

From CEF1 to CEF2: the new e-grant environment

Presentation by CINEA

Main changes affecting CEF1 transport and energy beneficiaries

From CEF1 to CEF2

- The aim is to present the **main changes** for current CEF beneficiaries, stemming from the on boarding of CEF to the corporate e-Grants system and from the new CEF model grant agreement.
- This is **not a comparison** between the CEF1 and CEF2 Regulations and does not overlap with other important documents such as the first Work programmes under CEF 2, currently under preparation.

From CEF1 to CEF2

- As usual, info sessions will be organised in conjunction with the CEF2 calls and detailed guidance will be developed, where necessary.
- The structure follows the CEF project **life cycle**.

Submission, evaluation and selection

IT support system

Previous situation under CEF1	INEA's in-house TENtec system with several modules. Templates were either provided on INEA's website or special IT tools were available.
New situation under CEF2	<p>e-Grants, currently used by H2020 is the corporate system of the European Commission, to which the CEF2 programme is on boarding. All templates will be embedded within e-Grants and available in the Funding & Tenders Portal. The Portal serves as a one-stop-shop for all external parties to the grant management process (applicants, beneficiaries, experts, external auditors) via a dedicated front office.</p> <p>Grant Agreements signed under CEF1 will continue to be managed by INEA's in-house TENtec system, until the end of their life-cycle.</p>

Administrative follow-up

Previous situation under CEF1	For CEF1, an administrative follow-up was carried out in cases such when the duly signed application forms part were not submitted (e.g. forms A.2.2, A2.3, B1, B2, B3).
New situation under CEF2	Administrative follow-up will only be done in case of clerical errors. All parts of the proposal (including the support of Member States and all relevant signed documents) have to be completed and submitted in the system by the call deadline.

Submitting proposals as studies and works

Previous situation under CEF1	Applicants submitted proposals to priorities/sub-priorities. The distinction between studies and works was made as a subsequent step, already within the application.
New situation under CEF2	<p>The work programmes will be structured around topics (currently called priorities). The distinction between studies and works will already be visible at the topic level.</p> <p>In CEF Transport it will be still possible to submit mixed proposals covering both studies and works.</p>

Role of Member States during submission

Previous situation under CEF1	The concerned Member State(s) approved the application.
New situation under CEF2	<p>Member States can decide that their approval of applications before submission is not required; this will be detailed in the work programme/call text (ref. Article 11.5 of draft CEF2 Regulation).</p> <p>If required, the support of MS will be provided by means of a supporting document, to be uploaded with the application by the deadline of the call.</p>

Budgetary information

Previous situation under CEF1	The budgetary information was displayed per activity, calendar year and beneficiary, but not by cost-category.
New situation under CEF2	The grant agreement foresees different cost-categories. Additional budgetary information per work package, reporting period and beneficiary will be collected via an excel sheet at submission stage and during grant agreement preparation/implementation. The following cost categories are foreseen in the MGA: Personnel costs, subcontracting costs, purchase costs (travel and subsistence, equipment, other goods, works and services), other cost categories (financial support to third parties, studies, synergetic elements, works in outermost regions, land purchase), indirect costs. During Grant Agreement implementation, budget shifts amongst cost categories will be possible without an amendment, as long as this does not imply any substantive or important change to the description of the Action.

Implementing bodies

Previous situation under CEF1	Public authorities in Member States could designate implementing bodies, which carried out the activities in the grant agreement on their behalf.
New situation under CEF2	This category does no longer exist; “old” implementing bodies will become either beneficiaries or affiliated entities. Affiliated entities shall have a legal or a capital link with the beneficiary, which is neither limited to the action nor established for the sole purpose of its implementation. Participation as affiliated entities is conditioned to the fulfilment of article 187.3 of the Financial Regulation.

Coordinator receiving all payments

Previous situation under CEF1	In exceptional circumstances, it was possible not to have a coordinator or to indicate several bank accounts for receiving payments.
New situation under CEF2	For each multi-beneficiary agreement, there has to be a coordinator and a single bank account for receiving payments, no exceptions are possible.

Reporting languages

Previous situation under CEF1	Beneficiary could choose between English, French and German.
New situation under CEF2	English is the only reporting language. Supporting documents, such as invoices, permits, authorisations, may be provided in other EU languages.

Validation of legal entities and financial capacity check

Previous situation under CEF1	INEA validated the entities and carried out most financial capacity checks internally.
New situation under CEF2	Financial capacity checks are centralised in one entity for all programmes, which applies corporate guidelines based on the Financial Regulation. This allows one single submission of documents and one single validation of the status of a legal entity and its financial capacity, independently from the individual programme.

