

## EUROPEAN DEFENCE FUND

### Frequently asked questions (FAQ)

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## Affiliated entities

### Question

As an entity affiliated to a beneficiary, can I participate in the action as a beneficiary and member of the consortium?

### Answer

Yes, you can participate either as a ‘beneficiary’ (*i.e.* member of the consortium) or as an ‘affiliated entity’ to the beneficiary you are linked to. However, you cannot participate as a subcontractor.

If, you decide to participate as a beneficiary, you need to declare your entity as a beneficiary (BE) in Annex 1&2 to the *Submission form*, and not as an affiliated entity (AE). The affiliation between your entity and the other beneficiary will need to be indicated in Part A of the *Submission form* (“Links with other participants”).

When making your choice, you should keep in mind the impacts on the calculation of the SME/midcap bonus, the notion of cross-border cooperation in the meaning of the award criterion 5, and the joint liability between a beneficiary and its affiliated entities.

### Question

As an entity affiliated to a beneficiary, can I participate in the action as a subcontractor?

### Answer

As mentioned in Appendix 2 Section 5 of the *Guide for applicants*, you cannot participate as a subcontractor of the beneficiary you are affiliated to.

## Associated countries and overseas countries and territories

### Question

In the document *2021 calls for proposals and conditions for the calls* (up to v1.3), it is written that the participation of associated countries “*is limited to legal entities established in the Kingdom of Norway pending the adoption of the COUNCIL DECISION on the position to be adopted on behalf of the European Union, within the EEA Joint Committee concerning an amendment to Protocol 31 to the EEA Agreement, on cooperation in specific fields outside of the four freedoms*”.

Is the participation to the EDF of legal entities established in the Kingdom of Norway now decided?

### Answer

Even if not yet published in the Official Journal of the EU, the Council Decision has been adopted (see [here](#)) and Norway can from now on be considered as a full eligible associated country to the European Defence Fund. This has been reflected in the latest version of the EDF calls documentation and forms.

Question

Are the entities established in overseas countries or territories eligible for EDF funding?

Answer

Yes, they are eligible for EDF funding subject to the rules and objectives of the Fund and to possible arrangements applicable to the Member State to which the relevant overseas country or territory is linked.

The overseas countries or territories and Member States to which they are linked are: Aruba (Netherlands), Greenland (Denmark), New Caledonia (France), French Polynesia (France), Saint Pierre and Miquelon (France), French Southern and Antarctic Lands (France), Wallis and Futuna (France), Saint Barthélemy (France), Bonaire Sint Eustatius and Saba (Netherlands), Curaçao (Netherlands), Sint Maarten (Netherlands).

Question

What is exactly the scope of the territory of Norway eligible to the EDF?

Answer

For the EDF, the eligible territory of Norway comprises the Kingdom of Norway with the exception of Svalbard.

## Associated partners

Question

As an entity established outside the Union and outside Norway, can I participate in EDF funded actions?

Answer

Yes, you can participate in an EDF funded action as an ‘associated partner’, without receiving funding and subject to the conditions set out in article 9(6) of the EDF Regulation. Please refer to the *Guide for applicants* Chapter 2, Part A sup, Section 1.2 (page 28 in v1.11) for more information.

## Control

Question

As an entity established in the EU or in Norway, but controlled by a non-associated third country or a non-associated third-country entity, can I participate in EDF funded actions?

Answer

Yes, you can participate in an EDF funded action:

- either as a ‘beneficiary’, an ‘affiliated entity’ or a ‘subcontractor involved in the action’, eligible for funding. Your participation to the action as a ‘beneficiary’, as an ‘affiliated

entity' or as a 'subcontractor involved in the action' is subject to the conditions set out in article 9(4) of the EDF Regulation (provision of guarantees approved by the country in which your entity is established). Please refer to the *Guide for applicants* Chapter 2, Part A sup, Section 1.1 (pages 25-28 in v1.11) for more information;

- or as an 'associated partner', but without receiving funding. Your participation to the action as an 'associated partner' is subject to the conditions set out in article 9(6) of the EDF Regulation. Please refer to the *Guide for applicants* Chapter 2, Part A sup, Section 1.2 (page 28 in v1.11) for more information.

#### Question

As an entity controlled by a non-associated third country or by a non-associated third-country entity requesting EDF financial support, shall I provide the requested guarantees together with my proposal before the submission deadline or can I provide them later within 25 working days following the formal request by the Commission?

#### Answer

If, from your self-assessment based on Annex 6, you already know that your entity is controlled by a non-associated third country or by a non-associated third-country entity, you need to provide the guarantees approved by the country where your entity is established with your application before the submission deadline.

The 25 working days mentioned in the *Guide for applicants* (page 26 in v1.11) apply only in cases where:

- you would self-assess, to the best of your knowledge and on the basis of Annex 6 and all supporting evidence, your entity as not being controlled by a non-associated third country or non-associated third-country entity;
- but the Commission would come to a different conclusion following its own assessment based on provided application forms and supporting documents.

In such case only you would be requested to provide these guarantees after the submission deadline within 25 working days following the request from the Commission.

## **Financial aspects**

#### Question

Is the EDF partly pre-financing the projects or do the applicants have to advance the necessary financial contribution?

#### Answer

For all the 2021 EDF calls for proposals, a pre-financing will be paid from the Fund upon signature of the *Grant agreement*.

Then, depending on the duration of the action, the beneficiaries of an actual costs grant may request the reimbursement of their eligible costs actually incurred and receive an interim

payment after the pre-financing. The rest of the eligible costs actually incurred will be reimbursed with the final payment.

Regarding lump sum grants, and depending on the duration of the action, in addition to the pre-financing, an interim payment could take place upon completion of work packages in the relevant reporting period.

Question

What are the assumptions that we should rely on regarding the amount of pre-financing and final payment?

