



EUROPEAN COMMISSION

Executive Agency for Small and Medium-sized Enterprises (EASME)

Brussels,  
ARES (2015)

**CALL FOR PROPOSALS**  
**Design-based consumer goods II**  
**COS-DESIGN-2015-3-06**

**(publication: 10 December 2015)**

**(submission deadline: 14 April 2016)**

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**COSME Work Programme 2015**

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# 1. INTRODUCTION AND BACKGROUND

## 1.1. Introduction

Small and medium-sized enterprises (SME) play a crucial role in reaching the objectives of the Europe 2020 Strategy<sup>1</sup>. 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)<sup>2</sup>, hereinafter referred to as “COSME”, aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

This call constitutes part of the COSME Work Programme 2015 adopted on the 29 October 2014<sup>3</sup>. The Call for proposals 'Design-based consumer goods' was published in May 2015 with a deadline of 23 of July. Due to budgetary availability, a second call is launched on the same topic and objectives. This document lays down the detailed conditions for this second call 'Design-based consumer goods II'.

The contracting authority is the Executive Agency for Small and Medium-sized Enterprises<sup>4</sup> (hereinafter referred to as "EASME"). EASME is, *inter alia*, entrusted by the European Commission with the implementation of parts of the COSME programme and the Horizon 2020 programme.

## 1.2. Policy Context

This call for proposals is based on Article 4.1(c) of the COSME Regulation. It aims at setting-up an action aiming at improving framework conditions for the competitiveness and sustainability of Union enterprises, particularly SMEs.

The Commission Communication ‘For a European Industrial Renaissance’<sup>5</sup> underlines the need to foster growth and competitiveness to sustain economic recovery and to achieve the goals of the Europe 2020 agenda. It also stressed the importance of industry, which accounts for 80% of the EU’s exports. Knowing that EU companies cannot compete on low price and low quality products, they must turn to innovation, productivity, resource-efficiency and high value-added.

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<sup>1</sup> COM (2010)2020 final of 3 March 2010 “Europe 2020. A strategy for smart, sustainable and inclusive growth”.

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

<sup>3</sup> Commission Implementing Decision C(2014)8044 of 29 October 2014 on the adoption of the work programme for 2015 and the financing for the implementation of the Programme for the Competitiveness of Enterprises and small and medium-sized enterprises, as last modified by Commission Implementing Decision C(2015) 3767 of 9 June 2015.

<sup>4</sup> 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).

<sup>5</sup> COM/2014/014 final of 22.1.2014

Today, Europe's shortfall mainly derives from low levels of translation of research, development and innovation (R&D&I) investments into new products and services. SMEs need to focus on improving the market uptake of best available technologies (resulting from R&D&I) and using a broader view reflecting the growing importance of non-technological inputs in the knowledge economy, which offers huge potential for new growth and jobs.

The challenge SMEs face is to not only master technologies, but also to exploit new ideas. It is challenging to create novelties and invent tools keeping up to existing technologies.

SMEs often perform without developing themselves new technologies. Instead they focus on finding creative solutions (e.g. through novel applications or combinations of existing technologies in their products and processes, by adopting new business models, new design or new marketing strategy).

In the design-based consumer goods industry, the main drivers are: increased market niche and customer tailor-made segmentation, continuing globalisation, growing demand for more sophisticated, personalised products, often replying to societal needs (e.g. products with functions for the health and well-being, products including cultural and emotional aspects), increased consumer interaction and involvement, demand for sustainable products and services, etc.

Design-based consumer goods SMEs need to react by continuously reinventing their business models, by changing production and distribution patterns to match the demand expressed by consumers and capture new market trends. In order to remain competitive, these companies have to continue moving towards higher added value products, processes and services. To take advantage of demographic changes and rapidly emerging new market trends, they need market-ready and consumer-oriented solutions.

The large size and high dynamism of the market of consumer goods offers many opportunities for companies wanting to develop new products and services, exploit new technologies and put in place new business models.

