

# Kick Off Meeting

# Total Concept IEE/13/613

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Executive Agency for Small and Medium-sized Enterprises (EASME)
Unit B1 - H2020 Energy

### Content

#### 1. About EASME

- 2. Relevant initiatives
- 3. Contractual / financial topics key elements
- 4. Making your project a success
- 5. Do's and don'ts how to avoid frequent mistakes



### **About EASME**

- Executive Agency for Small and Medium-sized Enterprises
- From 01 January 2014, **EASME** replaces EACI (Executive Agency for Competitiveness and Innovation)
- The Executive Agency has been set-up by the European Commission to manage EU programmes under Commission control and responsibility
- http://ec.europa.eu/easme/



## Programmes managed by EASME

- Part of Horizon 2020, in particular:
  - Parts of the 'Societal Challenges' pillar:
    - ✓ The Energy Efficiency part of 'Secure, Clean and Efficient Energy';
    - ✓ The fields on waste, water innovation and sustainable supply of raw material under the challenge 'Climate action, Environment, Resource Efficiency and Raw Materials'
    - ✓ The SME instrument
  - > Some areas of the 'Industrial leadership' pillar:
    - Part of 'Leadership in Enabling and Industrial Technologies' (LEIT)
    - The Sustainable Industry Low Carbon Scheme (SILC II)
    - Innovation in SMEs
- The EU programme for the <u>Environment and Climate action</u> (LIFE)
- Most of the EU programme for the <u>Competitiveness of Enterprises and Small</u> <u>and Medium-sized Enterprises</u> (COSME)
- The <u>European Maritime and Fisheries Fund</u> (EMFF)
- ➤ The legacy of the Intelligent Energy Europe programme and the Ecoinnovation initiative

Executive Agency for

Commission | Small and Medium-sized Enterprises



THE EU FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION

HORIZON 2020

Secure, clean and efficient energy challenge

EASME, Unit B
Energy and Environment

# **H2020 Programme sections**





## **Priority 3. Societal challenges**

- Concerns of citizens and society/EU policy objectives (climate, environment, energy, transport, etc.) cannot be achieved without innovation.
- Breakthrough solutions come from multi-disciplinary collaborations, including social sciences & humanities.
- Promising solutions need to be tested, demonstrated and scaled up!





## Horizon 2020 – Societal Challenges

- 1. Health, Demographic Change and Wellbeing
- 2. Food security, Sustainable agriculture and forestry, Marine, Maritime and Inland water, Research and the Bio-economy
- 3. Secure, Clean and Efficient Energy
- 4. Smart Green and Integrated Transport
- 5. Climate Action, Environment, Resource efficiency and Raw materials
- 6. Europe in a changing world Inclusive, innovative and reflective societies
- 7. Secure societies Protecting freedom and security of Europe and its citizens