Answer

The amount of pre-financing is not yet defined but will likely represent at least 50% of the maximum grant amount (subject to the satisfactory financial capacity of the private entity concerned or the provision by it of a pre-financing guarantee). The final payment at the end of the action will represent a minimum of 10% of the maximum grant amount.

Question

If the financial capacity of an applying entity is considered as "weak", how will that impact pre-financing?

Answer

If the analysis of the last closed annual accounts shows that the financial capacity of this entity is weak, the Commission may request to this entity a pre-financing guarantee covering the amount of the pre-financing allocated to it.

If a pre-financing guarantee (according to the Commission's template and issued by a reliable guarantor) cannot be provided, the Commission may decide not to offer any pre-financing. The guarantee may be issued by a bank, other acceptable financial institutions or a third party (e.g. the parent company). The costs actually spent for the action will be reimbursed afterwards (with the interim of final instalments).

Please note that:

- public entities are exempted from financial capacity check;
- if the coordinator of the consortium is weak, the Commission might request the entity to step down as a coordinator or to provide a guarantee for the whole grant pre-financing.

Question

How (existing) testing facilities, test beds and testing equipment can be charged to a project under the EDF? Is verification or certification needed in the proposal?

Answer

Costs of equipment constituting 'testing facilities, test beds and testing equipment' can be charged in the budget of the action up to:

- the depreciation costs accounted for in the accounts of the applicant concerned in accordance with the beneficiary's usual accounting practices and with international

accounting standards; or

- the leasing costs accounted for in the accounts of the applicant concerned up to the depreciation costs of the equipment (no financial fees charged),  
and for the period of use in the action and according to the rate of actual use of the equipment for the purposes of the action.

Where the cost of this equipment has already been fully depreciated in the applicant's accounts, no further depreciation cost can be charged (only maintenance).

There is no specific eligibility constraints on the type of testing facilities. This is without prejudice to the general eligibility conditions laid down in Article 9, 20(3) and 23(2) of the EDF Regulation. The question of the adequacy of the proposed solutions is taken into account at proposal evaluation stage.

#### Question

For calls implemented through lump sum grants, how flexible is the budget between work packages and between cost categories?

#### Answer

The amounts of the grant per work package (lump sum shares) are fixed before the signature of the *Grant agreement*. Once the *Grant agreement* enters into force, the concept of eligible costs is no longer applicable to the grant: you will be paid the lump sum amount fixed for a given work package upon its completion, regardless whether that amount is used to cover one type of costs or another. You will not be requested to report your incurred costs. Changes of the lump sum amounts between work packages require an amendment.

#### Question

During the implementation of the action, what is the threshold beyond which a Certificate of Financial Statement (CFS) is mandatory to certify through an independent external accountant the actual final costs of the applicant?

#### Answer

The threshold beyond which the CFS is due at final payment stage is EUR 325 000 of actual costs. This threshold is applicable per applicant, for the part of the grant amount allocated to it in the *Grant agreement*.

#### Question

Is it possible to charge the costs of an equipment (needed to carry out the action) purchased outside the EU and Norway? Shall we demonstrate that no substitute exist in the EU and in Norway?

#### Answer

Costs related to the use of this equipment for the implementation of the action can be charged as an eligible cost following the rules detailed in the *Guide for Applicants* (Section 6 of Appendix 2 or Section 5 of Appendix 3). We do not request that you demonstrate that no

substitute exist in the EU and in Norway.

We draw your attention to the fact that it is the responsibility of the applicant to ensure that such purchase and use will not lead to restriction or control over the results of the funded action.

Question

Section 6.2 in Appendix 2 of the *Guide for applicants* states that the LRI scheme is not applicable to the EDF. Does it mean that the costs related to Large Research Infrastructure are not eligible at all under the EDF?

Answer

The fact that the LRI scheme is not applicable to the EDF does not prevent to charge eligible costs of such infrastructure.

Cost of research equipment or infrastructure used for the implementation of the action can be charged as a direct cost for the amount actually incurred for the duration of use in the action (depreciation booked in the applicant's accounts or the invoiced costs) and if the applicant can demonstrate a direct link with the action.

If the direct link is not obvious, the cost of research equipment is not eligible as a direct cost and must be covered under the indirect costs. If the research equipment or infrastructure has no link with the action, the cost is ineligible.

Question

If a beneficiary has no experience with defence contracts, can such a beneficiary opt for the actual indirect costs regime (Article 15.2 of the EDF Regulation)?

Answer

The actual indirect costs regime is strictly framed by the legislator under the EDF Regulation and can only be applicable where the usual costs accounting practices of the applicant are accepted by national authorities for comparable activities in the defence domain. A beneficiary that does not have any experience in the defence domain can therefore not benefit from this regime: only the 25% flat rate will then be possible.

Question

If the Member State or associated country where my entity is established has no pricing authority able to certify my actual indirect costs, can I opt for the actual indirect costs regime (Article 15.2 of the EDF Regulation)?

Answer

The use of the optional actual indirect cost regime is subject to the validation by national authorities of the usual accounting practises or the applicant for the calculation of its indirect costs. The decision to set up a specific scheme and the means to make such validation are matters of national competencies. Bear in mind that the actual indirect cost regime can only be chosen if your national authorities have accepted in the past your usual

costs accounting practices for comparable activities in the defence domain.

### Question

Can you give an example of how to fill in Appendix to Annex 3?

