

Table of Contents

1. INTRODUCTION AND BACKGROUND	4
1.1. Introduction.....	4
1.2. Policy Context.....	4
2. OBJECTIVE(S) – THEME(S) – ACTIVITIES – OUTPUTS	7
3. TIMETABLE	10
4. BUDGET AVAILABLE AND FUNDING OF PROJECTS.....	11
5. ADMISSIBILITY REQUIREMENTS	11
6. ELIGIBILITY CRITERIA	11
6.1. Eligible applicants.....	11
6.2. Eligible consortia	12
6.3. For UK applicants	12
6.4. Implementation period	13
7. EXCLUSION CRITERIA	13
7.1. Exclusion	13
7.2. Remedial measures.....	14
7.3. Rejection from the call for proposals.....	15
7.4. Supporting documents.....	15
8. SELECTION CRITERIA	15
8.1. Financial capacity	15
8.2. Operational capacity.....	16
9. AWARD CRITERIA.....	17
10. LEGAL COMMITMENTS	18
11. ADMINISTRATIVE REVIEW PROCEDURES.....	18
12. FINANCIAL PROVISIONS	19
12.1 General principles	19
12.2 Funding forms	20
12.3 Payment arrangements:	25
12.4 Pre-financing guarantee	25

13. REPORTING REQUIREMENTS:	26
14. PUBLICITY	26
14.1 By the beneficiaries.....	26
14.2 By EASME	26
15. DATA PROTECTION	27
16. PROCEDURE FOR THE SUBMISSION OF PROPOSALS	27
17. ANNEXES	27

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 (EU).

The Executive Agency for Small and Medium-sized Enterprises³ (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission (hereinafter also referred to as the Commission or EC) 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 2019, as last amended on 20/08/2019⁴.

China is a key market for trade and investment of EU SMEs and provides many business opportunities. However, access to the Chinese market is complex and the regulatory and business environment is changing very quickly: that is the reason why there was a need to provide services to increase SMEs knowledge and raise their awareness on China and also to support SMEs in developing trade with, and investment in, China. The purpose of the present call is to set an EU SME Centre in China (hereinafter also referred to as the "Centre") that builds on the achievements and experience of the Centre already developed from 2010 to 2020.

1.2. Policy Context

EU actions to support SMEs

The European Commission recognises small and medium-sized enterprises as the backbone of Europe's economy. They represent 99% of all businesses in the EU and are considered as key to ensure economic growth, innovation, job creation, and social integration in the EU.

This is why the European Union implements initiatives specially dedicated to the development of SMEs. The Small Business Act for Europe (SBA), providing a comprehensive SME policy for the EU, is at the very centre of the Commission's actions. It promotes the 'Think Small First' principle, which helps the EU develop SME-friendly legislation by taking SMEs' interests into account at a very early stage of policy making.

To contribute to the implementation of the SBA, the European Commission launched the COSME programme. One of the four priorities of COSME is to provide support to European enterprises so that they can benefit from the EU's single market and make the most of opportunities offered by markets outside the EU. It also funds the Enterprise Europe Network

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(2019)6039 of 20.8.2019 amending and correcting Implementing Decision C(2018)8098 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 2019.

(EEN)⁵ consisting of over 600 offices in more than 60 countries helping SMEs find business and technology partners, understand EU legislation and access to EU financing.

The EC Communication on “Small Business Big World, a new partnership to help SMEs seize global opportunities”⁶ included a proposal to “encourage and finance the establishment of training programmes for entrepreneurs, SME managers and managers of clusters, business networks and export consortia in order to enable them to steer internationalisation operations.”

The COSME programme should in particular address market failures which affect the competitiveness of the Union economy on a global scale and which undermine the capacity of enterprises, particularly SMEs, to compete with their counterparts in other parts of the world.

Specific measures shall aim to facilitate SME access to markets outside the Union. Such measures may include providing information about existing barriers to market entry and business opportunities, about public procurement and customs procedures, and improving support services in terms of standards and intellectual property rights (IPR) in priority third countries. Those measures shall complement but not duplicate the core trade promotion activities of the Member States.

