



Guidance note on financial support to third parties under H2020

1. LEGAL BASIS AND GENERAL PRINCIPLES

The H2020 Rules for Participation provide in article 23.7 that an action may involve financial support to third parties under the conditions defined in the Financial Regulation and the Rules for Application. The maximum amount of financial support is 60 000 EUR per third party, but can be exceeded if foreseen in the work programme and justified in the proposal as necessary to achieve the objectives of the action.

Financial support to third parties is only possible when foreseen for a specific topic in the work programme. Proposals involving financial support to third parties must clearly detail the objectives and the results to be obtained and include at least the following elements (see General Annex K to the work programme):

- a fixed and exhaustive list of the different types of activities for which a third party may receive financial support;
- the definition of the persons or categories of persons which may receive financial support;
- the criteria for awarding financial support;
- the criteria for calculating the exact amount of the financial support;
- the maximum amount to be granted to each third party (may not exceed EUR 60 000 for each third party unless it is necessary to achieve the objectives of the action) and the criteria for determining it.

A special provision of the model grant agreement (Article 15 – see Annotated Grant Agreement) will be inserted in any grant agreement including financial support to third parties, requiring that the above elements are laid down in annex I of the grant agreement.

The recipients of financial support do not become a party to the grant agreement (hence no need for an amendment) and the Commission therefore has no contractual link with them. This implies that the Commission can only turn to the relevant beneficiaries for any issue with regard to the third parties; in particular in the event of a recovery order at the end of the project, the Commission will exclusively turn to the beneficiary of the EU grant, who then may be asked to reimburse amounts which it has transferred as financial support to a third party. It is therefore highly recommended that beneficiaries establish contractual arrangements with the recipients.

The amounts paid by a beneficiary as financial support to third parties can be claimed under the relating cost category of the financial statement; any other costs relating to the preparation and management of financial support to third parties can be claimed under the relevant cost category (e.g. personnel, other costs etc.).

The following table gives an overview about different types of third parties, compared to beneficiaries in the context of H2020 grant agreements. Any references in the table (articles, annexes) refer to the H2020 model grant agreement.

	Parties	Third Parties				Third parties receiving financial support (Art 15)
		Linked third parties (Art 14)		Third parties providing in-kind contribution		
	Beneficiaries	Affiliated entities/entities with legal link	Subcontractors (Art 13)	against payment (Art 11)	free of charge (Art 12)	
Nature	Signatory of the grant agreement. It performs the action tasks.	Subsidiary of the beneficiary implementing part of the action. Structurally linked with the beneficiary.	Economic operator providing a service, supply or work to the beneficiary necessary for the action. Bound by a contract with the beneficiary specifically concluded for the service, supply or work necessary for the action.	Legal entity providing in-kind contributions by putting non-financial resources (<i>e.g. seconded staff, equipment, infrastructure, etc.</i>) at the beneficiaries' disposal against a payment.	Legal entity providing in-kind contributions by putting non-financial resources (<i>e.g. seconded staff, equipment, infrastructure, etc.</i>) at the beneficiaries' disposal free of charge.	Final recipients of EU funds. Target population of the activity implemented by the beneficiary, and consisting in re-distributing EU funds.
Selection	By the EC according to evaluation criteria published in the call for proposals.	Proposed by the beneficiary. Verification by the EC of affiliation + eligibility and non-exclusion according to the evaluation criteria published in the call for proposals	By the beneficiary according to the best value for money or lowest price principle and absence of conflict of interest (Art 35.).	Proposed by the beneficiary and included in Annex 1 (third parties and their contributions) and approved by the EC.	Proposed by the beneficiary and included in Annex 1 (third parties and their contributions) and approved by the EC.	By the beneficiary only if foreseen by the WP and according to conditions set out in the grant agreement (Annex 1)
Financial operations / restrictions	No	No	May cover only a limited part of the action.	May be used if necessary to implement the action.	May be used if necessary to implement the action. Receipts to be declared if contribution	May not receive more than EUR 60.000, unless it is necessary to achieve the objectives of the action and explicitly foreseen in the work programme.