# **Horizon 2020**

R&D - Public Private Partnerships

Market uptaké activities

FP 7

First application

Intelligent Energy Europe



# Intelligent Energy - Europe: Delivers on ...



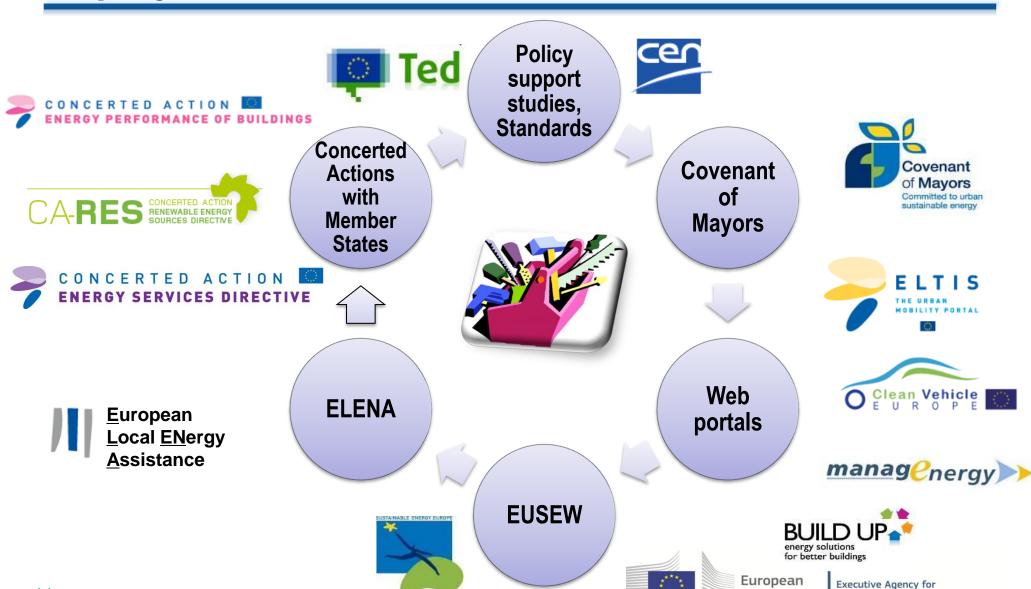
- > Creating favourable market conditions
- Shaping policy development and implementation
- > Preparing the ground for investments
- > Building capacity and skills
- Informing stakeholders and fostering commitment



Real changes on the ground



# IEE - a tailored package of activities additional to projects



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## Links to relevant IEE projects and initiatives

### > IEE projects and relevant initiatives

- ✓ iSERV <a href="http://www.iservcmb.info/">http://www.iservcmb.info/</a>
  - Remote inspections and energy monitoring Low cost energy savings
- ✓ Re-Co <a href="http://www.re-co.eu/">http://www.re-co.eu/</a>
  - Re-commissioning of large complex buildings Low cost energy savings
- ✓ mountEE <a href="http://www.mountee.eu/">http://www.mountee.eu/</a>
  - NZEBs in mountain areas (presence in Sweden) Intensive energy renovations
- ✓ RenoValue website not available yet (project just started)
  - Valuation of buildings taking energy efficiency and renewables

#### > IEE search tools

✓ IEE project database: www.eaci-projects.eu/iee



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## Your grant agreement

#### **Characteristics of the grant agreement**

- Rights and obligations
- Between the Agency and all beneficiaries
- One beneficiary acts as co-ordinator with additional responsibilities vis-à-vis the Agency



#### Read the contract!

Take your contract / work programme seriously and follow them carefully.

#### Elements of the grant agreement

#### Core agreement

- Special Conditions: account for the specific needs of the IEE programme
- General Conditions: legal, admin. and financial provisions

#### Annexes

- ▶ (I) Description of the action
- (II) Estimated budget of the action
- (III) Technical ImplementationReports and Financial Statements
- ► (IV) Mandates

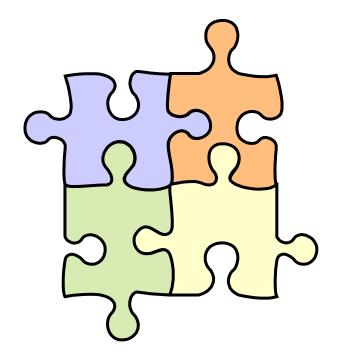


### Roles of the beneficiaries

(Article I.3)

- The coordinator has a very active role:
  - Accountable for implementation in accordance with the agreement
  - Intermediary for communication with the Agency
  - Responsible for supplying documents and information
  - Request and receive the payments
  - Request in time changes to the agreement

Co-beneficiaries are accountable for the proper performance of planned work and reporting to the coordinator





# Reporting (Article I.6)

- Technical progress reports (PR)
  - Number and periods covered depend on the duration of the contract
- Interim report (IR)
  - ✓ Within 30 days of end of reporting period
  - ✓ Includes interim financial statement in EURO
- Final report (FR)
  - ✓ Within 60 days of action completion
  - Covers the whole duration of the action
  - ✓ Includes the final financial statement in EURO

- Don't forget that each IEE project is required to produce a publishable "Result-Oriented Report"
- The content and form may vary make it fit for purpose consult your Project
   Officer!