EU-China economic relationship

The European Union and China are two of the three largest economies and traders in the world. China is now the EU's second biggest trading partner behind the United States and the EU is China's biggest trading partner. Both sides are committed to a comprehensive strategic partnership, as expressed in the EU-China 2020 Strategic Agenda for Cooperation. The 2016 Strategy on China⁷ remains the cornerstone of EU engagement, ensuring that relations with this strategic partner are set on a fair, balanced and mutually beneficial course.

The most recent EU policy document on China (EU-China – A strategic outlook⁸) aims, inter alia, at achieving a more balanced and reciprocal economic relationship (Action 5) while promoting reciprocity and opening up procurement opportunities in China (Action 6). At the 21st EU-China Summit (Brussels, 9 April 2019), both sides committed to a Joint Statement⁹ “to ensure equitable and mutually beneficial cooperation in bilateral trade and investment. They reiterate their willingness to enhance bilateral economic cooperation, trade and investment and to provide each other with broader and more facilitated, non-discriminatory market access”.

EU-China Trade and Investment relationship

Trade and investment between the EU and China has been growing at a fast pace. China and Europe trade on average over EUR 1 billion a day. Europe's imports of goods from China have grown by 5.2% in 2018, reaching the value of EUR 395 billion. This amounts to 19.9% of EU imports. At the same time, in 2018 the EU exported goods to the value of EUR 210 billion to China, amounting to 10.7% of EU exports and representing a 6.2% increase from 2017. Over the last 10 years, EU exports of goods to China grew up from EUR 82.4 billion (2009) to EUR 210 billion (2018). The EU main exports to China are machinery and equipment, motor vehicles, aircraft and chemicals.

⁵ <https://een.ec.europa.eu/>.

⁶ COM(2011)702 final of 9 November 2011.

⁷ JOIN(2016)30 final of 22 June 2016, Joint Communication to the European Parliament and the Council “Elements for a new EU strategy on China”

⁸ <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.

⁹ <https://www.consilium.europa.eu/en/press/press-releases/2019/04/09/joint-statement-of-the-21st-eu-china-summit/>.

EU-China trade in services amounts to more than 10% of total trade in goods, and the EU's exports of services make up 19% of EU's total exports of goods. Europe is also one of the top-five sources of Foreign Direct Investment (FDI) to China, with inward FDI stocks of EUR 176 billion. For the full year 2018, the value of completed European FDI transactions in China reached \$ 7 billion, which represents a slight 3% increase from the \$ 6.8 billion registered in 2017. European FDI into China has been on a decreasing trend over the past five years, so this is the first year-on-year increase since 2014. The EU is committed to develop a more balanced and reciprocal relationship with China. The EU wants to ensure a mutually beneficial economic relationship through the respect of a level playing field for all companies in line with the rule-based multilateral order and, in particular, regarding intellectual property rights obligations.

SMEs and the Chinese market

The Chinese market, notably by its dimension and its fast growing development, can offer a host of new opportunities for European businesses to reach new markets for their products and services, to broaden their operating scope and diversify their distribution channels through e-commerce and innovative methods of distribution developed in China. However, to successfully penetrate any new market, companies need to overcome many obstacles and also face certain risks. These obstacles range from gaining market information, locating suitable partners and finding possible customers to more complex issues such as compliance with foreign laws, IPR protection and forced or incentivised technology transfers. Additional issues that affect international business in China are the lack of a level playing field for foreign companies, industrial policies and non-tariff measures that discriminate against foreign companies, subsidies and access to financing issues, transparency and predictability in government and rulemaking, insufficient protection and enforcement of intellectual property rights. Those concerns have been clearly identified by the EUCCC Inter-Chamber Small and medium-sized Enterprises Working Group¹⁰.

These obstacles prove especially challenging for SMEs, as they are usually less equipped with in-house expertise and financial or human resources than larger enterprises. Therefore, they find it very hard to navigate in the excessive amount of regulations and to identify the ones that apply to their business. In effect, many SMEs are not able to engage successfully on the Chinese market for these reasons.

Some of the main barriers for China, as identified by SMEs, are as follows: knowledge of foreign language, lack of adequate market information, poor access to financing, difficult bureaucratic procedures, different business culture, laws and regulations.

