EU Funding and Grants Body of Knowledge

EFG BoK

EUROPEAN ACADEMY

www.europeanacademy.com

◦ First Edition ◦

EU Funding and Grants Body of Knowledge

EFG BoK

First Edition · 2026

The Definitive Professional Reference for EU Funding and Grants Practitioners

EFGAC	EFGPC	EFGProC
Associate Certified	*Practitioner Certified*	*Professional Certified*

ISBN:
978-618-88775-0-4

Author
Dr. Danijela Ćirić Lalić
European Academy

Knowledge & Content Development
European Academy
www.europeanacademy.com

Published by
European Centre for Vocational Certification (ECVC)
www.ecvc.eu

© 2026 European Centre for Vocational Certification. All rights reserved.

Introduction 1
EFG BoK — First Edition 2
Foreword 2
How to Use This Body of Knowledge 3
The EU funding and Grants Certification Framework — Overview 4
Structure of the Body of Knowledge 5
The EU Funding Landscape 10
DOMAIN OVERVIEW 11
Learning Outcomes 11
Certification Level Mapping 12
1.1 The Multiannual Financial Framework: Architecture and Logic 12
1.1.1 What Is the MFF? 12
1.1.2 The 2021–2027 MFF: Structure and Priorities 13
1.1.3 Cross-Cutting Priorities: Green and Digital Mainstreaming 13
1.1.4 The 2028–2034 MFF: Early Signals 14
1.2 NextGenerationEU and the Recovery and Resilience Facility 14
1.2.1 The Origins and Architecture of NGEU 14
1.2.2 The Recovery and Resilience Facility 15
1.2.3 Other NGEU Instruments 15
1.3 Major EU Funding Programmes 16
1.3.1 Horizon Europe: Research and Innovation 16
1.3.2 Cohesion Policy Funds 16
1.3.3 Erasmus+: Education, Training, Youth and Sport 17
1.3.4 LIFE Programme: Environment and Climate Action 17
1.3.5 InvestEU Programme 18
1.3.6 Other Significant Programmes 18
1.4 EU Funding Implementation Modes 19
1.4.1 Direct Management 19
1.4.2 Indirect Management 19
1.4.3 Shared Management 19
1.4.4 Financial Instruments and Blended Finance 20
1.5 Institutional Architecture of EU Funding 20
1.5.1 The European Commission 20
1.5.2 Executive Agencies 20
1.5.3 Managing Authorities and Intermediate Bodies 21
1.5.4 National Contact Points 21

1.6 EU Policy Framework and Funding Priorities 21
1.6.1 The European Green Deal 21
1.6.2 The Digital Decade 22
1.6.3 The European Pillar of Social Rights 22
1.6.4 Cohesion Policy Objectives 22
1.6.5 Research and Innovation Policy: The European Research Area 23
1.7 Programme Synergies and Complementarity 23
1.7.1 The Logic of Programme Synergies 23
1.7.2 The Seal of Excellence 23
1.7.3 Combining Horizon Europe and ESIF 23
1.7.4 Avoiding Double Funding 24
1.8 Funding Intelligence and Landscape Navigation 24
1.8.1 Building a Funding Intelligence System 24
1.8.2 The EU Funding and Tenders Portal 25
1.8.3 CORDIS and ESIF Open Data 25
1.8.4 Strategic Landscape Analysis 26
1.9 EU Funding in the Global Context 26
1.9.1 International Dimension of EU Programmes 26
1.9.2 Horizon Europe Association Agreements 27
1.10 Key Trends Shaping the EU Funding Landscape 27
1.10.1 Simplification 27
1.10.2 Performance Orientation 27
1.10.3 Conditionality 27
1.10.4 Geopolitical Dimensions 28
1.10.5 Digital Transformation of Grant Management 28
1.11 The EU Funding Lifecycle: An Integrated View 28
1.11.1 From Landscape to Lifecycle 28
1.11.2 Aligning Landscape and Institutional Strategy 29
Legal, Regulatory and Compliance Framework 30
DOMAIN OVERVIEW 31
LEARNING OUTCOMES 31
CERTIFICATION LEVEL MAPPING 32
2.1 The EU Financial Regulation: Constitutional Architecture of EU Expenditure 32
2.1.1 Legislative History and Current Framework 32
2.1.2 The Seven Budgetary Principles 33
2.1.3 Implementation Modes 34
2.1.4 Financial Actors and Segregation of Duties 34

2.1.5 Internal Control Standards 34
2.2 Procurement Rules Applicable to Grant Beneficiaries 35
2.2.1 The Distinction Between Institutional and Beneficiary Procurement 35
2.2.2 The PRAG: Practical Guide to Procurement and Grant Management 35
2.2.3 EU Public Procurement Directives 35
2.2.4 Procurement Compliance in Grant Projects 36
2.3 State Aid Rules and Their Interaction with EU Grants 36
2.3.1 The State Aid Framework: Article 107 TFEU 36
2.3.2 Exemptions and Compatibility Grounds 37
2.3.3 State Aid Implications for EU Grant Beneficiaries 37
2.4 Data Protection: GDPR in EU-Funded Projects 38
2.4.1 The GDPR Framework 38
2.4.2 Key Principles and Obligations 38
2.4.3 Data Management Plans (DMPs) 39
2.4.4 GDPR Compliance in Project Implementation 39
2.5 The Audit and Control Framework 40
2.5.1 The Multi-Tier Control Architecture 40
2.5.2 The European Court of Auditors 40
2.5.3 Financial Audits of Beneficiaries 41
2.5.4 Financial Corrections and Recovery 41
2.6 The Anti-Fraud Framework 41
2.6.1 The PIF Directive 41
2.6.2 OLAF: The European Anti-Fraud Office 42
2.6.3 EPPO: The European Public Prosecutor's Office 42
2.6.4 Anti-Fraud Measures in Programme Implementation 43
2.7 Ethics, Conflicts of Interest, and Professional Standards 44
2.7.1 The Concept of Conflict of Interest 44
2.7.2 Prevention and Management of Conflicts of Interest 44
2.7.3 Ethical Principles in EU-Funded Research 44
2.8 Grant Agreement Conditions: Legal Obligations in Practice 45
2.8.1 The Grant Agreement as a Legal Instrument 45
2.8.2 Key Obligations Under the Grant Agreement 45
2.8.3 Amendments to Grant Agreements 45
2.8.4 Termination and Suspension 46
2.9 Eligibility of Costs: Principles and Categories 46
2.9.1 The Eligibility Framework 46
2.9.2 Cost Categories 46

2.9.3 Simplified Cost Options....47
2.10 Regulatory Compliance in Practice: An Integrated Approach....47
2.10.1 Compliance Management Systems....47
2.10.2 Compliance Across the Project Lifecycle....48
2.10.3 Regulatory Intelligence and Change Management....48
2.11 The Regulatory Landscape for Specific Programme Types....49
2.11.1 Horizon Europe: The Research and Innovation Framework....49
2.11.2 European Structural and Investment Funds: The Shared Management Framework....49
2.11.3 External Action Grants: The PRAG Framework....50
2.12 Regulatory Compliance Challenges and Emerging Issues....50
2.12.1 The Complexity Challenge: Navigating Multiple Regulatory Layers....50
2.12.2 The Digital Transformation of Compliance....51
2.12.3 Post-COVID Regulatory Adaptations....51
2.12.4 Regulatory Developments: Looking Ahead....52
2.13 Practical Tools and Resources for Legal Compliance....52
2.13.1 Key Reference Documents....52
2.13.2 Digital Tools and Platforms....53
2.13.3 Professional Networks and Support....53
Opportunity Identification and Pre-Award Strategy....54
DOMAIN OVERVIEW....55
LEARNING OUTCOMES....55
CERTIFICATION LEVEL MAPPING....56
3.1 Funding Intelligence: Building the Information Foundation....56
3.1.1 The Nature and Value of Funding Intelligence....56
3.1.2 Intelligence Sources and Monitoring Systems....57
3.1.3 Designing an Organisational Intelligence System....58
3.2 Landscape Scanning: Systematic Opportunity Identification....59
3.2.1 The Landscape Scanning Process....59
3.2.2 Opportunity Mapping and Prioritisation....59
3.2.3 Horizon Scanning: Anticipating Future Opportunities....60
3.3 Strategic Fit Assessment....60
3.3.1 The Fit Assessment Framework....60
3.3.2 Fit Scoring and Decision Thresholds....61
3.4 Call Analysis and Interpretation....62
3.4.1 The Call Document Architecture....62
3.4.2 Deep Call Analysis: Reading Between the Lines....62

3.4.3 Clarification and Information Requests 63
3.5 Partnership Development Strategy 63
3.5.1 The Strategic Logic of Partnership 63
3.5.2 Partner Search Strategies 64
3.5.3 Partner Qualification and Due Diligence 64
3.5.4 Consortium Agreements and Partnership Arrangements 65
3.6 Organisational Readiness Assessment 65
3.6.1 The Readiness Assessment Framework 65
3.6.2 Readiness Gap Analysis and Remediation 66
3.7 The Go/No-Go Decision Framework 67
3.7.1 The Case for Structured Decision-Making 67
3.7.2 Go/No-Go Criteria 67
3.7.3 The Decision Process 68
3.7.4 Revisiting Go/No-Go Decisions 68
3.8 Pre-Proposal Engagement 68
3.8.1 The Value of Pre-Submission Engagement 68
3.8.2 Engagement Channels and Approaches 69
3.8.3 Rules and Ethics of Pre-Submission Engagement 69
3.9 Pipeline Management: The Portfolio Approach 70
3.9.1 The Opportunity Pipeline as a Portfolio 70
3.9.2 Pipeline Stages and Gates 70
3.9.3 Pipeline Metrics and Reporting 71
3.9.4 Lessons Learned and Continuous Improvement 72
3.10 Competitive Intelligence and Positioning 72
3.10.1 Understanding the Competitive Landscape 72
3.10.2 Differentiation Strategy 72
3.11 Pre-Award Strategy at Institutional Level 73
3.11.1 Developing a Multi-Year Funding Strategy 73
3.11.2 Governance and Accountability 74
3.12 Digital Tools for Pre-Award Management 74
3.12.1 Technology in the Pre-Award Function 74
3.12.2 The EU Commission's Digital Ecosystem 75
3.13 Sector-Specific Pre-Award Considerations 75
3.13.1 Universities and Research Organisations 75
3.13.2 SMEs and Industry 76
3.13.3 Public Authorities and Local Government 76
3.13.4 Civil Society and NGOs 77

3.14 Ethical Dimensions of Pre-Award Strategy 77
3.14.1 Integrity in Opportunity Assessment and Decision-Making 77
3.14.2 Responsible Grant Seeking 78
Proposal Development and Writing 79
DOMAIN OVERVIEW 80
LEARNING OUTCOMES 80
CERTIFICATION LEVEL MAPPING 81
4.1 The Evaluator's Perspective 81
4.1.1 Who Evaluates EU Proposals? 81
4.1.2 The Evaluation Process 82
4.1.3 Thinking Like an Evaluator 82
4.2 Concept Development and Proposal Architecture 83
4.2.1 Crystallising the Project Concept 83
4.2.2 The Proposal Architecture 83
4.2.3 The Abstract: First Impressions Matter 84
4.3 Writing the Excellence Section 84
4.3.1 Objectives and Ambition 84
4.3.2 Methodology 85
4.3.3 Open Science Practices 85
4.4 Writing the Impact Section 85
4.4.1 The Theory of Change 85
4.4.2 Expected Outcomes and Impacts 86
4.4.3 Measures to Maximise Impact 86
4.5 Writing the Implementation Section 87
4.5.1 Work Plan Design 87
4.5.2 The Gantt Chart 88
4.5.3 Consortium Structure and Management 88
4.5.4 Risk Management 88
4.6 The Budget Narrative 89
4.6.1 The Strategic Role of the Budget 89
4.6.2 Building the Budget 89
4.6.3 Writing the Budget Justification 90
4.7 Professional Writing Techniques 90
4.7.1 Clarity and Concision 90
4.7.2 Evidence-Based Argumentation 90
4.7.3 Visual Communication 91
4.7.4 Keyword and Language Strategy 91

4.8 Managing the Collaborative Writing Process 92
4.8.1 The Coordinator's Writing Role 92
4.8.2 Writing Coordination Tools and Processes 92
4.8.3 Common Collaborative Writing Failures 93
4.9 Internal Quality Review 93
4.9.1 The Mock Panel Review 93
4.9.2 Checklist-Based Review 93
4.9.3 The "Red Team" Review 94
4.10 Submission Management 94
4.10.1 The Submission Timeline 94
4.10.2 Technical Submission Requirements 94
4.11 Adapting to Different Programme Types 96
4.11.1 Two-Stage Processes 96
4.11.2 Lump Sum Grants 96
4.11.3 ESIF and Shared Management Proposals 96
4.12 Post-Submission: Evaluation Outcomes and Follow-Up 97
4.12.1 Evaluation Timelines 97
4.12.2 Evaluation Feedback and Lessons Learned 97
4.12.3 Grant Preparation for Successful Proposals 97
Budget Development and Financial Planning 98
DOMAIN OVERVIEW 99
LEARNING OUTCOMES 99
CERTIFICATION LEVEL MAPPING 100
5.1 The Financial Architecture of EU Grants 101
5.1.1 Fundamental Financial Principles 101
5.1.2 Grant Rate Structures 101
5.1.3 Cost Models: Actual Costs, Unit Costs, Flat Rates, and Lump Sums 102
5.1.4 The Budget as a Contract 102
5.2 Direct Cost Categories: Personnel 102
5.2.1 Personnel Costs: The Largest and Most Complex Category 102
5.2.2 The Productive Hours Methodology (Horizon Europe) 103
5.2.3 Average Personnel Costs 103
5.2.4 Time-Recording Requirements 103
5.2.5 Special Personnel Situations 104
5.3 Direct Cost Categories: Subcontracting and Third Parties 104
5.3.1 The Subcontracting Framework 104
5.3.2 Procurement Requirements for Subcontracts 104

