



# Preparatory Action on Defence Research

## Guide for Applicants

*(based on European Commission Decision C(2017)2262)*

Version 2.1  
09 August 2017

<b>HISTORY OF CHANGES</b>		
<b>Version</b>	<b>Publication date</b>	<b>Changes</b>
2.0	20.07.2017	Initial version
2.1	09.08.2017	Page 16: "Eligibility and Evaluation Criteria": clarification included on Article 50 TEU.

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# 1. Introduction

The main objective of the Preparatory Action on Defence research is to test mechanisms that can prepare, organise and deliver a variety of EU-funded cooperative defence research and technology development (R&T) activities to improve the competitiveness and innovation in the European defence industry and to stimulate cooperation amongst R&T actors in all Member States.

The focus of the PADR is on defence research rather than dual-use research; nevertheless it will be complementary with existing EU programmes such as the Specific Challenge "Secure societies – Protecting freedom and security of Europe and its citizens" under Horizon 2020 as well as R&T activities in the Member States and in the European Defence Agency (EDA).

The core of the PADR is a research programme that will be implemented through annual calls for proposals from 2017 onwards for 3 year<sup>1</sup>. The calls are based on annual work programmes defined in close cooperation with Member States and adopted by the Commission. The work programme contains a detailed description of the actions (research projects) that will be funded through the award of grants to consortia after the publication of calls of proposals. While the overall responsibility for the management of the Preparatory Action lies with the Commission, EDA will implement the annual work programmes, organise the calls, evaluate the project proposals submitted and manage the research projects funded.

The Financial Regulation<sup>2</sup> applicable to the general budget of the European Union and its rules of application<sup>3</sup> provide the legal basis for the PADR. This Guide for Applicants provides guidance on the proposal submission process and the evaluation. It also contains the most important modalities on the implementation of the project which will be reflected in the Grant Agreement.

While the present Preparatory Action aims to demonstrate how cooperative defence research can be organised through the use of EU Budget, it is not part of any of the Union, including EDA, and/or Member States' R&I and/or R&T existing programmes. As such it is to be considered as a 'stand-alone project', yet the expected content to be delivered through the funded activities are relevant for defence purposes and ongoing activities in Europe's defence sector.

## **Important notice**

EU funding in the context of the Preparatory action on Defence research can only be used for R&T activities related to defence technologies, products and systems, and not to fund military operations.

<sup>1</sup> Commission Decision of 11.4.2017 on the financing of the 'Preparatory action on Defence research' and the use of unit costs for the year 2017, C(2017)2262.

<sup>2</sup> Regulation (EU, Euratom) No966/2012.

<sup>3</sup> Regulation (EU, Euratom) No1268/2012.

## **Key websites**

All information relating to the present Calls for proposals can be accessed from the EDA website: <https://www.eda.europa.eu/procurement-biz/procurement/eda-grants>

Information on the Preparatory Action, is available at the following website:

[http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item\\_id=9124&lang=en](http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=9124&lang=en)

EU Budget 2017 – Section III - Item 02 04 77 03 — Preparatory action on Defence research:

<http://eur-lex.europa.eu/budget/data/LBL/2017/en/SEC03.pdf>

## **2. Proposal Submission**

Proposals must be submitted electronically using the **electronic submission system of the Participant Portal**. Access to the electronic submission system is available after selecting a topic and a type of action of a call.

Proposals must be created and submitted by a representative/contact person of the coordinating organisation.

**The electronic submission system** is an online wizard that guides you step-by-step through the preparation of your proposal. The proposal itself consists of **2 main parts**: administrative forms (structured information of the basic administrative data, declarations of partners, organisations and contact persons, etc.) and the technical annex, which is the detailed description of the planned research and innovation project outlining work packages, costs, etc. Further mandatory or optional annexes (e.g. supporting documents) can be required by the call and the given topic, as shown in the submission system.

### **Reference documents**

More technical help about the submission of proposals in the [User Guide of the Submission Service \[pdf\]](#) or on the [IT How To guide](#).

### **Related links**

- [IT Helpdesk](#)
- [Horizon 2020 Helpdesk](#): deals also business questions relating to the submission of proposals

### **Frequently Asked Questions**

[FAQ on Proposal submission and evaluation](#)

## 1. Get Prepared

Before you start writing your proposal, get prepared as follows:

### A. Call and topic-specific documents

**Choose your call and the relevant topic**, and then **read carefully the related documents or templates** that are available on the given call and topic page on the [Funding Opportunities](#) page of the Participant Portal: general documents are listed on the Call Documents page, while topic specific documents are available on each topic's page under "Topic Conditions and Documents".

**Eligibility:** The submission system helps to detect basic eligibility problems, e.g. issues related to the number of required partners or the place of establishment of organisations, but the eligibility rules cannot be fully automated; therefore, the users' awareness about those rules is required. The **respective eligibility conditions** are referred to on the topic page (see also General Annex D of the 2017 Calls for Proposals on "Type of Action - Specific provisions and funding rates").

**Informational templates:** In order to allow an early preparation of the proposal, the standard administrative forms (with a watermark) and requirements for the technical annex are available amongst the topic's documents. It is important however to use the definitive versions for a particular call or topic, which are available only in the submission system.

### B. Select your partners for the project

Most calls require the participation of a minimum number of participants in the proposal. Not all calls require the participation of several partners; please read the above mentioned eligibility conditions or the respective information package on the Topic Conditions page of your call.