Market access obstacles are the main reason why only about 25% of the EU-based SMEs are involved in exports to the Internal Market and only 13% of EU SMEs are exporting to markets outside the European Union. Out of all EU SMEs, only around 2.25% export to and 6.75% import from China.

To successfully operate their business in China, SMEs have to gain prior and practical information on the characteristics of the Chinese market, which often differ from the European market, e.g. the strong development of e-commerce and the generalised use of mobile payments (notably through WeChat), the various market segments present in 1st tier, 2nd tier and 3rd tier Chinese cities, the specific demand and expectations from Chinese customers, etc.

Therefore, considering the economic potential and size of the Chinese market, the extent of difficulties faced by SMEs in accessing the market and gaps in existing first-line business

¹⁰ <https://www.europeanchamber.com.cn/en/publications-archive/721/Inter-Chamber-Small-and-Medium-sized-Enterprise-Working-Group-2019-2020>.

support services for SMEs, the European Parliament decided to finance, through a preparatory Action, the establishment of an EU Centre for Support to European SMEs (EU SME Centre, henceforth also referred to as the Centre). The first phase of the Centre ran from 2010 to 2014 and was followed in 2014 by a second phase, running until April 2020. Both phase I and II have been financed by the European Commission (DG DEVCO) through a grant agreement under the ICI+ programme.

The purpose of the present call is to carry out phase III of the EU SME Centre building up on the achievements of phase I and II. The project has been a success, developing over the years a widely recognised and consulted online "Knowledge Centre" (<https://www.eusmecentre.org.cn/>), improving general understanding amongst EU SMEs about the Chinese market, business conditions and opportunities, and supporting the activities of EU SMEs planning to do business in China. The next phase for an 18-month period will be funded under the COSME programme managed by the European Commission (EASME and DG GROW).

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

Thanks to the COSME grant, the EU SME Centre in China will further enlarge its audience and develop its activities vis-à-vis SMEs from EU and COSME participating countries (those SMEs being referred hereinafter as “target SMEs”).

The overall objective of the Centre is to develop the presence of target SMEs on the Chinese market, to increase and diversify their knowledge acquisition, exports, imports and investments. The EU SME Centre intends to achieve this goal by helping target SMEs to overcome barriers and constraints they face in their efforts to enter the Chinese market.

2.1. Objectives

The specific objectives of this COSME call for proposals are as follows:

- Assessing target SMEs’ readiness towards establishing and developing their commercial presence in the Chinese market by providing EU added-value support services;
- Assisting target SMEs towards establishing and developing a sustainable commercial presence in the Chinese market (through knowledge acquisition, exports, imports and investments) by providing EU-added value support services;
- Advising target SMEs on the opportunities and risks of the Chinese market so that they can take informed decisions on envisaged business relations with Chinese partners;
- Improving synergies and best practice sharing among EU business supporting organisations at European, national and regional level, with the ultimate goal to help the target SMEs intending to do business in China;
- Creating or further develop synergies with other EU funded actions (e.g. the Enterprise Europe Network and the SME IPR Helpdesk¹¹);
- Strengthening European advocacy for EU’s and COSME participating countries’ business communities related to their business activities in China.

2.2. Expected results and main activities

This call for proposals aims at implementing the phase III of the EU SME Centre and specifically at achieving the following results:

¹¹ <https://www.ipr-hub.eu/>.

Result 1

The Centre shall improve general knowledge and awareness among target SMEs of the opportunities and risks of the Chinese market, of the framework conditions to operate on that market as well as of prospects and relevant challenges for target SMEs intending to do or to expand their business in China.

Result 2

The Centre shall develop active partnerships with intermediary business support organisations based in EU and COSME participating countries to ensure a significant outreach and marketing of its services to SMEs, in particular target SMEs having no operations in China yet.

Result 3

The Centre shall strengthen the coordination of China-based support actions for SMEs put in place by EU and COSME participating countries organisations through better coordination with similar actions in Asia and in the EU. The Centre shall also support European business advocacy, which is also to the benefit of target SMEs.

The phase III of the Centre must reach a large number of SMEs, in a systematic and integrated way, with particular but not exclusive attention to those SMEs having limited prospects of receiving support from national service providers in China. Additionally, it will support EU business community driven advocacy for SMEs in close cooperation with the EU Chamber of Commerce in China.

