

# Programme Guide – Updates

This document regroups the sections of the Culture Programme Guide that have been updated. All other sections of the Programme Guide not present in this document remain unchanged.

This update applies to applications for funding submitted under the 2013 annual budget only.

## CHAPTER I Introduction

Section I.7 is replaced by the text below.

Change: The concrete dates for the selections for funding under the 2013 annual budget are provided.

### I.7 Calendar 2013

The deadlines for submission of applications are scheduled as follows:

Action	Deadline for submission	Publication of selection results no later than	Starting date	Duration
<b>Strand 1.1</b> Multi-annual cooperation projects	7 November 2012 12:00 midday Brussels time	31 March 2013	Between 1 May 2013 and 30 April 2014	Min. 36 months to max. 60 months
<b>Strand 1.2.1</b> Cooperation projects	7 November 2012 12:00 midday Brussels time	28 February 2013	Between 1 May 2013 and 30 April 2014	Max. 24 months
<b>Strand 1.2.2</b> Literary translation projects	6 February 2013 12:00 midday Brussels time	31 July 2013	Between 1 September 2013 <sup>1</sup> and 31 August 2014	Max. 24 months
<b>Strand 1.3.5</b> Cooperation projects with Third Countries 2013: Canada and Australia	3 May 2013 12:00 midday Brussels time	31 August 2013	Between 1 November 2013 and 31 October 2014	Max. 24 months
<b>Strand 1.3.6</b> Support to European cultural festivals	5 December 2012 12:00 midday Brussels time	31 March 2013	Between 1 May 2013 and 30 April 2014	Max. 12 months
<b>Strand 2</b> Annual operating grant for organisations active at European level in the field of Culture: a) Ambassadors; b) Advocacy networks	10 October 2012 12:00 midday Brussels time	28 February 2013	Financial year 2013	The financial year
<b>Strand 3.2</b> Cooperation projects between organisations involved in cultural policy analysis	7 November 2012	28 February 2013	Between 1 May 2013 and 30 April 2014	Min. 12 months to max. 24 months

<sup>1</sup> Unless a justification is given for an earlier start date, which can under no circumstances be earlier than 6 February 2013.

## CHAPTER II Application and selection procedure

**Section II.1 is replaced by the text below.**

**Change: The requirement to send documents and annexes, whenever possible, on CD-Rom or USB stick for all strands except strand 3.2.**

### II.1 Submission of application

#### **On-line application system for strand 1.1, 1.2.1, 1.2.2, 1.3.5, 1.3.6 and 2**

For these strands an online application system has been set up. Proposals must be submitted by the deadline set for each of these *strands* (see the calendar in Chapter I.7), using the online application form, which is accessible on the website of the Executive Agency.

In addition, the application package must be sent by post by the deadline (the postmark serves as proof).

The application package to be sent to the Executive Agency must include a CD-Rom or USB stick containing all requested documents and mandatory annexes (please see details under the respective Funding opportunities sections on the website). The ones that cannot be provided on CD-Rom or USB stick (for example: copy of the balance sheets and profit & loss accounts, copies of books proposed for translation) must be sent on paper.

Application packages are not returned at the end of the selection procedure.

Please note that no other method of submission of an application will be accepted. Applications submitted in any other way will be automatically rejected. No exceptions will be made.

Make sure that you have officially submitted your electronic application form and that you have received an e-mail acknowledging receipt of your submission.

#### **Paper application form only for strand 3.2**

For this strand the online application form is not available. Therefore a paper application form must be used.

The paper application form must be downloaded from the website of the Agency, then be printed and sent together with the related annexes by the deadline for Strand 3.2 (the postmark serves as proof) to the Agency by post.

#### **For all strands**

The application packages must be sent by post (the postmark serves as proof), by express courier service (the registered delivery receipt of the mail service serves as proof), or delivered in person, by applicants themselves, not later than 16.00 on the set deadline. In the latter case, a receipt must be obtained as proof of submission, signed and dated by the official in the central mail department who took delivery. This department is open from 08.00 to 17.00 from Monday to Thursday and from 08.00 to 16.00 on Friday; it is closed on Saturdays, Sundays and Commission holidays.<sup>2</sup> For security reasons no applications are accepted at the EACEA physical address (Colonel Bourg).

---

<sup>2</sup> 1 January (New Year's Day), 2 January (day after New Year's Day), Easter Monday, 1 May (Labour Day), 9 May (Europe Day), Ascension Day, Whit Monday, 21 July (Belgian National Holiday), 15 August (Assumption Day), 1 November (All Saints' Day), 24 December (p.m. – Christmas Eve), 25 December (Christmas Day), 31 December (New Year's Eve).

No changes to the dossier can be made after the deadline for the submission of applications. However, if there is a need to clarify certain aspects, the Executive Agency may contact the applicant for this purpose.

Address to which the application package must be sent (or delivered in person):

**Education, Audiovisual & Culture Executive Agency**

Culture Programme (2007–2013)

Programme Strand \_\_\_\_\_ → [please indicate here strand name and number on which you apply]

Avenue du Bourget 1

(BOUR 04/13)

B – 1140 Brussels

Belgium

**Section II.2.1.1 is replaced by the text below.**

**Change: Update of the countries taking part in the Programme.**

**II.2.1.1 Countries taking part in the Programme**

To be eligible, applicants must have their head office in one of the countries taking part in the Programme.

The countries taking part in the Programme are:

- the Member States of the European Union,<sup>3</sup>
- the countries of the EEA<sup>4</sup> (Iceland, Liechtenstein and Norway);
- Albania, Bosnia-Herzegovina, Croatia, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

More countries may become eligible in future, provided they conclude a memorandum of understanding laying down details of their respective participation in the Programme.<sup>5</sup>

Countries that do not feature in the above list of countries taking part in the Programme are categorised as 'Third Countries'.

---

<sup>3</sup> The following are the 27 Member States of the European Union: Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

<sup>4</sup> European Economic Area.

<sup>5</sup> More information on developments relating to these 'Third Countries' is published on the Executive Agency website at <http://eacea.ec.europa.eu>.

**Section II.2.1.3 is replaced by the text below.**

**Change: The requirement to send documents and annexes, whenever possible, on CD-Rom or USB stick for all strands except strand 3.2.**

### **II.2.1.3 Other eligibility criteria**

A proposal is eligible if (for strand 3.2 see below):

- it is submitted online and the application package is sent by post no later than the deadline for submission of proposals shown in the Calendar set out in Chapter I.7 (the postmark or mail service stamp serves as proof); proposals sent by fax or e-mail are not eligible;
- it is written in one of the official languages of the EU;<sup>6</sup>

*N.B. However, for the purpose of speeding up the assessment procedure (and with no prejudice whatsoever to the assessment itself), it is recommended that applications be submitted in one of the three working languages of the Commission (English, French or German);*

- it is submitted using the online application form (e-form);
- the application package contains an official cover letter, a CD-Rom or USB stick containing all requested documents and mandatory annexes and any required annex that cannot be provided on the CD-Rom or USB stick.