					specific for the project	
Identified in the grant agreement	Yes, as parties (and LE validated ex ante).	Yes, as linked third parties.	No (only tasks that are subcontracted).	Yes, third parties and their contribution must be in Annex 1 (EC can still approve if not in Annex 1 (Art 55.))	Yes, third parties and their contribution must be in Annex 1 (EC can still approve if not in Annex 1 (Art 55.))	No (only categories of persons that may receive it).
Bound by the grant agreement	Yes	No	No	No	No	No, but <i>beneficiaries must ensure that their obligations under Art 35 (Conflict of interest), 36 (Confidentiality), 38 (Visibility of EU funding) and 46 (Liability for damages) also apply to the third parties receiving financial support, by contractual arrangements (Art 15.1.2.)</i>
Operational responsibility	Yes (joint and several in case of multi-beneficiary grant).	No but EC may require joint and several liability with beneficiaries	No	No	No	No, but obligations must be extended by contract (<i>Art 15.1.2.</i>)
Financial responsibility	Yes	No	No	No	No	No, but obligations must be extended by contract (<i>Art 15.1.2.</i>)
Eligible costs	Costs incurred by the beneficiary and compliant with the cost eligibility conditions set out in the grant agreement.	Costs incurred by the linked third party and compliant with the cost eligibility conditions set out in the grant agreement (same as beneficiary).	Price paid by the beneficiary.	Actual costs for paying the in-kind contribution up to the costs actually incurred by the third party and compliant with cost eligibility conditions set out in the grant agreement.	Costs incurred by the third parties for the contribution (seconded persons, equipment, etc.) and compliant with cost eligibility conditions set out in the grant agreement.	Financial support paid by the beneficiary.
Right of access and audit by the EC, OLAF and Court of Auditors	Yes	Yes, to be ensured by the beneficiary.	Yes, to be ensured by the beneficiary	Yes, to be ensured by the beneficiary	Yes, to be ensured by the beneficiary	Yes, to be ensured by the beneficiary

2. SELECTION OF THIRD PARTIES

General Annex K of the Work Programme 2016-17 requires that third parties receiving financial support shall be selected through open calls (see extract below).

Projects must publish widely their open calls and adhere to Horizon 2020 standards with respect to transparency, equal treatment, conflict of interest and confidentiality. All calls for third parties must be published on the Horizon 2020 Participants Portal, and on the projects' own web site. The calls must remain open for at least three months. If call deadlines are changed this must immediately be published on the call page on the participant's portal and all registered applicants must be informed of the change.

The calls must have a clear European dimension either by carrying out cross border experimentation or in other ways expanding the impact of local experiments to European scale.

It is up to the consortium to comply with the rules and standards set out in the work programme and with applicable rules on ethics. The Commission has no specific duty to oversee the individual procedures for selecting proposals for funding.

Nevertheless, aiming to assist the beneficiaries in the definition of those rules, the Commission provides in the attached document some good practices and templates. Beneficiaries are free to make use of this guidance but, ultimately, remain responsible for defining the rules and principles that they will apply for selecting third parties.

3. RESPONSIBILITIES OF BENEFICIARIES AND THIRD PARTY RECIPIENTS

Beneficiaries are responsible for the proper use of the funding by the third party recipients (hereafter recipients) and must ensure that they comply with certain obligations under the grant agreement with the Commission.

Obligations that must be extended to recipients:

- Avoiding conflicts of interest (see Article 35)
- Maintaining confidentiality (see Article 36)
- Promoting the action and give visibility to the EU funding (see Article 38)
- Liability for damages (see Article 46).

Beneficiaries must also ensure the right of controls for the Commission, OLAF and the Court of Auditor and the right for the Commission to make an evaluation of the impact of the action.

