



## **COSME Programme**

### **Call for Proposals**

**Accelerate and scale up innovation applications  
for a sustainable and circular fashion industry**

**COS-CIRCFASH-2019-3-02**

**GRO/SME/19/C/08**

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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>, (COSME), aims to promote growth and to strengthen the competitiveness and sustainability of enterprises in the European Union.

The Executive Agency for Small and Medium-sized Enterprises<sup>3</sup> (hereinafter referred to as "EASME" or the "Agency") is entrusted by the European Commission 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 20.08.2019<sup>4</sup>.

### Policy Context

In its Communication COM(2017) 479 Investing in a Smart, Innovative and Sustainable Industry - A renewed Industrial Policy Strategy<sup>5</sup>, the European Commission (hereafter the Commission) states its intention to support a more sustainable European industry to facilitate the transition towards a low-carbon and circular economy.

The transformation of our companies towards more sustainable and resource-efficient business models not only helps protect the environment, but also provides competitive advantage by creating important cost savings and boosting innovation for sustainability.

Fashion is one of the most polluting industries on a global level. In the last 15 years, clothing production has approximately doubled. Large amounts of non-renewable resources are extracted to produce clothes that are often used for only a short period, after which the materials are largely lost in landfills or incineration<sup>6</sup>.

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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> 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>4</sup> Commission Implementing Decision C(2019) 6039 final 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.

<sup>5</sup> COM (2017) 479 final of 13 September "Investing in a smart, innovative and sustainable Industry. A renewed EU Industrial Policy Strategy".

<sup>6</sup> [A New Textiles Economy: Redesigning fashion's future](#) Ellen Macarthur foundation – 2017

This linear system puts pressure on resources, pollutes and degrades the natural environment and its ecosystems, and creates significant negative societal impacts at local, regional, and global scales.

Fashion industry can play a major role to reach the objective of climate neutrality in the second half of the twenty-first century, as set by the Paris Agreement. Besides, the Fashion Industry Charter for Climate Action<sup>7</sup>, promoted under the auspices of UN Climate Change, contains the vision to achieve net-zero emissions by 2050.

In fact, the scale of the opportunity is very large due to the size of the fashion industry. Based on the latest available data from 2017, the textile and clothing sector in the EU alone is estimated to directly employ nearly 1.7 million people, in over 171,000 companies, with a turnover of EUR 178 million (Statista, 2018). The whole fashion industry employs 4,7 million people, in over 797,100 companies, with a turnover of EUR 5,7 million (Source: Eurostat, National Statistical Offices, Bureau van Dijk (ORBIS database), Frontier Economics - 2014)<sup>8</sup>.

Even though companies in the EU tend to respect the highest requirements in terms of human and social rights, safety for consumers and environmental protection, they still can play an important role to facilitate the transition to more sustainable production and services in the fashion industry.

The EU and its Member States have adopted measures to reduce emissions and facilitate the transition towards a circular economy under the Circular Economy Package<sup>9</sup>. Among others, it establishes that textile waste is collected separately in all Member States as of January 2025.

The integration of new technologies and new business models into traditional companies is crucial to minimize the environmental impact of the sector. Collection, sorting, reuse, recycling and energy efficiency are important elements of the transition towards a sustainable and circular fashion industry. This transition is dependent on enabling technologies and creativity-based innovation.

As part of its effort to transform Europe's economy into a more sustainable one, the European Commission has implemented a number of actions targeting textile, footwear and retail, such as:

- Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF)<sup>10</sup> for leather, footwear and t-shirts and retail sector<sup>11</sup>;
- the Eco-management and Audit Scheme (EMAS) for Retail trade<sup>12</sup>;
- EU Ecolabel scheme for textiles products and footwear<sup>13</sup>;
- Environmental Technology Verification (ETV)<sup>14</sup>;
- Green Public Procurement (GPP) for the textile sector<sup>15</sup>;
- European Circular Economy Stakeholder Platform<sup>16</sup>.