### C. Plan your project

*Planning of the work (work packages, deliverables, milestones)*

**Read the requirements for the technical annex** (see template on the call/ topic conditions page), in which the proposed work has to be described in detail. Read carefully the evaluation criteria of the call/ topic.

For most types of action the technical annex must give a detailed description of the project idea and the **work plan**, which:

- divides the planned work into **work packages**,
- assigns the related responsibilities and resources within the consortium,

- sets out a project time schedule, main **milestones and deliverables**,
- describes the project management structure,
- describes the communication and exploitation plans.

**Additional annexes or supporting documents** may be required, e.g. consortium description, or other supporting documents.

Please refer to the specific call/ topic page for more detailed information. The template for the submission of a proposal can be found on the Call page, but the actual templates to be used will always be available in the submission system available for the given topic and action type.

### ***Budget***

**Please check the required budget table** included in the administrative forms of the proposal, which is specific for the given type of action. The budget table categories may vary per type of action. Some of the required budgetary details may need to be outlined in more detail in the technical annex of your proposal.

The most significant **budgetary rules** in the Preparatory Action on Defence Research:

- **Personnel costs**
  - Wider acceptance of average personnel costs (now under unit costs);
  - Acceptance of supplementary payments for non-profit organisations;
  - Simpler participation for SMEs - new unit cost system for SME owners and physical persons without a salary;
  - No time records for researchers working exclusively on the project.
- **Indirect cost:** Unique flat rate of 25%



## 2. Electronic proposal submission

### A. First steps to submission

#### a. Create your user account to login to the Participant Portal

To be able to submit a proposal, you must first [register](#) on the Portal for an EU Login account.

#### b. Beneficiary registration - Participant Identification Codes (PIC numbers)

All participants of a proposal must be registered in the central [Beneficiary Register](#) of the Commission managing Horizon 2020 and other funding programmes. Organisations have to be identified with their Participant Identification Codes, the 9-digit PIC number in the submission forms (the coordinator has to be identified with its PIC number at step 3, while other participants at Step 4).

**Failure to do so, blocks the preparation and the submission of the proposal!**

#### Do you have a PIC-number?

1. If your organisation has already participated in the 7th Framework Programme, it is likely that it **already has a PIC number**. An online tool to search for existing PIC numbers and the related organisations is available in the submission tool or on the [Beneficiary Register](#) page of the Participant Portal.
2. **Organisations without a PIC must self-register** on the [Beneficiary Register](#) page. Self-registered PIC data can then be used in the submission system with a short delay of maximum 3 hours. Should you encounter any technical problems, please contact the [IT Helpdesk](#).
3. **Third Parties** do not need a PIC at the proposal stage.

**Read more about the beneficiary registration or the PIC search in the [Register an organisation](#) section of the H2020 online manual.**

4. In compliance with Title VI of the Financial Regulation, the applicant must have stable and sufficient sources of funding to maintain his activity throughout the period during which the action is being carried out or the year for which the grant is awarded and to participate in its funding. Financial capacity shall be verified in particular on the basis of any supporting documents such as profit and loss account and the balance sheet for the last financial year for which the accounts were closed. The financial year data that you will provide cannot thus be older than 2 years.

The following categories of legal entities are not subject to a verification of their financial capacity:

- public bodies;

- international organisations referred to in Article 43(4) of the RAP;
- international public-sector organisations set up by intergovernmental agreements, and specialised agencies set up by such organisations;
- legal entities whose viability is guaranteed by a Member State or in respect of higher education establishments.

In addition, any other category of legal entities applying for an EU financial contribution inferior to EUR 300 000, are also not subject to a verification of their financial capacity, except if:

- the legal entity is the coordinator of the indirect action and it does not belong to one of the above- mentioned categories; and/or
- in exceptional circumstances, according to information already available to the services, there are justified grounds to doubt the financial capacity of an applicant (eg.: if there are findings of serious administrative errors or fraud involving the entity); or if the entity is subject to pending legal procedures or judicial proceedings for serious administrative errors or fraud; or if the entity is subject to an attachment order or significant recovery order for an outstanding amount issued by the EDA or the Commission on which the payment is significantly overdue; or
- it has been subject to substantial financial findings relating to its financial capacity following a financial audit carried out by EDA, the Commission, the Court of Auditors or their duly authorised representatives within the last 2 years.

Financial capacity may be guaranteed by any other legal entity, whose financial capacity shall in turn be verified in accordance with the paragraph above.

For any other legal entity participating in an indirect action, a verification of its financial capacity is mandatory.

5. **SME registration and SME self-assessment:** If you have been registered as SME in the Beneficiary Register before, please note that the financial year data that you provided at that time cannot be older than 2 years. Otherwise, you need to do the SME self-assessment in the [Beneficiary Register](#). For instance, if in 2014 your SME validation was based on financial information dating back to 2011 or older, you are required to fill in the SME self-assessment again. If the financial year of the data was either 2012 or 2013 then there is no need for a new self-assessment.

**c. Access the proposal submission system**

Access to the submission system is provided from the topic's page after choosing the required action type. To access it you have to login on the Portal with your EU Login credentials.

[Watch also the video about 'accessing the submission system to your selected topic'](#)

Once you have created the first draft of your proposal, you do not have to come back to this page again, as any previous drafts are accessible via the My Proposals section of the Participant Portal.