Proposals that are not complete and valid by the prescribed submission deadline are not eligible.

A project submitted under strand 3.2 is eligible if:

- it is sent no later than the deadline for submission of proposals shown in the Calendar set out in Chapter I.7 (the postmark or mail service stamp serves as proof); proposals sent by fax or e-mail are not eligible;
- it is written in one of the official languages of the EU;<sup>7</sup>

*N.B. However, for the purpose of speeding up the assessment procedure (and with no prejudice whatsoever to the assessment itself), it is recommended that applications be submitted in one of the three working languages of the Commission (English, French or German);*

- it is submitted using the official application form, duly completed and signed as required (original signatures of the person authorised to enter into legally binding commitment on behalf of the applicant organisations); handwritten proposals are not eligible;
- it contains an official cover letter, the original application form, all annexes to the application form and the requested supporting documents.

Proposals that are not complete and valid by the prescribed submission deadline are not eligible.

If any of the above conditions are not met by the deadline set for submission of proposals, the application is considered ineligible and is thus excluded from the selection process.

The Executive Agency reserves the right to reject any incomplete proposal.

<sup>6</sup> These are listed at [http://europa.eu/abc/european\\_countries/languages/index\\_en.htm](http://europa.eu/abc/european_countries/languages/index_en.htm)

<sup>7</sup> These are listed at [http://europa.eu/abc/european\\_countries/languages/index\\_en.htm](http://europa.eu/abc/european_countries/languages/index_en.htm)

**Section II.2.2 is replaced by the text below.**

**Changes: For applications equal to or below EUR 60 000, no declaration on honour is required.**

**Note: For purely practical reasons, the declaration on honour will nevertheless need to be attached to the eForm for ALL applications submitted for funding under the 2013 budget. If the document is not attached to the eForm, it will not be possible to submit the eForm.**

## **II.2.2 Exclusion criteria**

Applicants who apply for a grant higher than EUR 60 000 must state that they are not in any of the situations described in Articles 93(1) and 94 to 96(2)(a) of the Financial Regulation applicable to the general budget of the European Communities<sup>8</sup> (hereafter 'the Financial Regulation') set out below.

Applicants are excluded from participating in the Programme if they are in any of the following situations:

- they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- they have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU financial interests;
- they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation.

Applicants cannot be granted financial support if, on the date of the grant award procedure, they:

- are subject to a *conflict of interests*
- are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the grant award procedure, or fail to supply this information;
- find themselves in one of the situations of exclusion, referred to in Article 93(1) of the Financial Regulation, for this grant award procedure;

---

<sup>8</sup> Council Regulation (EC, Euratom) No 1605/2002 as amended subsequently.  
[http://ec.europa.eu/dgs/budget/index\\_en.htm](http://ec.europa.eu/dgs/budget/index_en.htm)

- are subject to the penalty consisting in the exclusion from contracts and grants financed by the budget for a maximum period of ten years.

In accordance with Articles 93 to 96 of the Financial Regulation, administrative and financial penalties may be imposed on applicants who are guilty of misrepresentation or are found to have seriously failed to meet their contractual obligations under a previous contract award procedure.

By signing the declaration of honour, applicants who apply for a grant higher than EUR 60 000 certify that they are not in any of the situations referred to in Articles 93(1), 94 and 96(2)(a) of the Financial Regulation. The template document can be found at the Executive Agency's website, together with all the application documents for each strand.

**Section II.2.3.1 is replaced by the text below.**

**Change: For grants equal to or below EUR 60 000, applicants no longer have to prove their operational and financial capacity.**

### **II.2.3.1 Operational and financial capacity**

Proposals for grants higher than EUR 60 000 which comply with the eligibility and exclusion criteria are subject to an in-depth evaluation on the basis of the *operational* and *financial capacity* of the applicant organisations.

This makes it possible to assess whether:

- the applicant organisations have the professional skills and qualifications to complete the proposed activities (*operational capacity*).

For that purpose, applicants must submit:

- ❖ an activity report covering the past two years (approximately ten pages per activity report)<sup>9</sup>;
- ❖ the curriculum vitae of the person(s) responsible for the overall coordination/implementation of the proposed action on behalf of each organisation involved or for the implementation of the work Programme of the organisation (maximum four pages per curriculum vitae).

These documents will also have to be provided for applications equal to or below EUR 60 000 under Strand 2 (operating grants), not for the analysis of the operational capacity, but in support of the analysis of the award criteria (*Excellence of the proposed cultural activities*).

- the applicant organisations have stable and sufficient financial resources to maintain the proposed activities throughout the duration of the project or the year for which the grant is awarded, and to participate in their funding (*financial capacity*).

---

<sup>9</sup> The official activity report is sufficient. Applicants are recommended to submit a summary in English, French or German for the purpose of speeding up its assessment in cases where the activity report is in another official language of the European Union.

For that purpose, applicants must submit:

- ❖ the Financial Identification form duly completed and certified by the bank (original signatures required).

This document can be downloaded at the following address:

[http://ec.europa.eu/budget/execution/ftiers\\_en.htm](http://ec.europa.eu/budget/execution/ftiers_en.htm)

- ❖ the Financial Capacity form for their country.

This document can be downloaded at the following address:

[http://eacea.ec.europa.eu/culture/index\\_en.htm](http://eacea.ec.europa.eu/culture/index_en.htm)

- ❖ the balance sheet as well as the profit and loss account for the last *financial year* for which the accounts have been closed (these should not be more than 18 months old).

The last two requirements do not apply to *public organisations* and international organisations under public law established by intergovernmental agreements and specialist agencies created by such organisations.

Following the adoption of the new Financial Regulation, applicants for grants below or equal to EUR 60 000 do not have to prove their operational and financial capacity.

Please refer to the Executive Agency's website where instructions concerning documents to be submitted are detailed per strand.

#### **Section II.2.4 is replaced by the text below.**

#### **II.2.4. Award criteria**

The *award criteria* form the basis for assessing the artistic and cultural quality of the proposals in relation to the general and specific objectives of the Programme as well as the focus and characteristics of each strand. The *award criteria* are defined for each *strand* (see Part Two).

Eligible proposals are assessed by an *evaluation committee*. The *evaluation committee* is composed of Executive Agency and Commission officials and is assisted by independent experts from the countries taking part in the Programme.<sup>10</sup>

The *evaluation committee* makes a proposal for the distribution of the grants. It proposes a list of organisations or projects meriting a grant on the basis of their assessment score and of the available budgetary resources.

---

<sup>10</sup> The independent experts are selected on the basis of an open call for expression of interest.