Areas of activity

The above-mentioned results will be reached by putting in place a robust and varied set of activities. The following paragraphs provide a mandatory but non-exhaustive list of activities, which shall be carried out in the framework of this COSME action. All activities have to be implemented in compliance with the applicable data protection rules.

The Centre helps improve general knowledge of the opportunities of the Chinese market among target SMEs, and successfully supports target SMEs intending to do, or expand, business in China. (Result 1)

Emphasis will be placed on 2nd and 3rd tier Chinese cities especially in areas where established Chambers/Member States and COSME participating countries do not have significant resources. The project will complement the activities of EU Member States and COSME participating countries trade promotion organisations or national Chambers in China, providing target SMEs with a first line information on the Chinese market before they access to more specialised services from their national business support organisations (when present in China) or from other private entities.

A primary activity of the Centre will be the management and continuous update of the Centre's website, a comprehensive online platform accessible by all target SMEs. The website shall:

- help raise awareness and knowledge among target SMEs on China's large and complex market; and
- provide updated basic market entry services and basic legal advice, including information on Chinese technical regulations, standards and financing available in close collaboration with the China IPR SME Helpdesk.

As soon as the Grant Agreement implementation starts, the successful grant beneficiary will be given the rights to use the major outcomes generated throughout Phase II and, if necessary

throughout Phase I, of the Centre. Besides, they will be granted access to and will take over the management of the Centre's website (<https://www.eusmecentre.org.cn/>), currently managed by the beneficiaries carrying out Phase II. A handover meeting will be organised with the support of EASME, DG GROW and the EU Delegation to China.

Here is a mandatory but not exhaustive list of other activities that the Centre will carry out:

- Organising roadshows, webinars, trainings;
- Gathering, compiling, analysing and translating information about the Chinese market that is relevant to target SMEs, while prioritising selected sectors;
- Providing advice and/or conducting due diligence on potential business partners;
- Giving SMEs broad access to publications, webinars and trainings on how to develop business in China.

The Centre will develop active partnerships and synergies with business networks and support organisations based in the EU and COSME participating countries in order to guarantee a significant outreach and marketing of its services to SMEs, in particular those having no China operations yet. (Result 2)

Here is a mandatory but not exhaustive list of activities that the Centre will carry out:

- Establishing partnerships with business networks and business support organisations based in the EU and in COSME participating countries, including pan-European networks such as the Enterprise Europe Network and its Business Cooperation Centres in China, as well as with the SME IPR Helpdesk in China, and enabling those organisations to better advise their member companies;
- Providing coordinating services with European value added business support services in European pavilions, European fairs, European business or matchmaking events, etc.

The action strengthens coordination of China-based EU business support actions through better local coordination as well as interaction with similar or connected EU-funded actions in Asia and in the EU. It also enhances coordination on policy and advocacy papers and supports European business advocacy to help develop a more balanced and reciprocal economic relationship. (Result 3)

Here is a mandatory but not exhaustive list of activities that the Centre will carry out:

- Networking between existing EU business support organisations to promote best practices;
- Advocacy and advocacy-related contributions to local EU Delegation-led Market Access Teams and EU-led negotiations in the trade and investment areas;
- In addition to the reports linked to the contractual obligations, providing EASME and DG GROW with relevant information about the challenges faced by target SMEs assisted by the Centre on a regular basis. This should contribute to the update of EU policies or support actions.
- Feeding analysis and substance into the EU-China industrial and regulatory dialogues as well as other relevant business fora.

2.3 Deliverables

Through the online platform maintained and updated by the Centre, users, and in particular target SMEs, will have access to:

- relevant information and publications giving practical advice on how to develop durably their presence on the Chinese market and providing essential information on the most suitable sectors and markets for European SMEs;
- a self-diagnosis tool to make a prior assessment of SMEs' readiness to develop their presence on the Chinese market;

- an ‘ask-the-expert service’ providing a first-line answer to more specific questions (e.g. legal, standardisation and distribution issues, notably through e-commerce, etc.);
- webinars and practical business trainings, info-sessions;

Information shall also be provided through any other appropriate and widely accessible digital tools, such as social media. Regarding seminars, information sessions, conferences, they should take place in the EU, COSME participating countries as well as in China. Web streaming of on-the-spot events is highly recommended to ensure a broad participation of target SMEs.