### Answer

Here is an example of how to fill the Appendix to Annex 3:

		Amount	% on basic remuneration
Please detail and explain in the appendix to allow the assessment on the mandatory and usual character	Annual remuneration (EUR) estimated from last (month before submission) salary slip of the person involved in the action	48.000,00	
	Compensation for hollidays (e.g 1,5 days per working month...)	3.683,72	7,67%
	Other <b>mandatory</b> elements of remuneration (e.g. 13th month, individual incentive to benefit of the organisation...)	4.000,00	8,33%
	Social charges due by employer under national law on remuneration paid ( <i>detail on which basis if accessories of basic remuneration are also concerned</i> )	15.840,00	33,00%
	Total additional charges on top of basic annual remuneration	23.523,72	<b>49,01%</b>
	Total annual staff costs for the person involved (EUR)	<b>71.523,72</b>	
Daily rate used to charge direct staff costs of the organisation in the draft budget (above line /215) (EUR)		332,67	

4 — **only eligible costs** are included;

In particular, for each daily rate use for personal costs of employees involved in the action (as identified in Annex 2), the amounts included in the estimated budget have been calculated on the basis of the last monthly salary slip of:

*option 1 (preferably)*: the person concerned;

or

*option 2 (if option 1 is not possible for justified reasons)*: a person belonging to the organisation and remunerated on a similar level than the person qualified for the post concerned;

multiplied by a coefficient of **149,01%**.

This coefficient is deemed to cover the following additional staff costs arising from national law or from our standard employment contract [*please detail below these additional elements*]:

**From monthly basic remuneration (100%):**

+ **33 %** for social charges imposed by national law,

+ **7,67 %** for holiday compensation (*indicate the number of days acquired per month*),

+ **8 %** (*pro rata* of 13<sup>th</sup> month)

+ for incentive to annual profits of the organization ....



Question

Is the cost category D.2 Internally invoiced goods and services available in the EDF?

Answer

The 2021 EDF calls for proposals have not been designed to implement the special regime for Internally invoiced goods and services: the budget included in the submission documents do not foresee any specific field for the costs of goods and services produced or provided within the beneficiary's organisation and estimated in accordance with its usual accounting practises.

However, the MGA that will be used for the EDF includes this possibility.

Therefore, for 2021 the situation is the following :

- if your organisation is applying for an actual costs grant, you can estimate the cost of these goods and services provided within your organisation according to your usual accounting practices if you consider that they reflect a fair estimation of the actual costs of these goods and services at the end of the action.

At the end of the action, the external auditor will assess if the costs declared in your final financial statement correspond to the actual costs for the issuance of the Certificate on Financial Statement (or in case of an onsite audit): validation ex-post of the accounting practices of your organisation.

If your organisation is covered by a valid Certificate of Methodology for Unit Costs (CoMUC), the validation of the actual costs by the auditor will be rapidly made on that basis.

- if your organisation is applying for a lump sum grant, the cost of these goods and services provided within your organisation can be estimated according to your usual accounting practices only if these accounting practices are covered by a valid CoMUC (no ex-post validation is possible under a lump sum grant).

In both cases, you can enter only 80% of the estimated amount in the relevant 'Direct costs' category of the budget (Annex 1&2 to the *Submission form*) in order to neutralise the addition of the 25% flat rate for indirect costs (internal invoicing is not part of the basis for additional indirect costs). If your organisation opts for the actual indirect costs regime, please avoid duplication between direct and indirect costs and bring all necessary clarification in the relevant appendix (Appendix to Annex1&2).

Question

Is the option for "average personnel costs (unit cost according to usual accounting practices)" applicable in the EDF programme?

Answer

- a) if your organisation is applying for an **actual cost grant**, you may calculate your budget for submitting your application with your internal average personal costs, if you assume that they constitute a good estimate. You can also establish your financial statement with your

average personnel costs, but the auditor (for the CFS or for *ex-post* audits) will verify whether you comply with the conditions to use average costs.

b) If your organisation is applying for a **lump sum grant**, you must estimate the actual costs at termination of the staff involved in the action (or closest/similar profile in your organisation) and you cannot use your average personal costs.

Take the last monthly salary slip (before month of submission) of the person concerned or of a person of your staff with the same profile and from this salary split explain how you come up to the estimated staff cost charged for the person/profile concerned in the budget of the proposal. You can include in your explanation all accessories of the salary that are mandatory paid by the employer according to employment contract or collective agreement of your sector. This explanation would be part of the Appendix to Annex 3.

In both cases a) and b) above, the only exception admitted under the EDF is **the existence of a valid CoMUC** issued by another authorising officer of the Commission (DG RTD), as under such in-depth audit process, the average personnel costs of the organisation have been assessed as fairly close to actual costs.

Question

Shall in-kind contributors fill in any of the Annexes to the *Submission form*?

Answer

In-kind contributors are third parties to the *Grant agreement* who can bring in-kind contributions free of charge. They do not need to fill in any Annexes, but they have to be mentioned in Part B of the *Submission form*. They do not need to be listed in Part A, Part A sup or Annex 1&2 and there should be no associated cost in the budget tables in Annex 1&2.

Question

My entity is recording working hours of the employees. How shall I proceed to convert these working hours into working day-equivalents?

Answer

If you record the time worked in hours rather than in days, for example because that is your usual management practice, you must convert the total hours worked into day-equivalents to calculate the personnel costs for the grant. To make this conversion, and so to calculate the number of day-equivalents, you simply have to divide the number of hours worked by the person on the action during the year by the number of hours of a day-equivalent. The resulting figure must be rounded up or down to the nearest half-day (for example: 17,79 = 18 days; 17,64 = 17,5 days). The number of hours of a day-equivalent is one of the following:

- 8 hours
- the average number of hours that the person must work per working day according to the contract. For example, if the contract says that the person must work 37,5 hours per week distributed in 5 working days, a day-equivalent for the person is 7,5 hours (37,5 / 5). You cannot use this option if the contract does not allow to determine the average

number of hours that the person must work per working day.