The European design-based consumer goods SMEs rely on creativity, design and best available technologies. Many promising solutions for the industry may already exist but often they do not reach the market due to commercialisation obstacles and residual risks linked to scaling-up. They may also result from the fragmented structure of the activities involved, constituted typically by a large number of SMEs, with difficulties to attract the necessary skills and finance (“valley of death”).

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

### **Objectives of the Call**

The call for design-based consumer goods aims to shorten the time-to-market of innovative solutions, remove obstacles to wider application of creative solutions, create or enlarge markets for related products (or services) and finally improve the competitiveness of European SMEs in world markets. Moreover, there is an important potential to replicate the innovations not only in participating SMEs but also across the supply-chain while generating important spill-overs.

Design-based consumer goods SMEs are diverse. Borders between primarily design-driven versus primarily functionality driven consumer goods categories are often not clearly demarcated.

They include value chains composed of design, product development, manufacturing and distribution operations of various sectors, including for example textiles, clothing, leather and fur products, footwear, bags and accessories, sports goods, games and toys, interior home decoration products (e.g. furniture, sanitary products, floor, wall and window coverings, table and kitchen ware, glassware), spectacles, watches, jewellery, various cosmetic and beauty products, etc.

Not considered will be primarily function-driven consumer goods categories such as motor vehicles, consumer electronics or white goods, although these also increasingly turn to design and emotion to add products value and achieve competitive differentiation.<sup>6</sup>

The targeted industrial sectors represent a total annual turnover of approx. € 500 billion and economic value added of € 150 billion while employing 5 million people in more than 500,000 companies across the EU.

#### **The Call will support projects of SMEs:**

- Deploying novel products, services or solutions through first application, market uptake or replication<sup>7</sup> of “state of the art” technologies and creative solutions, which
- Have already been technically demonstrated, but
- Due to scaling up and/or commercialisation risks need incentives to penetrate the market.

#### **General objectives of the call:**

- Increase creativity and innovation capacities of SMEs and therefore improve their overall competitiveness.
- Multiply the impact of the project’s solutions and mobilise a wide market uptake of new technologies and creative solutions by removing barriers to market penetration;
- Bridge the gap between research and technological demonstration and prototyping on the one hand and commercialisation on the other.

#### **Themes and priorities of the call:**

The following areas are considered particularly important for this call, because of their relevance for EU policies and priorities, for instance:

- Catalysing new applications of “state of the art” technologies mixed with creative solutions responding to new customer needs,
- Promoting cross-sectoral collaboration, use of design and creative solutions, including by use of digital technologies,

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<sup>6</sup> This scope corresponds to the scope of the cross-European Technology Platform (ETP) initiative, dedicated to the design-based consumer goods industry which builds upon the FP7 project PROsumer.NET and was recognised by the European Commission on 30.06.2014, in the framework of the 'Strategy for European Platforms: ETP 2020' (letter signed by the Director General of DG Enterprise and Industry).

<sup>7</sup> The aim is to maximise the impact of projects and mobilise wide market uptake to reach a critical mass and self-sufficiency during the project and in the short/medium term.

- Implementing innovative business models,
- Responding to current and future market trends (e.g. demand for customised or personalised products and services, increasing consumers' interaction and involvement, demand for sustainable products and processes, etc.),
- Addressing societal challenges.

**Indicators of the call:**

- Number of SMEs benefitting from the measure;
- Number of new solutions resulting from the measure;
- Market potential (market size);
- Percentage of business concepts reaching the market two years after the end of the project;
- Entry in the new markets/increase in market share;
- Number of jobs expected to be created.

**Indicators as declared in a project:**

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

- Shortening of the time to market of the innovative solution;
- Market replication potential of the proposed solution;
- Increase of annual turnover resulting from the implementation of the solution;
- Increase in market share, entry to new markets;
- Number of jobs created (directly and indirectly) or productivity gains.