- → Check Annex III to the Grant Agreement
- → Check out the report templates in the "Day-to-day management" corner on the website! http://ec.europa.eu/energy/intelligent/managing-projects/day-to-day-management/index\_en.htm





# Payment scheme (Article I.5)

- > 1st pre-financing: 30% of EU contribution
  - ✓ Conditional on receipt of financial guarantees requested, where applicable
  - Paid within max 30 days of official receipt of signed agreement and all mandates
- ➤ 2<sup>nd</sup> pre-financing: 60% of EU contribution minus the amount of the first pre-financing
  - ✓ Conditional on approval of Interim Reports and consumption of 1<sup>st</sup> prefinancing
  - ✓ The Agency has 90 days to approve the reports and pay the
    2<sup>nd</sup> pre-financing
- Pre-financing means that <u>the funds are still deemed to be property of</u> <u>the European Commission</u>, and shall need to be justified by costs incurred during the action.



## Payment scheme

(Article I.5)

- Final balance: EU contribution calculated by EASME based on the accepted eligible costs minus 1<sup>st</sup> + 2<sup>nd</sup> pre-financing paid
- Conditional on approval of Final Reports
  - ✓ The Agency has 90 days to approve the reports and pay the balance
- > At that stage funds paid as pre-financing can be recovered in case of underperformance of one or more partners, or when some expenses are not deemed eligible



## How is the payment calculated?

#### > Steps:

- 1. Eligibility of costs is determined per beneficiary (Art. II.14, Art. II.17)
  - ✓ Technical analysis: e.g. costs are necessary and reasonable for implementation of the action; etc.
  - ✓ Financial analysis: e.g. costs are identifiable, verifiable, recorded in accounts, etc
- 2. Non-eligible costs are rejected as a result of the technical analysis (e.g. action implemented poorly, activity not necessary for the action, with unreasonably high amount of hours, etc) and/or financial analysis (e.g. costs not identifiable, not verifiable, etc)
- 3. Eligible costs are <u>limited per cost category</u> as set in Annex II => the accepted costs
- 4. Summing up of all accepted costs from all financial statements
- 5. Calculation of EU contribution as the % of the TOTAL accepted costs for the project using the funding % indicated in the contract (Art. I.4.3)



## **Suspension of payments**

(Article I.5/II.16.2)

- EASME has 90 days to assess approve (or reject) reports AND to pay
- The approval/payment delay will start to run as of the moment that the 'originals' & the 'electronic' version of the reports have been received by EASME
- > EASME may suspend the approval and the payment delay
  - ✓ when the delivered report(s) is/are not complete OR
  - ✓ when it requires additional supporting documents or justification/information
    (see procedure II.16.2)
- The coordinator will have 20 days to submit additional information/documents or (a) new report(s)



Admissibility of financial statements: see the "Day-to-day management" corner on the website.



## What happens in case of a change?

## Amendments (Article II.13)

- > Changes can only be agreed in writing
- > Amendments must be requested to the EASME in good time BY THE PROJECT RESPONSIBLE / LEGAL RESPONSIBLE OF THE COORDINATOR before it is due to take effect and in any case one month before the closing date of the action

#### Different type of amendments depending on degree of changes:

- Supplementary agreement ('Contract Amendment')
  - → Substantial changes e.g. change in consortium, substantial changes Annex I/II, ...
- Exchange of letters ('Letter Amendment')
  - → Small, but important changes e.g. change bank account, change reporting schedule, budget shifts > 20%, ...
- Modifications relating to merely practical administrative aspects without financial implications can be done through e-mail exchange
  - → Minor changes e.g. change of address for correspondence, change of legal representative, ...



