from other public bodies or approved by public or private bodies;
- if circumstances relevant to the grant change or cease to apply or if the purpose of the grant can no longer be achieved;
- if composition or bankruptcy proceedings are opened against the grant recipient, the project management organization or the foreign project partner;
- if the project does not proceed according to plan or if other developments essential for the project or the use of funds occur (political or other dangers, criminal acts of participants, etc.),

In such cases it is usually not necessary to produce extensive reports, but a brief description of the essential facts is sufficient. It is important that the contracting authority is informed quickly by the coordinator.

Payment Requests (Article 15.3 GC)

Reports need to be submitted with a payment request. If the Coordinator fails to provide any report or fails to provide any additional information requested by the Contracting Authority within the set deadline without an acceptable and written explanation of the reasons, the Contracting Authority may **terminate** the Contract.

The payment request shall be drafted using the model in Annex 10 and shall be accompanied by:

- a) a narrative and financial report in line with the above (Annexes 2,3 and 4);
- b) a forecast budget for the following reporting period in case of request of further pre-financing;
- c) an expenditure verification report or a detailed breakdown of expenditure. (see Annex 5 and 6)

For the purposes of the initial pre-financing payment, the signed contract serves as payment request. A financial guarantee shall be attached.

Payment shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information provided.

Payment deadlines (Article 7 SC)

- The initial pre-financing payment shall be made within 45 days of receipt of the payment request by the Contracting Authority.
- Further pre-financing payments and payment of the balance shall be made within 60 days of receipt of the payment request by the Contracting Authority.

Expenditure Verification Report (Article 15.7 GC)

The Coordinator must provide an expenditure verification report as mentioned in the grant contract.

The expenditure verification report shall conform to the model in Annex 5 and shall be produced by an auditor approved or chosen by the Contracting Authority. The auditor shall meet the requirements set out in the Terms of Reference for expenditure verification in Annex 5 also.

The auditor shall examine whether the costs declared by the Beneficiaries and the revenue of the Action are real, accurately recorded and eligible under the contract. The expenditure verification report shall cover all expenditure not covered by any previous expenditure verification report.

The contracting authority reserves the right to carry out audits and on the spot checks (on its own budget) at any time during the implementation of the project.

Detailed Breakdown of Expenditure (Article 15.7 GC)

A detailed breakdown of expenditure is required with requests for payments.

The detailed breakdown of expenditure shall provide the following information for each cost heading in the financial report and for all underlying entries and transactions:

- amount,
- accounting reference (e.g. ledger, journal or other relevant reference)
- description (detailing the nature of the expenditure)
- reference to supporting documents (e.g. invoice number, salary slip or other relevant reference),

. It shall be provided in electronic form and spread sheet format (Excel or similar) whenever possible.

The detailed breakdown of expenditure shall be supported by a **declaration of honour** by the Coordinator that the information in the payment request is full, reliable and true and that the

costs declared have been incurred and can be considered as eligible in accordance to the contract.

The final report shall in all cases include a detailed breakdown of expenditure covering the whole Action.

Payment Procedure (Article 4 SC and Article 15.1 GC)

The Contracting Authority shall pay the grant to the Coordinator following the payment procedures below, and as set out in the Contract.

- a) an initial pre-financing payment of **100 % of the estimated budget** financed by the Contracting Authority for the reporting period (= **six months**) (excluding contingencies).
- b) further pre-financing payments of 100 % of the part of the estimated budget financed by the Contracting Authority for the following reporting period (excluding not authorised contingencies):
 - the **reporting period** is intended as a **six-month period** unless otherwise provided for in the Contract. When the remaining period to the end of the Action is **up to 9 months**, the reporting period shall cover it entirely;
 - within 30 days following the end of the reporting period, the Coordinator shall present an interim report or, if unable to do so, it shall inform the Contracting Authority;
 - if at the end of the reporting period the part of the **expenditure actually incurred** which is financed by the Contracting Authority is **less than 70 % of the previous payment** (and 100 % of any previous payments), the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the previous pre-financing payment and the part of the expenditure actually incurred which is financed by the Contracting Authority;
 - the Coordinator may submit a request for further pre-financing payment before the end of the reporting period, when the part of the **expenditure actually incurred** which is financed by the Contracting Authority is **more than 70 % of the previous payment** (and 100 % of any previous payments). In this case, the following reporting period starts new from the end date of the period covered by this payment request;
 - the **total sum of pre-financing payments may not exceed 90 %** of the total amount of the budget financed by the Contracting Authority;
 - the remaining balance of 10% will be paid only after all accounts have been audited, checked, approved by the European Commission.