### 3. TIMETABLE

	Stages	Dates
a)	Publication of the call	10.12. 2015
b)	Deadline for submitting applications	14.04.2016 17:00h Brussels time
c)	Evaluation period	April – July 2016*
d)	Information to applicants	September 2016*

e)	Signature of grant agreements	November and December 2016*
f)	Starting date of the action	January 2017*

\* indicative

#### 4. BUDGET AVAILABLE AND FUNDING OF PROJECTS

The total budget earmarked for the co-financing of projects is estimated at EUR 4,000,000.

The typical size of the EU contribution will be between EUR 800 000 and 1 million per selected project.

The EASME expects to fund between 4-5 proposals.

The grant is limited to a maximum reimbursement rate of 50% of eligible costs.

The 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 as explained in section 14;
- 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 from the onset and without any evaluation process.

**In accordance with the principle of non-cumulative award (Section 11) actions awarded a grant under the call for proposals 'Design-based consumer goods' COS-DESIGN-2015-3-03 will be considered non-admissible.**

#### 6. ELIGIBILITY CRITERIA

##### 6.1. Eligible applicants

Applicant organisations must be legal entities. They can be fully or partly public or private bodies; private bodies must be properly constituted and registered under national law.

The call is open to SMEs and other legal entities.



SMEs may participate alone or in a consortium.

Only consortia led by an SME are eligible to this call. Consortium can include partners such as universities and educational institutions, research and technology organisations, relevant support services, other SMEs or other legal entities). Consortium coordinator must be an SME.

The definition of an SME is laid down in the EC Recommendation (2003/361/EC)<sup>8</sup>.

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 affiliated entities, and may declare eligible costs as specified in section 11.2.

For that purpose, applicants shall identify such affiliated entities in the application form.

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 Regulation<sup>9</sup>.

## 6.2. Eligible consortia

A consortium must be led by an SME. It can include partners such as universities and educational institutions, research and technology organisations, relevant support services, other SMEs or other legal entities.

## 6.3 Implementation period

The maximum duration of projects is 33 months. The minimum duration of the project is 12 months.

Applications for projects scheduled to run for a longer or shorter period than that specified in this call for proposals will be found ineligible.

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<sup>8</sup> OJ L 124/36 of 20.5.2003. Further information: [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/index_en.htm)

<sup>9</sup> The following groups of countries are eligible for participation in COSME:

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

The updated list of eligible third countries is available on the following webpage: [http://ec.europa.eu/growth/smes/cosme/index\\_en.htm](http://ec.europa.eu/growth/smes/cosme/index_en.htm)

## 6.4 Eligible activities

### The call supports:

- deploying novel products, services or solutions
- through first application, market uptake or replication of
- “state of the art” technologies and creative solutions.

It **does not** fund research, prototype development and technological demonstration, or the set up for testing and further analysis.

## 7. EXCLUSION CRITERIA

### 7.1. Exclusion from participation:

Applicants will be excluded from participating in the call for proposals procedure if they are in any of the following situations:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata;
- (c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the EIB and international organisations;
- (d) they are not in compliance with their 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 they are established or with those of the country of the Responsible Authorising Officer (RAO) or those of the country where the grant agreement is to be performed;
- (e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such an illegal activity is detrimental to the Union's financial interests;
- (f) they are currently subject to an administrative penalty referred to in Article 109(1) of the Financial Regulation<sup>10</sup>.

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<sup>10</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (Official Journal of the European Union L 298 of 26.10.2012).

## 7.2. Exclusion from award:

Applicants will not be granted financial assistance if, in the course of the grant award procedure, they:

- (a) are subject to a conflict of interest;
- (b) are guilty of misrepresentation in supplying the information required by the Commission as a condition of participation in the grant award procedure or fail to supply this information;
- (c) find themselves in one of the situations of exclusion, referred to in section 7.1.

The same exclusion criteria apply to affiliated entities.

Administrative and financial penalties may be imposed on applicants, or affiliated entities where applicable, who are guilty of misrepresentation.

## 7.3. Supporting documents

Applicants must sign a declaration on their honour certifying that they are not in one of the situations referred to in Articles 106(1) and 107 to 109 of the Financial Regulation<sup>11</sup>, filling in the relevant form.