## CHAPTER III Financial and other conditions

**Section III.1.5 is replaced by the text below.**

**Changes: The no-profit rule does not apply to grants equal to or below EUR 60 000. For operating grants, amounts dedicated to the building up of reserves are not taken into account when verifying compliance with the no-profit rule.**

### III.1.5 No-profit rule<sup>11</sup>

Grants awarded, including operating grants, must not have the purpose or the effect of producing a profit for the beneficiary. In practical terms this means that, if the total receipts of an action are higher than the final total costs of the action, the grant from the European Union will be reduced accordingly after the analysis of the final report, taking into consideration the information contained in the grant agreement signed by the beneficiary. The estimated budget for the action or the operating budget attached to the application shall have revenue and expenditure in balance, subject to provisions for contingencies or possible variations in exchange rates which may be authorised in duly justified cases, and shall indicate the estimated eligible costs of the action or work programme.

For operating grants, amounts dedicated to the building up of reserves shall not be taken into account for the purpose of verifying compliance with the no-profit rule.

Existence of a profit may bring about recovery of amounts previously paid.

The no-profit rule does not apply to grants equal to or below EUR 60 000 and literary-translation projects (Strand 1.2.2) obtaining a grant calculated on the basis of flat-rate funding (see Chapter III.3.2).

**Section III.1.6 is replaced by the text below.**

**Change: In the case of grants equal to or below EUR 60 000, no financial guarantees may be requested.**

### III.1.6 Guarantee

The Executive Agency may require any organisation which has been awarded a grant of more than EUR 60 000 to provide a guarantee first, in order to limit the financial risks linked to the prefinancing payment.

On the basis of an analysis of the financial-capacity form and the official accounts of the organisation (see Chapter II.2.3.1), the Executive Agency decides whether a guarantee is required.

The purpose of this guarantee is to make a bank or a financial institution, third party or the other *beneficiaries* stand as irrevocable collateral security for, or first-call guarantor of, the grant *beneficiary's* obligations.

This financial guarantee, denominated in euros (hereafter 'EUR'), must be provided at the time of signature of the grant agreement by an approved bank or financial institution established in one of the Member States. If the *beneficiary* is established in a *non-Member State* that is taking part in the Programme, the Executive Agency may agree that a bank or financial institution established in that country may provide the guarantee if it 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.

---

<sup>11</sup> For further details, please see the 'no-profit rule' in Article 165 of the Regulation laying down detailed rules for the implementation of the Financial Regulation.

The guarantee may be replaced by a joint and several guarantee provided by a third party or by a joint guarantee provided by the beneficiaries of an action who are parties to the same *Grant Agreement / Grant Decision*.

The guarantee shall be released as the pre-financing is gradually cleared against interim payments or payments of balances to the beneficiary, in accordance with the conditions laid down in the *Grant Agreement / Grant Decision*.

If an organisation is not in a position to provide a guarantee, it may nevertheless continue with the implementation of the project but will not receive any pre-financing when the contract is signed.

Pre-financing may be made available to the said organisation during the implementation of the programme and in accordance with the terms of the grant agreement or grant decision following the submission of an interim report. The interim report shall comprise a progress report on the execution of the project and interim financial statements, that is to say financial accounts and a list of invoices, thereby providing a summary of progress in the implementation of the project and a review of the financial position.

This requirement does not apply to the *public organisations* and international organisations under public law described in Chapter II.2.3.1.

**Section III.3.1.1 is replaced by the text below.**

**Change: The 'certificate on the action's financial statements and underlying accounts' has become the 'Report of Factual Findings on the Final Financial Report'.**

### **III.3.1.1 Eligible costs**

Eligible costs of the action are costs actually incurred by the *beneficiary* or, where applicable, the *co-organiser* which meets the following criteria:

- they are incurred during the duration of the action as specified in the Grant Agreement / Grant Decision, with the exception of costs relating to the Report of Factual Findings on the Final Financial Report;
- they are connected with the subject of the agreement and they are indicated in the estimated overall 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 and, justified and comply with the requirements of sound financial management, in particular economy and efficiency;

The internal accounting and auditing procedures of the *beneficiary* or *co-organiser* must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

*Eligible costs* are split into two main categories:

## Eligible direct costs

Eligible direct costs are those costs which, with due regard for the conditions of eligibility set out above, are directly linked to the implementation of the action and which can therefore be booked to it directly. This includes in particular:

- the cost of staff assigned to the action, comprising salaries, plus social security charges and other statutory costs included in their remuneration, provided that this cost does not exceed the average rates corresponding to the usual remuneration policy of the *beneficiary* or, where appropriate, that of the *co-organiser*;

For staff partly involved in the action, only the percentage of the allocated time is eligible. The participation of staff in the action must be proven by secondment contracts, job descriptions, attendance records (i.e. time sheets) or any other evidence. The corresponding salary costs of personnel of national administrations are eligible to the extent that they are related to the cost of activities which the relevant public authority would not carry out if the action concerned was not undertaken.

**Note: for several actions there are ceilings** regarding staff costs, which can be found in the application form for the specific strand.

- travel and subsistence costs and/or allowances for staff involved in the operation and implementation of the action; these must be in line with the *beneficiary's* usual practice on travel costs or, where appropriate, that of *co-organisers*. If these costs are considered to be extravagant, they shall be revised downwards and capped in accordance with the scales approved annually by the European Commission<sup>12</sup>;
- rental or purchase cost of durable equipment (new or second-hand); the equipment concerned must be written down in accordance with the tax and accounting rules applicable to the *beneficiaries* and where appropriate, to *co-organisers* and generally accepted for equipment of the same type; only the proportion of the *depreciation* of the equipment corresponding to the duration of the action and the rate of actual use for purposes of the action may be taken into account, except where the nature and/or the context of its use justifies different treatment;
- cost of consumables and supplies, provided that they are identifiable and assigned to the action/project;
- cost of the Report of Factual Findings on the Final Financial Report (see Chapter III.7);
- costs arising from contracts awarded by the *beneficiary* or the *co-organisers* for the purpose of carrying out the action (subcontracting and award of procurement or service contracts, see Chapter III.5);
- costs arising directly from requirements imposed by the implementation of the action (dissemination of information, specific evaluation of the action, audits, translations, reproductions, etc.), including, where applicable, the costs of any financial services (especially the cost of financial guarantees).
- non-deductible VAT unless it is related to activities of the public authorities in the Member States.

<sup>12</sup> For further details regarding the daily allowance, please see the Executive Agency's website.

**Note I:**

For actions involving costs relating to a *Third Country* (i.e. costs relating to natural persons citizens of a *Third Country*, organisations based in a *Third Country* and activities taking place in a *Third Country*), the relevant costs incurred by the *beneficiary* and/or the *co-organiser* must not exceed 15% of the total *eligible budget*.

This rule does not apply to projects submitted under Stand 1.3.5, Cultural Cooperation projects with *Third Countries*.

**Note II:**

Costs incurred by *associated partners* and cost incurred by *partners* in the *Third Country* are not eligible, unless they are directly paid or refunded by the *beneficiary* and/or the *co-organiser*.

**Eligible indirect costs (administrative/operating costs)**

These are general administrative/operating costs which are incurred by the *beneficiary*, or, where applicable, the *co-organisers* and which can be regarded as chargeable to the action.