- If you have a usual cost accounting practice determining the standard number of annual productive hours of a full-time employee, you may determine the value of a day-equivalent as follows:

{The higher between the standard number of annual productive hours of a full-time employee according to your usual practice and 90 % of the standard annual workable hours of a full-time employee divided by 215}

The option chosen must be applied consistently; using the same option at least per group of personnel employed under similar conditions (e.g. same type of contract, same cost-centre).

#### Question

Is there an upper limit to the cost of a bank guarantee that can be charged to the project?

#### Answer

There is no ceiling, but the cost of the bank guarantee must remain reasonable in order to be eligible (General Eligibility Conditions – Article 6.1 of MGA). Usually it corresponds to 1 to 3% of the amount subject to guarantee per year (request several offers to ensure best value for money).

#### Question

Are beneficiaries expected to plan the expenses of a bank guarantee in the application?

#### Answer

We recommend that each beneficiary checks its financial capacity score in the participant's portal using its last approved annual accounts (link: [LFV Simulation \(europa.eu\)](https://lfv.europa.eu)). If the score is low, the beneficiary concerned should include the costs of a bank guarantee in the budget estimation of its application.

The bank guarantee may be requested by each applicant having low financial capacity score for the part of the **pre-financing allocated to it** in the *Grant agreement*. In case the weak entity is the coordinator of the consortium, the Commission may request a pre-financing guarantee for the total pre-financing of the grant, *i.e.* the pre-financing of the coordinator and that of the other beneficiaries, and so the entity should estimate the costs for such a guarantee.

#### Question

Under which circumstances is it possible and eligible to consider a direct personnel cost escalation (x% per year) due to constant salary adjustments in accordance to the inflation rate?

#### Answer

For the specific eligibility conditions for personnel costs, please refer to article 6.2.A of EDF MGA Actual Costs [published in the Funding and Tenders Portal](#).

- In an actual cost grant, you can estimate the mandatory indexations of staff costs (e.g.

inflation indexation) for the calculation of the maximum grant amount. At the end of the action, the final grant will reimburse – within the maximum grant amount set out in the grant agreement – the actual eligible costs disbursed for the implementation of the action.

- In a lump sum grant, in order to take into account inflation over the duration of the action, the amounts obtained can be indexed annually by 2% (see appendix 3 of the *Guide for applicants*).

## Model grant agreements

### Question

When will the EDF *Model grant agreements* (actual costs and lump sums) be available?

### Answer

EDF MGAs are available [here](#) since 15 November.

### Question

What is the *Framework partnership agreement* (FPA) document published in the portal together with the *Model grant agreements* (MGA)?

### Answer

Please disregard this document for the time being since it is not relevant for EDF 2021 calls for proposals.

### Question

On the Funding and Tenders portal, it is indicated “Type of MGA: European Defence Fund Action [EDF-LS]”. Does it mean that the associated call will be implemented through lump sum grants?

### Answer

Please disregard the indication on the Funding and tenders portal which indicates by default “Type of MGA: European Defence Fund Action [EDF-LS]” for all EDF calls for proposals.

As stated in the documents *EDF 2021 calls for proposals and conditions for the calls*, *Guide for applicants* and Annex 1&2 to the *Submission forms*, all EDF 2021 calls for proposals will be implemented through actual costs grants, except the calls EDF-2021-DIS-RDIS, EDF-2021-OPEN-RDIS, EDF-2021-OPEN-R, EDF-2021-OPEN-D that will be implemented through lump sum grants.

## Security

### Question

Employees may be required to handle classified information for the purpose of the

implementation of the action. Shall they hold a valid security clearance at the time of the submission of the proposal?

Answer

The possession of a valid security clearance may indeed be required to handle classified information for the purpose of the implementation of the action in accordance with the applicable Commission or national security rules. The possession of a Personnel Security Clearance (PSC) might be required at proposal submission time only if the proposal itself constitutes a classified document, depending on the applicable national security rules.

In case the implementation of the action requires handling of classified information and depending on the associated security classification levels (consolidated during the Grant Agreement Preparation):

- employees dealing with classified information may be requested to hold a PSC issued by the country of origin of the employees; and
- facilities in which such information is handled may be requested to hold a Facility Security Clearance (FSC).

In such case, as the processes to get valid PSC and FSC can be time consuming, they should be launched as soon as possible.

Question

As a company established in the EU or in Norway that employs non-EU and non-Norwegian personnel and is not subject to control by a non-associated third country or a non-associated third-country entity, can those employees participate in an EDF funded action that involves the generation of classified information?

Answer

Pursuant to Article 27 of the EDF Regulation, the Member States on whose territory the beneficiaries are established may decide to establish a specific security framework. Otherwise, the Commission will establish the necessary security framework in accordance with Commission decision 2015/444.

In case the Member States would establish the specific security framework, it will be up to the Member States to give the necessary instruction concerning the possession of adequate Personnel Security Clearance (PSC) for non-EU and non-Norwegian personnel.

In case the security framework is established under Commission decision 2015/444, the following provisions apply:

- the PSC is not required for handling classified information up to EU RESTRICTED;
- a PSC granted by the appropriate national authorities is required for handling classified information above EU RESTRICTED. The Commission requests confirmation of this requirement to the competent national authorities of which the personnel concerned are citizens. In the case of non-EU and non-Norwegian citizens working for EU or Norwegian companies, the national authorities on whose territory the beneficiary is established may

grant a PSC for the concerned personnel. Example: a Canadian citizen living and working in Germany may, on the request of the employer, obtain a PSC from the German authorities.

This is without prejudice to the general eligibility conditions laid down in Article 20(3) and 23(2) of the EDF Regulation.

#### Question

To which email address shall I communicate to the Commission the password needed to open AES-256 encrypted files? The email address mentioned in the *Guide for applicants* (v1.1 or lower) does not seem to be functional.