Information on the Chinese market should primarily be disseminated directly to target SMEs. However, in order to reach a wider audience, information will also be channelled in the EU, in COSME participating countries and in China through international advisers from business support organisations, which are considered as relevant multipliers.

The results of the action (including the reports, webpages and other documents relating to it) are owned by the Agency and by the European Union.

2.4 Indicators

The performance of the selected consortium shall be measured based on the following indicators:

- Number of SMEs’ enquiries (breakdown per country and sector) and contacts of the EU SME Centre for information and advice purposes;
- Number of SMEs satisfied with the services provided;
- Number of persons/SMEs trained through webinars and workshops;
- Number of online publications (and number of downloads);
- Number of recipients of EU-SME Centre’s newsletters;
- Number of events organised both in the EU and COSME participating countries and China to inform EU SMEs;
- Number of participants at the above-mentioned events;
- Number of regulatory issues or market access barriers reported and affecting specifically SMEs;
- Number of partnerships/synergies/joint activities developed with other business support organisations both in the EU and COSME participating countries and in China.

3. TIMETABLE

Stages	Dates
a) Deadline for submitting applications	2 April 2020 17:00h Brussels time
b) Evaluation period*	April – May 2020
c) Information to applicants*	May 2020
d) Signature of grant agreements*	June 2020
e) Starting date of the action*	June 2020

* indicative

4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

Only one project will be co-financed.

The total budget earmarked for the co-financing of the project is estimated at EUR 1.200.000.

The grant is limited to a maximum reimbursement rate of 90% of **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 deadline 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

Applicants must be legal entities forming a consortium. Natural persons are not eligible.

Applicants have to be business support organisations from EU Member States and/or COSME participating countries. They can be fully or partly public or private operators representing groups of companies, including Small and Medium-sized Enterprises (SMEs). They must represent business economic interests of EU or COSME participating countries and offer in the first instance non-individualised services for promoting trade and investment between Europe and China.

Consortium partners can be (non-exhaustive list): bilateral or European Chambers of commerce, sector specific trade organisations, industrial and professional associations, employers' federations, business intermediary non-governmental organisations, sector-specific agencies supporting SMEs in their trade, investment or commercial activities.

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

- EU Member States;
- Countries participating in the COSME programme pursuant to Article 6 of the COSME Regulation¹²;

¹² 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;

- China pursuant to Article 7 of the COSME Regulation¹³.

6.2. Eligible consortia

Proposals shall be presented by consortia composed of at least three legal entities. Further, at least two partners of the consortium shall be established in China and at least one partner in an EU Member State.

Linked third parties¹⁴, 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.

In order to assess the applicants' eligibility, in the course of the procedure applicants shall be requested to register and provide a Participant Identification Code (PIC, 9-digit number), serving as the unique identifier of their organisation in the Participant Register. Applicant(s) will receive instructions on how to create a PIC in due time.

If the proposal is successful, applicants will receive a notification that their proposal is selected for funding. When needed the EU Validation Services (Research Executive Agency Validation Services) will contact the applicant (via the messaging system embedded in the Participant Register) and request the latter to provide the supporting documents necessary to prove the legal existence and status. All necessary details and instructions will be provided via this separate notification.

6.3. **For UK applicants**

Please be aware that following the entry into force of the EU-UK Withdrawal Agreement¹⁵ 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

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.

¹³ According to Article 7 of the COSME Regulation, entities of non-participating countries can participate:

1. In parts of the COSME programme in which a third country referred to in Article 6 does not participate, entities established in that country may participate. Entities established in other third countries may also participate in actions under the COSME programme.
2. The entities referred to in paragraph 1 shall not be entitled to receive Union financial contributions, except where it is essential for the COSME programme, in particular in terms of competitiveness and access to markets for Union enterprises. That exception shall not apply to profit-making entities.