Suspension of the period for payments (Article 15.5 GC)

The time-limits for payments may be suspended by notifying the Coordinator that:

- a. the amount indicated in its request of payments is not due, or;
- b. proper supporting documents have not been supplied, or;
- c. clarifications, modifications or additional information to the narrative or financial reports are needed, or;
- d. there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or;

- e. it is necessary to verify whether presumed substantial errors, irregularities or fraud have occurred in the grant award procedure or the implementation of the Action, or;
- f. it is necessary to verify whether the Beneficiary(ies) have breached any substantial obligations under the Contract, or;
- g. the visibility obligations are not complied with.

The suspension of the time-limits for payments starts when the above notification is sent to the Coordinator. The time-limit starts running again on the date on which a correctly formulated request for payment is recorded. The Coordinator shall provide any requested information, clarification or document within 30 days of the request.

If, notwithstanding the information, clarification or document provided by the Coordinator, the payment request is still inadmissible, or if the award procedure or the implementation of the grant proves to have been subject to substantial errors, irregularities, fraud, or breach of obligations, then the Contracting Authority may refuse to proceed further with payments and may terminate accordingly the Contract.

Financial guarantee (Article 4 SC and Article 15.8 GC)

The Contracting Authority requests a financial guarantee for the amount of the initial pre-financing payment (see annex 11).

The guarantee shall be denominated in Euro. The guarantee shall be provided by an approved bank or financial institution established in one of the Member States of the European Union. Where the Coordinator is established in a third country, the Contracting Authority may agree that a bank or financial institution established in that third country may provide the guarantee if the Contracting Authority 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 of the European Union. This guarantee shall remain in force until its release by the Contracting Authority when the payment of the balance is made.

This bank guarantee is not required if the coordinator pre-finances the activities by his own means.

6 FINANCIAL PROVISIONS

Cost eligibility criteria (Article 14.1 GC)

Eligible costs are actual costs incurred by the Beneficiary(ies) which meet all the following criteria:

- a. they are incurred during the implementation of the Action as specified in Article 2 of the Special Conditions. In particular:
 - i. Costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement. Cash transfers between the Coordinator and/or the other Beneficiary(ies) and/or affiliated entity(ies) may not be considered as costs incurred;

- ii. Costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment; an exemption is the expenditure verification, audit,
- b. they are indicated in the estimated overall budget for the Action;
- c. they are necessary for the implementation of the Action;
- d. they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary(ies) and determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary(ies);
- e. they comply with the requirements of applicable tax and social legislation;
- f. they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Eligible direct costs and supporting evidence (Article 14.2 GC)

The following direct costs of the Beneficiaries are eligible:

1. the cost of **staff** assigned to the Action, corresponding to **actual gross salaries** including social security charges and other remuneration-related costs; salaries and costs shall not exceed those normally borne by the Beneficiaries;
2. **per diems**, travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed the rates published by the European Commission at the time of such mission;
3. purchase **costs for equipment** (new or used) and supplies specifically dedicated to the purposes of the Action, provided that ownership is transferred at the end of the Action. Equipment such as for instance training toolkits can be financed under the project budget but cannot exceed 10% of the total budget of the grant.
The purchase of computers hardware and equipment at large (including vehicles, machinery) are ineligible.
4. **rental** or leasing costs for **equipment** (new or used) and supplies specifically dedicated to the purposes of the Action;
5. costs of **consumables**;
6. costs of **service and supply** contracts awarded by the Beneficiary(ies) for the purposes of the Action;
7. costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees where required according to the Contract);
8. duties, taxes and charges, including VAT, paid and not recoverable by the Beneficiary(ies). In order to be eligible, the beneficiary will provide a certificate from its tax administration stating that taxes are not recoverable.

Cost of staff

Under Budget Position 1 cost of local and international staff can be considered. Salaries are gross salaries including social security charges and other related costs which incur to the employer.

If staff are not working full time on the Action, the percentage should be indicated alongside the description of the item and reflected in the number of units.