**For projects only**, a flat-rate amount, not exceeding 7% of the eligible direct costs, is eligible under *indirect costs*. In addition, a second ceiling applies to multi-annual cooperation projects (Strand 1.1): indirect costs for the latter may not exceed EUR 180 000 for the entire duration of the project.

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

For projects, *indirect costs* are not eligible when the *beneficiary* or, where applicable, the *co-organisers* also receive an operating grant awarded under the budget of the European Union.

**Ineligible costs**

- return on capital
- debts and debt service charges
- provisions for losses or potential future liabilities
- interest owed
- doubtful debts
- exchange rate (accounting rate) losses
- costs covered by another action or work programme receiving a grant from the European Union
- excessive or reckless expenditure
- *contributions in kind* (see glossary)

**Section III.5 is replaced by the text below.**

**Changes: The total allowed cost for subcontracting has been increased and some services that are not considered as subcontracting are enumerated.**

**III.5 Implementation contracts / subcontracting****III.5.1 Definition**

For the purposes of paragraph III.3.1.1 above, 'subcontracting' shall mean any service provided by an external body, organisation or individual, in return for payment, to the

beneficiary/ies (body receiving the grant or, in the event of a coordination project, to the co-organisers).

Any service provided by an associated partner (including third country partners) of the beneficiary/ies shall be considered as subcontracting.

Notwithstanding the above definition, the following services shall not be considered as subcontracting (irrespective of the link these persons have with the beneficiary/ies):

- artist fees, fees for speakers, fees for staff members of one of the beneficiary/ies organisation/s;
- services provided by a public body;
- travel, local transport, subsistence costs (accommodation and daily rate);
- purchase of equipment necessary for the activity (depreciation only).

Highly specialised services, related to the artistic implementation of the project, that can only be provided by an external body, organisation or individual (relating to for example sound engineering, specialised moving companies, etc), do not count towards the limits for subcontracting (these are accepted on a case by case basis by the Agency).

### **III.5.2 Subcontracting restrictions**

The total costs for subcontracting may not be more than 50% of the total direct eligible costs of the project.

Subcontracting shall concern only supporting activities. The beneficiary/ies remain/s responsible for the conception and the development of the project, the attainment of its objectives, the implementation of the work programme and the use of appropriate tools.

### **III.5.3 Conditions under which the beneficiary and/or the co-organisers may award subcontracting contracts**

The beneficiary/ies will award the contract to the tender offering best value for money, that is to say, to the tender offering the best cost-benefit ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any *conflict of interests*.

For contracts of a value over EUR 60 000, national rules with regard to procurement apply.

Costs are based on a verifiable estimate or on the basis of an offer.

The beneficiary and, where applicable, its co-organisers must clearly document the tendering procedure, submit a copy of the relevant documents together with the final report at the end of the action and retain them for audit purposes.

**Section III.6 is replaced by the text below.**

**Change: Clarification.**

### **III.6 Reporting obligations**

All payments made by the Executive Agency, apart from the one made once the Grant Agreement/Decision is signed, are subject to the analysis and approval of an interim or final report on the implementation of the action. This report is to be submitted by the *beneficiaries* together with the relevant supporting documents.

For the final payment, a payment request from the *beneficiaries* is required. For details please see Chapter III.8 as well as specific additional requirements under the headings Payment Arrangements for each of the different strands.

**Section III.7 is replaced by the text below.**

**Changes: The certificate in respect of the final financial statements has been replaced by a Report of Factual Findings on the Final Financial Report. There are three categories, depending on the grant that has been awarded.**

### **III.7 Report of Factual Findings on the Final Financial Report**

For strands 1.1, 1.2.1, 1.2.2 (poetry), 1.3.5, 1.3.6, 2 (budget based), and 3.2 the final financial statements must be accompanied by a Report of Factual Findings on the Final Financial Report produced by an auditor. This document is compulsory.

The submission of the Report of Factual Findings on the Final Financial Report does not waive the right of the Agency, the Commission or the Court of Auditors to carry out their own audits.

There are 3 types/categories of reports depending on the amount awarded to the beneficiary:

- Category 1: Action grants of EUR 750 000 or more (Strand 1.1), when the cumulative amounts of request for payment is at least EUR 325 000, and operating grants of EUR 100 000 or more (strand 2 budget based only)
- Category 2: Action grants over EUR 60 000 and up till EUR 750 000 (strands 1.1, 1.2.1, 1.3.5, 1.3.6 and 3.2) and operating grants between EUR 60 000 and EUR 100 000 (strand 2 budget based)
- Category 3: grants equal to or below EUR 60 000 (Strands 1.2.1, 1.2.2 poetry, 1.3.5, 1.3.6, 3.2 and 2 budget based)

The templates for each category as well as guidelines for each category can be found at the Executive Agency website (under Beneficiaries space). Any other document or presentation will be rejected.

The cost of the certification and the production of the Report of Factual Findings on the Final Financial Report is an eligible cost.

**Section III.8 is deleted.**

**Change: It is no longer required to submit an external audit report at the final report stage.**

### **III.8 External audit report**

Not applicable.

The part on pre-financing of Section III.9 is replaced by the text below. The part on final payment remains unchanged.

**Changes:** The payment deadline for the pre-financing payment upon signature of the Grant Agreement has been shortened from 45 days to 30 days. For further pre-financing payments, a deadline of 60 days applies.

**Interest generated by pre-financing payments will no longer be recovered by the Executive Agency.**

### **III.9 Payment procedures**

#### **Pre-financing**

A first pre-financing payment is transferred to the *beneficiary* within 30 days of the date when the Executive Agency signs the *Grant Agreement* and all the requested guarantees are received, if applicable. Pre-financing may be divided into a number of instalments. For more details, please see the rules governing the specific strands.

For Grant Decisions, the *beneficiary* should confirm his intention to implement the action, by written notice within ten calendar days from the notification of the Grant Decision. A pre-financing payment shall be made within 30 days following the receipt of this confirmation and, if applicable, following the date of receipt of all necessary guarantees. If written confirmation is not received by the Executive Agency a single payment shall be made based upon the final report.

The pre-financing payment is intended to provide cash flow to the *beneficiary* and, where applicable, to the *co-organisers*.

## CHAPTER IV Cooperation projects (Strand 1.1, 1.2.1 and 1.3.5)

Section IV.8.1 is replaced by the text below.

**Change:** The payment deadline for the pre-financing payment upon signature of the Grant Agreement has been shortened from 45 days to 30 days. For further pre-financing payments, a deadline of 60 days applies.

### IV.8.1 Pre-financing

*N.B. If a bank guarantee is required, the conditions associated with the payment arrangements here below are not the same (for more information on guarantees, see Chapter III.1.6).*

In the case of Strands 1.2.1 and 1.3.5, one single pre-financing payment is made within 30 days following the date on which the Agency signed the *Grant Agreement*.