To edit, delete, withdraw or to view the submitted version of your proposal, go to the [My Proposals](#) section of the Portal after login.

- d. Check the [system requirements](#) necessary for using the submission system.

## **B. Pre-registration (Step 3 of the submission wizard)**

Proposals must be created and submitted by a representative/ contact person of the coordinating organisation ('coordinator'/ 'host institution').

Add basic pre-registration data. For the preparation of the draft proposal, the **coordinating organisation must be identified with its Participant Identification Code (PIC number)**, and the basic indicative **pre-registration data** has to be filled in (call title and topic, type of action, title of proposal, short summary (optional)). Most of this data can be modified later in the administrative forms, except for the choice of the PIC number and the related organisation data.

Before the **draft proposal is created**, a **disclaimer** will inform applicants that the service in charge (the respective call coordinator) may access this limited set of data before call deadline exclusively for the planning of the evaluations.

## **C. List of participants and access rights (Step 4 of the submission wizard)**

The proposal **coordinator** can

- set up the consortium ('Add Partners'), and
- give access to other contact persons.

**Organisations**, additional partners ('participants'/ 'partner organisations' depending on the call) must be identified at this step by their nine-digit PIC numbers.

Please read the above section on **Beneficiary registration - Participant Identification Codes (PIC numbers)**.

To facilitate the consortium set-up, a search function is provided in the system or on the [Beneficiary Register](#) page of the Participant Portal. All participants have to be registered in the system before this step so that they can be found with the search function.

**Linked Third Parties** should not be inserted as separate entities in the administrative forms, they should only be mentioned in the narrative part of the proposal (part B). No PIC is

necessary at the proposal stage. Only for a successful project entering the grant preparation phase, a PIC has to be provided for the linked Third Party and the budget for the Third Party has to be specified separately.

### **Access rights of individual contact persons**

When granting access rights to a **contact person** for a given proposal, the e-mail address of the person (the one that s/he uses for her EU Login account) serves as the main identifier.

1. The coordinator must also define the **level of access rights** for each contact person:
  - full access (Coordinator contact or Participant contact level of rights) or
  - read-only rights (Team member) are supported.  
To read more about the level of access rights check also the [Roles & access rights](#) section of the online manual.
2. For each contact person the **role within the project** must be defined:
  - Main contact person/contact person in most actions or
  - Principal Investigator/Fellow, Main Host Institution contact, contact person in ERC and in MSCA fellowship actions.

For the Main contact person and Principal Investigator/ Fellow full details will be required later in the administrative form.

Please note that the name and e-mail of main contact persons (including the Main contact, Principal Investigator, and Main Host Institution contact) are read-only in the administrative form, and only additional details can be edited there. First give access rights to the person - identifying the contact with the name/ e-mail/ phone) and save the changes, then further details become editable in the form.

Once the coordinator saves the changes, an **automatic invitation** is sent to the given contacts' e-mail addresses. The invited persons can **access the proposal** after logging into the Participant Portal - with the EU Login account linked to the given e-mail address - under the **My Proposals** menu.

On Step 4 the coordinator is able to delete or reorganise participants and contact persons any time before the call deadline.

### **D. Administrative forms (Step 5 of the submission wizard)**

By clicking on the **'Edit Form' button** at Step 5 of the wizard, users can fill in the administrative forms for their proposal. Each type of action may have a different administrative form. Differences are mainly in the budget table, in the call specific questions and in the list of declarations.

**Guidance** on how to fill in the form **is provided directly on the form**. Some parts of the form will be prefilled based on the data entered in the wizard or in the Beneficiary Register. For more information on the administrative forms, please read the guidance on the forms (or in the templates available on the call page provided outside the submission system).

**Administrative form templates** consist of

1. a general section where the basic proposal details are filled in by the coordinator
2. a list of declarations
3. participants' and contact persons' data
4. budget breakdown by organisation and cost category
5. call specific questions (if relevant)

**The budget planned for linked third parties** should be added to the budget of the beneficiary to which they belong (no separate row in the budget table for the third party). Only for a successful project entering the grant preparation phase, a PIC has to be provided for the linked Third Party and the budget for the Third Party has to be specified separately.

**TIPS:** If your organisation is already registered, but **organisation-related data has changed**, you cannot update it directly in the submission system. For validated entities [LEARs](#) (or Account administrators) have to request the update via the Beneficiary Register, available on the [My Organisations](#) section of the Participant Portal.

If your organisation has not been validated by the Commission yet, update requests can be done by [Self-registrant](#). The organisation data can be updated by any LEAR who was appointed during FP7 or H2020. A LEAR has to be nominated for H2020 by the time (s)he starts appointing the Legal Signatory(ies) (LSIGNs) for signature of a grant agreement. Please note that after you have updated your organisation data in the Beneficiary register, the edited data does not appear automatically in the submission system. You have to delete your PIC in Step 4 (Step 3 for the coordinator) of the submission system and add it again.

You can edit the form as often as necessary before the call deadline. Do not forget to **validate the form** to check whether there are any blocking errors or warnings provoked by the given information.

#### **E. Technical annex (Step 5 of the submission wizard)**

**Proposal templates for the technical annex** can be downloaded from the system at Step 5. The technical annex and any additional annexes have to be uploaded as PDF documents.