# 8. SELECTION CRITERIA

## 8.1. Financial capacity

Applicants must have stable and sufficient sources of funding to maintain their activity throughout the period during which the action is being carried out or the year for which the grant is awarded 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  $\geq$  EUR 60 000:

- a declaration on their honour and,

EITHER

- the profit and loss account, the balance sheet for the last financial year for which the accounts were closed;

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<sup>11</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (Official Journal of the European Union L 298 of 26.10.2012)

- for newly created entities, the business plan might replace the above documents.

OR

- the table provided for in the application form, filled in with the relevant statutory accounting figures, in order to calculate the ratios as detailed in the form.

c) Grants for an action  $\geq$  EUR 750 000, in addition:

- an audit report produced by an approved external auditor certifying the accounts for the last financial year available.

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

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

On the basis of the documents submitted, if the RAO considers that financial capacity is not satisfactory, he may:

- request further information;
- propose a grant agreement without pre-financing;
- propose a grant agreement with a pre-financing paid in instalments;
- propose a grant agreement with a pre-financing covered by a bank guarantee (see section 11.4 below);
- where applicable, require the joint and several financial liability of all the co-beneficiaries;
- 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 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 activities and/or projects managed);
- the organisations' activity reports or any other supporting document;

- a lists of previous projects and activities performed and connected to the policy field of a given call 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;

## 9. AWARD CRITERIA

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

<i>Criteria</i>	<i>Points</i>
<p>Relevance of the actions in view of the objectives of the call</p> <p><i>How relevant is the proposal to the objectives of the call listed in section 2?</i></p> <p><i>What is the importance of the proposed action in relation to EU policies and priorities?</i></p> <p><i>To what extent are the proposed solutions innovative and/or constitute technological advancement of the proposed solution, clearly beyond the prototype stage, based on best available inputs?</i></p> <p><i>To what extent are the benefits clear and substantial? Are targets and performance indicators appropriate (ambition and credibility of the proposal)?</i></p>	30
<p>Quality of the proposed actions</p> <p><i>How coherent and clear is the proposed action?</i></p> <p><i>How consistent and suitable it is to achieve the expected results?</i></p> <p><i>To what extent is the work plan clearly presented in terms of schedule, deliverables and a sound management structure?</i></p>	20
<p>Impact on target audience</p> <p><i>How important is the replication factor of the solution (to be applied or reproduced by proposer or by other SMEs or in other countries and/or other sectors) to be realised both during the project and in short and medium term?</i></p> <p><i>How appropriate is the market assessment of the proposed approach to remove the identified market barrier(s) to the innovative solution?</i></p> <p><i>What is the quality of the business plan (or similar) in particular in relation to planned exploitation and business approach?</i></p> <p><i>How relevant are the dissemination activities that will be undertaken to achieving the objectives of the action, notably with relation to multiplying the impact of the project's solutions and mobilising a</i></p>	30

<p><i>wide market uptake?</i></p> <p><i>What is the EU added value of the proposal, including in relation to European dimension of the market barriers identified and how they will be tackled?</i></p>	
<p>Cost-effectiveness</p> <p><i>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering the skills and responsibilities?</i></p> <p><i>To what extent is the budget allocation justified per cost category (including depreciation of equipment with clear justification for the parts of the equipment linked to the innovative action)?</i></p>	20

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 the EASME, a grant agreement drawn up in euro and detailing the conditions and level of funding, will be sent to the beneficiary, as well as the procedures in view to formalise the obligations of the parties.

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

## **11. FINANCIAL PROVISIONS**

### 11.1 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.<sup>12</sup>

#### b) Non-retroactivity

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<sup>12</sup> Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (Official Journal of the European Union L 134/114 of 30.04.2004).

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 resources which are necessary to carry out the action may not be entirely provided by the EU grant. It 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 which foresee that costs will not be incurred in euros, are invited to use the exchange rate published on the Info-euro website available at: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/infoeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_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.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2004/18/EC<sup>13</sup> or contracting entities in the meaning of Directive 2004/17/EC<sup>14</sup> shall abide by 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.