In the case of Strand 1.1, more than one pre-financing payment may be made (see the box below).

The first payment is made within 30 days following the date on which the Agency signed the *Grant Agreement*. The others are made after the submission of an interim report. The interim report shall comprise a progress report on the execution of the project and interim financial statements, that is to say financial accounts and a list of invoices, thereby providing a summary of progress in the implementation of the project and a review of the financial position.

**For Multi-annual cooperation projects (Strand 1.1) lasting 36 months (3 years), pre-financing payments shall be made in the following way:**

- ❖ an initial pre-financing payment representing 40% of the awarded grant will be made within 30 days of the date of signature of the *Grant Agreement* by the Executive Agency, on the condition that all the requested guarantees have been received (if applicable);
- ❖ a second pre-financing payment representing 40% of the awarded grant will be made within 60 days of the date of receipt of the payment request by the *coordinator*, accompanied by the interim report, provided the Agency approves the report.

**For Multi-annual Cooperation projects (Strand 1.1) lasting 37 months (more than 3 years) to 60 months (5 years), pre-financing payments shall be made in the following way:**

- ❖ an initial pre-financing payment representing 30% of the awarded grant shall be made within 30 days of the date of signature of the *Grant Agreement* by the Executive Agency, on the condition that all the requested guarantees have been received (if applicable);
- ❖ a second pre-financing payment representing 30% of the awarded grant shall be made within 60 days of the date of receipt of the payment request by the coordinator, accompanied by the interim report, provided the Agency approves the report;
- ❖ a third pre-financing payment representing 20% of the awarded grant shall be made within 60 days of the date of receipt of the payment request by the coordinator, accompanied by the interim report, provided that the Agency approves the report.

**Note**

The second and third pre-financing payment shall be made when at least 70% of the previous pre-financing instalments have been consumed. In case the consumption of the pre-financing payments is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment.

**For Cooperation projects (Strand 1.2.1) and Cooperation projects with Third Countries (Strand 1.3.5), a pre-financing payment shall be made in the following way:**

A pre-financing payment corresponding to 70% of the awarded grant shall be made in accordance with the procedure described in Chapter III.8.

**Section IV.8.2 is replaced by the text below.**

**Change: Reference to the Report of Factual Findings on the Final Financial Report has been inserted.**

**IV.8.2 Final payment**

The Executive Agency shall establish the amount of the final payment on the basis of the final report.

In order to receive the final payment, the *beneficiary* must submit a final report by the deadline specified in the *Grant Agreement*. The final report shall contain a final implementation report, thereby providing a full account of the results of the project, as well as a Report of Factual Findings on the Final Financial Report (please refer to Chapter III.7).

Copies of the project products (i.e. publications, posters, invitations, DVDs, CD-ROMs, T-shirts, etc.), as well as any publicity material, shall be submitted together with the final report.

A pre-formatted document for the implementation report which helps structure and target the relevant information, as well as a template for the financial report which will serve as a basis for the external auditor to make the Report of Factual Findings on the Final Financial Report are provided on the website of the Executive Agency for the use of *beneficiaries*.

If the *eligible costs* actually incurred by the coordinator/*co-organisers* during the period of eligibility are lower than anticipated, the Executive Agency shall apply the rate of co-financing quoted in the *Grant Agreement*. This may lead to a reduction of the awarded grant.

Where applicable, the *beneficiary* will be required to reimburse any excess amounts paid by the Executive Agency.

## CHAPTER V Literary Translation Projects (Strand 1.2.2)

**Section V.3.2 is replaced by the text below.**

**Changes: The requirements in terms of documents to be provided to show that the selected applicant owns the right to the works proposed for translation have changed. The period within which the translation activities must start has been extended.**

### V.3.2 What projects are eligible?

- An eligible project consists in the proposal of one or up to a maximum of ten works of fiction to be translated from one European language (the source language) into another European language (the target language).
- Only translation expenses are eligible.
- Only works of fiction are eligible, irrespective of their literary genre, such as novels, tales, short stories, plays, poetry or comic strips. Non-fiction works are not eligible, e.g. tourist guides, autobiographies, biographies, essays or works related to human sciences (such as History, Philosophy, Economy etc.) and more generally works related to other sciences (such as Physics, Mathematics etc.).
- The original works must be written by authors who are nationals of or residents in a country taking part in the Programme with the exception of works written in Latin and ancient Greek.
- Works must have been previously published.
- Works must not have been previously translated into the target language.
- Selected applications will have to demonstrate that they own the rights to the literary work(s) proposed for translation. This means that the applicant will have to provide at least a letter of intent from the holder of the rights authorising the publisher to translate, print and sell his/her work, at selection stage.
- The translation activities must start within the period 1 September 2013 – 31 August 2014 (unless a justification is given for an earlier start date, which can under no circumstances be earlier than 6 February 2013).
- The duration of the project shall not exceed 24 months. The duration must be understood as from the start date of the translation of the 1<sup>st</sup> work until the publication date of the last translated work.
- The grant amount requested for a project must be between EUR 2 000 and EUR 60 000.

**Section V.3.4 is replaced by the text below.**

**Changes: The requirements in terms of documents to be provided to show that the selected applicant owns the right to the works proposed for translation have changed. The period within which the translation activities must start has been extended. A reference to the number of pages of the original work has been added to the declaration on honour related to works to be translated.**

### **V.3.4 Documents to be submitted to comply with the eligibility criteria**

The eligibility of a project will be assessed on the basis of the documentation requested under the eligibility criteria that are common to all strands of the Programme (see chapter II.2.1) and of the following documentation and materials to be provided by the applicants:

- copy of each original book proposed for translation; photocopies could exceptionally be accepted in the case of precious and rare works;
- *curriculum vitae* of the translators to be used;
- a declaration on honour signed by the legal representative of the applicant certifying that:
  - the works proposed for translation have been previously published;
  - the works proposed for translation have not been previously translated into the target language;
  - the works proposed for translation have been written by authors who are nationals of or resident in a country taking part in the Programme with the exception of works written in Latin and ancient Greek;
  - the target language is the translator's mother tongue (except in cases of lesser used languages if the publisher provides sufficient explanation);
  - the publishing house or publishing group commits itself to use the translator(s) envisaged in the application. Should the application be selected, the applicant shall provide the Executive Agency with a copy of the contract between the publisher and the translator for each book proposed for translation;
  - the applicant has verified and indicated the correct number of pages of the original work (definitive published version) duly considering the criterion of 1500 characters without spaces per page, for each book;
  - the translation activities will not start before 6 February 2013;
  - the publishing house or publishing group will own the rights to the literary work(s) proposed for translation and will counter-sign the formal agreement on the rights before the end of the duration of the project co-funded by the Executive Agency. Should the application be selected, the applicant shall provide the Executive Agency with a copy of a letter of intent from the holder of the rights authorising the publisher to translate, print and sell his/her work (or a formal agreement on rights) for each book.