Mandatory *page limits* may apply to the proposal or certain sections of the proposal, as indicated on the call page, in the template and in the system. If there is a page limit on certain parts or annexes, the system will warn applicants about any excess pages. Any remaining

excess pages will be overprinted with a watermark, and experts will be instructed to disregard them when evaluating proposals.

The following parts of the proposal do not have page limits:

- the administrative information
- description of the consortium

#### **F. Submitting your proposal (Step 5 of the submission wizard)**

**For calls with a specific deadline** you can submit your proposal several times before the call deadline, e.g. to make updates or changes. To view and/or change your submitted proposal, go to the [My Proposals](#) page in the Participant Portal. As long as the call has not been closed, the new submitted version will overwrite the previous one.

**For continuously open calls**, only one submission is allowed.

**Once the deadline has passed, no further corrections or re-submissions are possible.** However, a read-only access to the submitted proposal is granted for proposal contacts in case they wish to verify what has been submitted. By default this possibility is available for 90 days after the call deadline from the My Proposals page.

#### **G. Receipt (Step 6 of the submission wizard)**

All contact persons of the coordinating organisation ('coordinator'/ Host Institution') will **receive an e-mail after each submission** of the proposal. The submitted proposal package is combined into one document and an **e-receipt** is generated indicating the date and time of submission by the user. When the e-receipt is ready, it can be downloaded from Step 6 of the submission.

There is no further contact between the EDA and the applicants on the proposal until after the completion of the evaluation, with the exception of the following cases:

- if the EDA needs to contact you to clarify matters such as eligibility or to request additional information
- in case the EDA needs more information or supporting documents for ethics screening, security scrutiny, legal entity validation, or financial viability checks
- in response to an enquiry or [complaint](#) made by you
- for calls which are subject to [hearings](#) or interviews (if applicable, according to the work programme/call text)

#### **H. Withdrawal (Step 6 of the submission wizard)**

Proposals may be withdrawn before the call deadline at Step 6 using the 'Withdraw' button. These withdrawn proposals will subsequently not be considered for evaluation or for selection, nor count against possible re-application restrictions (e.g. in case of ERC actions).

Please note that a 'Delete' action button is available on the My Proposals page until the proposal has been submitted at least once.

For a proposal to be withdrawn after the call deadline, special rules may apply (read the information package for the call); therefore, withdrawal has to be requested via the [IT Helpdesk](#).

### **I. Lodging a complaint about failed submission**

If you think that the submission of your proposal was not entirely successful due to a technical error on the side of the Commission, you may lodge a complaint through the [IT Helpdesk](#) on the Participant Portal. For the complaint to be admissible it must be filed **within 4 calendar days** following that of the call closure. You will receive an acknowledgement of receipt the same or next working day.

What else to do? You should secure a PDF version of all the B-parts and annexes of your proposal holding a time stamp (file attributes listing the date and time of creation and last modification) that is prior to the call deadline dd/mm/yyyy:hh:mm, as well as any proof of the alleged failure (e.g. screen shots). Later in the procedure you may be requested by the IT Helpdesk to provide these items. Please note that any information regarding the proposal will be treated in a strictly confidential manner.

To consider your complaint is upheld, the IT audit trail (application log files and access log files of the EC IT-systems involved) must show that there was indeed a technical problem from the EC side which prevented you from submitting (or resubmitting) the proposal using the electronic submission system.

You will get notification about the outcome of the treatment of your complaint shortly but at the latest within the time indicated in the acknowledgment of receipt. If a decision cannot be reached in this time, you will receive a holding reply.

If your complaint is upheld, the secured files (provided by you to the IT helpdesk), for which the investigation has demonstrated that technical problems from the EC side prevented (re)submitting, will be used as a reference for accepting the proposal for subsequent evaluation. In the absence of such documents, the version present in the IT system will be evaluated.

## **3. Eligibility check and evaluation**

### **1. Eligibility check**

Once you have submitted a proposal, the EDA:

- **checks it is admissible (complete, and properly put together) and eligible**
- **establishes an evaluation committee that will be assisted by a group of technical experts.**

Before proposals are sent for evaluation, they are checked for admissibility and eligibility.

Eligibility checks include basic checking: if the contents of proposals are in line with the topic description; if they involve enough of the right participants or if they meet standard and any other eligibility conditions.

To read the admissibility and eligibility criteria in details, please see the [Eligibility and evaluation criteria](#) page and the references collected there.

#### **Evaluation of proposals**

In the evaluation process, proposals are given scores for **excellence, impact, and quality and efficiency of implementation** – based on the [Standard Evaluation Criteria](#).

A panel then checks that the evaluation criteria have been consistently applied to all proposals for the same call.

Coordinators and Participant Contacts are informed by the Evaluation Results Letter of how their proposal did in the evaluation. They will receive an e-mail concerning the result of the evaluation. . A positive result does not constitute a confirmed offer of a grant.

Following the evaluation round, grant preparations are opened for the highest-scoring proposal.

#### **Frequently asked questions**

[FAQ on Proposal submission and evaluation](#)



## 2. Eligibility and Evaluation Criteria

Before proposals are sent for evaluation, they are checked for admissibility and eligibility.

### A. Criteria

#### Admissibility criteria

A proposal is **admissible** if it:


- is submitted via the official online submission system before the call deadline
- is complete – accompanied by the relevant administrative forms, proposal description and any supporting documents specified in the call. See the [Standard admissibility criteria](#) for details of what supporting documents are required
- is readable, accessible and printable
- Grant proposals must include a **draft plan for the exploitation and dissemination** of the results, unless otherwise specified in the call conditions. The draft plan is not required for proposals at the first stage of two-stage procedures.