5.3.3 Third-Party Contributions and Affiliated Entities 105
5.4 Direct Cost Categories: Travel, Equipment, and Other Direct Costs 105
5.4.1 Travel and Subsistence Costs 105
5.4.2 Equipment Costs 106
5.4.3 Other Direct Costs 106
5.5 Indirect Costs (Overheads) 106
5.5.1 The Nature and Importance of Indirect Costs 106
5.5.2 The 25% Flat Rate (Horizon Europe) 107
5.5.3 Actual Indirect Cost Methodologies 107
5.5.4 Simplified Cost Options (SCOs) Under ESIF 107
5.6 Budget Construction: From Work Plan to Budget 108
5.6.1 The Work Plan-Budget Alignment Principle 108
5.6.2 Personnel Cost Calculation: Step-by-Step 108
5.6.3 Budget Contingency and Flexibility 108
5.6.4 Multi-Partner Budget Construction 109
5.7 The Budget Justification (Budget Narrative) 109
5.7.1 Purpose and Principles of the Budget Justification 109
5.7.2 Structure of the Budget Justification 109
5.7.3 Common Budget Justification Weaknesses 110
5.7.4 Budget Justification for Different Programme Types 111
5.8 Co-Financing: Principles, Sources, and Management 111
5.8.1 The Co-Financing Obligation 111
5.8.2 Eligible Sources of Co-Financing 111
5.8.3 Co-Financing Documentation and Verification 112
5.9 Financial Risk Management 112
5.9.1 The Financial Risk Landscape 112
5.9.2 Financial Risk Mitigation Strategies 112
5.9.3 The Financial Risk Register 113
5.10 Programme-Specific Financial Rules 113
5.10.1 Horizon Europe Financial Rules 113
5.10.2 ESIF/Cohesion Policy Financial Rules 114
5.10.3 Erasmus+ Financial Rules 114
5.10.4 LIFE Programme Financial Rules 115
5.10.5 External Action Grant Financial Rules 115
5.11 Financial Reporting and Payment Mechanisms 115
5.11.1 The Financial Reporting Cycle 115
5.11.2 Pre-Financing, Interim Payments, and Final Payment 116

5.11.3 The Certificate on Financial Statements (CFS) 116
5.11.4 Financial Corrections and Recovery 116
5.12 Institutional Financial Management Systems for EU Grants 117
5.12.1 The Institutional Dimension of EU Grant Finance 117
5.12.2 Cost Accounting for EU Grants 117
5.12.3 Time-Recording Systems 117
5.12.4 Internal Controls and Internal Audit 118
5.12.5 Preparing for External Audit 118
5.13 Budget Amendments and Project Modifications 118
5.13.1 When Budget Amendments Are Required 118
5.13.2 The Amendment Process 119
5.13.3 No-Cost Extensions 119
5.14 Value for Money and Budget Optimisation 120
5.14.1 The Value for Money Principle in EU Grants 120
5.14.2 Benchmarking and Market Research 120
5.14.3 Cost Recovery Optimisation 120
Consortium Building and Partnership Management 121
DOMAIN OVERVIEW 122
LEARNING OUTCOMES 122
CERTIFICATION LEVEL MAPPING 123
6.1 The Strategic Logic of Consortium Formation 124
6.1.1 Why Consortia? The EU's Collaborative Imperative 124
6.1.2 Types of Consortium Value 124
6.1.3 The Coordinator's Strategic Role in Consortium Design 124
6.2 Partner Search and Qualification 125
6.2.1 Formal and Informal Partner Search Channels 125
6.2.2 Partner Due Diligence 125
6.2.3 The Partner Qualification Matrix 126
6.2.4 Letters of Intent and Commitment 126
6.3 The Legal Framework: Grant Agreement and Consortium Agreement 127
6.3.1 The Two-Contract Structure 127
6.3.2 The DESCA Model Consortium Agreement 127
6.3.3 Key CA Provisions: Decision-Making and Voting 127
6.3.4 Key CA Provisions: Financial Management 128
6.4 Governance Structures for Multi-Partner Projects 128
6.4.1 The Governance Architecture 128
6.4.2 Work Package Leadership 129

6.4.3 The Coordinator's Role and Responsibilities 129
6.4.4 Advisory Boards and External Expertise 129
6.5 Roles, Responsibilities, and Accountability 130
6.5.1 The Responsibility Assignment Matrix 130
6.5.2 Deliverable Ownership and Quality Assurance 130
6.5.3 Managing Underperforming Partners 130
6.6 Managing Consortium Dynamics 131
6.6.1 Cultural and Organisational Diversity 131
6.6.2 Communication Management 131
6.6.3 Power Dynamics and Partner Relationships 132
6.7 Conflict Management and Dispute Resolution 132
6.7.1 Types of Conflict in EU Consortia 132
6.7.2 The Conflict Resolution Cascade 133
6.7.3 Preventing Conflicts: Proactive Consortium Management 133
6.8 Intellectual Property Rights in EU Consortia 133
6.8.1 The IPR Framework: Background and Foreground 133
6.8.2 Access Rights to Background and Foreground IP 134
6.8.3 Joint Ownership 135
6.8.4 Exploitation Obligations 135
6.8.5 Open Science and Open Access 135
6.9 Managing Consortium Changes 136
6.9.1 Partner Withdrawal 136
6.9.2 Partner Replacement and Addition 136
6.9.3 Consortium Restructuring 136
6.9A Consortium Kick-Off and Onboarding 137
6.9A.1 The Strategic Importance of the Kick-Off Meeting 137
6.9A.2 Kick-Off Meeting Agenda and Facilitation 137
6.9A.3 Post-Kick-Off Onboarding 137
6.10 Sub-Award Management and Third-Party Involvement 138
6.10.1 The Sub-Award Landscape 138
6.10.2 Managing Subcontractor Performance 138
6.11 Institutional Partnership Management Capabilities 138
6.11.1 Building a Partnership Portfolio 138
6.11.2 Training and Capacity Building 139
6.11.3 Learning from Experience 139
6.12 Digital Tools for Consortium Management 140
6.12.1 The Digital Consortium Management Ecosystem 140

6.12.2 Data Security and GDPR Compliance 140
Grant Agreement Management and Project Implementation 141
DOMAIN OVERVIEW 142
LEARNING OUTCOMES 142
CERTIFICATION LEVEL MAPPING 143
7.1 Interpreting the Grant Agreement 144
7.1.1 The Grant Agreement as the Implementation Bible 144
7.1.2 Key Provisions to Operationalise 144
7.1.3 The Description of Action as the Operational Plan 144
7.2 Project Start-Up 145
7.2.1 The Start-Up Phase: Laying the Foundations 145
7.2.2 The Kick-Off Meeting 145
7.2.3 Internal Project Management Systems 146
7.2.4 Pre-Project Compliance Checks 146
7.3 Work Plan Management 146
7.3.1 The Living Work Plan 146
7.3.2 Work Package Management 147
7.3.3 Inter-Work Package Dependencies 147
7.3.4 Resource Management 147
7.4 Milestone and Deliverable Management 148
7.4.1 Milestones: Progress Markers 148
7.4.2 Deliverables: Documented Outputs 148
7.4.3 Deliverable Quality Standards 149
7.4.4 Milestone and Deliverable Tracking 149
7.5 Progress Reporting 149
7.5.1 The Reporting Architecture 149
7.5.2 Structure of the Horizon Europe Periodic Report 150
7.5.3 Writing Effective Technical Reports 150
7.5.4 The Reporting Process: Coordination and Quality Assurance 150
7.6 Grant Agreement Amendments 151
7.6.1 Types of Amendments 151
7.6.2 Common Amendment Triggers 151
7.6.3 The Amendment Process 152
7.6.4 Amendment Strategy and Timing 152
7.7 The Relationship with the Project Officer 152
7.7.1 The Project Officer's Role 152
7.7.2 Building a Productive Relationship 153

7.7.3 Formal and Informal Communication Channels 153
7.8 Managing Deviations 154
7.8.1 Types of Deviation 154
7.8.2 The Deviation Management Framework 154
7.8.3 Force Majeure and Exceptional Circumstances 154
7.9 Mid-Term Reviews 155
7.9.1 The Purpose and Structure of Mid-Term Reviews 155
7.9.2 Preparing for the Mid-Term Review 155
7.9.3 Responding to Review Findings 156
7.10 Project Closeout Preparation 156
7.10.1 The Closeout Phase 156
7.10.2 The Final Report 156
7.10.3 Post-Project Obligations 157
7.11 Ethics Compliance in Implementation 157
7.11.1 Ethics as an Ongoing Obligation 157
7.11.2 Managing Emerging Ethics Issues 157
Financial Management and Reporting 159
DOMAIN OVERVIEW 160
LEARNING OUTCOMES 160
CERTIFICATION LEVEL MAPPING 161
8.1 The Financial Management Framework 162
8.1.1 Establishing Financial Infrastructure at Project Start 162
8.1.2 Roles and Responsibilities in Financial Management 163
8.2 Payment Mechanisms 163
8.2.1 The EU Funding Payment Architecture 163
8.2.2 Simplified Cost Options 164
8.2.3 Cash Flow Management 164
8.3 Cost Verification and Certification 164
8.3.1 The Cost Verification Framework 164
8.3.2 Certificate on Financial Statements (CFS) 165
8.3.3 Management Declarations 165
8.4 Financial Reporting: Periodic and Final Reports 166
8.4.1 The Financial Reporting Architecture 166
8.4.2 Preparing the Periodic Financial Report 166
8.4.3 The Final Financial Report 167
8.5 Eligible Costs Management 168
8.5.1 The Eligible Costs Principles 168

8.5.2 Common Ineligible Cost Categories 168
8.5.3 Managing Borderline Eligibility Cases 168
8.6 Indirect Costs Management 169
8.6.1 The 25% Flat Rate 169
8.6.2 Actual Indirect Costs 169
8.6.3 Other Simplified Cost Options for Indirect Costs 170
8.7 Subcontracting Financial Management 170
8.7.1 Financial Obligations in Subcontracting 170
8.7.2 Financial Monitoring of Subcontractors 170
8.8 Financial Risk Management and Internal Controls 171
8.8.1 Financial Risks in EU-Funded Projects 171
8.8.2 Internal Control Framework 171
8.9 Audit Preparation and Management 172
8.9.1 The EU Audit Landscape 172
8.9.2 Preparing for an External Audit 173
8.10.3 Managing the Audit Process 173
8.10 Financial Closeout 174
8.10.1 The Financial Closeout Process 174
8.10.2 Post-Project Financial Obligations 174
Financial Management and Reporting 175
DOMAIN OVERVIEW 176
Learning Outcomes 176
Certification Level Mapping 177
9.1 The Compliance Management Framework 178
9.1.1 What Is Compliance Management? 178
9.1.2 The Compliance Register 178
9.1.3 Compliance Monitoring and Reporting 179
9.2 Regulatory Compliance 179
9.2.1 The EU Financial Regulation 179
9.2.2 Programme-Specific Regulatory Compliance 179
9.2.3 Procurement Compliance 180
9.3 Ethics and Integrity 180
9.3.1 The Ethics Framework in EU-Funded Projects 180
9.3.2 Conflict of Interest Management 180
9.3.3 Data Protection Compliance 181
9.4 Anti-Fraud Framework and OLAF 181
9.4.1 The EU Anti-Fraud Architecture 181

9.4.2 Fraud Indicators and Red Flags 182
9.4.3 Responding to Suspected Fraud 182
9.5 The EU Audit Landscape 183
9.5.1 Audit Actors and Their Mandates 183
9.5.2 Audit Typology 183
9.6 Audit Preparation and Management 184
9.6.1 The Audit-Ready Organisation 184
9.6.2 Responding to an Audit Notification 184
9.6.3 Managing the Audit Visit 185
9.7 Responding to Audit Findings and Financial Corrections 186
9.7.1 The Financial Correction Framework 186
9.7.2 Responding to Preliminary Audit Findings 186
9.7.3 Managing Financial Corrections 186
9.8 Irregularities Reporting 187
9.8.1 The Irregularities Reporting Obligation 187
9.8.2 The AFCOS System 187
9.9 Risk Management Framework 188
9.9.1 Risk Management in EU-Funded Projects 188
9.9.2 The Risk Management Process 188
9.9.3 The Compliance Risk Register 188
9.10 Internal Control Systems 189
9.10.1 The COSO Framework 189
9.10.2 Designing Internal Controls for EU-Funded Projects 189
9.11 Compliance Culture and Institutional Capacity 190
9.11.1 Beyond Compliance: Building a Culture of Integrity 190
9.11.2 Compliance Training and Awareness 190
9.11.3 Institutional Compliance Capacity 191
Dissemination, Exploitation and Communication 192
DOMAIN OVERVIEW 193
LEARNING OUTCOMES 193
CERTIFICATION LEVEL MAPPING 194
10.1 The DEC Planning Framework 195
10.1.1 DEC as a Strategic Activity 195
10.1.2 The PEDR Framework 195
10.1.3 Integrating DEC into Project Management 196
10.2 Dissemination Strategy 196
10.2.1 The Purpose and Scope of Dissemination 196

