



# 3rd Health Programme 2014-2020

## New Model Grant Agreement



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# Legislative context

- **Financial Regulation (FR)** applicable to the general budget of the Union Regulation (EU, Euratom) No 1605/2002
  - Title VI Grants
- **Rules of Application (RA)**
  - Interpretation of the Financial Regulation
- In force since **January 2013**



# 1. General Information

## FR Title VI, Chapter 2 – Principles of grants

- **Co-funding rule:** external co-financing from a source other than EC funds is required (own resources or financial contributions from third parties, project income)
- **Non-profit rule:** the grant may not have the purpose or effect of producing a profit for the beneficiary
- **Non-retroactivity rule:** only costs incurred after the starting date stipulated in the grant agreement can be co-funded
- **Non-cumulative rule:** only one grant can be awarded for a specific action carried out by a given beneficiary



# Grants for Projects & Joint Actions

- Grants given to implement a **Project/JA** are **multi-beneficiary grants**
- Grants are calculated on the basis of eligible costs incurred
- The maximum grant amount is not the 'final grant amount' and is not a 'price' due to the beneficiaries.
- The '**final grant amount**' depends on the actual extent to which the action is implemented in accordance with the Agreement's terms and conditions.
- It cannot be exceeded or raised by the Agency



## Grants for Projects & Joint Actions

- there is only one funding (reimbursement) rate per action and for all beneficiaries of the action (**one project— one funding rate**):
  - Maximum EC co-funding rate is 60% may be up to 80% in cases of exceptional utility
- The final grant amount will be calculated by the Agency — at the end of the action (or in case of termination of the GA) —, in order to determine the balance to be paid.



# Chafea Model Grant Agreement

- Based on **H2020** and **DG Budget MGA**
- **Compliant** with FR&RAP
- Compatible with new **Grant Management IT tool** (SYGMA/COMPASS)
- Different structure if compared to previous Model Grant





- **NEW - Consortium Agreement** - *beneficiaries must have internal arrangements regarding their operation and co-ordination to ensure that the action is implemented properly. These internal arrangements must be set out in a written 'consortium agreement' between the beneficiaries, which may cover:*
  - ***internal organisation of the consortium;***
    - *management of access to the electronic exchange system;*
    - *distribution of EU funding;*
    - *additional rules on rights and obligations related to background and results (including whether access rights remain or not, if a beneficiary is in breach of its obligations);*
    - *settlement of internal disputes;*
    - *liability, indemnification and confidentiality arrangements between the beneficiaries*



## 2. Grant Agreement (GA)

# Grant Preparation - IT System

- Award Decision – identify selected proposals, and maximum EC Co-funding
- Preparation of GA - by the Agency
- Signature of the GA is electronic (by both parties)
- **Entry into force** – Latest signature – (Agency)
- **NEW!** Accession forms to be signed by associated beneficiaries electronically ( these forms replace Mandate Letters)



# Grant Agreement

- **Parties of the GA:**
  - **Agency**
  - **Coordinator\_ Beneficiaries** - the legal entities who have signed the Grant Agreement with the Agency
    - ✓ Beneficiaries are only part of the GA if they sign the Accession Form in the **electronic exchange system** within 30 days after its entry into force.
  - Addition of new beneficiary only in justified cases– by way of amendment and must include a signed accession form.
  - **Affiliated Entities** may **implement part of the action**, although they do not sign the GA (and are therefore not beneficiaries).

## GA- Roles & Responsibilities

- **The Coordinator** must coordinate and manage the grant he is the central contact point for the Agency and represents the consortium (vis-à-vis the Agency).
  - Both beneficiaries and coordinator must have a **sufficient financial capacity** to be able to implement the action (i.e. achieve its expected objectives and results).
  - The beneficiaries must implement the action as described in technical annex and **in compliance with the provisions of the Agreement** and all legal obligations under applicable EU, international and national law.
  - The **division of roles and responsibilities within the consortium** is explained in Article 7 of the GA