In order to be able to fulfil these obligations, the beneficiaries should impose contractual arrangements on the recipients (including control measures and/or reducing the financial support).

The Commission will monitor that beneficiaries comply with the conditions for financial support to third parties such as set out in Annex 1 of the grant agreement and may take any action foreseen by the grant agreement in case of non-compliance vis à vis the beneficiary(ies) concerned. It is however the responsibility of the beneficiaries granting financial support to third parties to monitor the activities of the third party and the appropriate use of the funding.

Good practices and templates for organizing open calls under the H2020 Financial Support to Third Parties scheme

1. INTRODUCTION

Your call should be carried out in the light of the same basic principles which govern Commission calls:

- i. **Excellence.** The proposal(s) selected for funding must demonstrate a high quality in the context of the topics and criteria set out in the call;
- ii. **Transparency.** Funding decisions must be based on clearly described rules and procedures, and all applicants should receive adequate feedback on the outcome of the evaluation of their proposals;
- iii. **Fairness and impartiality.** All proposals submitted to a call are treated equally. They are evaluated impartially on their merits, irrespective of their origin or the identity of the applicants¹;
- iv. **Confidentiality.** All proposals and related data, knowledge and documents are treated in confidence;
- v. **Efficiency and speed.** Evaluation of proposals and award of the financial support should be as rapid as possible, commensurate with maintaining the quality of the evaluation, and respecting the legal framework.

2. PREPARATION ACTIVITIES

The Call Announcement

You should prepare a brief announcement about the call (you may use the model included in Annex 1 of this document) which will be published on the Horizon 2020 Participants Portal, and on the project website. It contains a link to the section on the project website where the full call details are published. In order to ensure timely publication on the Participant Portal, please provide the call announcement at least 30 days prior to its foreseen date of publication to your Project Officer.

The Full Call Details

You should prepare a dedicated section of your project's website, which will give proposers the Full Call Details. This must be in line with the specific requirements of the work programme and contain:

- A clear and exhaustive list of the types of activities that qualify for receiving financial support.
- Any restrictions on participation in any part of the call (e.g. only certain types of organisation are required, only organisations based in certain countries etc.). Please note that the calls must have a clear European dimension which can be achieved either through cross border experiments or through expanding local experiments to European scale.

¹ In the frame of any restrictions provided for in the call

- The criteria determining the award of the financial support.
- The criteria for determining the exact amount of financial support and the form that the financial support may take (e.g. a lump sum – either pre-defined or based on estimations of the grant recipient - or the reimbursement of actual costs incurred by the recipients when implementing the supported activities).
- The specific arrangements that the beneficiaries may impose on the third parties (e.g. specific reporting and feedback obligations from the third party towards the beneficiary in respect to the implementation of the supported activities; specific arrangements for providing the financial support; specific rights for the beneficiaries to access and use the results of the supported activities).
- The information needed to submit a proposal
 - The template to be used for the proposals
 - The coordinates (email address and telephone number) of a help facility which you must maintain for proposers during the call
 - The email address to which proposals should be submitted and the call identifier which will be used on these emails
 - The deadline for proposal submission, clearly specifying the local time involved (normally this is local time at the website where the proposals are received).

3. PUBLICATION OF THE CALL

Following the requirement of the General Annex K of the Work Programme, you will publish the Full Call Details, at least, on the project's own website.

Your Project Officer will arrange to publish the Call Announcement and (a reference to) the Full Call Details on the dedicated web page of the Horizon 2020 Participants Portal.

The call must remain open for the submission of proposals for a period of at least three months. If call deadlines are changed, this must immediately be communicated to the Project Officer for updating the Call Announcement on the Horizon 2020 Participant's Portal. The Full Call Details must be updated on the project's own website and all registered applicants must be informed of the change.

Please make sure that all proposers receive fair and equal treatment. Information or facilities which you supply to any proposer must be equally available to all.