A model of the declaration on honour related to works to be translated is provided for in the application form. The declaration on honour commits the applicant organisation to comply with the mentioned eligibility criteria. In case of selection and in case that these declarations are found not to be complied with, the grant allocated will be cancelled and the amounts already paid, if any, will have to be reimbursed. In particular, if applicants do not submit the formal agreement on rights by the end of the eligibility period of the project co-funded by the Executive Agency, or in case of false

letter of intent, the latter will be entitled to terminate the contract without any indemnity on its part and to recover the amounts paid (without prejudice to any other rights and sanctions).

**Section V.5.1 is replaced by the text below.**

**Changes: The calculation method to calculate the number of pages in the original work has been clarified. The flat-rates have been updated.**

### **V.5.1 Flat-rate financing<sup>13</sup>**

The grant shall correspond to the amount resulting from multiplication of the number of pages in the original work by the rate for each target language.

The number of pages in the original work shall be defined as the number of pages of the book considering the below-mentioned criterion of 1500 characters without space per page. The applicant will indicate the correct number of pages considering these 1500 characters without space per page, in the application.

The rates have been fixed at a level that does not incur the risk of generating profit or exceeding the general ceiling fixed in the Culture Programme 2007-2013 (i.e. 50% of the translation and publication costs of a literary work). Flat-rates per target language have been calculated on the basis of actual costs of translation per page of 1500 characters without space. The rates differ per target language. The rates are regularly updated.

Flat rates applicable to the languages of the countries taking part in the Programme<sup>14</sup> are the following (shown here in alphabetical order):

<b>Language</b>	<b>Flat rates in EUR to be applied in 2013</b>
Albanian	16,03
Bosnian	16,03
Bulgarian	14,28
Croatian	16,03
Czech	13,49
Danish	27,21
Dutch	24,58
English	25,95
Estonian	20,57
Finnish	26,07
French	25,27
Gaelic	27,20
German	26,56
Greek	19,79
Hungarian	20,28
Icelandic	35,67

<sup>13</sup> Commission Decision C(2008) 2781.

<sup>14</sup> The rates cover all official languages of the countries concerned. For example, the Spanish rate also applies to Catalan and Basque.

Italian	28,50
Latvian	19,73
Lithuanian	17,51
Macedonian	16,73
Maltese	18,05
Montenegrin	16,27
Norwegian	24,96
Polish	17,25
Portuguese	17,08
Romanian	10,21
Serbian	15,27
Slovakian	13,36
Slovenian	16,17
Spanish	22,58
Swedish	30,21
Turkish	9,48

A grant calculator in the application form calculates the maximum grant automatically. A simplified budget forecast has to be submitted. No detailed financial statement of costs is required with the final report.

**Example:**

Calculation of the total grant:

- one book in Romanian with 350 pages to be translated into Dutch : 350 x 24,58 (flat rate for Dutch): the total calculated grant is EUR 8 603.

**Section V.7.1 is replaced by the text below.**

**Change: The note related to guarantees was no longer relevant.**

**V.7.1 Pre-financing**

For a grant equal to or exceeding EUR 20 000, a pre-financing payment representing 70% of the awarded grant is made in accordance with the procedure described in Chapter III.9.

**Section V.7.2 is replaced by the text below.**

**Changes: The reporting requirements have been clarified for flat-rate financing. For flat-rate financing, the calculation method for the final grant has been clarified.**

**V.7.2 Final payment**

The Executive Agency establishes the amount of the final payment on the basis of the final report. The documents required for final payment are as follows:

(a) Flat-rate financing:

- the final report to be completed for each translation, which must indicate the name of the translator;
- the final simplified financial statement, including supporting documents;

- one copy of each translated and published work.

(b) Budget-based financing – poetry only:

- the final report to be completed for each translation, which must indicate the name of the translator;
- the final financial statement, including supporting documents which clearly indicate amounts with and without VAT;
- one copy of each translated and published work.

**Final payment calculation**

*For flat-rate financing:*

The grant shall correspond to the amount resulting from multiplication of the number of pages of the original work by the rate for each target language.

The number of pages in the original work shall be defined as the number of pages of the book considering the above-mentioned criterion of 1500 characters without space per page. The applicant will indicate the correct number of pages considering these 1500 characters without space per page, in the application.

*For poetry:*

If the *eligible costs* actually incurred by the *beneficiary* during the action are lower than anticipated, the Executive Agency shall apply the rate of co-financing quoted in the Grant Decision to the actual eligible costs incurred.

## CHAPTER VI Support for European cultural festivals (Strand 1.3.6)

**Section VI.9.1 is replaced by the text below.**

**Change: The payment deadline for pre-financing payments has been shortened from 45 days to 30 days.**

### VI.9.1 Pre-financing

N.B. *If a bank guarantee is required, the conditions associated with the payment arrangements here below are not the same (for more information on guarantees, see Chapter III.1.6).*

The pre-financing payment corresponding to 70% of the awarded grant shall be made in accordance with the procedure described in Chapter III.9. is within 30 days following the date on which the Agency signed the *Grant Agreement*.

**Section VI.9.2 is replaced by the text below.**

**Changes: Reference to the Report of Factual Findings on the Final Financial Report has been inserted.**

### VI.9.2 Final payment

The Executive Agency shall establish the amount of the final payment on the basis of the final report.

In order to receive the final payment, the *beneficiary* must submit a final report by the deadline specified in the *Grant Agreement*. The final report shall contain a final implementation report, thereby providing a full account of the results of the project, as well as a Report of Factual Findings on the Final Financial Report (please refer to Chapter III.7).

Copies of the project products (i.e. publications, posters, invitations, DVDs, CD-ROMs, T-shirts, etc.), as well as any publicity material, shall be submitted together with the final report.

A pre-formatted document for the implementation report which helps structure and target the relevant information, as well as a template for the financial report which will serve as a basis for the external auditor to make the Report of Factual Findings on the Final Financial Report, are provided on the website of the Executive Agency for the use of *beneficiaries*.

If the *eligible costs* actually incurred by the beneficiary during the period of eligibility are lower than anticipated, the Executive Agency shall apply the rate of co-financing quoted in the *Grant Agreement*. This may lead to a reduction of the awarded grant.

Where applicable, the *beneficiary* will be required to reimburse any excess amounts paid by the Executive Agency.

## CHAPTER VII Support for organisations active at European level in the field of culture (Strand 2)

**Section VII.5.3 is replaced by the text below.**

### **VII.5.3 Gradual reduction of operating grants (Degressivity Rule)**

Not applicable as from 2013. However, the co-financing rate cannot exceed the co-financing rate of year n-1.

**Section VII.6 is replaced by the text below.**

**Change: Reference to the degressivity rule has been removed.**

### **VII.6 How the grant is calculated**

For the calculation of the operating grant, applicant organisations can choose between two systems of financing: flat-rate financing (see Chapter VII.6.1) or the traditional budget-based financing (see Chapter VII.6.2).