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<sup>7</sup><https://unfccc.int/sites/default/files/resource/Industry%20Charter%20%20Fashion%20and%20Climate%20Action%20-%202022102018.pdf>

<sup>8</sup> [Boosting the Competitiveness of Cultural and Creative Industries for Growth and Jobs](#)

<sup>9</sup> [http://ec.europa.eu/environment/circular-economy/index\\_en.htm](http://ec.europa.eu/environment/circular-economy/index_en.htm)

<sup>10</sup> [http://ec.europa.eu/environment/eussd/smgp/dev\\_methods.htm](http://ec.europa.eu/environment/eussd/smgp/dev_methods.htm)

<sup>11</sup> [http://ec.europa.eu/environment/eussd/smgp/ef\\_pilots.htm](http://ec.europa.eu/environment/eussd/smgp/ef_pilots.htm)

<sup>12</sup> [http://ec.europa.eu/environment/emas/emas\\_publications/sectoral\\_reference\\_documents\\_en.htm](http://ec.europa.eu/environment/emas/emas_publications/sectoral_reference_documents_en.htm)

<sup>13</sup> Commission Decision C(2014) 3677) of 5 June 2014 establishing the ecological criteria for the award of the EU Ecolabel for textile products.

<sup>14</sup> <https://ec.europa.eu/environment/ecoap/etv>

<sup>15</sup> [http://ec.europa.eu/environment/gpp/eu\\_gpp\\_criteria\\_en.htm](http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm)

<sup>16</sup> <https://circulareconomy.europa.eu/platform/en>

In addition support is provided notably under:

- *LIFE*<sup>17</sup> - the EU funding programme in support of projects oriented to environmental and nature conservation and climate action – and
- *HORIZON 2020* - the EU Research and Innovation programme aiming at ensuring more breakthroughs, discoveries and world-firsts by taking ideas from the lab to the market.

Moreover, both fashion industry and civil society recognise the need to turn to a more sustainable approach in the way fashion products are produced and consumed. In fact, well-known brands and retailers have started a reflection on how to improve fashion's environmental footprint and are setting up strategies to turn to a circular model.

At Copenhagen Fashion Summit 2019, a new manifesto on circularity for textiles was launched. In a unique collaboration between EURATEX (European Apparel and Textile Confederation), Federation of the European Sporting Goods Industry (FESI), Global Fashion Agenda (GFA), International Apparel Federation (IAF) and Sustainable Apparel Coalition (SAC), the manifesto calls on existing and forthcoming EU policymakers to rethink tools to establish a circular fashion system.

However, as highlighted by the Global Fashion Agenda 2018 report<sup>18</sup> small players are lagging behind in terms of sustainability. Many small companies, which are the backbone of the sector in Europe, are not aware and able to contribute to the transition from a wasteful industry to one that is restorative and regenerative.

An improved sustainable performance can help businesses in the sector to remain competitive in a market where consumers are rapidly changing their attitude towards fashion and its negative externalities.

In the current globalised world, Europe cannot compete with emerging economies on cost basis. Only knowledge- and innovation-based industry, derived from higher-value-added or more sustainable products, processes and services, can ensure Europe's leadership on the global market.

In 2018, the Commission commissioned the Report Mapping Sustainable Fashion Opportunities for SMEs<sup>19</sup>. This report offers an overview of the opportunities, challenges and obstacles hindering the adoption of environmentally and economically sustainable business models by SMEs in the fashion sector.

It also provides an overview of current activities and key initiatives and players in sustainable fashion and textiles. Among the others, the report has well highlighted that key challenges faced by SMEs in all EU countries.

Taking into account the above policy context, the Commission seeks with this call for proposals to support SMEs, designers and start-ups who wants to start or scale-up a sustainable/circular business in the fashion industry.

EU added value will be ensured through transnational cooperation to address geographical unbalances between EU countries in approaching sustainability in the sector of fashion and facilitate the sharing of sustainable solutions across Europe.

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<sup>17</sup> <http://ec.europa.eu/environment/life/>

<sup>18</sup> [Global Fashion Agenda 2018 report](#)

<sup>19</sup> [Mapping sustainable fashion opportunities for SMEs.](#)

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

### **2.1. General and specific objectives**

The general objective is to enhance the competitiveness and improve the environmental performance of European fashion industry by building capacity and supporting small businesses (SMEs, designers and start-ups) in the sector<sup>20</sup>, to become more sustainable and turn their business model into a more circular one.

