

### Compliance with subcontracting and award of procurement contracts

The Programme Guide 2022 states that as beneficiary you may have resorted to subcontracting for specific technical services requiring specialised skills (relating to the legal, accounting, tax, human resources fields, IT, etc.) or implementation contracts. The costs incurred by the beneficiary for this type of services may therefore be considered eligible costs provided they meet all the other criteria described in the grant agreement. In all cases, tasks to be subcontracted have to be identified in the project proposal and the estimated amount entered in the requested budget. Subcontracting initially not foreseen in the budget will need prior written approval from the National Agency (NA) during project implementation.

Beneficiaries may subcontract tasks forming part of the *action*. If they do so, they must ensure that, in addition to the conditions specified in [Annex I. Article II.10](#), the following conditions are also complied with:

#### Rules to comply with:

##### Programme Guide 2022

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

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

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

Annex I. II.19.2 Eligible direct costs

To be eligible, the direct cost of the action must comply with the eligibility conditions set out in

Article II.19.1. In particular, the following categories of costs are eligible direct costs, provided that they satisfy the eligibility conditions set out in Article II.19.1 as well as the following conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the action, provided that these costs are in line with the beneficiary's usual policy on remuneration. Those costs include actual salaries plus social security contributions and other statutory costs included in the remuneration. They may also comprise additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used; The costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may also be included under such personnel costs, provided that the following conditions are fulfilled:
  - (i) 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);
  - (ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and
  - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
- (c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:
  - (i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and
  - (ii) has been purchased in accordance with Article II.10.1 if the purchase occurred within the *implementation period*;
  - ✓ The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;
  - ✓ Only the portion of the equipment's depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the action and the context of the use of the equipment or assets;
- (d) costs of consumables and supplies, provided that they:
  - (i) are purchased in accordance with Article II.10.1; and
  - (ii) are directly assigned to the *action*;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.10.
- (f) costs entailed by subcontracts within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 (a), (b), (c) and (d) are met;
- (g) costs of financial support to third parties within the meaning of Article II.12, provided that the conditions laid down in that Article are met;

- (h) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the Agreement.

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

**1. Did you subcontract for specific services:**

- YES  
 NO

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

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

- YES  
 NO

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

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

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

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

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

**KA2 Project number:** .....

**Name coordinating institution** .....

**Name Legal Representative:** .....

Date:

Signature:

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