Furthermore, **page limits will apply** to proposals/ applications. Your proposal must not exceed the maximum number of pages indicated in the proposal template (Part B). The system will warn you of the consequence of submitting over-long proposals. (Excess pages will be automatically overprinted with a "watermark", after the call deadline.) Unless otherwise stated in the call conditions, the limit for a full proposal is 70 pages, except for coordination and support actions, where the limit is 50 pages.

#### Eligibility criteria

A proposal is **eligible** if:

- its contents are in line with the topic description in the call
- it involves enough of the right participants and meets [Standard eligibility criteria](#), and any other eligibility conditions set out in the call or topic page

 For British applicants: Please be aware that eligibility criteria must be complied with for the entire duration of the grant. If the United Kingdom withdraws from the EU during the grant period without concluding an agreement with the EU ensuring in particular that British applicants continue to be eligible, you will cease to receive EU funding (while continuing, where possible, to participate) or be required to leave the project on the basis of article 50.3.1(b) of the Grant Agreement.

## **Evaluation criteria**

Proposals are evaluated and scored against **selection** and **award criteria**. The **Standard Evaluation Criteria** describe in detail the criteria used for each type of action.

Templates of the forms that experts use to evaluate proposals are available on the topic conditions pages for each call.

## **Scores**

Experts score each **award criterion** on a scale **from 0 to 5** (half point scores may be given):

- 0 Proposal fails to address the criterion or cannot be assessed due to missing or incomplete information
- 1 Poor – criterion is inadequately addressed or there are serious inherent weaknesses
- 2 Fair – proposal broadly addresses the criterion, but there are significant weaknesses
- 3 Good – proposal addresses the criterion well, but a number of shortcomings are present
- 4 Very good – proposal addresses the criterion very well, but a small number of shortcomings are present
- 5 Excellent – proposal successfully addresses all relevant aspects of the criterion. Any shortcomings are minor

The maximum overall score is thus 15 (3x5), unless a weighting is applied.

## **Qualifying score**

To be considered for funding a proposal must achieve a pre-defined qualifying score on each criterion, and an overall qualifying score. Qualifying scores vary according to the type of action.

For each call, qualifying scores and **weightings** are stated in the calls for proposals and template evaluation forms (available on the topic conditions pages).

## **B. Evaluation procedure**

If your proposal is admissible and eligible, it arrives to a technical experts group that first conducts a technical scrutiny of proposals and prepares detailed recommendations for each proposal, according to the evaluation criteria, for the Evaluation Committee in the form of reports.

Each full proposal is evaluated by at least three technical experts.

## **Individual evaluation**

Experts work individually. They give a score for each criterion, with explanatory comments.

## **Consensus group**

After carrying out an individual evaluation, an expert will join other experts who have evaluated the same proposal in a **consensus group**, to agree on a common position, including comments and scores.

Each group is assisted by a **moderator** who:

- seeks a consensus, impartially and
- ensures that each proposal is evaluated fairly, according to the evaluation criteria

The moderator is normally an official of the EDA.

## **Panel Meeting**

The panel consists of the technical experts and the Evaluation Committee, which is composed of at least 3 persons, 2 of which coming from bodies which are set up under TFEU or EURATOM Treaty and with no hierarchical link between them. An official of EDA in charge of the evaluation will moderate the Evaluation Committee. There may be one panel covering the whole call or several panels covering different parts of the call.

## **Panel review**

Each panel will be responsible for one or more ranked lists, as defined by the indicative budget and call conditions set out in the work programme.

If there are insufficient funds to award grants to all proposals that achieve a qualifying score in the evaluation, a review panel will:

- review the scores and comments for all proposals within a call to check for consistency across the evaluations
- if necessary, propose a new set of marks or revise comments, and resolve cases where evaluators were unable to agree

## **Proposals with the same score**

The panel will recommend a **priority order for proposals with the same score**, using the procedure given in the work programme.

## **C. Outcome of evaluation**

### **Final evaluation results**

The call for proposals indicates when applicants will be informed on the outcome of the evaluation of their proposal, with a maximum period of six months after the submission of the proposal.

This period may be exceeded in exceptional, duly justified cases, in particular for complex actions, where there are a large number of proposals or delays attributable to the applicants.

Before notifying coordinators of the final evaluation results by means of an Evaluation Summary Report (ESR) , the EDA reviews the results of the evaluation and puts together the final ranking list, and submits it to the Commission for information.

Proposals will not be offered funding if the Commission or the EDA finds that it is already funding very similar work elsewhere, or a proposal is in any way manifestly contrary to established EU or Euratom policies.

### ***Final rankings***

The EDA:

- produces a ranked list of proposals, including all proposals with scores above the qualifying score
- draws up a **list of proposals** for possible funding from that list. The number of proposals in the list depends on the available budget.

Each **page of topic conditions** of a call on the Participant Portal gives approximate timelines when coordinators will receive information on the outcome of the evaluation.

### ***Reserve list***

If the available budget is too small to fund all proposals that reached the qualifying score in the evaluation round, some proposals may be put on a reserve list of proposals that may be offered funding if a higher-scoring project does not go ahead or additional funds become available.