Calendar years vs reporting periods

Previous situation under CEF1	Activities were broken down by calendar years. The reporting (Action Status Report - ASR) and interim payment claims were covering one or more calendar years. The ASR and the interim payment claim were submitted separately.
New situation under CEF2	The Action will be structured according to reporting periods, which are independent from calendar years. The reporting periods start with the entry into force of the Grant Agreement with the exception of the Grant Agreements selected under the first call, where costs will be eligible retroactively as from 1/1/2021, which will be the start of the first reporting period. At the end of each reporting period, the beneficiary has to submit a periodic report together with an interim payment claim. The default reporting period for CEF is 24 months with an interim technical report (i.e. a progress report) after 12 months. The interim technical report will not lead to a payment (i.e. no payment claim). The content of the two types of reports will be aligned as much as possible for minimising the administrative burden. Actually, the interim technical report will be a “lighter” version of the periodic report. There will be some flexibility for reporting periods of less than 24 months when duly justified, such as in cases of considerable amount of costs foreseen.

Pre-financing and interim payments

Previous situation under CEF1	For grant agreements with multiple pre-financing, beneficiaries could ask for additional pre-financing in the context of the regular reporting exercise (Action Status Report). Pre-financings were deducted with the next interim payment request. Total amount of pre-financings and interim payments could not go beyond 80% of the maximum EU contribution, the remaining 20% was paid with the final payment. Interim payments requests were mandatory at least every second year with exceptions in case of insufficient costs incurred.
New situation under CEF2	CINEA will pay a single pre-financing at the beginning of the Action (the pre-financing rate will be defined at call level). The amount will be calculated as follows: the amount of the maximum EU contribution divided by the number of reporting periods and potentially diminished by a percentage. After each reporting period, an interim payment request has to be submitted and the payment amount will correspond to the EU contribution for the costs incurred, without any deduction from the pre-financing, unless the cumulative amount for pre-financing and interim payments has reached 90% of the maximum EU contribution. Payments cannot go beyond 90% while the remaining 10% is kept for the final payment.

Example (1/2)

Action of 8 years duration:

Under CEF1: In total, **8** reports (7 ASR + 1 final) and **11** payments (7 PF + 3 IPC + 1 FPC).

Calendar year	Technical Reporting	Payments
Entry into force, year n		First pre-financing covering at least 2 years
n+1	ASR 1 on 31/03	
n+2	ASR 2 on 31/03	Additional pre-financing in April and mandatory interim payment claim after September
n+3	ASR 3 on 31/03	Additional pre-financing in April
n+4	ASR 4 on 31/03	Additional pre-financing in April and mandatory interim payment claim after September
n+5	ASR 5 on 31/03	Additional pre-financing in April
n+6	ASR 6 on 31/03	Additional pre-financing in April and mandatory interim payment claim after September
n+7	ASR 7 on 31/03	Additional pre-financing in April
n+8, end date	Final report at the latest 12 M after end date	Final payment

Example (2/2)

Under **CEF2** (e-grants): In total, **8** reports (4 technical, 3 periodical + 1 final) and **5** payments (1 PF + 3 IPC + 1 FPC).

Reporting Periods (RP)	Duration in months	Regular Reporting	Payment
Entry into force of the GA	0		Single pre-financing
1	24	Technical report after 12+2 months and periodical report 1, 60 days after end of RP	Interim payment 1
2	24	Technical report after 12+2 months and periodical report 2, 60 days after end of RP	Interim payment 2
3	24	Technical report after 12+2 months and periodical report 3, 60 days after end of RP	Interim payment 3
4	24	Technical report after 12+2 months and a final report 60 days after end of last RP	Final payment

Communication plan

Previous situation under CEF1	While there were requirements on communication, visibility and dissemination, no formal communication plan was foreseen
New situation under CEF2	While communication, dissemination and visibility requirements continue, the call may foresee a detailed communication and dissemination plan as a compulsory additional document at submission stage.

Short project description for publication

Previous situation under CEF1	INEA drafted and published a short project description.
New situation under CEF2	Applicants will provide a short project description (“abstract”) at submission stage for later publication.

Grant agreement preparation

Signature of Grant Agreements / amendments

Previous situation under CEF1	Signature by beneficiary/coordinator and INEA and production of hard copies.
New situation under CEF2	Integrated electronic signature from both sides, no hard copies. The electronic signatures are embedded in the eGrants application and only require the EU login.

Mandates from co-beneficiaries

Previous situation under CEF1	Mandates to be collected and transmitted to INEA <u>before</u> signature.
New situation under CEF2	Co-beneficiaries sign accession form electronically <u>after</u> signature of the GA within 30 days.