Flat-rate financing has been introduced to simplify the calculation of the grant. Instead of the traditional system in which the grant is calculated on the basis of a detailed budget, the flat-rate system provides a fixed amount per staff member of the organisation. This saves time and offers the organisation greater flexibility in the use of the grant. The flat-rate system changes the way in which the grant is calculated, rendering a detailed budget superfluous. All the other conditions (limitation of the growth of expenditure from one year to the other and the maximum thresholds), however, continue to apply to the flat-rate system.

**The 'Calculation of the grant' part of Section VII.6.1 is replaced by the text below. The 'General provisions' remain the same.**

**Changes: the flat-rates have been updated. The no-profit rule only applies for grants over EUR 60 000. The profit and loss accounts to be provided ex post no longer need to be certified. The fact that the degressivity rule no longer applies is reflected.**

#### **VII.6.1 Flat-rate financing<sup>15</sup>**

##### **Calculation of the grant amount**

The applicant organisation bases the calculation of the grant on the number of person/years assigned to the implementation of the work programme. It can calculate this number using the total number of staff days worked and dividing them by 220, i.e. the number of working days per year.

One year = 220 working days

One working day = at least 7½ hours

Only the working days of persons certified in the audit certificate described above are taken into account in the final calculation of the grant.

The flat rate is variable depending on the country in which the organisation is based, thereby reflecting cost levels in each country.

<sup>15</sup> Commission Decision C(2008) 2729.

The flat rate to be applied is that of the country where the organisation has its main activities, which is defined as the country where at least 50% of the permanent staff of the organisation works. Usually this is the headquarters.

Flat rates applicable to all categories in the countries taking part in the Programme:

Countries	Codes	Rate per person in EUR
Albania	AL	11.302
Austria	AT	46.173
Croatia	HR	22.354
Belgium	BE	43.608
Bosnia-Herzegovina	BA	11.360
Bulgaria	BG	16.124
Cyprus	CY	36.279
Czech Republic	CZ	29.316
Denmark	DK	46.540
Estonia	EE	23.453
Finland	FI	42.142
France	FR	39.577
Germany	DE	43.242
Greece	GR	32.981
Hungary	HU	23.820
Ireland	IE	46.942
Iceland	IS	41.811
Italy	IT	37.012
Latvia	LV	19.866

Countries	Codes	Rate per person in EUR
Lithuania	LT	21.460
Luxembourg	LU	49.105
Liechtenstein	LI	49.105
FYROM	MK	13.192
Malta	MT	30.416
Montenegro	ME	15.025
Netherlands	NL	48.739
Norway	NO	49.105
Poland	PL	23.087
Portugal	PT	29.316
Romania	RO	16.857
Serbia	RS	12.826
Slovakia	SK	27.118
Slovenia	SI	31.515
Spain	ES	36.646
Sweden	SE	45.074
Turkey	TR	17.956
United Kingdom	UK	41.043

The rates are regularly updated.

A ready reckoner in the application form can be used to calculate the requested maximum grant. In order to allow for the inclusion of part-time staff the *reckoner* is based on person/days. The amount calculated with the ready reckoner is the maximum possible grant request before application of the rules referred to in Chapter VII.5.

As the no-profit rule (see Chapter III.1.5) applies for grants above EUR 60 000, organisations should not ask for the maximum indicated by the *reckoner* if they can foresee that the amount in question will leave them with a surplus.

The Executive Agency reserves the right to propose a co-financing amount lower than the amount requested by the applicant.

Under the flat-rate system, applicants have to submit only the following documentation:

- (a) *Ex ante* (on submission of the application):
- closed profit and loss accounts for the latest available year, certified by an approved external auditor in the case of requests for grants amounting to EUR 100 000 or more; these accounts should not be older than 18 months;

- the work programme proposed by the organisation, describing the activities that fall within the scope of the Culture Programme;
- a statement of expenditure on the implementation of the project in year  $n-2$  in cases where the organisation engages in activities outside the scope of the Culture Programme;
- a summarised provisional statement of expenditure and income, including the estimated number of staff for the relevant year.

(b) *Ex post* (on submission of the final report)

- a report giving details of the implementation and results of the work programme (the final report);
- profit and loss accounts for the year in respect of which the grant was received (annual accounts);
- a declaration certified by an approved external auditor indicating the number of people (person/years and person/days) having worked on the implementation of the work programme.

These documents serve to verify the actual number of assigned staff and whether or not the organisation made a profit out of the operating grant, which details form the basis for the calculation of the final grant.

### **Example of the calculation of a grant under the flat-rate system:**

#### **Calculation of the total grant**

An Austrian organisation whose proposed work programme covers the entire range of its activities applies for a grant in 2008 within the Ambassadors category. Its most recent closed and certified profit and loss accounts show total expenditure of EUR 286 000. It indicates provisional expenditure of EUR 290 000 for the year 2008 and five full-time staff members on the payroll.

#### **(1) Application of the rule limiting expenditure increases**

With provisional expenditure of EUR 290 000, the organisation respects the rule limiting increases in annual expenditure to 10% (see Chapter VII.5.1).

#### **(2) Application of the flat rate**

5 staff members x EUR 46 173 (flat rate for Austria) makes a potential grant of EUR 230 865.

#### **(3) Application of the grant ceiling**

As the organisation's total costs in the preceding year were EUR 290 000, the maximum grant it can request would be EUR 160 000 (see Chapter VII.5.2 on grant ceilings).

The maximum amount the organisation could apply for is thus EUR 160 000.

As the no-profit rule (see Chapter III.1.5) continues to apply for grants above EUR 60 000, this means that the Executive Agency is obliged to reduce the grant if the annual accounts are likely to show a surplus at the end of the year. Organisations should take this into account when applying for a grant. In the example mentioned above, the Austrian organisation should not apply for the maximum grant of EUR 160 000 if it knows already that the amount in question will leave it with a surplus in its annual accounts but should request a lower amount.

#### **(4) Application of the degressivity rule**

Not applicable as from 2013. However, the co-financing rate cannot exceed the co-financing rate of year  $n-1$ .

**Section VII.6.2 is replaced by the text below.**

**Change: Reference to the degressivity rule has been removed.**

### **VII.6.2 Budget-based financing**

The amount of the grant is calculated on the basis of a balanced, detailed forecast budget, drawn up in EUR, for the implementation of the proposed work programme in each budgetary year. The information a budget should contain as well as the definition of *eligible costs* is described in Chapter III.3.1 on budget-based financing.

The rules described in Chapter VII.5 apply: limitation of the growth of the budget, grant ceilings and no-profit rules.

**Section VII.7.1 is replaced by the text below.**

**Change: The payment deadline for pre-financing payments has been shortened from 45 days to 30 days.**

### **VII.7.1 Pre-financing**

*N.B. If a bank guarantee is required, the conditions governing the payment procedures below will differ. See Chapter III.1.6 for more details.*

A pre-financing payment, as defined in the *Grant Agreement*, will be transferred to the *beneficiary* within 30 days of the date when the Executive Agency signs the *Grant Agreement* and all the requested guarantees are received.

