

Compliance with subcontracting and award of procurement contracts

The Programme Guide 2021 states that as beneficiary you may have resorted to subcontracting for specific technical services requiring specialised skills (relating to the legal, accounting, tax, human resources fields, IT, etc.) or implementation contracts. The costs incurred by the beneficiary for this type of services may therefore be considered eligible costs provided they meet all the other criteria described in the grant agreement. In all cases, tasks to be subcontracted have to be identified in the project proposal and the estimated amount entered in the requested budget. Subcontracting initially not foreseen in the budget will need prior written approval from the National Agency (NA) during project implementation.

Beneficiaries may subcontract tasks forming part of the action ensuring that, in addition to the conditions specified in [Annex I. Article II.10](#), the following conditions are complied with:

Rules to comply with:

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- ✓ Subcontracting has to be related to services that cannot be provided directly by the participating organisations for duly justified reasons;
- ✓ Equipment cannot concern normal office equipment or equipment normally used by the participating organisations;
- ✓ Where implementation of the project requires the procurement of goods, works or services (contract), beneficiaries must award the contract to the economically most advantageous offer, i.e. the bid offering the best value for money, or, as appropriate to the tender offering the lowest price, ensuring that there is no conflict of interests and that documentation is retained in case of audit;
- ✓ In the event of implementation contract exceeding a value of 60 000 EUR, the National or Executive agency may impose special rules on the beneficiary, in addition to those referred to in the previous paragraph. Those special rules would be published on the websites of the National Agencies or the Executive Agency.

Annex I. II.11 Subcontracting of tasks forming part of the action

- ✓ Subcontracting does not cover core tasks of the *action (project)*;
- ✓ Recourse to subcontracting is justified because of the nature of the *action (project)* and what is necessary for its implementation;
- ✓ the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex II;
- ✓ any recourse to subcontracting, if not provided for in Annex II, is communicated by the coordinator and approved by the Commission. The Commission may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries request an amendment as provided for in Article II.13; or
 - (ii) after recourse to subcontracting if the subcontracting:
 - is specifically justified in the interim or final technical report referred to in Articles I.4.3 and I.4.4; and
 - does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants
- ✓ the beneficiaries ensure that the conditions applicable to them under Article II.8 are also applicable to the subcontractors.

Annex I. II.19.2 Eligible direct costs

To be eligible, the direct cost of the action must comply with the eligibility conditions set out in Article II.19.1. In particular, the following categories of costs are eligible direct costs, provided that they satisfy the eligibility conditions set out in Article II.19.1 as well as the following conditions:

- ✓ [(a)(b)] (c):
- ✓ the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:
 - (i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and
 - (ii) has been purchased in accordance with Article II.10.1 if the purchase occurred within the implementation period;
- ✓ The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;
- ✓ Only the portion of the equipment's depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the action and the context of the use of the equipment or assets;
- ✓ [(d)(e)(f)(g)(h)].

Annex III. B. Exceptional costs

Calculation of the grant amount:

- ✓ the grant is a reimbursement of 80% of the eligible costs actually incurred, with a maximum of € 50.000 per project (excluding the costs for providing a financial guarantee if required by the Agreement).

Eligible costs:

- ✓ Costs relating to a pre-financing guarantee lodged by the beneficiary where such guarantee is required by the NA, as specified in Article I.4.2 of the Agreement.
- ✓ Costs of travel in the most economical but also effective way for eligible participants for which the standard funding rule does not cover at least 70% of the eligible costs.
- ✓ Sub-contracting and purchase of goods and services in so far as applied for by the beneficiary and in so far as approved by the NA as specified in Annex II;
- ✓ Cost related to the depreciation costs of equipment or other assets (new or second-hand) as recorded in the accounting statements of the beneficiary, provided that the asset has been purchased in accordance with Article II.10 and that it is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary. The costs of rental or lease of equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee. In the case of equipment purchase, rental or lease only the amount corresponding to the share of time of the use of the equipment for the project can be claimed.

To ensure that the applicable subcontracting and procurement rules have been correctly applied, please answer the following questions:

1. Did you subcontract for specific services:

- YES
- NO

If YES, please continue to question 2, if NO, please sign the declaration below.

2. Did you subcontract for specific services for a total amount exceeding a value of € 60.000:

- YES
- NO

If YES, please continue to question 4, if NO, please continue to question 3.

3. Did you comply with the following subcontracting rules & regulations:

- You ensured that the conditions applicable to you under Annex 1, articles II.4, II.5, II.6, II.8, II.9 and II.27 in the grant agreement are also applicable to the contractor.
- You did not split purchase of services and/or goods into smaller contracts below the threshold.
- If applicable: in case of equipment purchase, you complied with the before mentioned rules.

4. Did you comply with the following procurement rules & regulations:

- You have obtained competitive tenders from at least three suppliers and retained the one offering best value for money, observing the principles of transparency and equal treatment of potential contractors and taking care to avoid conflict of interest.
- You ensured that the conditions applicable to you under Annex I, articles II.4, II.5, II.6, II.8, II.9 and II.27 are also applicable to the contractor.

KA2 Project number:

Name coordinating institution

Name Legal Representative:

Date: Signature:

PLEASE UPLOAD THE SIGNED DECLARATION IN THE BENEFICIARY MODULE AS ANNEX TO YOUR FINAL REPORT