Sub-contracting

Previous situation under CEF1	<p>The CEF Model Grant Agreement differentiates between awarding of contracts necessary for the implementation of the action (Article II.9) and subcontracting of tasks forming part of the action (Article II.10). Implementation contracts under Article II.9 cover situations where a beneficiary purchases goods, works or services necessary to implement, under its control, part of the action. The beneficiary keeps the responsibility of the control of the implementation of the action even if a third party does it. Subcontract is a procurement contract which covers the implementation by a third party of tasks forming part of the action and concluded in cases where the beneficiary chooses to outsource the task to a third party.</p>
New situation under CEF2	<p>The new CEF Model Grant Agreement differentiates between ‘purchase costs’ and ‘subcontract’. ‘Purchase’ is defined as contracts for goods, works or services needed to carry out the action (e.g. equipment, consumables and supplies) but which are not part of the action tasks and ‘subcontracting’ are contracts for goods, works or services that are part of the action tasks. The tasks to be subcontracted and the estimated value for each subcontract must be set out in Annex 1 and the total estimated costs of subcontracting per beneficiary must be set out in Annex 2 (or may be approved ex post in the periodic report). More detailed guidance will be made available.</p>

Treatment of value added tax (VAT)

Previous situation under CEF1	VAT costs were eligible under certain circumstances.
New situation under CEF2	VAT is not eligible. Eligible costs shall not include value added tax VAT.

Action implementation (payments, reporting, etc.)

Role of Member States during implementation

Previous situation under CEF1	Member States received copies of the grant agreement and amendments and certified the Action Status Reports and the final reports.
New situation under CEF2	The coordinator has to send the reports on the progress of the action for information also to the Member States concerned or provide them with access to the project in the Portal, so that the Member States can verify the reports themselves. Member States do not need to certify any longer the reports. The final amounts paid to the Actions will be published. The Commission and CINEA will inform the CEF committee about any changes to the grant amounts during the lifetime of the Actions.

Regular reporting

Previous situation under CEF1	<p>For CEF Transport and CEF Energy, beneficiaries submitted an Action Status Report by 31/03 on the situation by the end of the previous calendar year and presented the future progress of the Action (financial needs, delays etc.). This was combined with the possibility to ask for further pre-financing, where foreseen in the grant agreement. INEA's assessment of the Action Status Report served as technical assessment of the interim payment request submitted by 31/08 at least every second year.</p>
New situation under CEF2	<p>E-grants offers a continuous monitoring system of milestones and deliverables, including the approval of the latter by CINEA. e-Grants requires the beneficiaries to upload and confirm the deliverables. Each time a beneficiary submits a deliverable, the EU Officer receives a notification, and subsequently assesses the deliverable (i.e. accepts or rejects it). Furthermore, the grant agreement will define the number and duration of the reporting periods (different from calendar years, see above). In case of 24 months reporting periods, an intermediate technical report (without triggering a payment) will be foreseen as a deliverable after 12 months in order to monitor the progress of the Action.</p>

Rule for the submission of the Certificate on the Financial Statements (CFS)

Previous situation under CEF1	The CEF MGA stipulated two financial thresholds for the obligatory submission of a CFS: (i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs for which no certificate has yet been submitted is EUR 325 000 or more; (ii) the maximum grant amount indicated for that beneficiary, its affiliated entities and implementing bodies in the estimated budget as reimbursement of actual costs is EUR 750 000 or more;
New situation under CEF2	One threshold will apply: A CFS will be obligatory once the cumulative amount of payments the beneficiary requests as reimbursement of actual costs for which no certificate has yet been submitted exceed the threshold of 325K€.

Deadlines for submitting reports in e-grants

Previous situation under CEF1	<p>The deadline for submitting the Action Status Report was 3 months and for the interim payment request 8 months after the year-end date.</p> <p>The deadline for submitting the final report was 12 months after the end date of the Action.</p>
New situation under CEF2	<p>The deadline for submitting any report in e-grants has been set at corporate level at 60 days after the end of each Reporting Period. In principle, reporting should be faster because Member States will not need to certify the reports any longer. When submitting a periodic report, beneficiaries may under certain conditions submit costs incurred in a previous reporting period.</p>

Deadline for submitting amendments

Previous situation under CEF1	Beneficiary had to submit an amendment request at the latest three months before the end of the Action per actual Grant Agreement
New situation under CEF2	The GA does not specify a time for request. CINEA will have 45 days from the last communication to approve or reject the request for amendment.

Example on calculation of payments

Action with 8 years (96m) duration, max EU contribution of 10M€, 4 reporting periods (24 months each), interim payment requests of 3M€ (EU contribution) each, assuming the Action has sufficient eligible costs in every reporting period.

Payments	When	Amount	Calculation
Pre-financing	After GA signature	2.5M€	10M€ divided by 4 reporting periods
1 st interim payment:	After 24m + 2m for submitting + 1m for paying	3.0 M€	As per interim payment request
2 nd interim payment:	Similarly as above after 48m	3.0M€	As per interim payment request
3 rd interim payment:	Similarly as above after 72m	0.5M€	90% of EU contribution minus the cumulative previous payments, i.e.: 9M€ - 8.5M€ = 0.5M€
Final payment:	Around 6 months after Action's end date	1.0 M€	
	Total:	10.0 M€	