# Implementation of Action Tasks by Affiliated Entities

- **The affiliated entities** may implement the action tasks attributed to them in Annex 1:
  - They will be listed linked to the associated beneficiary **Art. 14 GA**:  
*-[name of the entity], affiliated to [name or acronym of the beneficiary]*
  - They may declare as eligible the costs they incur for implementing the action tasks in accordance with grant eligibility criteria/conditions
- **The beneficiaries** must ensure that **their obligations under GA**, (keeping record /supporting documents 5Y); reporting; individual financial statement, audits, **also apply to their affiliated entities.**

## Definition, Article 122 of the FR/2012: entities affiliated to the beneficiary:

- **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, including where the entity is specifically established for the purpose of implementing an action to be financed by a grant;
- **entities that** satisfy the criteria for being awarded a grant and **have a link with the beneficiary**, in particular a **legal or capital link**, which is neither limited to the action not established for the sole purpose of its implementation.

# Amendments to Grant Agreement

- **The Agreement may be amended**
  - If it does not call into question the decision awarding the grant
  - breach the principle of equal treatment of applicants
- Amendments may be requested by any of the parties
- **NEW**: change of legal representative or any other administrative details (name, address, legal form) are done directly into the IT system
- Budget may be adjusted by transfers of amounts between beneficiaries or between budget categories (or both).
- **Budget adjustments do not require formal amendment**



# Amendment to Grant Agreement

- **Procedure:**
  - **The coordinator** submits and receives requests for amendment on behalf of the beneficiaries via the **electronic exchange system**
  - The Amendments will be signed by the coordinator on their behalf.
- **enters into force** on the day of the signature of the receiving party (last party always Agency).
- **takes effect** on the **date agreed by the parties** or, in the absence of such an agreement, on the date on which the amendment enters into force.

## Between Coordinator and Agency

After receiving the information from the beneficiary, the coordinator must immediately inform:

- **Until the payment of the balance:** through the **electronic exchange system** and using the forms and templates provided there.
- **After the payment of the balance:** formal notifications must be made by registered post with proof of delivery ('formal notification on paper') and **bear the number of the Agreement.**

## Communication between parties

- Communications **in the electronic exchange system** must be made by persons authorised according to the '**Terms and Conditions of Use of the electronic exchange system**'
- For naming the authorised persons, each beneficiary must have designated — before the signature of the Agreement — a '**Legal Entity Appointed Representative (LEAR)**'.
- The role and tasks of the LEAR are stipulated in his/her appointment letter
- **Communications** are considered to have been made when they are sent by the sending party (i.e. on the date and time they are sent through the electronic exchange system).

# Communication between beneficiaries

**Includes:** information; requests; submissions; formal notifications

- Each beneficiary must immediately inform the coordinator if an event is likely to significantly affect or delay the action's implementation or affect the EU's financial interests.
- The beneficiary must inform the coordinator offline, via its usual communication channels (*e.g. e-mail, registered letters with proof of delivery, etc.*) and not via the electronic exchange system and in any case in writing.

## GA - Structure

The **Grant Agreement** is composed of:

- Terms and conditions
- Annex 1 Description of the Action- (the technical annex)
- Annex 2 Estimated Budget –(contains the estimated eligible costs and the forms of costs, broken down by beneficiary [(and affiliated entity)] and budget category)
- Annex 3 Accession forms
- Annex 4 Model Financial Statements
- Annex 5 Model for the certificate on financial statements



# 3. Terms and Conditions

## GA – Beneficiaries Obligations

- **To Inform**-The beneficiaries must provide — during implementation of the action or afterwards — any information requested in order to **verify eligibility of the costs, proper implementation of the action and compliance with the other obligations under the Agreement**
- **To keep information up to date –Beneficiary Register-** and to inform about events and circumstances likely to affect the Agreement (even after the end of the action, art.17)
- **To keep records** and other supporting documentation **up to 5 years** after the payment of the balance – Available for checks /reviews/audits/investigation

## GA – Beneficiaries Obligations

- **Digital and digitalised documents** are considered originals if they are authorised by the applicable national law.
- **The Agency may accept non-original documents if it considers that they offer a comparable level of assurance.**
- **For actual costs:** adequate records and other supporting documentation to prove the costs declared, **such as contracts, subcontracts, invoices and accounting records.**