#### Answer

Indeed, there was a typo in the email address. This has been corrected in v1.11 of the *Guide for applicants* dated 26 November 2021. The correct address is [DEFIS-EDF-PROPOSALS-PWD@ec.europa.eu](mailto:DEFIS-EDF-PROPOSALS-PWD@ec.europa.eu).

#### Question

One or more participants deem the content of some Annexes to the *Submission form* too sensitive to be shared with the coordinator. Can they send them directly to the Commission?

#### Answer

Only in case the information contained in these Annexes is classified under national or international authorities, these participants can send these Annexes directly to the Commission, according to the principles laid down in the *EDF 2021 Calls and conditions for the calls* (see p189 in v1.42).

In other cases, as explained and illustrated in the *Guide for applicants*, sensitive or company confidential information should be encrypted using AES-256 encryption method (extension .zip or .7z) with strong password (22 random characters) and the encrypted file sent to the coordinator for inclusion in the application (without disclosing the password to him). In parallel, you must send an email at [DEFIS-EDF-PROPOSALS-PWD@ec.europa.eu](mailto:DEFIS-EDF-PROPOSALS-PWD@ec.europa.eu) before the deadline for submission of the call indicating the password needed to open the file as well as the acronym of the proposal (or proposal ID) and the name of the encrypted file. The Commission will acknowledge the reception of the email in order for them to prove to the coordinator that they have provided the requested password to the Commission.

## **SMEs and mid-caps**

#### Question

The EDF *Guide for applicants* indicates: “Be aware that your entity will not be considered a mid-cap if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies”. Are there any exceptions?

Answer

As laid down in the [Annex to Commission Recommendation 2003/361/EC](#), there are indeed a few exceptions to this general rule in case of (i) public bodies holding 25% or more of shares/voting rights but not exceeding 50% of voting rights/not having dominant influence in an enterprise and (ii) falling under one of the categories of “special” investors:

- a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (‘business angels’), provided the total investment of those business angels in the same enterprise is less than EUR 1 250 000;
- b) universities or non-profit research centres;
- c) institutional investors, including regional development funds;
- d) autonomous local authorities with an annual budget of less than EUR 10 million and fewer than 5 000 inhabitants *e.g.* such as universities, autonomous local authorities, research.

Question

As an SME, I have already performed the SME self-assessment a few years ago. If no significant changes occurred since then, shall I do it again for my application to EDF 2021 calls for proposals?

Answer

As explained in the EDF Guide for applicants (Chapter 1, Section 5 p14 in version 1.11):

*Self-assessments must be performed using the data applying to the headcount of staff and the financial amounts relating to the latest approved accounting period and calculated on an annual basis. These data must relate to the current financial year (or, if not available yet, to the previous one).*

Therefore, if the data used are more than 2 years, you need to perform the self-assessment again. As a general recommendation, you are invited to use the latest available data for the self-assessment.

Question

When trying to perform the mid-cap self-assessment using Annex 8, I am confronted with the following situation: the data available for my upstream linked companies are already consolidated with mine. How shall I proceed?

Answer

You have two options to fill in Annex 8:

- 1) You can indicate 0 everywhere for your company and make a comment saying “fully included in the consolidation of parent company XXX” (e.g. in the cell where you indicate the name of the parent company). Consequently, when encoding the data of the parent company in question, the consolidated headcount and financial data are used.

2) You can introduce your company individual headcount and financial data. Consequently, when encoding the data of the parent company in question, the consolidated headcount and financial data should be reduced with the standalone data of the participant already included in the Participant box.

## Subcontracting

### Question

A certain number of limitations applying to subcontracting is listed in Section 5 of Appendix 2 (and Section 4 of Appendix 3) of the *Guide for applicants*. How strict are those limitations and how do they affect the evaluation of the proposals?

### Answer

Limitations regarding subcontracting stem from the non-profit principle for grants laid down in the EU Financial Regulation, which applies horizontally to all EU programmes. In accordance with this principle, the Commission requests that only a ‘limited’ part of the action can be subcontracted and that any subcontract must be awarded on the basis of a procedure ensuring best value for money. Derogations to these rules must be duly justified.

The limit of 30% for subcontracting set in EDF Guide for applicants is not prescriptive but rather indicative (except for the calls EDF-2021-OPEN-R and EDF-2021-OPEN-D) of what one could generally expect to constitute the higher end of a ‘limited’ part, in line with the non-profit principle. Subcontracting can however go beyond this limit if duly justified in Part B of the proposal *e.g.* by the specific nature of the action or by relevant efficiency considerations convincingly set out the consortium. During the evaluation, the provided justifications will be taken into account, notably in terms of the impact extensive subcontracting may have on the quality and the efficiency of the implementation. Furthermore, consortia will be requested during the Grant Agreement Preparation, to ensure that subcontractors already identified in the *Grant agreement* (or contracted after its signature) have been (or will be) selected following procedures guaranteeing best value for money.

### Question

How shall I proceed with subcontracting costs in Annex 1&2 if I do not have selected my subcontractors at the time of the submission of the proposal?

### Answer

For calls implemented through actual costs grants: for each activity covered by your proposal, the sheet “A1 – [activity]”:

- reflects the subcontracting costs of each beneficiary/affiliated entity for that activity;
- allows to define how much of these subcontracting costs go to each identified subcontractors at proposal stage for that beneficiary/affiliated entity (*i.e.* those listed in the sheet “Participants”).



The difference between the two represent the subcontracting costs for the activity concerned that will be allocated to subcontractors not identified at the time of the submission of the proposal.

For calls implemented through lump sums grants: for each work package, you can define in the detailed sheet “A2 – [shortname of beneficiary/affiliated entity]” via a drop-down menu the subcontracting costs to be allocated to:

- each defined subcontractors for that beneficiary/affiliated entity (*i.e.* those listed in the sheet “Participants”);
- subcontractors “unknown at this stage”.