## **Budget transfer**

(Article I.4.4/II.13)

- Budget transfers do not require an amendment to the agreement if:
  - ✓ The transfers do not affect the implementation of the action
  - ✓ The transfer between cost categories does not exceed 20% of the total eligible costs of the beneficiary concerned
  - ✓ The transfer between beneficiaries does not exceed 20% of the total eligible costs of the receiving beneficiary



#### Note:

- This flexibility also means more responsibility on the project team to manage soundly its budget respecting the grant agreement.
- Budget transfers under 20% do not need to be submitted before the Final Report. Please do not forget to inform the EASME at that moment.



# Termination of the Agreement or a beneficiary's participation (Article II.11)

- Termination of the agreement by the coordinator in agreement with the co-beneficiaries
- Termination of the participation of a beneficiary by or through the coordinator
- ➤ Termination of the agreement or the participation of one or several beneficiaries by the EASME
  - → In cases specified by the article e.g. substantial failure vis-à-vis the obligations, misconduct, bankruptcy, misrepresentation etc.
- > Procedural aspects of termination are given in the Article (e.g. provision of reasons for termination, period of notification, etc.)



## **Cost categories**

# Eligible costs

#### **Direct costs**

Staff costs

- Subcontracting
- Travel costs
- Equipment costs
- Other specific costs

**Indirect** costs

("overhead")

60% of staff costs (fixed)



## Which cost are "eligible"?

- ✓ relate to the purpose of the action
- ✓ be included in the estimated budget (Annex II)
- ✓ be necessary for the fulfilment of the action
- ✓ be generated during the duration of the action (except costs relating to final reports & audit certificates within a max. period of 2 months from completion of the action)
- ✓ be reasonable, justified, consistent with the usual internal rules of the participant, and in accordance with the principle of sound financial management, especially costeffectiveness and "value for money"



- be identifiable, verifiable and determined in accordance with the relevant accounting principles
- ✓ be actually incurred by the participant and recorded in the accounts of the participant no later than the grant agreement completion date (except costs final reports/audit certificates)
- ✓ be compliant with the requirements of applicable tax and social legislation
- ✓ be substantiated by proper evidence allowing identification and checking (except for the flat rate indirect costs)



## Which cost are "not eligible"?

- ✓ Notional costs, i.e. revaluation of buildings/capital equipment, estimated or imputed interest, estimated rentals
- ✓ value of contributions in kind (by a party who is not a signatory to the grant agreement: provides expertise, meeting rooms, brochures etc. free of charge as their contribution to the action)
- ✓ "return on capital employed", including dividends/other distributions of profits
- provisions for losses or possible
   future losses or charges



- √ debt and debt service charges
- √ interest owed
- √ provisions for doubtful debts;
- ✓ resources made available to a participant free of charge
- ✓ unnecessary or ill-considered expenses, excessive or reckless expenditure
- ✓ VAT, unless a certificate from the national tax authorities certifying that VAT cannot be recovered is submitted
- ✓ any cost incurred or reimbursed in respect of another Community grant
- ✓ exchange losses



## **Cost Categories: Staff Costs**

(Art. II.14.2)

- Only costs of actual hours worked to be recorded in timesheets
- Only costs related to persons on the payroll of the beneficiary
- Only costs related to persons directly working on the project
  - ✓ secretarial/administrative/managerial costs are deemed to be included in the indirect costs
- Only actual salaries plus social charges and other statutory costs included in the remuneration can be used to calculate the hourly rate
  - ✓ Specific bonuses paid out only for participation in EU projects are not eligible.
- Substantial deviations from the average cost of similar labour in the country concerned must be evidenced
- EASME does not reimburse 'prices' (i.e. cost + commercial uplift)
- > Hourly rates of Contract Preparation Forms do not constitute accepted rates!!