Specific objectives of the action are:

- Facilitate cross-border/transnational cooperation to support the transfer of knowledge and best practice on sustainable/circular fashion.
- Organise capacity building and support activities for SMEs, designers and start-ups in the fashion industry willing to become more sustainable and turn their business model into a circular one.
- Provide technical and financial support to SMEs, designers and start-ups to enable the scaling-up of innovative applications, products, processes or ideas for sustainable and circular fashion.

### **2.2. Themes and priorities**

This call for proposals is aiming to support the transition of small companies in the fashion industry to more sustainable and circular business models.

For the purpose of this call for proposals, the following terminology applies:

- '*sustainable*' is limited to the impact of business operations/activities and human activities on the environment.
- '*circular*' refers to a system of production and consumption that is restorative and regenerative, and in which resource input, waste, emissions and energy use are minimised.
- '*fashion industry*' includes textiles<sup>21</sup>, clothing, footwear, leather and accessories. The fashion value chain includes different stages: i) production (including design); ii) services; iii) marketing; iv) retail; v) end of use/life (e.g. reparation/transformation/recycling).

### **2.3. Type of activities to be carried out to achieve the objective of the call for proposals**

In order to achieve the general and specific objectives of the present call, the selected transnational consortia must set up a business support scheme for SMEs, designers and start-ups in the fashion industry willing to become more sustainable and turn to a more circular business model.

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<sup>20</sup> The geographical scope is COSME countries only

<sup>21</sup> Textiles is limited to textile production for clothing and garments (e.g. producers of cotton, wool and synthetic fibres for clothing industry)



The consortia must put in place a business support scheme that includes the activities under the following paragraphs A), B) and C).

**A. Facilitate cross-border/transnational cooperation to support the transfer of knowledge and best practice on sustainable/circular fashion.** This may be done in particular through (the list is indicative and not exhaustive):

- Mapping of the relevant initiatives and actors, opportunities and challenges for SMEs, designers and start-ups in the fashion industry to become more sustainable;
- Setting-up a dedicated platform for project management and communication;
- Identify specific needs of SMEs, designers and start-ups willing to turn their business model into a more sustainable and circular one in the fashion industry (e.g. guidance on existing schemes/certifications, guidance on existing sustainable solutions, better integration of designers in the production process or conceptualisation of services, guidance on existing sustainable materials/fibres, business/marketing advice, communication coaching ...)
- Establishing cooperation between relevant organisations and actors of the fashion industry, sustainability and circular economy actors (creators, companies, retailers, providers of sustainable solutions, recycling centres, environmental education centres, professional associations and public authorities, universities, research and technology centres, materials producers, sorting and recycling companies, ...)
- Establishing cooperation with existing networks of business support organisations at EU, national and regional level (e.g. Enterprise Europe Network EEN; network of clusters ...).
- Exchanging and disseminating existing knowledge, good practice and project results (e.g. dedicated communication campaign; dissemination/networking events);

**B. Organising capacity building and support activities for SMEs, designers and start-ups in the fashion industry** willing to become more sustainable and turn their business model into a circular one. This may be done in particular through (the list is indicative and not exhaustive):

- Put in place a strategy to identify SMEs, designers and start-ups in the fashion industry willing to become more sustainable and turn their business model into a circular one and guarantee the maximum reach-out of the activities;
- Organise collaborative workshops, individual and group coaching, peer to peer learning, boot camps, physical and online training courses, webinars and/or other forms of support to SMEs, designers and fashion industry start-ups in various areas (e.g. ready to market sustainable solutions/materials, certifications, financing, facilitating contacts with investors and business partners, business match making, marketing, communication, ...);
- Providing technical support (e.g. providing physical space, means and resources) necessary for the above mentioned activities;

**C. Put in place a business support scheme to provide technical and financial support to SMEs, designers and start-ups** to enable the scaling-up of innovative applications, products,

processes or ideas for sustainable and circular fashion<sup>22</sup>. This must be done in particular through:

- Setting up and organising a selection/competition to identify at least 25 and up to maximum 35 most promising sustainable business ideas in fashion industry with high potential for innovation. The ideas must come from transnational partnerships from at least two COSME countries where at least one member is a SME, a designer or a start-up (SME or micro-company or self-employed professional).
- Providing technical support and ad hoc mentoring programme for the selected transnational partnerships for the implementation of the most promising sustainable business ideas in fashion industry;
- Providing direct financial support through lump sum to the selected transnational partnerships with most promising sustainable business ideas in fashion industry to be used for developing proofs of concept and prototypes of new products and services, developing and testing new business models, developing collaboration to test more sustainable/recycled material, supporting participation in trade shows or other showcase events.
- Promoting the most successful sustainable business ideas produced by the selected transnational partnerships (e.g. through ad hoc events or at established trade shows).

**The consortium will provide financial support to at least 25 and up to maximum 35 partnerships where at least one member is a SME or micro-company or self-employed professional.**

**The amount of the lump sum must be between EUR 10,000 and can go up to EUR 15,000 and will be determined in function of the design of the proposed business support scheme.**

Applicants must explain in their proposal the procedures they plan to develop to select entities in a transparent manner while ensuring the equal treatment for all candidates.

Applicants must also explain in their proposals how they will evaluate the candidatures in respect with the following criteria: (i) having a promising sustainable business idea in the fashion industry with high potential for innovation and replicability/transferability; (ii) being in partnership with another company or organisation from another country that provides relevant knowledge for the realisation of the project.

Applicants must be aware that the amount of financial support per individual third party (selected partnership formed by SME's) should range between (EUR 10,000 and 15,000). This financial support will serve to cover the following costs for the third parties:

- Travel, accommodation and participation fees for study visits and/or participation to networking/showcase events and/or necessary for developing collaboration within transnational partnerships

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<sup>22</sup> See the "Guidelines for awarding financial support to third parties » published together with this call.

- Material, services or other inputs necessary to develop proofs of concept and prototypes of new products and services;
- Services and inputs required for developing and testing new business models and for the process of environmental/climate certifications;
- Laboratory fees to test more sustainable/recycled material;

Applicants must also explain in their proposal how they will monitor the development and implementation of the ideas that qualify for receiving financial support, bearing in mind that the beneficiaries will remain the only responsible towards EASME concerning their successful implementation.

The consortia will have to explain in their proposals how the business support scheme will be continued or replicated after the end of the co-financing period and in particular, explain the strategy for ensuring its future financial sustainability.

The proposal will describe how the actions will address the geographical imbalances between European countries with regard to sustainable issues in the fashion industry.

It will also describe how the actions will reach a maximum geographical spread, involve different kind of players and be relevant to the different stages of the fashion value chain as defined in paragraph 2.2 “Themes and Priorities”.

The applicants must explain the expected impact of the action and demonstrate that they are taking steps to ensure the project results will feed into the regional and environmental policies (e.g. by explaining the links between the proposed projects and the objectives of the relevant regional development programmes, environmental programmes/policies).

#### 2.4. Expected results

- Support to at least 25 businesses’ ideas/concepts, designers or start-ups forming part of transnational partnerships in scaling-up of innovative applications for sustainable and circular fashion
- Identification of the major obstacles for the sector to become more sustainable and circular
- Generation of good practices, show cases and recommendations for the sector and public authorities to develop and take up successful practices to become more sustainable and circular
- Identification of solutions already available for SMEs, designers, start-ups, active in the fashion industry to improve sustainability/circularity of the industry
- Development and testing models to support companies to share knowledge and experiences to become more efficient in terms of use of resources
- Increase investment in sustainable and circular solutions for fashion industry
- Support SMEs to overcoming obstacles in using sustainable solutions for production and services.