**Section VII.7.2 is replaced by the text below.**

**Changes: Reference to the Report of Factual Findings on the Final Financial Report has been inserted. The no-profit rule does not apply to grants equal to or below EUR 60 000. For operating grants, amounts dedicated to the building up of reserves are not taken into account when verifying compliance with the no-profit rule.**

### **VII.7.2 Final payment**

The Executive Agency establishes the amount of the final payment on the basis of the final report.

#### **Documents to be submitted for flat-rate financing:**

- the final activity report containing details of the implementation and results of the work programme;
- profit and loss accounts for the year in respect of which the grant was received (annual accounts);
- a declaration certified by an approved external auditor indicating the number of people having worked on the implementation of the work programme.

If the organisation has not fully implemented the agreed work programme or made a surplus, the grant will be reduced.

#### **Documents to be submitted for budget-based financing:**

- the final activity report containing details of the implementation and results of the work programme;

- the final financial statement of the *eligible costs* actually incurred, following the structure of the estimated budget;
- profit and loss accounts for the year in respect of which the grant was received (annual accounts);
- the Report of Factual Findings on the Final Financial Report (please refer to Chapter III.7).

If the *eligible costs* actually incurred by the *beneficiary* during the financial year are lower than anticipated, the Executive Agency applies the rate of co-financing quoted in the *Grant Agreement* to the actual costs. Where applicable, the *beneficiary* will be required to reimburse any excess amounts paid by the Executive Agency in the form of a pre-financing payment.

If the organisation has not fully implemented the agreed work programme or made a surplus, the grant will be reduced.

The no-profit rule only applies to grants above EUR 60 000. Amounts dedicated to building up reserves shall not be taken into account for the purpose of verifying compliance with the no-profit rule.

## CHAPTER VIII Cooperation projects between organisations involved in cultural policy analysis (Strand 3.2)

Section VIII.8.1 is replaced by the text below.

**Change: The payment deadline for pre-financing payments has been shortened from 45 days to 30 days.**

### VIII.8.1 Pre-financing

*N.B. If a bank guarantee is required, the conditions governing the payment procedures below will differ. See Chapter III.1.6 for more details.*

One single pre-financing payment corresponding to 70% of the awarded grant is made within 30 days following the date on which the Agency signed the *Grant Agreement* in accordance with the procedure described in Chapter III.9.

Section VIII.8.2 is replaced by the text below.

**Change: Reference to the Report of Factual Findings on the Final Financial Report has been inserted.**

### VIII.8.2 Final payment

The Executive Agency shall establish the amount of the final payment on the basis of the final report.

In order to receive the final payment, the *beneficiary* must submit a final report by the deadline specified in the *Grant Agreement*. The final report shall contain a final implementation report, thereby providing a full account of the results of the project, as well as a Report of Factual Findings on the Final Financial Report (please refer to Chapter III.7).

Copies of the project products (i.e. publications, posters, invitations, DVDs, CD-ROMs, T-shirts, etc.), as well as any publicity material, shall be submitted together with the final report.

A pre-formatted document for the implementation report which helps structure and target the relevant information, as well as a template for the financial report which will serve as a basis for the external auditor to make the Report of Factual Findings on the Final Financial Report, are provided for the use of *beneficiaries*.

If the *eligible costs* actually incurred by the coordinator/*co-organisers* during the period of eligibility are lower than anticipated, the Executive Agency shall apply the rate of co-financing quoted in the *Grant Agreement*. This may lead to a reduction of the awarded grant.

Where applicable, the *beneficiary* will be required to reimburse any excess amounts paid by the Executive Agency.

## CHAPTER IX Glossary (key words)

Replace **Certificate on final financial statements** with **Report of Factual Findings on the Final Financial Report**

For strands 1.1, 1.2.1, 1.2.2 (poetry), 1.3.5, 1.3.6, 2 (budget based), and 3.2 the final financial statements must be accompanied by a Report of Factual Findings on the Final Financial Report produced by an auditor. This document is compulsory.

The submission of the Report of Factual Findings on the Final Financial Report does not waive the right of the Agency, the Commission or the Court of Auditors to carry out their own audits.

There are 3 types/ categories of reports depending on the amount awarded to the beneficiary:

- Category 1: Action grants of EUR 750 000 or more (Strand 1.1), when the cumulative amounts of request for payment is at least EUR 325 000, and operating grants of EUR 100 000 or more (strand 2 budget based only)
- Category 2: Action grants between EUR 60 000 and EUR 750 000 (strands 1.1, 1.2.1, 1.3.5, 1.3.6 and 3.2) and operating grants between EUR 60 000 and EUR 100 000 (strand 2 budget based)
- Category 3: grants equal to or below EUR 60 000 (Strands 1.2.1, 1.2.2 poetry, 1.3.5, 1.3.6, 3.2 and 2 budget based)

The templates for each category as well as guidelines for each category can be found at the Executive Agency website (under Beneficiaries space). Any other document or presentation will be rejected.

The cost of the certification and the production of the Report of Factual Findings on the Final Financial Report is an eligible cost.

Replace **External audit** with the following text:

When submitting an application: if the requested grant exceeds EUR 750 000 in the case of a project grant or if the requested grant exceeds EUR 100 000 in the case of an operating grant, the application must be accompanied by an external audit report produced by an approved auditor. This must include certified audited accounts of the last *financial year* available (not older than 18 months). The following are exempted from this obligation: *public organisations* in line with the definition of this Programme Guide; international organisations under public law; secondary or higher education establishments; *beneficiaries* with joint and several liability (in case of *Grant Agreements/Grant Decisions* involving several beneficiaries).

When submitting a request for payment: see Report of Factual Findings on the Final Financial Report.

Replace **Subcontracting (implementation contracts/awarding of procurement contracts)** with the following text:

'Subcontracting' shall mean any service provided by an external body, organisation or individual, in return for payment, to the beneficiary/ies (body receiving the grant or, in the event of a coordination project, to the co-organisers). Any service provided by an associated partner (including third country partners) of the beneficiary/ies shall be considered as subcontracting.

Notwithstanding the above definition, the following services shall not be considered as subcontracting, (irrespective of the link these persons have with the beneficiary/ies):

- artist fees, fees for speakers, fees for staff members of one of the beneficiary/ies organisation/s;
- services provided by a public body;
- travel, local transport, subsistence costs (accommodation and daily rate);
- purchase of equipment necessary for the activity (depreciation only).

Highly specialised services, related to the artistic implementation of the project, that can only be provided by an external body, organisation or individual (relating to for example sound engineering, specialised moving companies, etc), do not count towards the limits for subcontracting (these are accepted on a case by case basis by the Agency).

Subcontracting parties must be listed in the application form, and the direct costs linked to the activities carried out by these parties must be clearly indicated in the budget.

The total amount of procurement contracts may not exceed 50% of the total direct eligible costs of the project.