In both cases (actual costs and lump sums), we draw your attention to the fact that, whatever the nature of the subcontractor (identified or not at the stage of the submission of the proposal):

- the selection of the subcontractors has to be based on the best value for money (or on the lowest price); and
- the subcontracted tasks need to be described, quantified and justified in Part B of the proposal.

## Submission forms, annexes and supporting documents

### Question

In Section 6 of Part B (project presentation), do the tables (list of work packages, list of deliverables, list of milestones, *etc.*) count in the page limit defined for Section 6 and 7?

### Answer

Indeed, these duly completed tables (you can adapt formatting in the limit of the guidance provided) are integral part of Section 6 and have to be counted in the page limit.

### Question

In Section 8 of Part B (work packages description), it is indicated that each work package description is limited to maximum 2 pages. Does this limit apply to all parts of the description or only from “Objectives of the work package” on?

### Answer

The 2-page limit applies only from the part “Objectives of the work package” on.

### Question

We still have a doubt: which part of the submission forms is to be provided by which participant?

### Answer

**Part A, Part A sup** and **Part B:** only 1 for the entire project

**Annex 1&2:** only 1 for the entire project

**Appendix to Annex 1&2, including correspondence table:** 1 for each member of the consortium and for each affiliated entity opting for actual indirect costs.

**Annex 3 (including appendix for lump sum calls):** 1 for the coordinator + 1 for each member of the consortium (including the coordinator again) + 1 for each affiliated entity (if any)

**Annex 4:** 1 for the entire project or 1 per member of the consortium if easier to provide

**Annex 5:** 1 for each member of the consortium + 1 for each affiliated entity (if any) + 1 for each direct subcontractor. On a voluntary basis only.

**Annex 6:** 1 for each member of the consortium + 1 for each affiliated entity (if any) + 1 for each “subcontractor involved in the action”

**Annex 7:** 1 for each member of the consortium + 1 for each affiliated entity (if any) + 1 for each “subcontractor involved in the action”. Alternatively: 1 single file gathering everything. In case you provide several files, please make sure that the naming of the files allows to understand where to find what.

**Annex 8:** 1 for each member of the consortium, affiliated entity and direct subcontractor (of a member of consortium/affiliated entity) claiming the mid-cap status.

Question

Do non-SMEs and non-mid-caps also have to sign Annex 3 and provide it with the application?

Answer

Yes, all members of the consortium (and their affiliated entities if any participating to the action), whatever their status (SMEs, mid-cap, other), must fill in and sign Annex 3 to the *Submission form*

Question

In Annex 3 (Declaration on Honour), it is written under article 5 that: “I/My organisation... have/has stable and sufficient sources of funding to maintain the activity throughout the action and to provide any counterpart funding necessary”. What does it exactly mean?

Answer

It means that, for the part of the action allocated to it, the applicant will need to find additional funding if the EU grant does not cover 100% of its eligible costs or if some of these costs are declared ineligible afterwards.

This will be reflected in the *Grant agreement* the consortium will sign: each member of the consortium is only responsible financially vis-à-vis the EU for its own share of the tasks allocated to it (and its affiliated entities if any) as described in the *Grant agreement* (Part B of the application will populate Annex 1 of the *Grant agreement*).

Question

I have already duly completed and signed Annex 3 (Declaration on Honour) and Annex 6

(Ownership and control), not using the latest available versions of these annexes. Will they be admissible or shall I have the latest versions signed?

Answer

For Annex 3:

- if you are a public body, please use the latest version of Annex 3 (v1.2 dated 30 September 2021). However, we will be flexible and offer the possibility to provide the right version after the proposal submission deadline;
- if you are not a public body and if you are applying to a call using the lump sum approach, please use version 1.1 or higher, which includes an appendix needed for such call.
- in other cases, we will accept version v1 or higher.

For Annex 6, we strongly recommend that you use the latest available version (v1.3 dated 9 November 2021), which includes the correction of bugs preventing the automatic validation and generation of the .xlsx file to be provided with the application, together with the corresponding signed pdf file. However, we will accept that the signed pdf document submitted is based on a previous version of Annex 6, as long as its content is the same as the one of the .xlsx file.

Question

Who should sign Annex 3 (Declaration on Honour) and Annex 6 (Ownership and control)? What kind of powers should the signatories have?

Answer

As regards Annex 3 (Declaration of Honour) the Commission accepts that it is signed either (a) by the LEAR (Legal Entity Appointed Representative), *i.e.* Administrative Contact for the Commission or (b) by someone with powers to represent the company.

As regards Annex 6, it has to be signed by a representative of the company with power to represent it. If the LEAR has been legally appointed (official powers) to represent the company, it can sign this annex (which may not always be the case depending on the entity concerned)

Question

How should Annex 3 (Declaration on Honour) and Annex 6 (Ownership and control) be signed? Do you accept ink signature? Do you accept digital signature?

Answer

You can use normal ink signature (and then scan as pdf) or, alternatively, implement a qualified eSignature in line with Regulation No 910/2014 available [here](#).

Question

If none of the participants are controlled by a non-associated third country or by a non-associated third-country entity, do we still need to provide Annex 4?

Answer

Yes. Annex 4 has to be provided even though no direct link (*e.g.* control, commercial) exists with non-associated third countries or non-associated third-country entities. For example if you are going to use a product purchased in a non-associated third country, you need to indicate it and to show that the associated rights that you have on this product will neither prevent you to perform the action nor lead to control or restriction over the results.

Question

Is the filling-in of Annex 5 (Industry-related information) mandatory? Why is this information requested?

Answer

Providing the information requested in Annex 5 is voluntary. It will not be taken into account for the evaluation of your proposal (admissibility, exclusion grounds, financial and operational capacity, eligibility, ethics and award), neither will it be for the grant agreement preparation and grant signature, nor during the course of the action.