- New market opportunities for SMEs, start-ups, manufacturers active in the fashion industry
- New market opportunities for the owners/providers of sustainable solutions

## 2.5. Deliverables

- Publicised round of selection/competition to identify at least 25 most promising sustainable business ideas in fashion industry
- Reports on collaboration activities developed under the project
- Detailed blueprints for effective support schemes for SMEs, designers and start-ups in the fashion industry with a high potential for replicability through the European Union
- Detailed reports on the support provided to SMEs and start-ups
- Mapping and showcasing of good practice
- Scaling up of start-ups and companies
- Documented development of new products, prototypes, solutions, etc.
- Documented development of new collaboration/ knowledge sharing / support mechanisms

## 2.6. Indicators:

- Number of SMEs and start-ups reached out;
- Number of SMEs and start-ups supported through different project activities;
- Number of transnational partnerships/collaborations;
- Number of innovative/sustainable solutions developed
- Number of networking activities, workshops, events etc. organised
- Number of prototypes/proofs of concept developed
- Number of promotional events organised

## 3. **TIMETABLE**

<b>Stages</b>	<b>Dates</b>
a) Deadline for submitting applications	17/12/2019 17:00 h (CET) Brussels time
b) Evaluation period*	January/February 2020
c) Information to applicants*	March 2020

d) Signature of grant agreements*	June 2020
e) Starting date of the action*	July 2020

\* indicative.

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

The total budget earmarked for the co-financing of projects is estimated at EUR 3,500,000.

The maximum grant per project will be EUR 875,000.00.

EASME expects to fund four proposals.

The grant is limited to a **maximum reimbursement rate of 75 % of eligible costs**.

The grant is limited to a maximum reimbursement rate of 75% of eligible costs, except for financial support to third parties. For financial support to third parties, the maximum amount of 100% reimbursement rate will be applied. See section 12.2 for more details on specific funding conditions under this call for proposals.

Beneficiaries of the call (GRO/SME/19/C/08) are requested to provide financial support to third parties in line with the provisions of the Call for Proposals, particularly Sections 12.1f and 12.2. The conditions to award financial support to third parties are laid down in Article 11a of the Model Grant Agreement.

**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, including (the list of type of entities is not exhaustive):

- non-profit organisations (private or public);
- public authorities (national, regional, local);
- universities or educational institutions;
- international organisations;
- non-governmental organisations;
- European umbrella organisations;
- business support organisations;
- providers of sustainable solutions;
- recycling centres;
- research centres;
- profit making entities;
- providers of financial solutions;

Linked third parties, 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.

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>23</sup>.

### 6.2. Eligible consortia

Proposals must be presented by consortia composed of at least **four legal entities, from at least three different EU Member States and/or COSME participating countries, as listed under**

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<sup>23</sup> 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;
- 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). 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.

**section 6.1.** At least one member of the consortia must be an entity operating in more than two EU Member States.

### 6.3. For British applicants

Please be aware that eligibility criteria must be complied with for the *entire* duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of Article 34.3.1(b) of the grant agreement.

### 6.4 Implementation period

**The maximum duration of projects is 36 months.**

**The minimum project duration is 24 month.**

Applications for projects scheduled to run for a longer period than that specified in this call for proposals will not be accepted.

## 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)<sup>24</sup>, by filling in the relevant form attached to the application form accompanying this call for proposals.

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<sup>24</sup> 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).

## 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 3 financial year[s] for which the accounts were closed;
- 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:

(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 3 financial year[s] 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 3 financial year[s] 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 later stage, via the electronic submission tool and only upon request of EASME.

On the basis of 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-beneficiaries<sup>25</sup>;

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.

For that purpose, the consortia must include in the Team assigned to the project at least two highly qualified experts primarily responsible for managing programmes for SMEs with at least two years of tracked experience in running business networks activities, business incubators, accelerators and/or business support organisations. The consortium must also include in the Team assigned to the project at least one highly qualified expert in sustainable issues implicating the fashion industry with at least three years of tracked experience working in the field.

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);
- Each of the partner organisation part of the consortium must submit a declaration on their honour accompanying the proposal as an annex whereby they confirm their involvement in supporting the enhancement of collaboration, networking and learning in sustainable fashion and providing or channelling specialised and customised businesses support services to stimulate innovation activities within the formed consortium/network and to the supported SMEs, designers and start-ups;
- 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;
- 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;

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<sup>25</sup> The beneficiaries are advised to foresee this situation also in the consortium agreement (see Article 25 of the model Grant agreement).