10.2.2 Publication Strategy 197
10.2.3 Managing the Publication Process 197
10.3 Exploitation of Results 198
10.3.1 What Is Exploitation? 198
10.3.2 The Exploitation Plan 198
10.3.3 Commercial Exploitation Pathways 199
10.4 Communication Strategy 200
10.4.1 Communication vs. Dissemination 200
10.4.2 Developing the Communication Strategy 200
10.4.3 Science Communication Best Practices 200
10.5 Open Access and Open Science 201
10.5.1 The Open Science Imperative 201
10.5.2 The FAIR Data Principles 201
10.5.3 Data Management Planning 202
10.6 Impact Pathways 202
10.6.1 From Outputs to Outcomes to Impacts 202
10.6.2 Theory of Change 203
10.6.3 Impact Monitoring 203
10.7 Stakeholder Engagement 203
10.7.1 The Strategic Importance of Stakeholder Engagement 203
10.7.2 Engagement Mechanisms 204
10.8 Knowledge Transfer and Technology Transfer 204
10.8.1 Knowledge Transfer Mechanisms 204
10.8.2 Technology Transfer 205
10.9 IP Management for Dissemination and Exploitation 205
10.9.1 The IP-DEC Interface 205
10.9.2 Open Innovation and Exploitation 206
10.10 Measuring Dissemination and Exploitation Performance 206
10.10.1 DEC Performance Indicators 206
10.11 Post-Project Sustainability 207
10.11.1 The Sustainability Challenge 207
10.11.2 Sustainability Pathways 207
10.11.3 The Sustainability Plan 207
10.12 Digital Dissemination Tools 208
10.12.1 The Digital DEC Ecosystem 208
10.12.2 Social Media for Research Communication 208
10.12.3 Open Science Platforms and Infrastructure 208

Monitoring, Evaluation and Learning 210
DOMAIN OVERVIEW 211
Learning Outcomes 211
Certification Level Mapping 212
11.1 The MEL Framework: Foundations and Architecture 213
11.1.1 The Purpose and Value of MEL 213
11.1.2 The Theory of Change as MEL Foundation 214
11.1.3 MEL Framework Architecture 214
11.2 Monitoring Systems: Design and Implementation 215
11.2.1 Monitoring System Architecture 215
11.2.2 Monitoring Frequency and Triggers 215
11.2.3 Data Quality Management 216
11.3 Performance Indicators: Design and Management 216
11.3.1 Indicator Typology 216
11.3.2 SMART Indicator Design 217
11.3.3 Baselines and Targets 217
11.3.4 Indicator Disaggregation 218
11.4 Evaluation Design and Management 218
11.4.1 Evaluation Criteria and Questions 218
11.4.2 Evaluation Types and Timing 218
11.4.3 Evaluation Designs and Methodologies 219
11.4.4 Managing the Evaluation Process 219
11.5 Data Collection Methods 220
11.5.1 Quantitative Data Collection 220
11.5.2 Qualitative Data Collection 220
11.5.3 Participatory Data Collection 221
11.6 Data Analysis and Interpretation 221
11.6.1 Quantitative Analysis 221
11.6.2 Qualitative Analysis 222
11.6.3 Mixed-Methods Integration 222
11.7 Learning Systems and Knowledge Management 222
11.7.1 The Learning Cycle 222
11.7.2 Structured Learning Mechanisms 223
11.7.3 Knowledge Management Systems 223
11.8 Adaptive Management 224
11.8.1 Principles of Adaptive Management 224
11.8.2 Adaptive Management in Practice 224

11.8.3 MEL-Management Integration 224
11.9 MEL Reporting and Communication 225
11.9.1 MEL Reporting Architecture 225
11.9.2 Writing Effective MEL Reports 225
11.9.3 Data Visualisation for MEL Communication 226
11.10 Institutional MEL Capacity 226
11.10.1 Dimensions of Institutional MEL Capacity 226
11.10.2 Building MEL Capacity 227
11.10.3 MEL Governance 227
11.11 MEL in Multi-Partner Consortia 227
11.11.1 MEL Coordination Challenges 227
11.11.2 MEL Coordination Framework 228
Strategic Funding Management and Institutional Capacity 229
DOMAIN OVERVIEW 230
LEARNING OUTCOMES 230
Certification Level Mapping 231
12.1 The Strategic Funding Management Framework 232
12.1.1 From Project Management to Strategic Funding Management 232
12.1.2 The Strategic Funding Management Cycle 233
12.1.3 Strategic Alignment 233
12.2 Institutional Funding Strategy 234
12.2.1 Components of an Institutional Funding Strategy 234
12.2.2 Developing the Institutional Funding Strategy 235
12.2.3 Strategy Implementation and Review 235
12.3 Portfolio Management 236
12.3.1 The EU Funding Portfolio 236
12.3.2 Portfolio Analysis Tools 236
12.3.3 Pipeline Management 237
12.4 Organisational Capacity Building 237
12.4.1 Dimensions of EU Funding Capacity 237
12.4.2 Capacity Assessment 238
12.4.3 Capacity Building Strategies 238
12.5 Knowledge Management for EU Funding 239
12.5.1 The Knowledge Assets of EU Funding Practice 239
12.5.2 Knowledge Management Systems 239
12.5.3 Knowledge Transfer and Succession Planning 240
12.6 Stakeholder and Relationship Management 240

12.6.1 The EU Funding Stakeholder Landscape 240
12.6.2 Relationship Management Strategy 241
12.6.3 Representing the Institution in External Forums 241
12.7 EU Policy Engagement 242
12.7.1 The Policy-Funding Nexus 242
12.7.2 Policy Engagement Mechanisms 242
12.7.3 Building Policy Influence 243
12.8 Funding Intelligence Systems 243
12.8.1 The Intelligence Imperative 243
12.8.2 Intelligence Gathering Methods 244
12.8.3 Intelligence Management 244
12.9 Institutional Governance for EU Funding 245
12.9.1 Governance Framework Components 245
12.9.2 The EU Funding Office 245
12.9.3 Governance of Large and Complex Projects 246
12.10 Change Management for EU Funding Capability Development 246
12.10.1 Change Management Principles 246
12.10.2 Overcoming Resistance to Change 247
12.11 Partnership and Network Development 247
12.11.1 Strategic Partnership Development 247
12.11.2 Network Development and Management 248
12.12 Digital Transformation of EU Funding Management 249
12.12.1 The Digital Transformation Imperative 249
12.12.2 Digital Tool Selection and Implementation 249
12.12.3 Data Governance and Security 250
Cross-Cutting Competencies 252
Overview 253
Unified Learning Outcomes and Certification Level Mapping 253
Competency 1: Project Management 258
Overview and Professional Context 258
CC1.1 EU Project Management Frameworks 258
CC1.2 Work Planning and Scheduling 259
CC1.3 Risk Management in EU Projects 261
CC1.4 Quality Management 261
CC1.5 Project Closeout 262
Competency 2: Financial Literacy 263
Overview and Professional Context 263

CC2.1 EU Financial Rules and Cost Eligibility 263
CC2.2 Budget Construction and Financial Planning 264
CC2.3 Financial Monitoring and Cash Flow Management 265
CC2.4 Audit Readiness and Financial Documentation 265
CC2.5 Simplified Cost Options and Lump Sum Funding 266
Competency 3: Communication and Stakeholder Engagement 266
Overview and Professional Context 266
CC3.1 Writing for EU Funding Audiences 267
CC3.2 Stakeholder Mapping and Engagement 267
CC3.3 Science Communication and Public Engagement 268
CC3.4 Meeting Facilitation and Consortium Communication 268
CC3.5 Negotiation in the EU Funding Context 269
Competency 4: Digital Competencies 269
Overview and Professional Context 269
CC4.1 The EU Digital Funding Infrastructure 270
CC4.2 Digital Tools for EU Funding Practice 270
CC4.3 Open Science and Research Data Management 271
CC4.4 Cybersecurity and Data Protection 271
CC4.5 Emerging Technologies in EU Funding Practice 272
Competency 5: Ethics and Integrity 273
Overview and Professional Context 273
CC5.1 Research Ethics in EU-Funded Projects 273
CC5.2 Conflict of Interest Management 274
CC5.3 Anti-Fraud and Integrity 274
CC5.4 Professional Standards and Accountability 275
CC5.5 Fundamental Rights and Inclusive Practice 275
Competency 6: Leadership and Management 275
Overview and Professional Context 275
CC6.1 Leadership Styles and Adaptive Leadership 276
CC6.2 Team Development and Performance Management 277
CC6.3 Strategic Thinking and Institutional Leadership 277
CC6.4 Partnership Strategy and Network Development 278
CC6.5 Change Management and Organisational Development 278
Competency 7: Intercultural Competence 279
Overview and Professional Context 279
CC7.1 Cultural Dimensions and Their Professional Implications 279
CC7.2 Building Trust Across Cultural Boundaries 280

CC7.3 Multilingual Communication in EU Projects 280
CC7.4 Navigating Institutional Culture Differences 281
SECTION 1 — COMPREHENSIVE GLOSSARY 283

PART ONE

Introduction

Foreword · How to Use This BoK · Certification Framework Overview · Structure of the BoK

EU FUNDING AND GRANTS BODY OF KNOWLEDGE

EFG BoK — First Edition

The Definitive Professional Reference for EU Funding and Grants Practitioners

Published by:
European Centre for Vocational Certification (ECVC)
Year: 2026
Copyright © 2026 European Centre for Vocational Certification. All rights reserved.

Foreword

The landscape of European Union funding has evolved dramatically over the past two decades. What began as a collection of discrete funding programmes has matured into a sophisticated, multi-billion euro ecosystem that drives research, innovation, regional development, and social cohesion across Europe and beyond. Today, EU funding represents not merely a financial mechanism but a strategic instrument for addressing the continent's most pressing challenges—from climate change and digital transformation to health security and social inclusion.

As this ecosystem has grown in scale and complexity, so too has the profession responsible for its stewardship. Grant managers, research administrators, project coordinators, and institutional leaders now navigate an intricate web of regulations, compliance frameworks, financial rules, and strategic priorities. They serve as the critical bridge between policy ambition and practical implementation, ensuring that public funds are deployed effectively, transparently, and in service of the public good. Yet despite the profession's importance, it has long lacked a unified, authoritative reference that codifies its knowledge base and establishes common standards of practice.

The EU Funding and Grants Body of Knowledge addresses this gap. Developed through extensive consultation with practitioners, institutional leaders, policy experts, and funding authorities, this volume represents the first comprehensive effort to define what EU funding and grants professionals should know and be able to do. It is not a regulatory manual, nor is it a training course. Rather, it is a professional reference—a definitive statement of the knowledge domains, competencies, and practices that constitute excellence in this field.

This Body of Knowledge underpins the three-tier certification framework offered by the EU Funding and Grants Certification Institute: the Associate, Practitioner, and Professional certifications. These credentials provide a clear pathway for career development and a recognised standard of professional competence. But the EFG BoK serves a broader purpose. It is a resource for daily practice, a foundation for institutional capacity building, and a common language for a profession that spans universities, research organisations, public agencies, non-profits, and private consultancies across Europe and beyond.

We invite you to engage with this knowledge base—not as a text to be memorised, but as a living reference that supports your work, deepens your expertise, and connects you to a community of professionals committed to excellence in the stewardship of European public funding. The challenges ahead are significant, but so too is the impact of the work you do. This Body of Knowledge is offered in support of that mission.

Dr. Danijela Ciric Lalic

How to Use This Body of Knowledge

The EU Funding and Grants Body of Knowledge (EFG BoK) is designed as a professional reference for individuals and organisations engaged in the management, administration, and strategic oversight of European Union funding programmes. It serves multiple audiences and purposes, and understanding how to navigate and apply its content will enhance its value to your practice.

Who This Book Is For

This Body of Knowledge is intended for a broad spectrum of professionals working within the EU funding ecosystem. Grant managers and project coordinators will find comprehensive guidance on the operational aspects of managing funded projects from application through closure. Research administrators and finance officers will benefit from detailed coverage of financial management, compliance, and reporting requirements. Institutional leaders—including heads of research offices, directors of European affairs, and senior executives—will find strategic frameworks for building organisational capacity and engaging with EU policy processes. Policy professionals, consultants, and advisors will appreciate the systematic treatment of the regulatory environment and funding landscape. Whether you are new to EU funding or a seasoned professional, this BoK provides a structured knowledge base aligned with recognised professional standards.

How to Navigate This Book

The EFG BoK is organised into two complementary parts. Part I presents twelve core knowledge domains that follow the lifecycle of EU-funded projects, from understanding the funding landscape and developing proposals through project implementation, financial management, and closure. Part II addresses seven cross-cutting competencies—such as stakeholder engagement, risk management, and ethical practice—that apply across all domains and career stages. Each domain is structured to support both learning and reference use, with clear learning outcomes, substantive content, and explicit mapping to the three EU funding and Grants certification levels.