# GA – Beneficiaries Obligations

## The coordinator must submit:

- the '**deliverables**' identified in technical annex, in accordance with the timing and conditions set out in it. (via eSystem)
- The **technical and financial reports**, including **requests for payment**
  - ✓ Reports must be drawn up using the forms and templates provided by the Agency in the electronic exchange system (see Article 52)
  - ✓ Must be submitted **within 60 days** following the end of each reporting period. (see Article 20)

## GA – Terms and Conditions for payments

- Payments will be made to Coordinator in Euro- He must distribute the payments between the beneficiaries without unjustified delay.
- At the signature of the grant → pre-financing;
- Periodic Report Approval → interim payment;
- Final Report Approval → payment of the balance.

## GA – Periodic Financial Report

- **Individual financial statement** from each beneficiary [and from each affiliated entity], for the reporting period concerned.
  - must detail the eligible costs (actual costs and flat-rate costs) for each budget category
- **The beneficiaries** (and affiliated entities **must declare all eligible costs**, even if — for actual costs and flat-rate costs — they exceed the amounts indicated in the estimated budget
- **Amounts which are not declared** in the individual financial statement will not be taken into account by the Agency for the payment calculation.

## GA – Periodic Report

- **If an individual financial statement is not submitted** for a reporting period, it may be included in the periodic financial report for the **next reporting period**.
- The individual financial statements of the **last reporting period** must also detail the **receipts of the action**.
- the '**periodic summary financial statement**', will be **created automatically by the system**, consolidating the individual financial statements for the reporting period concerned and including — except for the last reporting period — the **request for interim payment**.

## Request for payment of the balance / Final Financial Report:

- **final summary financial statement** created automatically by the system, consolidating the individual financial statements for all reporting periods and including the **request for payment of the balance** and
- **a certificate on the financial statements** (drawn up in accordance with Annex 5) for each beneficiary [and for each affiliated entity], if it **requests a total contribution of EUR 325 000 or more**, as reimbursement of actual costs

# Payments –reimbursement actual costs

- **Pre-financing** - fixed amount
  - May be conditional to receipt of pre financing guarantee
    - ✓ From a bank or an approved financial institution or a third party
  - **Pre financing may only be distribute between beneficiaries if:**
    - ✓ 90% of the beneficiaries have acceded to the Agreement
    - ✓ and only to those having acceded
- **Interim Payment**
  - Interim payments reimburse the eligible costs incurred for the implementation of the action during the corresponding reporting periods.
  - Payment is subject to the approval of the periodic report



# Payments –reimbursement of actual costs

- **Payment of the Balance**
  - reimburses the remaining part of eligible costs incurred for the implementation of the action
  - Payment is subject to the approval of the final report
- If the total amount of earlier payments is greater than the final grant amount the payment of the balance takes the form of a recovery.



## Reports & Payments

- Costs must be reported in **EURO (EUR)**
- **Exchange rate** - average of the daily exchange rates, calculated over the corresponding reporting period.
- **Language of Reports** – English
- **Payment delay** – 60 days (30 days for pre-financing)
- **Suspension of payment deadline**
  - Reports do not comply with provisions of GA
  - Missing or incomplete (reports /documents)
  - *Additional checks needed/audit/reviews*
- **Procedure** – formal notification of suspension and reasons why and provide delay for answers (30 days)





- Joint and several liability – for the technical implementation of the action
  - *If a beneficiary fails to implement its part of the action, the other beneficiaries become responsible for implementing it (without being entitled to any additional EU funding for doing so);*
- Joint and several liability – for the financial responsibility
- The coordinator may be held liable for unpaid amounts due by the consortium (even if it has not been their final recipient).

## CHECKS, REVIEWS, AUDITS

- **Checks**— at any moment and without any time-limit —any aspect relating to the grant, including assessing deliverables and reports.
- **Reviews**— at any moment and up until 2 years after the payment of the balance
  - **Reviews normally concern mainly the technical implementation of the action** (i.e. its scientific and technological implementation), but may also cover financial and budgetary aspects or compliance with other obligations under the GA.
- **Audits**— at any moment and up until 2 years after the payment of the balance
- The agency may be assisted by external experts or auditors