Yet, as explained further in the *Guide for applicants*, the information sought through Annex 5 is deemed crucial to conduct the proper monitoring, reporting, and evaluation of the European Defence Fund against its policy objectives; for the purpose of better mapping EU's dependencies in the Aerospace and Defence Ecosystem in order to formulate mitigating policy measures; and for providing relevant data to the EU Observatory of Critical Technologies that is set to provide regular monitoring and analysis of critical technologies, as a basis for developing EU technology roadmaps to launch new flagship projects.

Without this information, collected through the relevant EU instruments, the EU efforts to increase the resilience of the sector will be hardly achievable. Your input will help to make a difference.

Question

As a research institution, how shall I fill in Annex 5?

Answer

As a research institution, most of the requested information might indeed not be relevant. However, we think that the tabs Technologies, Skills and Materials might still be relevant.

Question

Annex 5 does not allow me to include multiple answers or to provide accurate information. What can I do?

Answer

For the sake of conciseness, in some instances, the spreadsheet allows for the indication of just one element, *e.g.* in the sheet called "Products, Services", in the first table "Integrated Platforms", there is the possibility to choose just one "Integrated Platform" from the drop-down menu. In case you would like to indicate more than just one "Integrated Platform",

e.g. “1A1 Combat Aircraft” and “1A2 Training Aircraft”, you can always add new rows (unprotect the sheet for that: no password will be requested) or even create a copy of the sheet, e.g. “Products, Services 2”, and indicate the second “Integrated Platform” there, and so on. You can also modify the table, copy it or expand it to include other fields as appropriate, e.g. in the sheet called “Skills” in case you would like to indicate more than 5 skills (unprotect the sheet for that: no password will be requested). This is why we opted to ask for this information via an editable document that can be adjusted to meet your specific product or service portfolio.

Question

As a public entity, shall I also complete and submit Annex 6 (Ownership and control)?

Answer

Yes, all applicants (i.e. members of the consortium) and their affiliated entities (if taking part to the action) as well as all ‘subcontractors involved in the action’ need to provide Annex 6 duly completed and signed.

However, public entities may only fill in the section “Ownership structure and specific rights”:

- blue cells regarding shareholding indicating which are the founding members or entities that can decide on the Board of Directors members, or any decisional body the public entity has; and
- blue cells regarding the ownership with the legal entities that have decisive powers on the appointment of the Board (or equivalent) members.

Where one of these blue cells is a drop-down menu with “company/individual”, just leave it empty, but fill in the other cells of the row.

Question

In Annex 6, which are the entities to be listed in the first table of the section “Ownership structure and specific rights” and what are the graphs to be provided below in the large blue cell and in the second table?

Answer

The first table where you have to indicate the percentage of shares and voting rights only concerns the 1<sup>st</sup> level of entities owning or controlling your entity. Some of them might be indirect owners in the sense that they are themselves owned or controlled by other entities.

The requested graphs should detail the ownership/controlling structure of these indirect owners up to their ultimate owners. Depending on its complexity, the graph can be either provided as a description in the text box (large blue cell) or as a pdf file attached in the table below.

Question

In 2021, our shareholder structure has changed incorporating new shareholder within

Europe. Could you clarify if Annex 6 should reflect the current shareholder structure or the one of the last closed accounting period?

Answer

Information in Annex 6 should reflect the current shareholder structure of the company.

Question

I experience problems in including the requested graph in Annex 6 (Ownership and control). What shall I do?

Answer

Insert your graph inside a pdf or word document before attaching it to Annex 6. Indeed, only .pdf and .docx documents can be attached to Annex 6. Annex 6 (v1.1 or higher) also offers the possibility to provide supporting documents as separate files (check corresponding box and indicate name of the file).

Be informed that if you are using Excel for Macintosh, a specific version of Annex 6 needs to be used which does not allow to directly attach files in Annex 6.

Question

In the section "Attestation" of Annex 6, I can't edit and select the relevant option in the two following parts:

- "I, the undersigned, confirm for [myself][the legal entity I represent] that at the date of signature"
- "[I][my legal entity][am][is] not subject..."

How shall I proceed?

Answer

You do not need to modify these parts in the Excel file. We suggest that you simply strike through the irrelevant options on the printed version to be signed.

Question

Since my entity is controlled by a non-associated third country or by a non-associated third-country entity (but still potentially eligible subject to the provision of valid guarantees), I cannot undersign the following point in Annex 6:

- [I][my legal entity] [am][is] not subject to control by a non-associated third country or by a non-associated third-country entity;

What shall I do?

Answer

In such case, we suggest that:

- you indicate the fact that your entity is controlled by a non-associated third country or by a non-associated third-country entity in one of the blue cells in the Section "Ownership and structure";
- you state this fact also in the signature block of the excel and/or pdf file.

- you strike the irrelevant bullet point in the signed pdf version of the document to echo that statement.

Question

My entity is a subsidiary of several listed companies or is controlled by several listed companies. Annex 6 seems not suitable to provide the necessary information in such situations. How shall I proceed?

Answer

Please contact the Commission at the following email address [DEFIS-EDF-proposals@ec.europa.eu](mailto:DEFIS-EDF-proposals@ec.europa.eu) and explain the specific parts that you think unsuitable for your situation: we will provide you with an adapted version of Annex 6 and with guidance on how to proceed.

Question

When pressing “validate” in Annex 6, I got a message saying “Annex 6 is incomplete. Please in all required fields.”, whereas all required fields are filled in. What should I do?

Answer

Please make sure you are using the latest version of Annex 6 (v1.3), which should solve this issue.

Question

When pressing “validate” in Annex 6, the validation goes well, but only a pdf file is generated (no .xlsm nor .xlsx files). What should I do?