Sub-contracting, i.e. the externalisation of specific tasks or activities which form part of the action as described in the proposal must satisfy the conditions applicable to any implementation contract (as specified above) and in addition to them the following conditions:

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<sup>13</sup> Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (Official Journal of the European Union L 134/114 of 30.04.2004).

<sup>14</sup> Directive 2004/17/EC of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (Official Journal of the European Union L 134/114 of 30.04.2004).

- it may only cover the implementation of a limited part of the action;
- it must be justified having regard to the nature of the action and what is necessary for its implementation;
- it must be clearly stated in the proposal.

f) Financial support to third parties.

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

## 11.2 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 amount requested**

The EU grant is limited to a maximum reimbursement 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 11.1c).

### ➤ **Eligible costs**

Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:

- ✓ they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;

The period of eligibility of costs will start as specified in the grant agreement. If a beneficiary can demonstrate the need to start the action before the agreement is signed, expenditure may be authorised before the grant is awarded. Under no circumstances can the eligibility period start before the date of submission of the grant application (see section 11.1b).

- ✓ 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.

The same criteria apply to the affiliated entities.

#### 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 :

- the costs of personnel working under an employment contract with the applicant or equivalent appointing act and assigned to the action, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with the applicant's usual policy on remuneration. Those costs may include additional remuneration, including payments on the basis of supplementary contracts regardless of their nature, provided that it is paid in a consistent manner whenever the same kind of work or expertise is required and independently from the source of funding used;
- costs of the personnel of national administrations 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;
- subsistence allowances (for meetings, including kick-off meetings where applicable, conferences etc.) provided that these costs are in line with the beneficiary's usual practices;
- costs of travel (for meetings, including kick-off meetings where applicable, conferences etc.), provided that these costs are in line with the beneficiary's usual practices on travel;
- depreciation cost of equipment (new or second-hand): only the portion of the equipment's depreciation corresponding to the duration of the action/project and the rate of actual use for the purposes of the action may be taken into account by the EASME;
- costs of consumables and supplies, provided that they are identifiable and assigned to the action/project;
- costs entailed by implementation contracts awarded by the beneficiaries for the purposes of carrying out the action/project, provided that the conditions laid down in the grant agreement are met;
- costs arising directly from requirements linked to the implementation of the action/project (dissemination of information, specific evaluation of the action, translations, reproduction);
- costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where required;
- costs relating to external audits where required in support of the requests for payments;
- non-deductible value added tax ("VAT").

The call funds limited "hardware" type of investments (e.g. equipment used for production).

With regard to equipment, please note that only the depreciation costs of equipment directly linked with the innovative action are eligible for funding.

### Eligible indirect costs (overheads)

A flat-rate amount of 7% of the total eligible direct costs of the action, is eligible under indirect costs, representing the beneficiary's general administrative costs which can be regarded as chargeable to the action/project.

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

Applicants's attention is drawn to the fact that in the case of organisations receiving an operating grant, indirect costs are not eligible under specific actions.

#### ➤ **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 EASME;
- (h) excessive or reckless expenditure;
- (i) deductible VAT;
- (j) costs incurred during suspension of the implementation of the action;
- (k) in-kind contributions provided by third parties;
- (l) costs declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the EASME 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.

In regard to this call infrastructure<sup>15</sup> will not be funded.

#### ➤ **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:

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<sup>15</sup> For instance construction of buildings, such as production facilities, warehouses, roads etc. will not be eligible.

- a final report providing details of the implementation and results of the action;
- the final financial statement of costs actually incurred;
- a certificate on the financial statements of the action (when the amount of the grant is EUR 750,000 or more and the cumulative amounts of payment requests is at least EUR 325,000 of reimbursement of actual costs.)

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 of the receipts over the eligible costs incurred by the beneficiary**, when the request is made for payment of the balance. In this respect, where a profit is made, the EASME shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action.