Incurrence of costs need to be supported by:

- Copy of current work contract
- Salary slip/statement
- Details and Proof of remuneration paid (bank statements)
- Proof of payment of social security, income tax and other locally obligatory levies
- Signed and countersigned timesheet (see Annex 07)

Per diems

For each overnight stay away from duty station a per diem as specified in the respective budget line of the contract is paid. The per diem covers all costs of accommodation, subsistence (food), local travel (including airport transfer at destination) and additional travel costs (e.g. vaccination).²

Proof of overnight stay(s) are:

- Hotel bill or mission order and mission report
- Boarding stubs/passes
- Receipt (can be signed timesheet) and proof of per diem payment (bank statement)

Or

- Calculation of travel cost reimbursement as per staff rules of the beneficiary
- The receipt and proof of per diem or reimbursement payment

Please consider:

EITHER

the Grant Beneficiary reimburses an amount to its staff according to its own staff rules and asks for the reimbursement of that same amount in the action budget. This amount may not exceed the rates published by the EC at the time of such a mission.

OR

the Beneficiary proposes a reimbursement on the basis of **simplified costs option** (for instance a "unit cost") specifying "**UNIT COST per diem**" in the "unit value" column of the budget and the applicable rates. This rate may not exceed the rates published by the EC at the time of such a mission.



Double counting is not allowed.

Travel costs

Travel costs cover the costs of international and national transport. These costs include:

- Air fare (**economy class**) or train tickets (**second class**) including all taxes
- Travel agency fee
- Transfer to the airport (from duty station)
- Visa costs
- Costs for CO2 offsetting (certified scheme)

Proof of costs / supporting documents needed:

- Travel agency invoice
- Proof of payment to travel agency

² https://ec.europa.eu/europeaid/diem-rates-applicable-eu-funded-external-aid-contracts-17032017_en

- Boarding passes / stubs
- Receipts of visa fee
- Airport transfer costs
- Evidence for CO2 offsetting must be included as part of the supporting documents or through airplane company programmes
- Agenda of the mission and/or mission order
- If the ticket/travel cost was more than 1000 EUR two alternative offers must have been checked and this must be documented (see Chapter on procurement rules)

Travels costs cover also costs occurring locally for implementing agreed activities of the Action. These can be costs for public transport, boat, taxi or other usual means of transport **between two cities** (not within the same location, intra-city transport costs are covered by per diem). Proof of costs / supporting documents needed:

- Receipt
- Agenda of the mission and/or mission order

Inventory

It is imperative to keep an **inventory** (see Annex 08) of all items purchased (not consumables) and to **label** them clearly indicating EU funding. At the end of the project a **transfer of ownership** (see Annex 09) must be conducted.



The coordinator shall send a written request together with the inventory to the contracting authority before transferring the ownership.

Local Office

Under this budget line costs for local transport and local office costs (rent, electricity, phone, internet, mobile phone, office consumables (also e.g. Microsoft 365) etc) can be compensated.

Proof of costs / supporting documents needed:

- Invoices
- Lease, rental and service contracts
- Utility bills
- Proof of payment / receipt
- Procurement note if applicable (see separate chapter on procurement rules)

Taxes

Taxes, duties and levies are to be paid in accordance with the legal provisions of the country. These are eligible expenditures as long as the beneficiary can prove that taxes and/or VAT that have been paid cannot actually be reclaimed. As mentioned above if duties, taxes and charges, including VAT, are recoverable by the beneficiary(ies) this needs to be clearly stated in the financial report. These costs are then deducted.

Beneficiaries will have to check their situation: either they can recover the VAT from their national tax authorities and at that point they do not charge it to the project, or they cannot recover it and charge it to the project. In the latter case, the beneficiary will provide a certificate from his tax administration stating that he cannot reclaim the VAT.

Contingency reserve (Article 14.7 GC)

The contingency reserve not exceeding 5% of the direct eligible costs can be used only with the prior written authorisation of the Contracting Authority, upon duly justified request by the Coordinator.

Indirect costs (Article 14.8 GC)

The indirect costs are ineligible under the ARCHIPELAGO programme.

In-kind contributions (Article 14.9 GC)

Contributions in kind mean the provision of goods or services to beneficiaries or affiliated entities free of charge by a third party. As contributions in kind do not involve any expenditure for beneficiaries or affiliated entities, **they are not eligible costs under the ARCHIPELAGO programme.**

Non-eligible costs (Article 14.11 GC)

The following costs shall not be considered eligible:

- financial allowances for trainees and participants in events (training sessions, workshops, seminars, conferences, working meetings etc...)
- indirect costs
- debts and debt service charges (interest);
- provisions for losses or potential future liabilities;
- costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union (including through EDF) grant;
- purchases of land or buildings;
- currency exchange losses;
- credit to third parties;
- in kind contributions.

7 PROCUREMENT

The rules on awarding a contract applicable to the beneficiary (s) are the procurement procedures set out in the Practical Guide to Contract Procedures for EU External Action (PRAG).