You may approach this book in several ways. As a daily reference, consult specific domains or sections when you encounter questions or challenges in your work. For professional development, read systematically through domains relevant to your role and career stage, using the learning outcomes to assess your current knowledge and identify areas for growth. If you are pursuing EU funding and Grants certification, this BoK constitutes the authoritative knowledge base for all three certification levels; the learning outcomes indicate which content is assessed at each level, though the BoK itself does not contain exam questions or test preparation materials.

What This Book Does Not Do

It is important to understand the scope and limitations of this Body of Knowledge. The EFG BoK does not replace official EU regulations, programme guides, or legal instruments. While it synthesises and explains regulatory requirements, you must always consult the authoritative sources published by the European Commission and relevant funding agencies for legally binding guidance. This book does not provide legal advice; complex legal questions should be directed to qualified legal counsel. It does not contain practice exams, sample questions, or test-taking strategies; it is a knowledge reference, not an exam preparation guide. Finally, while it addresses ethical principles and professional standards, it does not substitute for your organisation's specific policies or your own professional judgment in applying these principles to particular situations.

A Note on Currency

EU funding rules, regulations, and programme structures evolve continuously. The European Commission regularly updates financial regulations, model grant agreements, and programme-specific guidance. While this Body of Knowledge reflects current practice and regulatory frameworks as of its publication date, you should always verify specific requirements against the latest official sources. The ECVC is committed to maintaining the currency of this BoK through periodic updates and supplementary guidance, but the ultimate responsibility for compliance rests with practitioners and their organisations.

The EU funding and Grants Certification Framework — Overview

The EU Funding and Grants Certification Institute offers a three-tier professional certification framework designed to recognise and validate competence at different career stages and levels of responsibility. All three certifications draw on the same body of knowledge contained in this book. The difference lies not in what is known, but in the depth of understanding and the ability to apply that knowledge in increasingly complex and strategic contexts.

EFGAC — EU Funding and Grants Associate Certified

The Associate certification is the entry point into the profession, designed for individuals who are new to EU funding or who work in supporting roles within the grants management ecosystem. Typical candidates include junior grant officers, research support staff, project assistants, and professionals transitioning into EU funding from other fields. The EFGAC certification validates foundational knowledge of the EU funding landscape, awareness of key regulations and processes, and understanding of the full project lifecycle. The focus is on building a solid conceptual foundation and developing the ability to contribute effectively to grant-funded activities under supervision. Candidates typically have zero to two years of direct experience with EU funding, though relevant adjacent experience may substitute. The knowledge depth required is at the awareness and understanding level, corresponding to European Qualifications Framework levels 4 to 5.

EFGPC — EU Funding and Grants Practitioner Certified

The Practitioner certification is aimed at professionals who actively manage EU-funded projects and bear operational responsibility for grant administration. This includes grant managers, research administrators, project coordinators, financial officers, and compliance specialists who work independently on day-to-day grant management tasks. The EFGPC certification validates applied knowledge across the full grant lifecycle, from proposal development and budget preparation through project implementation, financial reporting, and audit readiness. Practitioners are expected to demonstrate not only understanding of regulations and procedures but also the ability to apply this knowledge to solve practical problems, manage risks, and ensure compliance in real-world project contexts. Candidates typically have two to five years of hands-on experience in EU grant management. The knowledge depth required is applied and operational, corresponding to EQF level 6.

EFGProC — EU Funding and Grants Professional Certified

The Professional certification represents the highest level of recognition, designed for senior practitioners, institutional leaders, and strategic advisors who shape organisational capacity and policy engagement in EU funding. This includes heads of research offices, directors of European affairs, senior grant managers with portfolio responsibility, institutional strategists, and experienced consultants. The EFGProC certification validates strategic and leadership competencies, including the ability to design and implement institutional funding strategies, build and lead high-performing teams, engage with EU policy processes, manage complex multi-partner consortia, and drive organisational change. Professionals are expected to demonstrate mastery of the technical knowledge base combined with the judgment, vision, and leadership skills required to operate at the highest levels of the profession. Candidates typically have five or more years of progressively responsible experience in EU funding, including demonstrated

leadership impact. The knowledge depth required is strategic and leadership-oriented, corresponding to EQF level 7.

Certification Comparison

Level	Associate	Practitioner	Professional
Target Audience	New professionals	Practising managers	Senior leaders
Experience	0–2 years	2–5 years	5+ years
Knowledge Depth	Awareness	Applied	Strategic
EQF Level	4–5	6	7

All three certifications draw on the same body of knowledge contained in this book. The difference lies not in what is known, but in the depth of understanding and the ability to apply that knowledge in increasingly complex and strategic contexts. An Associate must recognise and understand key concepts; a Practitioner must apply them effectively in operational settings; a Professional must integrate them strategically to lead organisations and shape the field.

Structure of the Body of Knowledge

The EFG BoK is organised into two complementary parts that together constitute the complete knowledge base for EU funding and grants professionals. Part I comprises twelve core knowledge domains that follow the lifecycle of EU-funded activities, from pre-award planning through post-award management and closure. Part II presents seven cross-cutting competencies that apply across all domains and all stages of professional practice. This structure reflects both the sequential nature of grant management work and the integrative skills required for excellence in the profession.

Part I: The Twelve Core Knowledge Domains

The core domains are organised into two phases that mirror the natural division of grant management work. The pre-award phase encompasses strategic planning, opportunity identification, proposal development, and award negotiation. The post-award phase covers project implementation, financial management, compliance, reporting, and closure. While these phases are sequential in the project lifecycle, professionals at all levels must understand both, as effective post-award management depends on decisions made during the pre-award phase, and pre-award strategy is informed by post-award experience.

Core Knowledge Domains

Domain	Domain Name	Focus Area
Pre-Award Phase		
1	EU Funding Landscape	Understanding the architecture of EU funding — the Multiannual Financial Framework, major programmes (Horizon Europe, ESIF, Erasmus+, LIFE, CEF), implementation modes, institutional actors, and the policy context shaping funding priorities
2	Legal, Regulatory and Compliance Framework	Mastering the EU Financial Regulation, grant agreement conditions, procurement rules, state aid, GDPR, anti-fraud obligations, cost eligibility principles, and the legal framework governing every stage of the funding lifecycle

3	Opportunity Identification and Pre-Award Strategy	Building funding intelligence systems, conducting systematic call analysis, assessing strategic fit, developing go/no-go frameworks, managing competitive intelligence, and positioning organisations for funding success
4	Proposal Development and Writing	Designing compelling project concepts, structuring Excellence/Impact/Implementation sections, writing persuasively for evaluators, managing collaborative authorship, and leading internal review and submission processes
5	Budget Development and Financial Planning	Constructing compliant, realistic, and well-justified budgets across all cost categories, applying programme-specific financial rules, managing co-financing requirements, and mitigating financial risk
6	Consortium Building and Partnership Management	Forming strategically coherent consortia, establishing governance structures and consortium agreements, managing partner roles and relationships, handling IPR, resolving conflict, and overseeing sub-award arrangements
Post-Award Phase		
7	Grant Agreement Management and Project Implementation	Interpreting and implementing the grant agreement, managing work plans and deliverables, maintaining the project officer relationship, handling amendments, and leading project closeout
8	Financial Management and Reporting	Managing payment mechanisms, verifying cost eligibility, documenting personnel costs, applying simplified cost options, preparing financial reports, certifying expenditure, and conducting financial closeout
9	Compliance, Audit and Risk Management	Operating compliance frameworks, managing ethics and integrity obligations, preventing fraud, preparing for and managing audits (CAS, OLAF, ECA), handling irregularities and financial corrections, and building institutional integrity culture
10	Dissemination, Exploitation and Communication	Developing and implementing strategic dissemination, exploitation, and communication plans; managing open science and

		open access obligations; protecting and transferring intellectual property; and measuring the reach and impact of project outputs
11	Monitoring, Evaluation and Learning	Designing monitoring systems, developing performance indicators, managing evaluations, applying FAIR data principles, building learning systems, and using evidence to support adaptive management and institutional improvement
12	Strategic Funding Management and Institutional Capacity	Leading institutional funding strategy, managing grant portfolios, building organisational capacity for EU funding, developing knowledge management systems, engaging with EU policy processes, and driving the digital transformation of funding management

Part II: The Seven Cross-Cutting Competencies

While the core domains provide the technical and procedural knowledge required for grant management, the cross-cutting competencies represent the integrative skills and professional capabilities that enable practitioners to apply this knowledge effectively in complex, dynamic environments. These competencies are relevant at all certification levels, though the depth and sophistication of application increases from Associate through Practitioner to Professional.

Cross-Cutting Competencies

Competency	Competency Name
1	Project Management
2	Financial Literacy
3	Communication and Stakeholder Engagement
4	Digital Competencies
5	Ethics and Integrity
6	Leadership and Management
7	Intercultural Competence

How Each Domain Is Structured

Every domain in Part I and every competency in Part II follows a consistent structure designed to support both learning and professional reference use. Each chapter begins with a Domain Overview that provides context, explains why the domain matters, and describes how it fits within the broader knowledge base. This is followed by a set of Learning Outcomes that specify what practitioners should know and be able to do at each certification level. The learning outcomes are explicitly mapped to the three EU funding and Grants certifications, indicating which outcomes are assessed at the Associate, Practitioner, and Professional levels. This mapping allows readers to focus their study and professional development according to their career stage and certification goals.

The heart of each chapter is the Body of Knowledge section, which presents the substantive content in a clear, structured, and authoritative manner. This content synthesises regulatory requirements, established practices, institutional experience, and professional standards into a

coherent narrative. It is written to be accessible to newcomers while providing sufficient depth and nuance for experienced practitioners. Throughout, the emphasis is on what professionals need to know and understand, not on prescriptive procedures or step-by-step instructions, recognising that specific practices vary across institutions and programmes.

Together, these structural elements create a knowledge base that is comprehensive, coherent, and aligned with professional certification standards. Whether you are reading systematically for professional development, consulting specific sections for daily reference, or preparing for EU funding and Grants certification, this structure is designed to support your goals and enhance your practice.

PART I

DOMAIN 1

The EU Funding Landscape

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

The European Union operates the world's largest supranational public funding system — a complex, multi-layered architecture of programmes, instruments, and mechanisms through which the EU pursues its policy objectives, drives economic cohesion, and invests in research, innovation, education, infrastructure, and social development across its Member States and beyond. Understanding this landscape is the foundational competency for every EU funding professional: without a clear map of the terrain — who funds what, through which instruments, according to which rules, and in pursuit of which policy objectives — it is impossible to identify opportunities intelligently, develop competitive proposals, manage grants effectively, or advise organisations on their EU funding strategy.

The EU funding landscape is not static. It evolves with each Multiannual Financial Framework (MFF) — the seven-year budgetary plan that determines the overall volume and allocation of EU expenditure — and is subject to continuous regulatory reform, programme redesign, and policy reorientation. The current MFF for 2021–2027 represents a significant evolution from previous frameworks, incorporating the unprecedented NextGenerationEU (NGEU) recovery instrument, a strengthened focus on green and digital transitions, and new conditionality mechanisms linking funding to the rule of law. Negotiations for the 2028–2034 MFF are already underway, with early signals pointing to further consolidation, simplification, and strategic alignment with emerging EU priorities.

EU funding professionals must understand not only the current landscape but also its historical trajectory, its institutional architecture, its implementation logic, and its relationship to the broader EU policy framework. This domain provides that foundational understanding — equipping professionals at all levels with the knowledge, analytical frameworks, and practical tools they need to navigate the EU funding landscape with confidence and strategic intelligence.

Learning Outcomes

Upon completing this domain, candidates will be able to:

LO1.1 — Describe the structure and logic of the EU Multiannual Financial Framework, including the major headings, the overall budget envelope, the key programmes under each heading, and the mechanisms through which the MFF is negotiated and revised.
LO1.2 — Explain the architecture and objectives of NextGenerationEU, including the Recovery and Resilience Facility, the role of national Recovery and Resilience Plans, and the implications of NGEU for EU funding professionals.
LO1.3 — Identify and characterise the major EU funding programmes relevant to a given organisation's mission and profile, including their objectives, target beneficiaries, funding mechanisms, and strategic priorities.
LO1.4 — Distinguish between the main implementation modes of EU funding — direct management, indirect management, and shared management — and explain the implications of each mode for how funding is accessed, managed, and reported.
LO1.5 — Describe the institutional architecture of EU funding, including the roles of the European Commission, Executive Agencies, Managing Authorities, National Contact Points, and other key actors.
LO1.6 — Analyse the EU policy framework — including the European Green Deal, the Digital Decade, the European Pillar of Social Rights, and cohesion policy — and explain how policy priorities shape funding programme design and call priorities.