## 9. AWARD CRITERIA

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

<i>Criteria</i>	<i>Max. score</i>
<p><b>Relevance of the actions in view of the objectives of the call</b> (<i>meeting objectives of the call; appropriate results; appropriate partnership: competences and European dimension</i>)</p> <p>What is the importance of the proposed action in relation to EU policies and priorities identified in the call?</p> <p>To what extent are the actions proposed by the applicant strategically chosen to meet the objectives of this call? (e.g. understanding of the sector and the different stages of the value chain )</p> <p>How relevant is the project proposed in view of the objectives of the call?</p> <p>How well does the project fit with the expectations/needs of the identified target group? (e.g. are challenges for sustainable fashion businesses taken into due account?)</p> <p>How strategically chosen are the project partners (relevance of the partners to the project, geographical distribution)?</p> <p>To what extent do the proposed activities, composition of the partnership and the selected target group(s) demonstrate a European added value? (e.g. the proposal addresses geographical unbalances across Europe, geographical coverage of the actions ...)</p> <p>Is there any complementarity between the proposed project and other actions being taken at European level?</p> <p>How comprehensive and coherent the proposed business support scheme is?</p>	30
<p><b>Quality of the proposed actions</b> (<i>clear and feasible description of actions; appropriate allocation of resources, including management</i>)</p> <p>How clear, coherent and ambitious is the work plan?</p> <p>How appropriate, practical and innovative are the activities proposed (including the internal plan of action/work packages)?</p> <p>To what extent is the work plan clearly defined in terms of schedule, milestones and deliverables?</p> <p>Is there a logical link between identified needs, specific objectives, proposed actions and expected results? Is this link well described and justified?</p> <p>How suitable is the contribution of each partner to the activities proposed?</p> <p>Is the level of effort (hours and budget) appropriate, per work package, per task and per partner considering their skills and responsibilities?</p>	

<p>To what extent can the methodology and management set up be effective and ensure the high quality of the action proposed?</p>	
<p><b>Impact on target audience</b> (<i>appropriate impact indicators; dissemination; project continuation</i>)</p> <p>Is the proposal suggesting clear, realistic and practical impact indicators?</p> <p>To what extent does the project contribute to creating a real, measurable impact on the sectors concerned? (e.g. reach-out of workshops, training courses, events, n. of organisations involved in the activities ...)</p> <p>To what extent is the project likely to have a tangible impact on the target groups? (e.g. how many SMEs, designers and start-ups receive support as described in paragraph 2.3 letters B) and C) respectively)</p> <p>How effective, innovative and convincing are the promotional and communication activities? Does the proposal contain a comprehensive communication strategy?</p> <p>Are the expected multiplying effects reasonable? To what extent does the proposal include elements of follow-up and transferability (including lessons learnt and good practices) at EU level?</p> <p>Are concrete measures planned in order to ensure that the project can be continued after the termination of EU funding?</p>	<p>30</p>
<p><b>Cost-effectiveness</b> (<i>coherence, detail and clarity between actions proposed and budgeted resources</i>)</p> <p>To what extent the detailed budget is coherent with the work plan of the proposal?</p> <p>To what extent is the budget clear and detailed, as well as effective, to implement the action? 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?</p> <p>To what extent is the proposed expenditure necessary for the implementation of the project?</p> <p>Do the expected results stand in a reasonable relationship to the amount of the grant? Does the budget seem justified when compared to the expected impact?</p>	<p>15</p>
<p style="text-align: right;"><b>TOTAL</b></p>	<p>100</p>

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.<sup>26</sup>

#### **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**

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<sup>26</sup> 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).

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](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.

Entities acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU<sup>27</sup> or contracting entities in the meaning of Directive 2014/25/EU<sup>28</sup> must 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;

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<sup>27</sup> 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).

<sup>28</sup> 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).

- (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 requests 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.<sup>29</sup>

## 12.2 Funding forms

The grant reimburses up to 75% of the eligible costs incurred by the consortium and up to 100% of the support allocated by the consortium to third parties.

The consortium is free to choose the form of such support, and how the amount is allocated. The consortium should however be aware that:

- a) The amount of financial support per individual third party is a minimum of ten thousand euros (EUR 10.000) and cannot exceed fifteen thousand euros (EUR 15,000).
- b) The consortium is requested to financially support a minimum of 25 partnerships and up to a maximum of 35 partnerships selected for the support scheme implemented by the project.
- c) The onus, legal and operational responsibility is on the consortium to ensure that such financial support respects the provisions of the Grant Agreement.