### **Cost Categories: Staff Costs**

(Art. II.14.2)

- In-house consultants deliver 'external services' and may be classified under staff costs, if they meet ALL the criteria listed below:
  - 1. The consultant has a contract to work for the beneficiary which involves tasks to be carried out under the IEE grant agreement.
  - 2. The consultant works under direct instructions/supervision of the beneficiary.
  - 3. The consultant works in the premises of the beneficiary as part of the project team.
  - 4. The output of the work belongs to the beneficiary.
  - 5. The costs of employing the consultant are reasonable, are in accordance with the normal practices of the beneficiary (provided that these are acceptable to the EASME) and are not significantly different from the personnel costs of employees of the same category working under a labour law contract for the beneficiary.
  - 6. The travel & subsistence costs related to the participation of the consultant in project meetings or other travel relating to the project is directly paid by the beneficiary.
  - 7. The applicable tax and related social security costs are paid by the consultant.
  - 8. The consultant must be a user of the beneficiary's infrastructure (i.e. user of the 'indirect costs').



## **Cost Categories: Staff Costs**

(Art. II.14.2)

### Method to calculate hourly rates (employees only):

✓ Productive time is the total hours worked, excluding holidays, sick leave, or other allowances. Calculation example :

```
Days/year 365 days
Less 52 weekends 104 days
Subtotal 261 days
Less Annual holidays -22 days
Statutory holidays -15 days
Sick leave - 5 days
Training (Max. 10) - 4 days

Total-Productive days 215 days
```

```
Productive hours/year (7 hrs/day) = 1.505 (or 125 hours/month)
Productive hours/year (8 hrs/day) = 1.720 (or 143 hours/month)
```

- Working time is the total of hours worked on the project (as recorded in the timesheets)
- ✓ Total gross remuneration costs (incl. social charges etc)
- ✓ Hourly rate = Total gross remuneration cost
  Productive hours



# Cost Categories: Staff Costs (Art. II.14.2)

#### > Timesheets

- ✓ Record of total working time spent per person per day (all activities)
- ✓ To be signed monthly by person concerned & approved by management
- ✓ Example EASME template (below) available on website (feel free to use own system if it meets at least these minimum requirements)
- ✓ Simplified timesheet can be agreed with EASME for minor participation.

Name of staff member																		
Name of Beneficiary/ Partner																		
Total of working hours *																		
Calendar Year																		
Calendar Month																		
* indicate number of working hours per day, week or n	nonth																	
Calendar Day	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
In case of absence, indicate one of the reason codes below																		
Hours worked on project**																		
Hours worked on project**																		
Hours worked on project**																		
Other activities																		
Total hours (including overtime)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
** indicate the reference of the project																		
Absences																		
Weekend	WE																	
Sick leave	SL																	
Public holidays	PH																	
Annual holidays	AH																	
Other absence	OA																	



## **Subcontracting**

(Art. II.9)

- No formal limits (but only for limited tasks)
- Co-ordination tasks cannot be fully subcontracted
- Value for money: competitive selection process necessary
  - √ follow company rules
  - ✓ where no company rules exist ask three offers
  - √ framework contracts are applicable
- If not budgeted, prior agreement is necessary before subcontracting (tasks to be subcontracted need to be in Annex I)
- Subcontract has to show reference to IEE project and clearly specify the tasks
- > Travel costs of subcontractors are part of subcontract
- > Results of subcontracts have to made available to project
- EASME asks copies of subcontracts and checks value for money



### **Travel & subsistence costs**

- Travel costs are sensitive in public perception spend with much care
  - Plan meetings sufficiently in advance
  - ✓ Book early
  - ✓ People attending meetings have distinct roles, added value
  - ✓ Apply company policy
  - ✓ EASME asks for copy of invoices / expenses claims only on a sampling basis
  - If lunch or dinner costs are paid by organiser, these costs have to be excluded from subsistence costs