Answer

Please make sure you are using the latest version of Annex 6 (v1.3), which should solve this issue.

Question

What does the notion of “Entity ID” or “ID” mentioned in Part A sup, in Part B and in Annex 7 refer to?

Answer

It refers to the ID used in Annex 1&2, in the first column of the tab “Participants”.

Question

As an entity established in the Union but controlled by a non-associated third-country entity, I already provided guarantees, approved by the Member State in which my entity is established, for EDIDP calls for proposals and these guarantees were accepted by the Commission. Are these guarantees still valid for my application to EDF calls for proposals 2021 or shall I provide new guarantees with my application?

Answer

You will have to provide new guarantees with your application to EDF calls for proposals

2021.

Question

Since we have a lot of participants and sometimes heavy pdf supporting documents, it is difficult to meet the limit of 100 MB for the entire encrypted zip file containing all application forms and supporting documents. How do you suggest to proceed?

Answer

In order to cope with the 100 MB size limit we recommend that all pdf files are generated with the highest possible compression rate compliant with readable content.

If the proposal size remains above the 100 MB limit after achieving the highest compression, the applicants, affiliated entities and subcontractors involved in the action are given the opportunity to upload individually on their Participant's page on the Funding & Tender Opportunities portal specific supporting documents that are requested as part of the submission of the proposal.

This possibility to upload document on the their Participant's page on the Funding & Tender Opportunities portal is **strongly conditioned to the following elements:**

- the type of document that can be uploaded is **exclusively** limited to the **documents that should otherwise be attached to Annex 6** – Declaration of Ownership and Control (*e.g.* minutes of shareholders meetings, documents related to ownership structure or corporate governance);
- the documents shall be uploaded individually by the entities on their **own Participant account** (*i.e.* own PIC – no grouping of multiple entities' documents under a single PIC) **before the submission deadline** as indicated on the Call Page on the Funding & Tender Portal;
- the documents shall be uploaded via the Document section in the PIC account/Add new document/under type "**Other**";
- the documents shall **not include ID documents of individuals.**

## Call-specific questions

Question

In the call topic EDF-2021-DIS-RDIS-AMD, in the "specific challenge" section, what do you mean by "Proposals should balance R&T efforts in the following areas"?

Answer

This sentence should be interpreted as "Proposals should address R&T in one or more of the following areas".

This has been corrected in the latest version of the *2021 calls for proposals and conditions for the calls*.



Question

In the document *2021 calls for proposals and conditions for the calls* (v1.3 and previous), there seems to be inconsistencies regarding the ‘development’ or ‘research’ nature of the call EDF-2021-ENERENV-D and its associated topics.

Can you clarify if this is a call for research or for development actions?

Answer

We confirm that, in line with the adopted EDF work programme, the call EDF-2021-ENERENV-D is a call for development actions. The associated call topic IDs are EDF-2021-ENERENV-D-EEMC, EDF-2021-ENERENV-D-NGES and EDF-2021-ENERENV-D-PES.

This has been corrected in the latest version of the *2021 calls for proposals and conditions for the calls*.

Question

For research calls, can you confirm that the provision of letters of support from Member States or Norway are not needed for the assessment of the eligibility of a proposal and will not impact the scoring of the proposals during the evaluation?

Answer

Contrary to development actions, letters of support from Member States or Norway are not required for research actions (*i.e.* they are not an eligibility condition).

In relation to the application of the award criteria, applicants may provide such letters on a voluntary basis. They will be considered, where relevant and depending on the level of specificity of the support displayed, as a confirmation of what is explained by the applicants in Part B of their proposal in relation with award criterion 4.

Question

For the calls addressing several different topics, how many actions do you intend to fund?

Answer

As stated in the text of these calls, “several actions, addressing different topics, may be funded under this call”. This means that we intend to fund up to one action per topic. The exact number of funded projects will depend on the proposals received, their scoring and ranking and on the EU requested contributions given the available budget for this call.

## Miscellaneous

Question

In which eligible activity can I include “dissemination and communication” tasks?

Answer

Unless otherwise specified in the call text, no specific work package on “Dissemination and communication” of results is requested. This kind of tasks may however be included as part of the overall coordination and management of the project (work package 1 – WP1) or as part of the work packages of the activities which results you intend to disseminate or promote.

Question

Some of the tasks described in the section “targeted activities” of the call text are not allocated to a given activity. Will the Commission accept any allocation?

Answer

The allocation of a task to a given activity should match the definition of that activity (see *Guide for Applicants* Appendix 1) and the definition of the type of action corresponding to the call (‘Research’ or ‘Development’, see *Guide for Applicants* Appendix 1 under ‘Action’). Unless otherwise specified in the call text concerned, if a given task is supporting core tasks of a given activity, this task can be considered as part of that activity (as far as that activity is eligible according to the section “targeted activities”).

Applicants can explain why they consider that the tasks in question fall under a given activity. In any case, it will be part of the proposal evaluation (assessment of the award criteria) to confirm that the proposed activity is relevant for these tasks.

Question

After the submission of a proposal, can a member of the consortium withdraw from the proposal without any consequences?

Answer

In principle, applicants are not entitled to withdraw from a proposal after the application. The award is made on the basis of the application and, as a rule, an award decision is given to all the members of the selected consortium which together have the professional capacity and the collective responsibility to implement the action as co-beneficiaries.

Under justified cases, and when the withdrawal of the participant does not impact the carrying out of the action, the consortium could request the replacement of one of the applicants. The Commission will assess whether the withdrawal has an impact in the selection, eligibility and award criteria.

If the withdrawal is considered not justified and/or it calls into question the award decision or the proper implementation of the action, the grant may be terminated by the Commission (recovery of sums unduly paid with possible sanctions (financial penalties, exclusion from Union public award of grants and contracts)).