¹⁴ For the definition, see Article 187 of the Financial Regulation (EU, Euratom) No 2018/1046: linked third parties or entities affiliated to the beneficiary are: (a) entities that form a 'sole beneficiary' (i.e. where an entity is formed of several entities that satisfy the criteria for being awarded a grant and together form one entity, including where the entity is specifically established for the purpose of implementing an action to be financed by a grant); (b) entities that satisfy the eligibility criteria and that do not fall within one of the situations referred to in Articles 136(1) and 141(1) and that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.

¹⁵ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

Kingdom. UK residents and entities are therefore eligible to participate under this call for proposals.

6.4 Implementation period

The expected duration of the project is 18 months. Proposals with a shorter duration will be rejected.

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 7.4), it must indicate the measures it has taken to remedy the exclusion situation, thus demonstrating

its reliability. This may include e.g. technical, organisational and personnel measures to correct the conduct and prevent further occurrence, compensation of damage or payment of fines or of any taxes or social security contributions. The relevant documentary evidence, which illustrates the remedial measures taken, must be provided in annex to the declaration. This does not apply for situations referred in point (d) of section 7.1.

7.3. Rejection from the call for proposals

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

- (a) is in an exclusion situation established in accordance with section 7.1; or
- (b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information; or
- (c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equal treatment, including distortion of competition, that cannot be remedied otherwise.

The same exclusion criteria apply to linked third parties.

Administrative sanctions (exclusion) may be imposed on applicants or linked third parties where applicable, 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 and linked third parties 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)¹⁶, 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,
 - 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.

¹⁶ 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 193/30.07.2018, p.1).

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 financial year 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 financial year 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 a later stage, via the electronic submission tool only upon request of EASME. In that case, the EU Validation Services will contact the applicant (via the messaging system embedded in the Participant Register) and request the latter to provide the supporting documents necessary to prove the financial capacity of the organisation. All necessary details and instructions will be provided via this separate notification.

Based on 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-beneficiaries¹⁷;

If the authorising officer considered that the financial capacity is insufficient s/he will reject the application.

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;
- the organisations' activity reports for the past 3 years or any other similar document;

¹⁷ The beneficiaries are advised to provide for this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

- 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;
- a description of the technical equipment, tools or facilities and patents at the disposal of the applicant in relation to the proposal;
- a list of existing partnerships with EU- or China-based business support organisations, if any.

9. AWARD CRITERIA

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

<i>Criteria</i>	<i>Max. score</i>
<p>Relevance of the actions in view of the objectives of the call (<i>meeting objectives of the call; appropriate results; appropriate partnership; competences and European dimension</i>)</p> <ul style="list-style-type: none"> ➤ <i>What is the importance of the proposed activities in relation to EU policies and priorities identified in the call?</i> ➤ <i>To what extent are the proposed activities strategically chosen to meet the objectives of this call?</i> ➤ <i>How well do the proposed activities fit with the expectations/needs of the identified target group?</i> ➤ <i>How strategically chosen are the project partners (relevance of the partners to the project)?</i> ➤ <i>To what extent do the proposed activities and composition of the consortium demonstrate a European added value and a strong expertise in the Chinese market and in SME-related issues?</i> ➤ <i>Is there any complementarity between the proposed project and other actions undertaken at European level?</i> 	30
<p>Quality of the proposed actions (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</p> <ul style="list-style-type: none"> ➤ <i>How appropriate, practical and innovative are the proposed activities and the work packages?</i> ➤ <i>To what extent is the work plan clearly and efficiently defined in terms of schedule, milestones and deliverables?</i> ➤ <i>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</i> ➤ <i>Is the contribution of each partner of the consortium, both in the EU and in China, suitable to the activities proposed?</i> ➤ <i>To what extent are the methodology and management setup effective and ensure that the information needs of the target SMEs about the Chinese market are properly taken into account?</i> 	30
<p>Impact on target audience (<i>appropriate impact indicators; dissemination; project continuation</i>)</p> <ul style="list-style-type: none"> ➤ <i>Is the proposal suggesting clear, realistic and practical impact indicators?</i> ➤ <i>To what extent does the project contribute to creating a real and</i> 	20