4. PROPOSAL RECEPTION

Proposals should be submitted through an electronic exchange system which allows the identification of the time of submission. On receipt of each proposal you should send an Acknowledgment of receipt to the proposer (see example in Annex 2).

You may not accept late submissions; late submitters should receive by return email a "call closed" message from you.

You should evaluate the proposals as submitted: after the call closure no additions or changes to received proposals should be taken into account.

5. PROPOSAL EVALUATION AND SELECTION

Evaluation criteria and procedure

You will evaluate proposals received in the light of the criteria laid down in the Full Call Details. You may use the attached form (see Annex 3).

You remain responsible for the evaluation towards the proposers, even though you may count on the assistance of experts¹.

If you engage experts for evaluating the proposals, please ensure that they are independent from the organisations involved in the consortium and from any proposer.

The selected experts should sign a declaration of confidentiality concerning the contents of the proposals they read and they should also confirm the absence of any conflict of interest (see an example of such declaration in Annex 4).

The outcome of the evaluation will be a ranked list of all proposals, based on the scores obtained by each proposal.

Proposal selection

Whilst normally the highest ranked proposals will be selected for funding, there might be objective reasons for objecting to a specific third party, for example commercial competition. In this case the choice may pass to the next-ranked proposal.

You may conclude that even the highest scoring proposal is of inadequate quality, in which case you will make no selection. This conclusion is obligatory if all the proposals fall below the threshold scores applied at the evaluation.

In the event of no selection being made, you may re-open the call at a later date. Alternatively, you may conclude that no successful outcome can be expected and abandon the plan to hold an open call. This decision would have to be justified and be the subject of a grant agreement amendment.

6. REPORTING, DOCUMENTATION AND FEEDBACK

Reporting

Shortly after the evaluation you should publish a **public summary report** of the evaluation results on your project website within 30 days of the end of evaluation taking into account your feedback process to the proposers (i.e. the proposers should have received your individual feedback before the public summary report is published). This report should comprise an account of the call, its evaluation and its results, including dates of call, how it was published, dates of evaluation, number of proposals received, number of proposals funded, as well as a list of all selected proposers and

¹ The selection of these experts should follow the conditions foreseen in Article 10 of the Model Grant Agreement.

their funding amounts (you may use the model included in Annex 5).

Documentation

Additionally to the summary report you have to keep your internal records on the evaluation as audit trail in case of e.g. contestations by proposers, audits, or checks by the commission. These records comprise as a minimum:

- A listing of proposals received, identifying the proposing organisations involved (name and address).
- All received proposals
- All communications with applicants before call closure and during evaluation
- The names and affiliations of the experts involved in the evaluation;
- For each proposal a copy of the filled forms used in the evaluation;
- A record of all incidents which occurred during the evaluation (e.g. how conflict of interest were handled if they were detected during the evaluation process) and any deviation from standard procedure (e.g if a proposer selected was not the highest scoring one, you must document the objective reasons why the highest scoring one was passed over)

Feedback to proposers

After the evaluation of the proposals, you will get into contact with the successful proposer(s).

You should communicate to the other proposers that their proposal was not successful in the call, and should enclose to each a summary of the evaluation result of their proposal addressing the respective award criteria.

Annex 1 – Call announcement format

Announcement of an open call for recipients of financial support

Project **acronym:** XXX

Project **grant agreement number:** XXX

Project **full name:** YYY

Project XXX, co-funded from the European Union's Horizon 2020 research and innovation programme under grant agreement No XXX, foresees as an eligible activity the provision of financial support to third parties, as a means to achieve its own objectives.

The types of activities to perform that qualify for receiving financial support are XXX.