### 11.3 Payment arrangements

#### Pre-financing payment

A pre-financing payment corresponding to 50 % of the grant amount will be transferred to the beneficiary within 30 days of the date when the last of the two parties signs the agreement, provided all requested guarantees have been received.

#### Interim payment

One (1) interim payment shall be paid to the beneficiary. Interim payment is intended to cover the beneficiary's expenditure on the basis of a request for payment when the action has been partly carried out. For the purpose of determining the amount due as interim payment, the reimbursement rate to be applied to the eligible costs approved by EASME shall be the rate indicated in section 4 of this call.

#### Final payment

The EASME will establish the amount of the final payment to be made to the beneficiary on the basis of the calculation of the final grant amount (see section 11.2 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 the EASME through a recovery order.

### 11.4 Pre-financing guarantee

In the event that the applicant's financial capacity is not satisfactory, a pre-financing guarantee for up to the same amount as the pre-financing may be requested in order to limit the financial risks linked to the pre-financing payment.

The financial guarantee, in euro, shall be provided by an approved bank or financial institution established in one of the Member State of the European Union. When the beneficiary is established in a third country, the RAO may agree that a bank or financial institution established in that third country may provide the guarantee if he considers that the bank or financial institution offers equivalent security and characteristics as those offered by a bank or financial institution established in a Member State. Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee may be replaced by a joint and several guarantee by a third party or by a joint guarantee of the beneficiaries of an action who are parties to the same grant agreement

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the grant agreement.

## **12. PUBLICITY**

### 12.1 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.

### 12.2 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.

The 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 level<sup>16</sup> if he/she is domiciled within EU or equivalent if domiciled outside EU,
- subject of the grant,
- amount awarded.

Upon a reasoned and duly substantiated request by the beneficiary, the publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected

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<sup>16</sup> 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) (Official Journal of the European Union L 39 of 10.02.2007).

by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the beneficiaries.

### **13. 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 (EC) No 45/2001<sup>17</sup> on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data. Unless indicated otherwise, the questions and any personal data requested are required to evaluate the application in accordance with the specifications of the call for proposal will be processed solely for that purpose by the Head of Unit A.1 of the EASME. 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\\_en.pdf](http://ec.europa.eu/research/participants/data/support/legal_notice/h2020-ssps-grants_en.pdf)

Personal data may be registered in the Early Warning System (EWS) only or both in the EWS and Central Exclusion Database (CED) by the Accounting Officer of the Commission, should the beneficiary be in one of the situations mentioned in:

- the Commission Decision (2014/792/EU) of 13.11.2014 on the Early Warning System<sup>18</sup> (for more information see the Privacy Statement on:

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/legal\\_entities/legal\\_entities\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm) ),

or

- the Commission Regulation 2008/1302 of 17.12.2008 on the Central Exclusion Database (for more information see the Privacy Statement on

[http://ec.europa.eu/budget/explained/management/protecting/protect\\_en.cfm](http://ec.europa.eu/budget/explained/management/protecting/protect_en.cfm)).

### **14. PROCEDURE FOR THE SUBMISSION OF PROPOSALS**

Proposals must be submitted in accordance with the formal requirements and by the deadline set out under section 3.

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, the 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.

#### **➤ Electronic submission**

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<sup>17</sup> Official Journal of the European Union L 8/1 of 12.01.2001.

<sup>18</sup> Commission Decision of 13 November 2014 on the Early Warning System to be used by the authorising officers of the Commission and by the executives agencies (2014/792/EU), OJ 2014 L 329 of 14 November 2014, p.68.

Applicants are requested to log in at <http://ec.europa.eu/easme/cosme> and follow the procedure for submitting an application.

➤ **Contacts**

The EASME is available to answer questions relating to the content of the present call for proposals.

All questions must be sent by e-mail to: [easme-cosme-design-call2015@ec.europa.eu](mailto:easme-cosme-design-call2015@ec.europa.eu)

Answers will be published at <http://ec.europa.eu/easme/>.