When a proposal is placed on the reserve list, the **coordinator** is **informed**. The EDA may also specify a date after which grant agreement is unlikely to be offered.

### ***Rejection decisions***

The EDA will notify proposal coordinators if their proposal has been rejected because:

- it is found to be ineligible (before or during the evaluation)
- it falls short of the relevant thresholds
- it is too far down the ranking list to qualify for the limited amount of funding available
- not to fulfil the ethical requirements, following an ethics review (see Chapter 4)
- it raises security concerns.

### **Invitation to prepare grant**

After the finalisation of the evaluation, applicants will receive the Evaluation Result Letter. The **coordinators** of successful proposals for which funding is available, are **invited to start preparations for the grant**.

### **Request for review of the evaluation**

All applicants have the right to submit a request for review of the evaluation of their proposal. The coordinator of the proposal should submit the request to the EDA within 15 days of the date on which the EDA has informed the coordinator of the evaluation results.

The examination of the request will be organized no later than 15 days from the date of the notification. The examination only covers the procedural aspects of the evaluation, and not the merits of the proposal. The review is conducted by an evaluation review committee. The committee may recommend one of the following:

- (a) re-evaluation of the proposal primarily by evaluators not involved in the previous evaluation;
- (b) confirmation of the initial evaluation.

## **4. From evaluation to grant signature**

The call for proposals indicates when successful applicants will be informed on the indicative date of the signature of the grant agreement, with a maximum period of three months from the date of informing applicants they have been successful.

This period may be exceeded in exceptional, duly justified cases, in particular for complex actions, where there are a large number of proposals or delays attributable to the applicants.

Participants will be given reasonable time to submit the information and documentation required for the signature of the grant agreement. The Commission or the funding body will make decisions and requests for information as promptly as possible. Where possible, resubmission of documents should be avoided.

In parallel with starting the grant preparation, proposals which are eligible for funding will be subject to a review of its ethics, legal and societal aspects as well as a security scrutiny.

### **1. Review of ethical, legal and societal aspects (ELSA review)**

EDA will carry out the review of ethical, legal and societal aspects of the proposals submitted in the context of the PADR, as well as perform checks and audits of funded projects in which such aspects were identified.

EDA will make the process of the review of ethical, legal and societal aspects as transparent as possible and ensure that it is carried out in a timely manner avoiding, where possible, the resubmission of documents.

The ELSA review procedure focusses on the compliance with ethical rules and standards, relevant European legislation international law binding upon the Union, national authorisations and ELSA approvals, proportionality of the research methods and the applicants' awareness of the ethical and legal aspects, as well as social impact of the planned research.

The PADR ELSA procedures are based on the ethics appraisal procedure established in the context of Horizon 2020 yet simplified and with important differences to comply with the specificities of defence research.

#### **ELSA experts**

EDA will establish a database of experts in military ethical and legal issues following a call for expression of interest.

Personnel Security Clearance at the level SECRET UE/EU SECRET is required before appointment. All experts are required to be validated by the Member State that has issued their Personnel Security Clearance.

## **ELSA Review Procedure**

All proposals considered for funding will undergo an ELSA review.

The review starts with an ELSA individual screening by independent experts followed by a consensus meeting during which they will come to a common view on ethical, legal and societal aspects related to the proposals. When appropriate the ELSA experts can formulate recommendations in their ELSA assessment consensus report.

EDA takes these recommendations into consideration during the grant preparation phase, e.g., by requesting additional information/documents to the Consortium, or including ELSA deliverables in Annex I to the Grant Agreement.

## **ELSA Checks, Reviews and Audits**

If necessary, EDA or the Commission can perform checks, reviews and audits on ELSA during and after the termination of the projects in accordance with Article 22 of the Grant Agreement.

## **2. Security scrutiny**

All research activities carried out under the PADR are subject to a security scrutiny in order to identify items that may involve EU Classified Information.

The security scrutiny procedure will be carried out by the Commission, assisted by a group of governmental experts appointed by the National Security Authorities of the EU Member States, Norway and EDA.

### **Security Classification**

Information which is not sensitive will not be specifically marked.

Information which is sensitive, but not classified can be marked as 'Limited'.

Information which is classified will be of one of the following security classification levels:

- RESTREINT UE/EU RESTRICTED;
- CONFIDENTIEL UE/EU CONFIDENTIAL;
- SECRET UE/ EU SECRET.

### **Security scrutiny procedure**

The Commission, assisted by a group of governmental experts, will carry out the security scrutiny to determine the required level of protection of the following items:

1. All actions included in the annual work programmes;

2. The proposals submitted in response to a call for proposals or tender;
3. All the results of the research activities funded under the PADR.

### **Security classification**

The Commission will determine in advance the security classification in the annual work programmes per topic and per project. Calls for proposals should be treated according to their pre-defined security classification level. In the case of a call for proposals/tenders requiring the use of classified information in the tendering/proposal submission process, such information will be contained in a separate document classified at the appropriate level. This classified document will be made accessible to candidates fulfilling all the relevant requirements according to the provisions of the PADR Programme Security Instruction (PADR PSI).