## Other specific costs

- Consumables cost category not used in IEE, instead used "other specific costs"
  - ✓ Toner, office supplies, paper, photocopies, etc. included in indirect costs, not to be charged as direct costs
- > Three biggest invoices to be submitted with cost statement
- "Related to the action", "reasonable"
  - ✓ Lunch / Dinner costs: 1 dinner per meeting, threshold of 40 EUR/person \* twice n° of participants
  - √ Abonnements
  - ✓ Prizes
- Often not spent and shifted to staff costs
  - ✓ EASME not in favour of such shifts



## **Exchange rates**

(Art. I.11.2)

# For beneficiaries of non-EURO countries there are two options. Any conversion of actual costs into EURO shall be made:

> at the monthly accounting rate established by the Commission and published on its website applicable on the day when the cost was incurred

or

> at the monthly accounting rate established by the Commission and published on its website applicable on the first working day of the month following the period covered by the financial statement concerned.

http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=home&Language=en



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### Making your project a success

- Why has Total Concept already been successful? (during the Call)
  - ✓ Business model of NZEB renovation
    - Clear objective to achieve renovations following economic terms (the focus is on the business, not so much on the energy renovation)
    - It may not be a full NZEB renovation, but it looks at how far you can **feasibly** go (economic model)
  - ✓ Approach to case studies
    - Real cases (not just research case studies)
  - ✓ Good involvement of stakeholder and target groups
    - Directly involved in case studies
    - Good communication strategy
  - ✓ Good impact
    - Energy savings
    - Renewable energy triggered (relative to the action)
    - Communication
  - ✓ Good value for money



### **Impact / Performance Indicators**

# Project objectives Strategy Action

- ➤ EU has ambitious targets → expectations of IEE projects is high
- Take your performance indicators seriously
- Record and show impacts of your project
- Install appropriate monitoring system from beginning of the project make efforts to quantify your results and impacts
  - Demonstrate that you strive to reach your performance indicators
  - Provide credible reasons if they are not achieved
- Guide and methodology available on the IEE website to assist you

### **Create synergies**

- Liaise with other relevant regional, national or European initiatives
  - ✓ to exchange on the barriers faced and solutions found
  - ✓ to increase visibility of your action
  - ✓ to increase the impact of your action
  - ✓ to foster long-term sustainability of your action

Report on synergies to the Project Officer or/and in reports to EASME



#### Communication – the mission

#### Communication is key for your project

- Right from the project start
- ➤ Audience driven: → what is in it for me?
- ➤ Pro-active: → emphasis on marketing
- Targeted and focussed
- Clear and simple





#### **Contact ManageEnergy**

if your project includes local authorities and /or Energy Agencies: <a href="https://www.managenergy.net">www.managenergy.net</a> Post an event, share news!

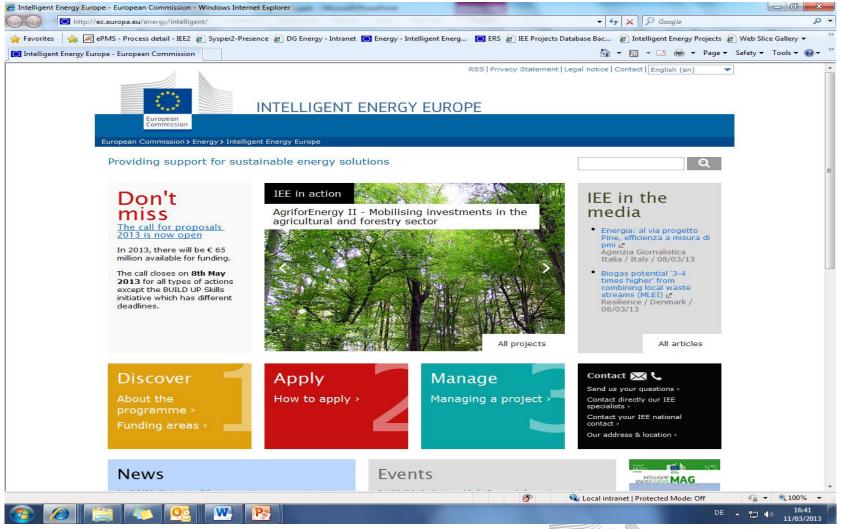
#### **Obligations related to Communication**

http://ec.europa.eu/energy/intelligent/managing-projects/day-to-day-management/communicating-your-results/index\_en.htm