Certification Level Mapping

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO1.1	Awareness — describe MFF structure, headings, and major programmes	Applied — analyse MFF allocations; identify relevant programmes for a given organisation	Strategic — advise on MFF navigation strategy; monitor MFF negotiations and policy developments
LO1.2	Awareness — describe NGEU architecture and RRF objectives	Applied — identify NGEU opportunities relevant to a given context; explain RRP alignment	Strategic — develop NGEU engagement strategy; advise on RRP-linked funding opportunities
LO1.3	Awareness — identify and describe major EU programmes by sector	Applied — conduct structured programme analysis; develop programme portfolios for organisations	Strategic — design institutional funding portfolios; lead programme intelligence systems
LO1.4	Awareness — describe implementation modes and their basic characteristics	Applied — navigate specific implementation modes; manage relationships with relevant bodies	Strategic — advise on implementation mode selection; design multi-mode funding strategies
LO1.5	Awareness — identify key institutional actors and their roles	Applied — engage effectively with institutional actors; manage institutional relationships	Strategic — develop strategic relationships with key institutions; influence programme design
LO1.6	Awareness — describe major EU policy frameworks and their funding implications	Applied — align funding strategy with EU policy priorities; use policy frameworks in proposals	Strategic — lead EU policy engagement; shape institutional positioning in relation to EU priorities

1.1 The Multiannual Financial Framework: Architecture and Logic

1.1.1 What Is the MFF?

The Multiannual Financial Framework (MFF) is the EU's long-term budgetary plan — a binding regulation that sets the maximum annual amounts (ceilings) that the EU may spend on different categories of expenditure over a period of typically seven years. The MFF is not itself the EU budget: the EU budget is adopted annually within the ceilings set by the MFF. Rather, the MFF is the constitutional framework for EU expenditure — the document that determines how much the EU can spend in total, on what, and within what constraints.

The MFF serves several critical functions in the EU system. It provides **multi-year financial certainty** — allowing programme managers, Member States, and beneficiaries to plan ahead with confidence that funding will be available. It **translates political priorities into financial commitments** — the relative size of MFF headings reflects the EU's collective judgement about which policy areas deserve the greatest investment. It **constrains annual budgetary negotiations** — by setting binding ceilings, the MFF prevents the annual budget process from becoming an unconstrained political negotiation. And it **provides a framework for accountability** — by setting agreed spending targets, the MFF creates a basis for evaluating whether the EU has delivered on its commitments.

The MFF is proposed by the European Commission, negotiated by the Council and European Parliament, and adopted by unanimous agreement in the Council (with Parliament's consent). The negotiation process is typically long, politically contentious, and highly technical — reflecting the fundamental tension between Member States that are net contributors to the EU budget (who want to minimise expenditure) and those that are net beneficiaries (who want to maximise it), as well as between different sectoral interests (agriculture, cohesion, research, defence, etc.).

1.1.2 The 2021–2027 MFF: Structure and Priorities

The current MFF covers the period 2021–2027 and has a total commitment ceiling of approximately €1,211 billion at 2018 prices, supplemented by the extraordinary NextGenerationEU instrument of €750 billion. Together, the MFF and NGEU represent the EU's largest-ever budgetary package — a €1.8 trillion investment in Europe's recovery, resilience, and future.

The 2021–2027 MFF is organised around **seven headings**, each corresponding to a broad policy area:

Heading 1: Single Market, Innovation and Digital — covers research and innovation (Horizon Europe), the space programme (Copernicus, Galileo), the Digital Europe Programme, and programmes supporting the single market, competition, and SMEs. Total allocation: approximately €132 billion.

Heading 2: Cohesion, Resilience and Values — the largest heading, covering the European Regional Development Fund (ERDF), the Cohesion Fund, the European Social Fund Plus (ESF+), the Just Transition Fund (JTF), and cultural and educational programmes (Erasmus+, Creative Europe, Citizens, Equality, Rights and Values). Total allocation: approximately €377 billion.

Heading 3: Natural Resources and Environment — covers the Common Agricultural Policy (CAP), including the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), as well as the LIFE programme for environment and climate action. Total allocation: approximately €356 billion.

Heading 4: Migration and Border Management — covers the Asylum, Migration and Integration Fund (AMIF), the Border Management and Visa Instrument (BMVI), and the Integrated Border Management Fund. Total allocation: approximately €22 billion.

Heading 5: Security and Defence — covers the Internal Security Fund (ISF), the European Defence Fund (EDF), and military mobility. Total allocation: approximately €13 billion.

Heading 6: Neighbourhood and the World — covers external action instruments including the Neighbourhood, Development and International Cooperation Instrument (NDICI/Global Europe), pre-accession assistance (IPA III), and humanitarian aid. Total allocation: approximately €98 billion.

Heading 7: European Public Administration — covers the administrative expenditure of EU institutions. Total allocation: approximately €73 billion.

1.1.3 Cross-Cutting Priorities: Green and Digital Mainstreaming

A distinctive feature of the 2021–2027 MFF is the integration of **horizontal spending targets** that cut across all headings. The most significant are:

Climate mainstreaming — at least 30% of total MFF and NGEU expenditure must contribute to climate objectives. This target — the highest ever set in an EU budget — reflects the centrality of the European Green Deal to the EU's political agenda and creates significant opportunities for organisations working on climate-related projects across virtually every funding programme.

Biodiversity mainstreaming — at least 7.5% of annual MFF spending must support biodiversity objectives from 2024, rising to 10% from 2026. This target creates specific opportunities in programmes such as LIFE, Horizon Europe (Mission: Restore our Ocean and Waters), and rural development.

Digital transition — at least 20% of NGEU expenditure (through the Recovery and Resilience Facility) must support digital transformation. Many EU programmes also have specific digital components or digital eligibility criteria.

Gender mainstreaming — gender equality is a horizontal principle across all EU programmes, with specific requirements for gender impact assessment, gender-disaggregated data, and gender-responsive implementation.

These cross-cutting targets are tracked through a **climate and digital tagging system** that assigns each expenditure item a coefficient indicating its contribution to the relevant target. Programmes and projects that score highly on these coefficients are strategically advantaged, and EU funding professionals should understand how to position their projects to maximise alignment with horizontal priorities.

1.1.4 The 2028–2034 MFF: Early Signals

Negotiations for the next MFF (2028–2034) are underway, with the European Commission expected to present its formal proposal in 2025–2026. Early signals from Commission communications, Parliament resolutions, and think-tank analyses suggest several likely directions:

Further consolidation — the proliferation of programmes and instruments in previous MFFs has created complexity and fragmentation. The next MFF may consolidate some programmes, reduce the number of separate instruments, and simplify the overall architecture.

Increased defence and security — geopolitical developments — including Russia's war against Ukraine and growing security challenges — are driving pressure to increase EU defence and security spending, potentially creating new funding opportunities in these areas.

Continued green and digital emphasis — the European Green Deal and Digital Decade targets will continue to shape programme design, with possibly even stronger mainstreaming requirements.

New own resources — the EU's ability to borrow on capital markets (demonstrated through NGEU) and pressure to develop new own resources (such as a carbon border adjustment mechanism levy or digital taxes) may change the overall budget architecture.

Simplification — persistent criticism of EU funding complexity is likely to drive further simplification efforts, potentially including more use of simplified cost options and outcome-based funding.

EU funding professionals who track MFF negotiations and anticipate programme design changes will be better positioned to shape their organisations' funding strategies for the next programming period.

1.2 NextGenerationEU and the Recovery and Resilience Facility

1.2.1 The Origins and Architecture of NGEU

NextGenerationEU (NGEU) is an unprecedented temporary recovery instrument established in response to the COVID-19 pandemic's economic impact. Adopted in 2020, NGEU authorises the European Commission to borrow up to €750 billion (at 2018 prices) on capital markets on behalf of the EU — the first time the EU has issued debt at this scale. The borrowed funds are deployed through a set of instruments, the largest of which is the **Recovery and Resilience Facility (RRF)**.

NGEU represents a qualitative shift in EU economic governance: it demonstrates that the EU can act as a genuine fiscal actor in times of crisis, borrowing collectively and deploying resources at scale to support Member States. Whether this represents a permanent shift or a one-time exception remains politically contested, but the precedent has been set and is likely to influence future EU responses to major shocks.

1.2.2 The Recovery and Resilience Facility

The Recovery and Resilience Facility (RRF) is the centrepiece of NGEU, with a total budget of €723.8 billion (€338 billion in grants and €385.8 billion in loans at 2018 prices). The RRF is structured around **National Recovery and Resilience Plans (RRPs)** — comprehensive reform and investment plans submitted by each Member State and assessed and approved by the European Commission.

The RRF operates through a **milestone and target-based disbursement mechanism** that is fundamentally different from traditional EU grant funding. Rather than reimbursing eligible costs, the RRF disburses funds to Member States when they demonstrate achievement of pre-agreed milestones (qualitative reform steps) and targets (quantitative investment outputs). This performance-based approach shifts the implementation risk to Member States and focuses attention on outcomes rather than inputs.

For EU funding professionals, the RRF creates opportunities primarily through national implementation: Member States deploy their RRF funds through national programmes, calls, and procurement processes. Understanding a Member State's RRP — its priorities, investment areas, implementation mechanisms, and timeline — is essential for organisations seeking to access RRF-funded opportunities at national level.

The RRF is structured around **six pillars**:

0. Green transition
0. Digital transformation
0. Smart, sustainable and inclusive growth, including economic cohesion, jobs and productivity
0. Social and territorial cohesion
0. Health, economic, social and institutional resilience
0. Policies for the next generation, children and youth, including education and skills

All RRP investments must contribute to at least one pillar, and at least 37% of each RRP must support the green transition and at least 20% must support digital transformation.

1.2.3 Other NGEU Instruments

Beyond the RRF, NGEU includes several smaller instruments that create additional funding opportunities:

ReactEU — additional resources for cohesion policy programmes (ERDF, ESF, FEAD) to support recovery from the COVID-19 crisis. Deployed through existing cohesion policy structures.

Horizon Europe top-up — additional funding for Horizon Europe to support research and innovation as a driver of recovery.

Rural Development top-up — additional funding for EAFRD to support rural recovery and the transition to sustainable agriculture.

Just Transition Fund top-up — additional funding for the JTF to support regions most affected by the transition away from fossil fuels.

InvestEU top-up — additional resources for the InvestEU programme to mobilise private investment in the recovery.

1.3 Major EU Funding Programmes

1.3.1 Horizon Europe: Research and Innovation

Horizon Europe (2021–2027) is the EU's flagship research and innovation programme, with a budget of approximately €95.5 billion. It is the world's largest publicly funded research and innovation programme and the primary funding source for academic institutions, research organisations, and innovative companies across Europe and beyond.

Horizon Europe is structured around **three pillars**:

Pillar I: Excellent Science — supports frontier research through the European Research Council (ERC), researcher mobility through Marie Skłodowska-Curie Actions (MSCA), and world-class research infrastructure. The ERC funds individual researchers based solely on scientific excellence, without thematic priorities or geographical balance requirements. MSCA supports researcher training, mobility, and career development across all disciplines and career stages.

Pillar II: Global Challenges and European Industrial Competitiveness — the largest pillar, supporting collaborative research and innovation through thematic clusters: Health; Culture, Creativity and Inclusive Society; Civil Security for Society; Digital, Industry and Space; Climate, Energy and Mobility; Food, Bioeconomy, Natural Resources, Agriculture and Environment. Pillar II also houses the five **European Partnerships** and the **European Innovation Council (EIC)** for breakthrough innovation.

Pillar III: Innovative Europe — supports the European Innovation Council (EIC) Accelerator (for high-risk, high-impact innovations), the European Institute of Innovation and Technology (EIT) and its Knowledge and Innovation Communities (KICs), and the European Innovation Ecosystems programme.

Widening Participation and Strengthening the European Research Area — a dedicated component supporting researchers and institutions in countries with lower research and innovation performance, including through Teaming, Twinning, ERA Chairs, and COST Actions.

Key features of Horizon Europe include: **Missions** (five large-scale, cross-disciplinary research and innovation missions with specific targets and timelines); **Partnerships** (a rationalised landscape of European Partnerships); **Open Science** (mandatory open access to publications and research data); and **Impact** (a strengthened focus on demonstrating and maximising the societal and economic impact of research investments).

1.3.2 Cohesion Policy Funds

Cohesion policy is the EU's principal investment policy, aimed at reducing economic, social, and territorial disparities between EU regions. The 2021–2027 cohesion policy package has a total budget of approximately €392 billion and operates through five structural and investment funds:

European Regional Development Fund (ERDF) — the largest cohesion fund, supporting investment in innovation, SME competitiveness, digital economy, low-carbon economy, sustainable urban development, and social infrastructure. ERDF allocations are differentiated by region category (less developed, transition, and more developed regions), with higher co-financing rates for less developed regions.

European Social Fund Plus (ESF+) — supports employment, education, training, social inclusion, and health, with a particular focus on vulnerable groups. ESF+ merges the previous ESF, Youth Employment Initiative, Fund for European Aid to the Most Deprived (FEAD), and Employment and Social Innovation (EaSI) programme.

Cohesion Fund (CF) — available only to Member States with GNI per capita below 90% of the EU average, supporting transport infrastructure (Trans-European Transport Network, TEN-T) and environmental investment.

Just Transition Fund (JTF) — a new fund for 2021–2027, supporting the economic and social transition of regions most dependent on fossil fuels (coal, lignite, peat, oil shale) and high-carbon industries. JTF is linked to Territorial Just Transition Plans developed by Member States and regions.

European Maritime, Fisheries and Aquaculture Fund (EMFAF) — supports sustainable fisheries, aquaculture, and the blue economy.

Cohesion policy operates through **shared management** — the most complex of the EU's implementation modes, involving a partnership between the European Commission, national governments, regional authorities, and local bodies. Each Member State negotiates a **Partnership Agreement** with the Commission, setting out the overall strategy for deploying cohesion funds, and then implements the funds through **Operational Programmes (OPs)** managed by national or regional Managing Authorities.