Funding overview:

	<b>Funding</b>	<b>Amount or Percentage</b>
1.	EU contribution to the consortium.  The total maximum grant per project will be EUR 875,000.00.	Maximum 75% co-financing rate

<sup>29</sup> See the “Guidelines for awarding financial support to third parties » published together with this call.



2.	<p>EU contribution to financial support to third parties (i.e. selected partnerships formed by SME`s)</p> <p>The amount of financial support per individual third party should range between (EUR 10,000 and 15,000).</p>	100% co-financing rate
3.	Financial support to third parties (SME`s)	<p>The amount (lump sum) allocated to the third parties SME`s (selected partnerships formed by SME`s) may vary depending on the business idea proposed.</p> <p>The amount of financial support per individual third party should range between (EUR 10,000 and 15,000).</p> <p>The consortium is requested to financially support a minimum of 25 partnerships selected for the support scheme implemented by the project.</p>

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;

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.

The same criteria apply to costs incurred by linked third parties.

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 action.

**A.4 Costs of 'beneficiaries that are natural persons'** not receiving 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 action.

Further details of the calculation of personal costs included in the model grant agreement.

**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 of providing financial support to third parties** are eligible if the conditions set out in the grant agreement are met.

#### **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.

**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 deducting the financial support to third parties. Indirect costs will be calculated on Personnel Costs, Subcontracting and other direct costs

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

Applicants's attention is drawn to the fact that in the case of beneficiaries receiving an operating grant<sup>30</sup> 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;

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<sup>30</sup> 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.

- (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;
- (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 inked 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, 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.

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 profit<sup>31</sup>:

‘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

A pre-financing payment corresponding to 60% of the grant amount will be transferred to the beneficiary within 30 days either from entry into force of the Agreement or from the starting date of the action or from receiving the pre-financing guarantee, whichever is the latest.

#### [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 rate indicated in section 4.

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<sup>31</sup> Not applicable for low value grants.

The total amount of pre-financing and interim payment shall not exceed 90 % of the maximum grant amount.

#### Final payment

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 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 may be asked and shall be valid for a period sufficiently long to allow it to be activated, it 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 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 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 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:

- 2 technical progress reports, not linked to a request for payment, half way before the interim periodic report and half way before the final report. This is to measure progress of the action between the interim periodic technical report linked to a payment and between the final report.
- 1 interim periodic technical and financial report, linked to a request for interim payment, covering the first half of the project implementation;
- 1 final technical and financial report, linked to the request for the payment of the balance, covering the second half of the project implementation.

The technical progress reports, not linked to a payment request, will be linked to the length of the project. For example for a standard project duration of 36 months, the forecast timetable is as follows:

- one technical progress report (1) covering months 1 to 9;

- one interim periodic technical and financial report, linked to a request for interim payment, covering months 1 to 18;
- one technical progress report (2) covering months 19 to 27;
- one final technical and financial report, linked to the request for the payment of the balance covering months 19 to 36.

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, the 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 level<sup>32</sup> if he/she is domiciled within EU or equivalent if domiciled outside EU,
- subject of the grant,
- amount awarded.

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<sup>32</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) (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 data<sup>33</sup>. 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\\_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 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 2018/1046<sup>34</sup> (for more information see the Privacy Statement on: [http://ec.europa.eu/budget/library/explained/management/protecting/privacy\\_statement\\_edes\\_en.pdf](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 [EASME-COSME-CIRCULAR-FASHION@ec.europa.eu](mailto:EASME-COSME-CIRCULAR-FASHION@ec.europa.eu)

Answers will be published at <https://ec.europa.eu/easme/en/section/cosme/cosme-open-calls-proposals>.

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<sup>33</sup> OJ L 295/39 of 21.11.2018.

<sup>34</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046>

## **17. ANNEXES:**

**List of Annexes** (available via the link under section 16):

1. Guide for applicants
2. Application form (Description of the Action template and Estimated Budget template)
3. Model Grant agreement (*multi-beneficiary grant agreement template*)- *Version 4.0*
4. Guidelines for Awarding Financial Support to Third Parties