### **Security scrutiny on proposals submitted**

The Commission will scrutinise proposals submitted with a view of identifying the expected security classification level, and proper protection, of grant deliverables. Such security scrutiny will be conducted only on proposals which after the evaluation procedure may be eligible for funding. The Commission will determine in advance the level of protection of the projects and their deliverables. For each classified project a Security Aspects Letter (SAL) including a Security Classification Guide (SCG) will be issued by EDA for the proposals, according to the PADR PSI. EDA will prepare the SCG accompanying the SAL of classified projects on the basis of the Commission decision on the classification of the project and the related instructions.

### **Security scrutiny on results**

The results of projects under this delegation agreement may require additional or different security protection than the tenders or proposals. The Commission will apply the security scrutiny to all the projects' results after the completion of the projects' implementation.



## **5. After the grant signature**

This Chapter covers the basic modalities on which your grant agreement will be based to implement your project. During the preparation of the grant agreement, the project officer determines which options apply for the beneficiaries in your consortium.

### **1. Implementation**

#### **1.1. Implementation of project**

Beneficiaries should implement projects in compliance with the rules set out in Regulation (EU, Euratom) No 966/2012, Regulation (EU) No 1268/2012, Commission Decision C(2017)2262, the call for proposals and the grant agreement.

Beneficiaries should not make commitments which are incompatible with these conditions or the grant agreement. Where a beneficiary fails to comply with its obligations regarding the technical implementation of the project, the other beneficiaries will comply with the obligations without any additional Union funding unless EDA expressly relieves them of that obligation. Beneficiaries should inform EDA in due time of any event which might significantly affect the implementation of the project or the interests of the Union.

Should a beneficiary breach the grant agreement and should the consortium not repair this breach, EDA may, as a last resort and if all other approaches have been explored, hold the beneficiaries liable under the following conditions:

- (a) Independently of the appropriate project it will take against the defaulting beneficiary, EDA will require the remaining beneficiaries to implement the project.
- (b) Should implementation be impossible or should the remaining beneficiaries refuse to comply with subparagraph (a), EDA may terminate the grant agreement and recover the Union funding. When establishing the debt, the EDA will take into account the work already undertaken and results obtained.
- (c) As regards the part of the debt established in accordance with subparagraph (b) that is owed by the defaulting beneficiary, EDA will distribute it among the remaining beneficiaries, on the basis of each beneficiary's share of the expenses accepted and up to the amount of the Union funding each beneficiary is entitled to receive.

Where a beneficiary is an international organisation, a public body or a legal entity whose participation in the project is guaranteed by a Member State or Norway, that beneficiary will be solely responsible for its own debt and not bear the debt of any other beneficiary.

Beneficiaries should implement the project and take all necessary and reasonable measures to that end. They need to have the appropriate resources as and when needed for carrying out the project. Where it is necessary for the implementation of the project, they may call upon third

parties, including subcontractors, to carry out work under the project according to the conditions set out in the grant agreement. These third parties, including subcontractors, need to be established only in a Member State or Norway. Participants remain responsible towards the Commission or the funding body and towards the other participants for the work carried out.

The award of subcontracts for carrying out certain elements of the project is limited to the cases provided for in the grant agreement. All infrastructure, facilities, assets and resources used by subcontractors should be identified before the signature of the sub-contract.

Third parties other than subcontractors, such as affiliated entities or entities with a legal link to a beneficiary implying a collaboration not limited to the project, may carry out work under the project under the conditions laid down in the grant agreement. The third party and the work to be carried out by it need to be identified in the grant agreement.

Costs incurred by those third parties may be deemed eligible if the third party meets all the following conditions:

- (a) it would be eligible for funding if it were a beneficiary;
- (b) it is an affiliated entity;
- (c) it is identified in the grant agreement;
- (d) it abides by the modalities applicable to the beneficiary under the grant agreement with regard to eligibility of costs and control of expenditure;
- (e) it accepts joint and several liability with the beneficiary for the Union contribution corresponding to the amount declared by the third party, if required by EDA.

Beneficiaries should comply with national legislation, regulations and ethical rules in the countries where the project will be carried out. Where appropriate, beneficiaries should seek the approval of the relevant national authorities prior to the start of the project.

Work using animals needs to be carried out in accordance with Article 13 TFEU and comply with the requirement to replace, reduce and refine the use of animals for scientific purposes in accordance with Union law and in particular with Directive 2010/63/EU of the European Parliament and of the Council.

## **1.2. Consortium**

The members of a consortium wishing to participate in a project should appoint one of them to act as coordinator, to be identified in the grant agreement. The coordinator will be the principal point of contact between the members of the consortium in relations with EDA, unless specified otherwise in the grant agreement, or in the event of non-compliance with its obligations under the grant agreement.

The members of a consortium participating in a project should conclude an internal agreement ("the consortium agreement") establishing their rights and obligations with respect to the implementation of the project in compliance with the grant agreement.

The consortium agreement may stipulate inter alia the following:

- (a) the internal organisation of the consortium;
- (b) the distribution of the Union funding;
- (c) modalities on dissemination, use and access rights, additional to those of these modalities, and to the provisions in the grant agreement;
- (d) arrangements for settling internal disputes;
- (e) liability, indemnification and confidentiality arrangements between the participants.

The members of the consortium may make any arrangements in the consortium they deem fit to the extent that those arrangements are not in conflict with the grant agreement, the call for proposals.

The consortium may propose to add or remove a beneficiary or change the coordinator in accordance with the relevant provisions of the grant agreement, provided that the change is in conformity with the conditions for participation, does not adversely affect the implementation of the project and is not contrary to the principle of equal treatment.