1.3.3 Erasmus+: Education, Training, Youth and Sport

Erasmus+ (2021–2027) is the EU's programme for education, training, youth, and sport, with a budget of approximately €26.2 billion. The programme is structured around **three key actions**:

Key Action 1 (KA1): Learning Mobility of Individuals — supports the mobility of students, learners, staff, and youth workers, including higher education student and staff mobility (the classic "Erasmus" exchange), vocational education and training (VET) mobility, school staff mobility, youth exchanges, and volunteering through the European Solidarity Corps.

Key Action 2 (KA2): Cooperation Among Organisations and Institutions — supports partnerships and cooperation between educational institutions, training providers, youth organisations, and other bodies, including Strategic Partnerships, Partnerships for Innovation, and European Universities alliances.

Key Action 3 (KA3): Support for Policy Development and Cooperation — supports the development and implementation of EU education and youth policy, including knowledge-building activities, social dialogue, and cooperation with international organisations.

Erasmus+ also includes **Jean Monnet Actions** (supporting EU studies and European integration research) and a dedicated **Sport** strand (supporting grassroots sport, cross-border challenges, and policy cooperation).

1.3.4 LIFE Programme: Environment and Climate Action

The LIFE Programme (2021–2027) is the EU's dedicated programme for environment, nature, and climate action, with a budget of approximately €5.4 billion. LIFE funds projects in four sub-programmes:

Nature and Biodiversity — supports the protection and restoration of nature and biodiversity, including implementation of the Birds and Habitats Directives and the EU Biodiversity Strategy.

Circular Economy and Quality of Life — supports the transition to a circular economy, including waste prevention, resource efficiency, and environmental quality.

Climate Change Mitigation and Adaptation — supports action to reduce greenhouse gas emissions and to build resilience to climate change impacts.

Clean Energy Transition — supports the transition to clean energy, including energy efficiency, renewable energy, and smart energy systems. This sub-programme was transferred from the previous Intelligent Energy Europe programme.

LIFE is implemented through direct management by CINEA (European Climate, Infrastructure and Environment Executive Agency) and offers three main project types: Standard Action Projects (SAPs), Strategic Nature Projects (SNAPs), and Strategic Integrated Projects (SIPs).

1.3.5 InvestEU Programme

InvestEU is the EU's investment support programme, mobilising public and private investment through financial instruments (loans, guarantees, equity) rather than grants. InvestEU operates through a guarantee provided by the EU budget to a set of implementing partners (EIB Group, national promotional banks, international financial institutions), which then deploy the guarantee to support investment in four policy windows:

- **Sustainable Infrastructure** — transport, energy, digital, space, environment
- **Research, Innovation and Digitisation** — R&D, innovation, and digital transformation
- **SMEs** — access to finance for small and medium-sized enterprises
- **Social Investment and Skills** — education, skills, social infrastructure, affordable housing

For EU funding professionals, InvestEU represents a fundamentally different instrument from grants: it mobilises private investment through risk-sharing rather than direct subsidy, and it requires understanding of financial structuring, due diligence, and investment monitoring.

1.3.6 Other Significant Programmes

The EU funding landscape includes a wide range of additional programmes relevant to different types of organisations:

Digital Europe Programme (DEUP) — supports the deployment of digital technologies and the development of digital capacities, including high-performance computing, artificial intelligence, cybersecurity, advanced digital skills, and the deployment of digital technologies across the economy and society.

Connecting Europe Facility (CEF) — supports the development of trans-European networks in transport (TEN-T), energy (TEN-E), and digital (broadband, 5G).

European Defence Fund (EDF) — supports collaborative defence research and development, with participation restricted to entities established in EU Member States and associated countries.

EU4Health — supports health systems strengthening, health promotion and disease prevention, pharmaceutical preparedness, and the European Health Union.

Citizens, Equality, Rights and Values (CERV) — supports the promotion of EU values, fundamental rights, equality, and civic engagement.

Creative Europe — supports the cultural and creative sectors, including film, music, publishing, architecture, design, and cultural heritage.

Common Agricultural Policy (CAP) — the EU's agricultural policy, implemented through the European Agricultural Guarantee Fund (EAGF, for direct payments and market measures) and the European Agricultural Fund for Rural Development (EAFRD, for rural development programmes). The CAP is the largest single component of the EU budget.

1.4 EU Funding Implementation Modes

1.4.1 Direct Management

Under **direct management**, the European Commission (or an Executive Agency acting on its behalf) manages EU funds directly — designing calls for proposals, evaluating applications, signing grant agreements, managing projects, and conducting audits. Direct management is used for programmes where the Commission wishes to maintain close control over implementation, including Horizon Europe, LIFE, Digital Europe, CEF, EDF, EU4Health, CERV, and Creative Europe.

For beneficiaries, direct management means dealing directly with EU institutions — a demanding but also rewarding experience. Direct management grants typically offer:

- **Higher EU co-financing rates** (often 70–100% of eligible costs)
- **Standardised grant agreements** (the same conditions apply across all projects in a programme)
- **Direct relationship with the granting authority** (the Commission or Executive Agency)
- **Competitive, merit-based selection** (proposals are evaluated against published criteria)
- **Significant administrative burden** (reporting, financial management, and audit requirements are substantial)

The main direct management instruments are **grants** (the most common), **procurement contracts** (for services, supplies, or works needed by the Commission), **prizes** (awarded for achievement of a specific result), **financial instruments** (loans, guarantees, equity), and **budget support** (for third country partners).

1.4.2 Indirect Management

Under **indirect management**, the Commission entrusts budget implementation to third parties — international organisations, third countries, national or regional agencies, or public-law bodies — which manage the funds according to their own rules (subject to Commission oversight and audit). Indirect management is used in development cooperation, blending facilities, and decentralised management contexts.

For beneficiaries, indirect management means dealing with the entrusted entity rather than the Commission directly. The rules and procedures may differ from direct management, and the level of standardisation is lower.

1.4.3 Shared Management

Under **shared management** — the dominant mode for ESIF — the Commission delegates implementation to Member States, which in turn manage the funds through their own institutional structures (Managing Authorities, Intermediate Bodies, etc.). The Commission retains oversight responsibility and conducts audits and reviews, but day-to-day management is the responsibility of national and regional authorities.

Shared management is the most complex implementation mode, involving:

- **Multiple layers of governance** — EU, national, regional, and local
- **National programme design** — Member States design Operational Programmes within the EU regulatory framework
- **National eligibility rules** — in addition to EU-level rules, each Member State may set additional national eligibility conditions
- **Variable co-financing rates** — depending on region category and fund
- **National audit and control systems** — Member States are responsible for the legality and regularity of expenditure, subject to Commission oversight

For EU funding professionals, shared management requires not only knowledge of the EU regulatory framework but also deep familiarity with national and regional implementation arrangements, which vary significantly across the EU.

1.4.4 Financial Instruments and Blended Finance

Financial instruments — loans, guarantees, equity investments, and other risk-bearing instruments — are an increasingly important component of the EU funding landscape. Unlike grants, financial instruments are revolving: repaid funds are recycled into new investments, multiplying the impact of the initial EU contribution. Financial instruments are particularly important in the InvestEU programme and in cohesion policy, where they are used to support SME financing, energy efficiency investment, urban development, and other areas.

Blended finance combines EU grants with financial instruments (from InvestEU, the EIB, or national promotional banks) to mobilise private investment in areas where market failures prevent sufficient private financing. Blended finance structures are complex and require sophisticated financial expertise, but they can significantly amplify the impact of EU public investment.

For EU funding professionals, financial instruments require a different set of skills from grant management: understanding of financial structuring, risk assessment, due diligence, and investment monitoring, in addition to EU regulatory compliance.

1.5 Institutional Architecture of EU Funding

1.5.1 The European Commission

The European Commission is the EU's executive body and the primary architect of the EU funding system. The Commission's roles in EU funding include:

Policy development — the Commission develops the policy frameworks (European Green Deal, Digital Decade, Industrial Strategy, etc.) that shape programme priorities and call topics.

Legislative proposal — the Commission proposes the MFF regulation, programme regulations, and implementing rules that form the legal basis for EU funding.

Programme management — the Commission (through its Directorates-General and Executive Agencies) manages directly managed programmes — designing work programmes, publishing calls, evaluating proposals, signing grant agreements, and managing projects.

Oversight and audit — the Commission oversees the implementation of shared management programmes by Member States, conducts audits, and applies financial corrections where irregularities are found.

The Commission is organised into **Directorates-General (DGs)** — each responsible for a specific policy area — and **Executive Agencies** — bodies established by the Commission to manage specific programmes on its behalf. Key DGs for EU funding include DG Research and Innovation (RTD), DG Regional and Urban Policy (REGIO), DG Employment, Social Affairs and Inclusion (EMPL), DG Agriculture and Rural Development (AGRI), DG Environment (ENV), DG Climate Action (CLIMA), DG Education, Youth, Sport and Culture (EAC), and DG International Partnerships (INTPA).

1.5.2 Executive Agencies

Executive Agencies are bodies established by the Commission to manage specific EU programmes. They operate under the authority and supervision of the Commission but have their own legal personality and administrative autonomy. The main Executive Agencies relevant to EU funding professionals are:

European Research Executive Agency (REA) — manages parts of Horizon Europe (collaborative research, MSCA), as well as other research-related programmes.

European Innovation Council and SMEs Executive Agency (EISMEA) — manages the European Innovation Council (EIC), European Cluster Collaboration Platform, and Single Market Programme (SMP) components.

European Research Council Executive Agency (ERCEA) — dedicated agency managing ERC grants (Starting, Consolidator, Advanced, and Synergy Grants).

European Climate, Infrastructure and Environment Executive Agency (CINEA) — manages LIFE, CEF (energy and transport), EDF, and other infrastructure-related programmes.

European Health and Digital Executive Agency (HADEA) — manages EU4Health, Digital Europe Programme, and parts of Horizon Europe (health cluster).

European Education and Culture Executive Agency (EACEA) — manages Erasmus+, Creative Europe, Citizens Equality Rights and Values (CERV), Jean Monnet Actions, and European Solidarity Corps.

Understanding which Executive Agency manages which programme — and the specific procedures, templates, and guidance of each agency — is essential practical knowledge for EU funding professionals.

1.5.3 Managing Authorities and Intermediate Bodies

For shared management programmes (ESIF), the primary institutional actors are:

Managing Authorities (MAs) — national or regional bodies designated by Member States to manage Operational Programmes. MAs are responsible for programme design, call publication, project selection, grant management, monitoring, and first-level control.

Audit Authorities — independent bodies responsible for auditing the management and control systems of Operational Programmes and the legality and regularity of expenditure. Audit Authorities operate independently of Managing Authorities.

Intermediate Bodies (IBs) — bodies to which Managing Authorities may delegate specific management tasks, such as call management, project selection, or first-level control. IBs are common in countries with decentralised implementation structures.

For EU funding professionals working with ESIF, understanding the specific institutional structure in their Member State — who manages which programme, how calls are published, what the selection process involves, and how grants are managed — is as important as understanding the EU-level regulatory framework.

1.5.4 National Contact Points

National Contact Points (NCPs) are national bodies designated by Member States to provide guidance and support to potential applicants for EU programmes — primarily Horizon Europe, but also other directly managed programmes. NCPs are typically located within national research funding agencies, ministries of science, or dedicated support structures.

NCPs provide a range of services: information on calls and programme priorities; guidance on application procedures and evaluation criteria; support for partnership building; feedback on unsuccessful proposals; and liaison with the Commission and Executive Agencies. For organisations new to EU funding, NCPs are an invaluable source of free, expert support.

1.6 EU Policy Framework and Funding Priorities

1.6.1 The European Green Deal

The European Green Deal — launched in December 2019 and subsequently reinforced through the Fit for 55 package, REPowerEU, and the Green Deal Industrial Plan — is the EU's overarching strategy for achieving climate neutrality by 2050 and reducing greenhouse gas

emissions by at least 55% by 2030 compared to 1990 levels. The Green Deal is not merely an environmental policy: it is the EU's growth strategy, aiming to decouple economic growth from resource use and to position Europe as a global leader in the green economy.

For EU funding professionals, the Green Deal has profound implications:

Programme priorities — virtually every EU programme has been redesigned to support Green Deal objectives. Horizon Europe's missions include a Climate Mission; LIFE's sub-programmes address climate mitigation, adaptation, and clean energy; cohesion policy includes mandatory ring-fencing for climate investment; the JTF is specifically designed to support the green transition; and InvestEU has a dedicated Sustainable Infrastructure window.

Eligibility conditions — many programmes include "do no significant harm" (DNSH) requirements, based on the EU Taxonomy for Sustainable Finance, that exclude projects causing significant harm to environmental objectives.

Mainstreaming targets — the 30% climate mainstreaming target across the MFF and NGEU means that a large share of all EU funding is linked to climate objectives, creating strong incentives for project teams to demonstrate climate relevance.

New market opportunities — the Green Deal creates new markets and investment opportunities in renewable energy, energy efficiency, sustainable mobility, circular economy, sustainable food systems, and biodiversity restoration — all areas where EU funding is available.

1.6.2 The Digital Decade

The Digital Decade policy programme sets the EU's digital transformation ambitions for 2030, organised around four cardinal points: skills (80% of adults with at least basic digital skills), infrastructure (gigabit connectivity for all, 5G everywhere), business (75% of companies using cloud, AI, or big data), and public services (all key public services online, all citizens with a digital identity).