Deadline: XXX

Expected duration of participation: XXX

Maximum amount of financial support for each third party: XXX

Call identifier: XXX call

Language in which proposal should be submitted: XXX

Web link for further information (full call text/proposal guidelines/call results) on your official project web site: www.xxx-project.eu/xxx

Email address for further information: XXX@XXX.com

Annex 2 - Acknowledgment of receipt

Acknowledgement of receipt

Dear XXX,

Thank you for submitting your proposal for consideration as recipient of financial support in the frame of project XXX.

The evaluation of all proposals received will take place in the next few weeks. You will be notified as soon as possible after this of whether your proposal has been successful or not.

On behalf of my colleagues in the project I would like to thank you for your interest in our activities.

Yours sincerely,

Annex 3 – Evaluation form

Individual evaluation/Consensus (delete as appropriate)

Proposal No. :	Acronym :
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1. Award criterion 1	Score: <i>(Threshold 3/5; Weight)¹</i>
2. Award criterion 2	Score: <i>(Threshold 3/5; Weight 1)</i>

¹ Thresholds and weights are standard values which can be adapted to the needs of the specific evaluation, if necessary

0 The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information; 1 Poor The criterion is addressed in an inadequate manner, or there are serious inherent weaknesses; 2 Fair While the proposal broadly addresses the criterion, there are significant weaknesses; 3 Good The proposal addresses the criterion well, although improvements would be necessary; 4 Very good The proposal addresses the criterion very well, although certain improvements are still possible; 5 Excellent The proposal successfully addresses all relevant aspects of the criterion in question. Any shortcomings are minor.

3. Award criterion 3	Score: <i>(Threshold 3/5; Weight 1)</i>
Remarks	Overall score: <i>(Threshold 10/15)</i>

I declare that, to the best of my knowledge, I have no direct or indirect conflict of interest in the evaluation of this proposal

Name	
Signature	
Date	

Name	
Signature	
Date	

0 The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information; 1 Poor The criterion is addressed in an inadequate manner, or there are serious inherent weaknesses; 2 Fair While the proposal broadly addresses the criterion, there are significant weaknesses; 3 Good The proposal addresses the criterion well, although improvements would be necessary; 4 Very good The proposal addresses the criterion very well, although certain improvements are still possible; 5 Excellent The proposal successfully addresses all relevant aspects of the criterion in question. Any shortcomings are minor.

Annex 4 – Confidentiality and conflict of interest declaration

I the undersigned declare that, in participating as an independent expert in the evaluation of proposals received in the open call of project XXX

I undertake to treat as confidential all information contained in the proposals which I am asked to evaluate, both during the evaluation and afterwards.

I will not reveal to any third party the identity or any details of the views of my fellow evaluator(s), neither during the evaluation nor afterwards

I do not, to the best of my knowledge, have any interest in any of the proposals submitted in this call, I have not been involved in their preparation and I do not benefit either directly or indirectly from the eventual selection. Should I discover a conflict of interest during the evaluation, I undertake to declare this and to withdraw from the evaluation.

Name	
Signature	
Date	

Annex 5 - Public evaluation report

Results of open call (call ID ref XXX) for recipients of financial support

Project **acronym:** XXX

Project **grant agreement number:** XXX

Project **full name:** YYY

Project XXX, co-funded from the European Union's Horizon 2020 research and innovation programme under grant agreement No XXX, launched an open call (call ID ref XXX) for recipients of financial support.

The call closed on XXX.

A total of XXX proposals were received for this call. XXX proposals will receive funding for a total amount of XXX EUR.

The evaluation and selection has been completed. All proposers have been informed about the evaluation results for their proposal for financial support.

Call information

The call was published on project XXX's website (URL XXX) and on the Horizon 2020 Participants Portal (URL XXX) on XXX. Full call details were published at: (URL XXX)

Please add any other location where the call was published (if any) or any other relevant information.

Response to the call in detail⁴

	Number of proposals	Funding requested
Proposals received		
Eligible proposals		
Proposals above threshold		
Selected proposals		

List of selected proposals

Organisation	Country	Funding awarded

⁴ If different activities were called for, repeat this table for each activity.