## **2. Forms of grants and funding modalities**

### **2.1 Forms of grants**

Grants may take any of the forms provided for in Article 123 of Regulation (EU, Euratom) No 966/2012, taking into account the objectives of the project.

### **2.2. Eligibility of costs**

Conditions for eligibility of costs are defined in Article 126 of Regulation (EU, Euratom) No 966/2012.

Ineligible costs are those not complying with the conditions of the paragraph above, including, in particular, provisions for possible future losses or charges, exchange losses, costs related to return on capital, costs reimbursed in respect of another Union project or programme, debt and debt service charges, excessive or reckless expenditure, and contributions in kind from third parties.

Costs arising from military or defence operations or for activities that take place on the territory (land, air or sea) of an ineligible country (i.e., a country not listed as eligible country in General Annex A) are not eligible.

### **2.3. Direct eligible personnel costs**

Direct eligible personnel costs should be limited to salaries plus social security charges and other costs included in the remuneration of personnel assigned to the project, arising from national law or from the employment contract.

Additional remuneration to personnel of national administrations assigned to the project, including payments on the basis of supplementary contracts regardless of their nature, may also be considered as direct eligible personnel costs:

- (a) it is part of the usual remuneration practices of the participant and is paid in a consistent manner whenever the same kind of work or expertise is required;
- (b) the criteria used to calculate the supplementary payments are objective and of general application by the participant, independent of the source of funding used.

### **2.4. Funding of the project**

The funding of a project may not exceed the total eligible costs minus the receipts of the project.

The following are considered as receipts of the project:

- (a) resources made available by third parties to the beneficiaries by means of financial transfers provided that they have been contributed by the third party specifically to be used in the project;
- (b) income generated by the project;
- (c) income generated from the sale of assets purchased under the grant agreement up to the value of the cost initially charged to the project by the beneficiary.

A single reimbursement rate of 100% of the eligible costs will be applied per project for all activities funded therein.

### **2.5. Indirect costs**

Indirect eligible costs will be determined by applying a flat rate of 25 % of the total direct eligible costs, excluding direct eligible costs for subcontracting.

### **2.6. Annual productive hours**

Eligible personnel costs may cover only the actual hours worked by the persons directly carrying out work under the project. Evidence regarding the actual hours worked should be provided by the beneficiary, usually through a time recording system.

For persons working exclusively for the project, no time recording is required. In such cases, the beneficiary should sign a declaration confirming that the person concerned has worked exclusively for the project.

The grant agreement will contain:

- (a) the minimum requirements for the time recording system;
- (b) the option to choose between a fixed number of annual productive hours and the method for establishing the number of annual productive hours to be used for the calculation of the hourly personnel rates, taking account of the participant's usual accounting practices.

## **2.7. Owners of SMEs and natural persons without a salary**

The owners of SMEs who do not receive a salary, and other natural persons who do not receive a salary, may charge personnel costs on the basis of a unit cost.

Direct eligible personnel costs may be financed on the basis of unit costs determined according to the beneficiary's usual cost accounting practices, provided that they comply with the following cumulative criteria:

- (a) they are calculated on the basis of the total actual personnel costs recorded in the beneficiary's general accounts which may be adjusted by the beneficiary on the basis of budgeted or estimated elements according to the conditions defined by the Commission<sup>4</sup>;
- (b) they comply with points 2.2 and 2.3;
- (c) they ensure compliance with the non-profit requirement and the avoidance of double funding of costs;
- (d) they are calculated with due regard to point 2.6.

## **2.8. Certificate on the financial statements**

A certificate on the financial statements of the project and underlying accounts, produced by an approved external auditor or in case of public bodies, by a competent and independent public officer (see point 2.10), may be demanded by EDA, on the basis of a risk assessment. The certificate needs to be attached to the payment request. The certificate should certify, in accordance with a methodology approved by EDA on the basis of agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the

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<sup>4</sup> See C(2017)2262 'Commission Decision on the financing of the 'Preparatory action on Defence research' and the use of unit costs for the year 2017'.

financial statements on which the payment request is based are real, accurately recorded and eligible in accordance with the grant agreement.

More information on certificates on the financial statements can be found in Article 207 of Regulation (EU) No 1268/2012.

## **2.9 Certificate on the methodology**

Beneficiaries that calculate and claim direct personnel costs on the basis of unit costs in accordance with point 2.7 may submit to EDA a certificate on the methodology. That methodology should comply with the conditions set out in point 2.7 and meet the requirements of the grant agreement.

Where EDA accepts a certificate on the methodology, it will be valid for all projects financed under the Preparatory Action on Defence Research and the beneficiary should calculate and claim costs on the basis of it. Once EDA has accepted a certificate on the methodology, it will not attribute any systemic or recurrent error to the accepted methodology.

## **2.10. Certifying auditors**

The certificates on the financial statements and on the methodology referred to in points 2.8 and 2.9 need to be established by an independent auditor qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council or similar national regulations, or by a competent and independent public officer in whom the relevant national authorities have vested the legal capacity to audit the participant and who has not been involved in the preparation of the financial statements.

Upon request by EDA, the Commission, the Court of Auditors or the European Anti-fraud Office (OLAF), the auditor who delivers the certificate on the financial statements and on the methodology should grant access to the supporting documents and audit working papers on the basis of which a certificate on the financial statements or on the methodology was issued.