The Digital Decade creates funding opportunities across multiple programmes: Digital Europe Programme (direct investment in digital infrastructure and capabilities); Horizon Europe (research in AI, cybersecurity, quantum computing, and other digital technologies); cohesion policy (digital transition component in ERDF); Connecting Europe Facility (digital strand for broadband and 5G); and national RRPs (20% digital earmark).

1.6.3 The European Pillar of Social Rights

The European Pillar of Social Rights (EPSR) — proclaimed in 2017 and reinforced through the Porto Social Summit in 2021 — sets out 20 principles for a fair and inclusive Europe, organised around three chapters: equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. The EPSR Action Plan sets specific targets for 2030: at least 78% employment rate, at least 60% of adults participating in training each year, and at least 15 million fewer people at risk of poverty or social exclusion.

The EPSR shapes the priorities of ESF+, the European Globalisation Adjustment Fund (EGF), and other social programmes, and provides the policy framework for projects addressing employment, education, social inclusion, and poverty reduction.

1.6.4 Cohesion Policy Objectives

The 2021–2027 cohesion policy regulation establishes **five policy objectives (POs)** that structure ERDF and Cohesion Fund investment:

PO1: A Smarter Europe — innovation, digitalisation, economic transformation, SME support.

PO2: A Greener, Low-Carbon Europe — energy transition, renewable energy, energy efficiency, climate adaptation, biodiversity, sustainable urban mobility.

PO3: A More Connected Europe — transport and digital connectivity.

PO4: A More Social and Inclusive Europe — employment, education, skills, social inclusion, equal access to healthcare.

PO5: A Europe Closer to Citizens — sustainable integrated development of urban, rural, and coastal areas.

Understanding which policy objective a project addresses — and how to frame the project's contribution to that objective in a way that resonates with the relevant Managing Authority — is a core skill for professionals working with ESIF.

1.6.5 Research and Innovation Policy: The European Research Area

The European Research Area (ERA) is the overarching policy framework for research and innovation in Europe, aiming to create a unified, open, and competitive research space. The ERA Action Plan 2021–2025 sets out priorities for deepening the ERA, including: open science and research data; researcher mobility and careers; research infrastructures; gender equality in research; knowledge transfer and valorisation; and widening participation.

Horizon Europe is the primary funding instrument for the ERA, but ERA objectives also influence the design of national research programmes, the priorities of structural funds investments in research and innovation, and the conditions attached to EU research funding (open access mandates, gender equality requirements, etc.).

1.7 Programme Synergies and Complementarity

1.7.1 The Logic of Programme Synergies

No EU funding programme operates in isolation. The EU's funding architecture is designed — at least in principle — to be coherent and complementary: different programmes address different aspects of the same policy challenges, and their combined effect should be greater than the sum of their parts. Understanding programme synergies — how different EU funding instruments can be combined, sequenced, or aligned to maximise impact — is a mark of advanced EU funding expertise.

The 2021–2027 regulatory framework explicitly encourages synergies between programmes. The Common Provisions Regulation (CPR) for ESIF includes provisions for combined operations, transfers between funds, and complementarity with other EU instruments. The Horizon Europe regulation encourages synergies with ESIF, InvestEU, and other programmes through a "Seal of Excellence" mechanism and provisions for combined funding.

1.7.2 The Seal of Excellence

The Seal of Excellence (SoE) is a quality label awarded by the European Commission to proposals submitted to Horizon Europe that pass the evaluation threshold but cannot be funded due to budget constraints. The SoE signals that the proposal has been independently assessed as high quality and can be used to access alternative funding — including from ESIF, national programmes, or private investors — without the need for a new evaluation.

For EU funding professionals, the SoE is a powerful synergy tool: it creates a bridge between Horizon Europe and ESIF, enabling excellent projects that fail to secure Horizon Europe funding to access structural funds at national or regional level. Several Member States have established dedicated ESIF schemes to fund SoE-labelled projects.

1.7.3 Combining Horizon Europe and ESIF

Horizon Europe and ESIF are the two largest EU funding instruments and the most important synergy pair for research and innovation organisations. Their combination can support the full innovation pipeline — from basic research (ERC) through applied research and innovation

(Horizon Europe collaborative projects) to regional deployment and scale-up (ESIF Smart Specialisation investments).

Key synergy mechanisms include:

Teaming for Excellence — a Horizon Europe instrument specifically designed to create or upgrade centres of excellence in widening countries, combining Horizon Europe funding with ESIF co-investment.

ERA Chairs — Horizon Europe instrument supporting widening country institutions to attract outstanding researchers and build research capacity, designed to complement ESIF investments in research infrastructure and human capital.

Complementary funding — ESIF Operational Programmes can provide co-financing for Horizon Europe projects, covering costs not eligible under Horizon Europe rules (such as investment in research infrastructure) or extending the project's regional impact.

Smart Specialisation — ESIF innovation investments in each region must be aligned with the region's Smart Specialisation Strategy (S3), which identifies priority areas for innovation investment. Alignment between Horizon Europe project themes and regional S3 priorities creates opportunities for ESIF co-financing and regional deployment.

1.7.4 Avoiding Double Funding

While programme synergies are encouraged, **double funding** — receiving EU funding twice for the same costs — is strictly prohibited. The EU Financial Regulation and programme-specific rules include provisions to prevent double funding, including declarations of non-double funding in grant agreements and cross-checks between programme databases.

EU funding professionals must ensure that synergy strategies are carefully designed to avoid any risk of double funding. This requires clear delineation of what each programme funds, rigorous cost allocation, and transparent communication with all granting authorities about the combined funding structure.

1.8 Funding Intelligence and Landscape Navigation

1.8.1 Building a Funding Intelligence System

Effective navigation of the EU funding landscape requires a systematic approach to funding intelligence — the ongoing monitoring, analysis, and interpretation of funding opportunities, programme developments, and policy signals. A funding intelligence system has several components:

Programme monitoring — tracking the work programmes, calls, and deadlines of relevant EU programmes. Key sources include the EU Funding and Tenders Portal (FTOP), the Official Journal of the EU, programme-specific websites, and National Contact Point networks.

Policy monitoring — tracking EU policy developments that may signal new funding priorities or programme changes. Key sources include European Commission communications, Council conclusions, European Parliament resolutions, and policy think-tank publications.

Stakeholder monitoring — tracking the activities and priorities of key institutional actors — Commission DGs, Executive Agencies, Managing Authorities — through their public communications, events, and consultations.

Competitive intelligence — monitoring the funded project landscape to understand which types of organisations, consortia, and project designs are successful, and to identify potential partners and competitors.

Network intelligence — leveraging professional networks — National Contact Points, European associations, thematic networks, alumni communities — to access informal intelligence about programme priorities, evaluation panel preferences, and emerging opportunities.

1.8.2 The EU Funding and Tenders Portal

The EU Funding and Tenders Portal (FTOP) is the single electronic platform through which all direct management grants are managed — from call publication and application submission through grant agreement signature, project management, reporting, and payment. FTOP is the primary operational tool for EU funding professionals working with directly managed programmes.

Key functions of FTOP include: **opportunity search** (browsing and filtering open calls by programme, topic, deadline, and other criteria); **organisation registration** (registering organisations and obtaining a Participant Identification Code, PIC); **proposal submission** (completing and submitting proposals through programme-specific electronic submission systems); **grant management** (accessing and managing signed grant agreements, submitting reports, requesting payments, and managing project data).

Proficiency in FTOP — including knowledge of its structure, navigation, and key functions — is a basic operational competency for EU funding professionals. The portal is regularly updated and improved, and professionals must stay current with its features and requirements.

1.8.3 CORDIS and ESIF Open Data

CORDIS (Community Research and Development Information Service) is the EU's primary database of Horizon Europe (and predecessor framework programme) funded projects. CORDIS provides detailed information on funded projects, including consortia, budgets, objectives, and results. It is an invaluable resource for competitive intelligence and partner identification.

The **ESIF Open Data Platform** provides comprehensive data on ESIF programme implementation — including approved operations, beneficiaries, funding amounts, and thematic allocations — for all Member States and all programming periods. EU funding professionals can use the ESIF Open Data Platform to identify successful projects in their sector and region, find potential partners with a track record of ESIF implementation, and benchmark their organisation's ESIF track record against peers.

1.8.4 Strategic Landscape Analysis

Strategic landscape analysis goes beyond identifying individual funding opportunities to developing a comprehensive understanding of the EU funding landscape as it relates to a specific organisation's mission, capacity, and strategic objectives. Strategic landscape analysis involves:

Portfolio mapping — identifying all EU funding programmes potentially relevant to the organisation and mapping them against the organisation's strategic priorities, research agenda, operational activities, and target geographies.

Programme depth analysis — for priority programmes, conducting in-depth analysis of programme objectives, target beneficiaries, evaluation criteria, success rates, typical award sizes, and implementation requirements.

Competitive positioning — assessing the organisation's competitive position in target programmes — its track record, reputation, partnerships, and alignment with programme priorities — relative to other potential applicants.

Strategic alignment — ensuring that the organisation's EU funding strategy is aligned with its overall institutional strategy, and that EU funding pursuits are integrated with other funding sources (national, private, philanthropic) in a coherent portfolio.

Risk assessment — evaluating the risks associated with different funding strategies — including the risk of over-dependence on EU funding, the risk of mission drift driven by funding availability, and the reputational and compliance risks of EU grant management.

1.9 EU Funding in the Global Context

1.9.1 International Dimension of EU Programmes

Many EU funding programmes have a significant international dimension — supporting cooperation with third countries and international organisations, and enabling the participation of third-country entities in EU-funded activities.

Horizon Europe has the most extensive international dimension of any EU programme. Third-country entities can participate in Horizon Europe collaborative projects as partners (funded or unfunded), and several third countries have negotiated **association agreements** that give their entities access to Horizon Europe on the same terms as EU Member States. As of 2026, associated countries include Norway, Iceland, Liechtenstein (EEA), Israel, Georgia, Ukraine, Moldova, Tunisia, and several Western Balkan countries. The UK's association to Horizon Europe was confirmed under the Windsor Framework arrangements.

Erasmus+ supports international mobility and cooperation with partner countries (non-programme countries), including in higher education (International Credit Mobility under KA1) and youth (youth exchanges and volunteering with partner countries).

NDICI/Global Europe — the EU's main external action instrument — supports cooperation with third countries in development, neighbourhood, and enlargement contexts. NDICI/Global Europe is implemented through a combination of grants, budget support, and financial instruments, and involves a wide range of implementing partners including NGOs, international organisations, and private sector entities.

IPA III (Instrument for Pre-Accession Assistance) supports candidate and potential candidate countries in their accession process, funding reforms, institution building, and investments aligned with EU standards.

1.9.2 Horizon Europe Association Agreements

The association of third countries to Horizon Europe is governed by association agreements negotiated between the EU and the relevant country. Associated countries contribute to the Horizon Europe budget in proportion to their GDP and receive access to all Horizon Europe instruments on the same terms as EU Member States (with some exceptions for sensitive areas).

For EU funding professionals in associated countries, the practical implication is that their organisations can participate in Horizon Europe on equal terms with EU entities — submitting proposals, leading consortia, and receiving EU funding directly. This significantly expands the pool of potential partners and competitors.

For EU funding professionals in non-associated third countries, participation in Horizon Europe is possible but more limited: third-country entities can participate as partners in collaborative projects (though they may not always be funded by the EU) and can access some specific instruments (such as ERC grants for researchers relocating to Europe).

1.10 Key Trends Shaping the EU Funding Landscape

1.10.1 Simplification

Persistent criticism of EU funding complexity — from beneficiaries, audit bodies, the European Parliament, and the Commission itself — is driving a sustained effort to simplify EU funding rules and procedures. Key simplification measures in the 2021–2027 period include:

Expanded use of simplified cost options (SCOs) — lump sums, flat rates, and standard scales of unit costs replace actual cost reimbursement for eligible cost categories, reducing the administrative burden of financial reporting and audit.

Lump sum grants — Horizon Europe has introduced a new lump sum funding model for some project types, replacing the traditional actual cost reimbursement model with a fixed grant amount linked to the achievement of specified results.

Single audit principle — the principle that each beneficiary should be audited only once per project, with audit results shared between different control bodies, is being progressively implemented across EU programmes.

1.10.2 Performance Orientation

The EU funding system is moving progressively towards a more performance-oriented approach — measuring and rewarding results rather than simply reimbursing costs. This trend is most advanced in the RRF (which is entirely milestone and target-based) but is also visible in Horizon Europe (with its strengthened impact framework), ESIF (with its performance framework and reserve), and other programmes.

For EU funding professionals, the performance orientation trend has several implications: proposals must demonstrate credible theories of change and realistic impact pathways; project management must include robust monitoring and evaluation systems; and reporting must focus on results achieved, not just activities conducted.

1.10.3 Conditionality

The 2021–2027 MFF introduced new **conditionality mechanisms** linking EU funding to compliance with EU values and the rule of law. The Rule of Law Conditionality Regulation allows the Commission to propose measures (including suspension of payments) where breaches of the rule of law principles affect or risk affecting the sound financial management of EU funds. This mechanism has been applied in practice, with implications for beneficiaries in affected Member States.