#### Feature on the IEE website

#### http://ec.europa.eu/energy/intelligent/index\_en.htm



### **Communication – the Project Website**

- > Is: the "business card" of the project
- > Should be: up-to-date and attractive for your target groups
- Should not be: a pure management tool for project team
- Forbidden: project jargon such as 'Deliverable n° x', 'work package y'
- > All public deliverables should be available for downloading as soon as they are completed.
- Check out the website tips in the "Day-to-day management" corner on the IEE website!



# **Communication Joint efforts – EASME and you!**



Commission | Small and Medium-sized Enterprises

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### Frequent mistakes

- Lack of interaction between partners resulting in failure to achieve European Added Value
  - ✓ partners working in parallel with limited real interaction.
  - ✓ lack of interaction at (project) meetings (too much presentations, presentations, presentations)
  - ✓ lack of cross-country overview, analysis
- Lack of focus on concrete outcomes and impacts on the market; inadequate monitoring of performance indicators
- Insufficient efforts to ensure involvement and participation of stakeholders low participation at events, lack of feedback, low interest shown by market actors for the project outcomes and deliverables
- Unprofessional website, not user-friendly, mainly used as internal management tool; outdated and/or overambitious & empty in many sections



# Frequent mistakes – Public deliverables

- (Re-)Use of material without quoting the sources:
  - ✓ Bad practice and danger of plagiarism
  - ✓ The Agency encourages use of existing material with proper referencing in a serious, transparent and professional manner
  - ✓ Do not charge again to the project
- Produced material/deliverables are not attractive for target group(s)
  - ✓ Inappropriate language (project slang such as work package, deliverable, ...)
  - ✓ No author indicated, no date of publication, no quality control
  - ✓ Poor English
  - ✓ Poor layout
- Public deliverables (brochure, video, website, event invitation etc.) have no EU emblem (flag), reference to the funding Programme and/or disclaimer
  - Rule: No EU emblem and no reference to funding Programme no payment !!



# Frequent mistakes - Reporting

- Badly documented activities not able to substantiate the hours claimed may result in reduction of accepted hours/costs
  - ✓ Think early how to monitor/report your activities
  - ✓ Keep track of your contacts with stakeholders (date, meeting agenda, minutes, further contacts...)
  - ✓ Be careful !! Communication & promotion are often badly documented.
- Misunderstanding that increases of hours to "use the budget" in case actual labour rates or other specific costs are lower than budgeted do not need to be justified. IEE looks to maintain the value for money increased hours risk to be rejected.
- ➤ The publishable 'Result-oriented Report' missing or not attractive
- Late delivery to EASME due to delayed delivery of inputs from partners discipline from partners needed



# Frequent mistakes – Financial issues

- > Time sheets do not reconcile the full working time of a person
  - → See Time Sheet Model on the IEE web-site
- Hourly rates of Contract Preparation Forms (CPF) are used in cost statements instead of actual rates based on real salary costs
- Reporting period is wrongly referenced on financial statement
- Copies of invoices are missing when submitting final financial statement
- Reference to the project on invoices of subcontracts is missing



## Tips (Do's!)

- Read the contract
- Take your contract & work programme seriously
- Focus on project outcomes & results
- Monitor your impact
- Involve stakeholders
- Keep regular contact with your Project Officer
- Ask, if you are not sure
- Put the Financial Officer in copy if contractual / financial issue
- Visit the 'Day-to-day management' section of the IEE website

http://ec.europa.eu/energy/intelligent/managing-projects/day-to-day-management/index\_en.htm





# Thank you!

# and enjoy the common learning and exchange across Europe



