



European Commission  
Intelligent Energy Executive Agency (IEEA)

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# Intelligent Energy – Europe (EIE)

## **General Contractual terms & Financial issues**



## **The Grant Agreement and its annexes :**

- **Establishes the rights and obligations for all beneficiaries**
- **Established between the Commission and all beneficiaries**
- **One beneficiary will act as co-ordinator with additional responsibilities vis-à-vis the Commission**



## Structure of the agreement

The agreement consists of two parts, the Core contract and the Annexes.

The Core contract comprises two parts :

- The Special Conditions
- The General Conditions

Five Annexes :

- Annex I – Description of the action
- Annex II – Estimated budget of the action
- Annex III – Technical implementation reports and financial statements
- Annex IV – Model letter of financial guarantee (if appropriate)
- Annex V – Model letter of mandate



# Supplementary agreements (Amendments)

- Must be subject to a written Supplementary Agreement
- No oral agreement may be considered binding
- May not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant or result in unequal treatment of applicants
- Must be submitted to the Commission in good time before it is due to take effect and in any case **one month before the closing date of the action (end date of the contract)**



# Adjustment to the Estimated Budget

- **Must not affect the implementation of the action**
- **2 type of adjustments:**
  - **between costs categories of the same beneficiary: Does not exceed 10% of the total eligible costs of that beneficiary**
  - **between beneficiaries: Does not exceed 10% of the total eligible costs of recipient**
- **Request to be sent to the Commission at least 2 months before the completion of the action**
- **Commission may refuse request within 20 days**



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# Financial issues



## Costs of Staff

- Staff assigned to the Action
- Salaries + Social Security Charges and other statutory costs.
- Hours must be recorded, use time-sheets:  
full name of the employee, Grant Agreement number, time period concerned (daily, weekly or monthly basis, full name of supervisor and his/her signature, amount of hours claimed on the Action



# Travel and Subsistence Allowances

- Only for staff taking part in the action
- Based on the beneficiary's usual practices
- Does not exceed the scales approved by the Commission (available on request)



# Subcontracts

- Prior written authorisation by the Commission
- Based on Article II.9 of the Agreement
  - ◆ Competitive Tenders from potential contractors
  - ◆ Awarded based on 'Best value for money'
  - ◆ Principle of transparency and equal treatment.
  - ◆ May only cover a limited part of the action



## Other Costs

- Costs arising directly from requirements imposed by the Agreement, such as
  - ◆ Dissemination
  - ◆ Translations
  - ◆ Reproduction
  - ◆ Financial guarantee (bank guarantee)
  - ◆ Audit certificates



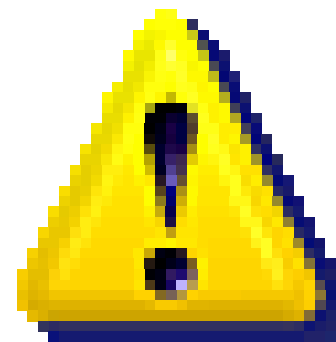
# Indirect Eligible Costs

- FC (Full Cost), Indirect Eligible Costs which are identified and fully justified by the beneficiary in his accounting system
- 7% FR (Flat Rate), Flat rate funding limited to 7% of the total eligible direct costs. No need to be supported by accounting documents



# Guarantees

- **Financial guarantee**
- **Performance guarantee**





## Financial Guarantee

- ◆ Applicable only to private organisations in case of a pre-financing for the action of > 100000 EUR
- ◆ Corresponding to the amount of pre-financing
- ◆ Issued by an authorised institution
- ◆ Based on the standard model provided by the Commission (Annex IV of grant agreement)
- ◆ eligible as direct cost for the beneficiaries (Art. II.14.2)
- ◆ Released within 30 days of the intermediate payment



## Performance guarantee

- ◆ Guarantee in the event of partial or total non-implementation of the action (Article 1.4.4)
- ◆ Withholding of 10% of the total EC contribution
- ◆ Applied to all grant agreements either
  - ◆ at pre-financing (no financial guarantee needed) or
  - ◆ at the interim payment (financial guarantee needed)
- ◆ Released with the final payment



# Interim Payment

- Article I.4.2 and II.15.3
- Interim Payment based on the eligible costs actually incurred
- Eligible costs must be reported in the Financial Statement
- Interim payment may not exceed 70% of the total grant
- A performance guarantee of 10% will be withheld



## Others

- VAT, is not an eligible costs unless the beneficiary provides a certificate from the local tax authorities which confirms that he is unable to recover the VAT
- TRENELCS, the electronic cost statement forms will be provided
- Exchange Rate, all costs statements must be submitted in the currency used in the accounts of the beneficiaries