<p><i>measurable impact for target SMEs developing their presence in the Chinese market?</i></p> <ul style="list-style-type: none"> ➤ <i>How effective and convincing are the proposed activities to improve the knowledge of the opportunities and risks of the Chinese market among target SMEs?</i> ➤ <i>Does the proposal contain a robust and comprehensive communication strategy to reach out target SMEs as well as business support organisations and networks in the EU, in COSME participating countries and in Chinese territories?</i> 	
<p>Cost-effectiveness (<i>coherence, detail and clarity between actions proposed and budgeted resources</i>)</p> <ul style="list-style-type: none"> ➤ <i>To what extent is the detailed budget coherent with the work plan of the proposal?</i> ➤ <i>To what extent is the budget clear and detailed, as well as effective, to implement the action?</i> ➤ <i>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> ➤ <i>Does the budget seem justified when compared to the expected impact?</i> ➤ <i>To what extent is the proposed expenditure necessary for the implementation of the project?</i> 	20
TOTAL	100

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

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 authorising officer 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.

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

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.

In the event of procurement exceeding EUR 60 000, the beneficiary must abide by special rules as referred in the grant agreement annexed to the call. 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/EU¹⁸ or contracting entities in the meaning of Directive 2014/25/EU¹⁹ must

¹⁸ 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).

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 Commission. The Commission may grant approval:
 - (i) before any recourse to subcontracting, if the beneficiaries request 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.

12.2 **Funding forms**

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

➤ **Maximum 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;

¹⁹ 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).

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 action²⁰.

A.4 Costs of 'beneficiaries that are natural persons' are not applicable.

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 for providing Financial Support to Third Parties are not applicable.

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.

²⁰ The amounts per unit per country can be found at <https://ec.europa.eu/info/fundingtenders/opportunities/portal/screen/how-to-participate/reference-documents>. Please navigate as follows: "Programme": Horizon 2020, "Reference Documents" Work Programmes 2018-20, Main WP, 3. Marie Skłodowska-Curie actions (MSCA) 2018-20_v3.0, therein Table 2: Country correction coefficients (CCC) for ITN and IF living allowances.

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 on the basis of the flat-rate of 7% of the eligible direct costs for personnel, subcontracting and other direct costs.

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

Applicants' attention is drawn to the fact that in the case of beneficiaries receiving an operating grant²¹ 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) costs related to return on capital;
- (b) debt and debt service charges;
- (c) provisions for future 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;

²¹ 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.

- (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 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 or linked third party, 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 or linked third party in the estimated budget (see Annex 2) 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, EASME shall be entitled to recover the percentage of the profit corresponding to the EU 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 linked third parties 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 profit²²:

²² 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) income generated by the action;
- (b) financial contributions given by third parties to the beneficiary [or to a linked third party], specifically to be used for costs that are eligible under the action.

The following are however not considered ‘receipts’:

- (a) financial contributions by third parties, if they may be used to cover costs other than the eligible costs;
- (b) financial contributions by third parties with no obligation to repay any amount unused at the end of the action period.

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

The Agency will make the pre-financing payment, corresponding to 70%, to the coordinator within 30 days, either from entry into force of the Agreement or from 10 days before the starting date of the action, whichever is the latest.

Final payment

the Agency 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 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 States 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 guarantees by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement.

The guarantee shall be released 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:

- 5 technical progress reports covering 3 months each, not linked to a request for payment;
- A final technical and financial report, linked to the request for the payment of the balance.

Further details are included in the model grant agreement.

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, 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 level²³ if he/she is domiciled within EU or equivalent if domiciled outside EU;
- subject of the grant;
- amount awarded.

²³ 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).

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.

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 data²⁴. Unless indicated otherwise, the questions and any personal data requested that are required to evaluate the application in accordance with the call for proposal will be processed solely for that purpose by the EASME Head of Unit A.1. Details concerning the processing of personal data are available on the privacy statement at:

http://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 2018/1046²⁵ (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/section/cosme/cosme-open-calls-proposals> 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 the following functional mailbox: EASME-COSME-EU-SME-CENTRE-CHINA@ec.europa.eu

Answers will be published on the Participant Portal

17. ANNEXES

- *Technical Annex 1: Description of Action (DOA)*
- *Technical Annex 2: Detailed Budget*

²⁴ OJ L 295/39 of 21.11.2018.

²⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>

- *Annex: Activity Reports*
- *Annex: List of Projects*
- *Guide for applicants*
- *COSME Model Grant Agreement 4.0*