Conditionality also applies to macroeconomic conditions (the Stability and Growth Pact) and to specific programme conditions (enabling conditions in ESIF, reform commitments in the RRF). EU funding professionals working in Member States subject to conditionality measures must understand the implications for programme implementation and fund availability.

1.10.4 Geopolitical Dimensions

The EU funding landscape is increasingly shaped by geopolitical considerations. Russia's war against Ukraine has accelerated EU investment in defence, energy independence, and strategic autonomy. The EU's response to China's industrial policy (through the Green Deal Industrial Plan and the Critical Raw Materials Act) is creating new funding opportunities in strategic sectors. And the EU's enlargement agenda — with Ukraine, Moldova, and Western Balkan countries at various stages of the accession process — is reshaping the geography of EU funding.

For EU funding professionals, the geopolitical dimension creates new opportunities (in defence, energy security, critical materials, and enlargement-related programmes) and new risks (geopolitical tensions affecting international research collaboration, supply chain disruptions affecting project implementation, and political conditionality affecting fund availability).

Understanding the geopolitical context of EU funding — and its implications for programme design, partner selection, and project strategy — is an increasingly important competency for senior EU funding professionals.

1.10.5 Digital Transformation of Grant Management

The EU's own digital transformation is reshaping how grants are managed. The EU Funding and Tenders Portal continues to evolve, with new features for electronic grant management, digital audit trails, and AI-assisted evaluation. The Commission's investment in digital tools — including the Single Electronic Data Interchange Area (SEDIA) and the development of interoperable data systems — is progressively reducing the administrative burden for beneficiaries and improving the efficiency of programme management.

EU funding professionals who invest in digital literacy — including proficiency with FTOP and its evolving features, familiarity with electronic reporting tools, and understanding of data management requirements — will be better positioned to manage EU grants efficiently and to adapt to the continuing digital transformation of the EU funding landscape.

1.11 The EU Funding Lifecycle: An Integrated View

1.11.1 From Landscape to Lifecycle

Understanding the EU funding landscape — the programmes, instruments, policy frameworks, and institutional actors described in this domain — is the essential starting point for EU funding practice. But landscape knowledge must be integrated with lifecycle knowledge: an understanding of how funding opportunities move from policy design through call publication, proposal development, evaluation, grant agreement, project implementation, reporting, audit, and closeout.

The EU funding lifecycle has several distinctive features that distinguish it from other public funding systems:

Long lead times — the time from initial opportunity identification to grant agreement signature can be 12–24 months (for Horizon Europe collaborative projects) or even longer (for ESIF). Effective landscape navigation requires planning well ahead of published calls.

High competition — success rates for major EU programmes are typically low: 10–15% for Horizon Europe collaborative projects, lower for ERC and EIC instruments. This means that

most applications fail, and organisations must be prepared for repeated rejection while maintaining the capacity and motivation to continue applying.

Administrative intensity — EU grant management is administratively demanding, with extensive reporting, financial management, and compliance requirements. Organisations must assess their administrative capacity before committing to EU funding pursuits.

Strategic value beyond funding — EU-funded projects generate value beyond the direct financial contribution: they build institutional capacity, develop partnerships, enhance reputation, generate knowledge, and create policy influence. Understanding and maximising this broader strategic value is a mark of professional excellence in EU funding management.

1.11.2 Aligning Landscape and Institutional Strategy

The ultimate purpose of EU funding landscape knowledge is to enable organisations to develop coherent, strategic, and sustainable EU funding strategies — portfolios of programmes, instruments, and partnerships that are aligned with the organisation's mission, matched to its capacity, and integrated with its overall institutional strategy.

Strategic alignment requires:

Mission alignment — EU funding pursuits should be driven by genuine alignment between the organisation's mission and the programme's objectives, not by funding availability alone. Mission-driven applications are more competitive and more sustainable than opportunistic ones.

Capacity realism — EU funding management requires significant administrative, financial, and management capacity. Organisations must honestly assess their capacity before committing to EU funding pursuits and invest in capacity building where gaps exist.

Portfolio diversification — over-dependence on a single programme or funding source creates vulnerability. A well-diversified EU funding portfolio — spanning multiple programmes, implementation modes, and project types — is more resilient and more strategically valuable.

Lifecycle integration — EU funding strategy must integrate all phases of the funding lifecycle, from opportunity identification through closeout and beyond. Organisations that manage the full lifecycle effectively — not just the application phase — build competitive advantage and institutional reputation.

Stakeholder engagement — EU funding strategy requires active engagement with the institutional actors who design and manage programmes — Commission DGs, Executive Agencies, National Contact Points, Managing Authorities. Building relationships with these actors provides intelligence, influence, and competitive advantage.

The EU funding landscape is vast, complex, and constantly evolving. Professionals who invest in deep landscape knowledge — and who develop the analytical skills, institutional relationships, and strategic intelligence to navigate it effectively — are among the most valuable assets in any organisation engaged with EU funding.

DOMAIN 2

Legal, Regulatory and Compliance Framework

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

The Legal, Regulatory and Compliance Framework domain equips EU funding and grants professionals with the authoritative knowledge required to operate within the dense normative architecture that governs every stage of the EU funding lifecycle. From the constitutional provisions of the Treaty on the Functioning of the European Union (TFEU) to the operational detail of Commission implementing regulations, grant agreement general conditions, and sector-specific rules, this domain establishes the legal literacy that underpins sound professional practice.

Compliance is not a peripheral activity in EU-funded projects; it is the central discipline that determines whether expenditure is eligible, whether audit findings translate into financial corrections, and whether organisations retain the right to participate in future calls. The professional must be capable of reading primary legislation, interpreting secondary regulations, applying guidance documents, and advising colleagues and partners on their legal obligations — all while managing the inherent tension between regulatory rigour and operational flexibility.

This domain covers six principal regulatory pillars: (1) the EU Financial Regulation and its implementing provisions; (2) the procurement framework applicable to grant beneficiaries; (3) State aid rules and their interaction with EU grants; (4) data protection obligations under the General Data Protection Regulation; (5) the multi-layered audit and control framework; and (6) the anti-fraud framework, including the roles of OLAF, EPPO, and the PIF Directive. A seventh section addresses ethics, conflicts of interest, and the professional standards expected of those managing public funds.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO2.1 — Identify the primary legislative instruments governing EU expenditure and explain their hierarchy, scope, and interaction with national law.
LO2.2 — Apply the key principles of the EU Financial Regulation — sound financial management, transparency, non-discrimination, proportionality — to grant management decisions.
LO2.3 — Determine the procurement obligations applicable to grant beneficiaries under the applicable rules and advise on compliant purchasing procedures.
LO2.4 — Assess whether a proposed grant measure constitutes State aid under Article 107(1) TFEU and identify applicable exemptions or notification requirements.
LO2.5 — Implement data protection requirements under the GDPR in the context of EU-funded project activities, including data management plans and data subject rights.
LO2.6 — Describe the multi-tier audit and control framework applicable to EU-funded projects and explain the roles of internal audit, external audit, and EU-level oversight bodies.
LO2.7 — Apply the principles and procedures of the anti-fraud framework, including OLAF investigations, EPPO prosecutions, and the PIF Directive, to project risk management.
LO2.8 — Identify conflicts of interest, apply prevention and management procedures, and advise on disclosure obligations under applicable rules.
LO2.9 — Interpret grant agreement general and specific conditions and translate legal obligations into operational project management requirements.
LO2.10 — Evaluate the eligibility conditions for costs under the applicable funding programme rules and apply them to real expenditure scenarios.
LO2.11 — Assess the legal implications of project changes, amendments, and force majeure events and manage the notification and approval processes.

LO2.12 — Integrate legal compliance considerations into organisational policies, procedures, and capacity-building strategies at institutional level.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO2.1	Awareness — name key instruments	Applied — explain hierarchy and scope	Strategic — advise on interaction with national law
LO2.2	Awareness — list principles	Applied — apply to grant decisions	Strategic — embed in institutional governance
LO2.3	Awareness — identify thresholds	Applied — design compliant procedures	Strategic — develop procurement policy
LO2.4	Awareness — define State aid	Applied — assess measures; identify exemptions	Strategic — manage notification; advise on programme design
LO2.5	Awareness — list GDPR obligations	Applied — implement DMP; handle data subject requests	Strategic — develop institutional data governance
LO2.6	Awareness — describe audit tiers	Applied — manage audit processes; prepare documentation	Strategic — design internal control systems
LO2.7	Awareness — explain OLAF/EPPO roles	Applied — apply anti-fraud measures; report irregularities	Strategic — develop anti-fraud policy; manage investigations
LO2.8	Awareness — define conflict of interest	Applied — identify and manage COI in projects	Strategic — embed COI policy across organisation
LO2.9	Awareness — read grant agreement	Applied — translate GA conditions to tasks	Strategic — negotiate GA; manage complex amendments
LO2.10	Awareness — list eligibility categories	Applied — assess cost eligibility; prepare justifications	Strategic — develop cost eligibility guidance and training
LO2.11	Awareness — list amendment types	Applied — manage amendment process	Strategic — advise on legal risk; negotiate with contracting authority
LO2.12	Awareness — identify compliance gaps	Applied — implement compliance procedures	Strategic — lead institutional compliance transformation

2.1 The EU Financial Regulation: Constitutional Architecture of EU Expenditure

2.1.1 Legislative History and Current Framework

The EU Financial Regulation (FR) is the master statute governing the establishment and implementation of the EU general budget. The current regulation — **Regulation (EU, Euratom) 2018/1046** of the European Parliament and of the Council of 18 July 2018 — replaced the 2012 regulation and introduced significant reforms to simplify rules, reduce administrative burden, and strengthen the performance orientation of EU spending.

The 2018 Financial Regulation is a comprehensive instrument of 282 articles organised into nine Parts:

- **Part One: Common Provisions** — Principles, definitions, financial actors, internal control, and accounting
- **Part Two: Budget** — Budget structure, presentation, implementation, and discharge
- **Part Three: Procurement** — Rules for public procurement by EU institutions
- **Part Four: Grants** — Award procedures, implementation, eligibility, and payment
- **Part Five: Prizes** — Contest rules and award procedures
- **Part Six: Financial Instruments and Budgetary Guarantees** — Rules for InvestEU and similar mechanisms

- **Part Seven: Trust Funds** — Establishment and management of EU trust funds
- **Part Eight: Experts** — Engagement of external experts
- **Part Nine: Specific Provisions** — Rules for specific institutions and bodies

For grant professionals, **Part Four (Articles 179–214)** is the most directly relevant, but Parts One and Two establish the foundational principles and budget implementation rules that cascade into all grant agreements.

The Financial Regulation is supplemented by the **Rules of Application** (Commission Delegated Regulation (EU) 2019/715 for framework financial regulations of bodies set up under the TFEU and Euratom Treaty) and by programme-specific regulations that may derogate from or supplement the general rules within the limits permitted by the FR.

2.1.2 The Seven Budgetary Principles

Article 6 of the Financial Regulation codifies seven foundational budgetary principles, each with direct operational implications for grant management:

Unity and Budget Accuracy: All revenue and expenditure of the Union shall be included in the budget. No expenditure may be committed or authorised beyond the appropriations entered in the budget. This principle underpins the requirement that EU grants must be traceable to specific budget lines and that commitments precede payments.

Annuality: Budget appropriations are granted for one financial year (1 January to 31 December). This drives the distinction between commitment appropriations (entered into a legal commitment in the budget year) and payment appropriations (actual cash disbursements, which may occur in subsequent years). The annuality principle creates the RAL (Reste à Liquider — outstanding commitments) phenomenon that characterises EU budget management.

Equilibrium: Revenue and payment appropriations must be in balance. The Union cannot run a deficit. This constitutional constraint shapes the design of multi-year funding programmes and the use of flexibility instruments.

Unit of Account: The budget is drawn up and implemented in euros. For beneficiaries in non-euro-zone countries, exchange rate provisions in grant agreements govern conversion.

Universality: Total revenue shall cover total payment appropriations. No specific revenue shall be assigned to specific expenditure (with enumerated exceptions). This principle affects how co-financing requirements are structured.

Specification: Appropriations shall be earmarked for specific purposes by title and chapter. Transfers between budget lines are subject to procedural requirements. This constrains the Commission's flexibility to reallocate funds between programmes.

Sound Financial Management: Appropriations shall be used in accordance with the principles of economy, efficiency, and effectiveness — the "3Es" of performance-based management. Article 33 establishes that programmes shall be subject to ex ante evaluation, monitoring, and ex post evaluation against performance indicators.

Transparency: The budget shall be drawn up and implemented and accounts rendered in accordance with the principle of transparency. This drives publication requirements, open data obligations, and the Financial Transparency System (FTS).

2.1.3 Implementation Modes

As established in Domain 1, the Financial Regulation distinguishes three modes of budget implementation, each with distinct legal and procedural implications:

Direct Management (Articles 62(1)(a), 125–153 FR): The Commission implements the budget directly through its own departments or through executive agencies. Under direct management, the Commission acts as the contracting authority, signs grant agreements, and bears full responsibility for legality and regularity. The legal relationship is between the Commission (or agency) and the beneficiary.

Indirect Management (Articles 62(1)(c), 154–159 FR): The Commission entrusts budget implementation to international organisations, third countries, development finance institutions, or other entities. Before delegation, the Commission must conduct a **Pillar Assessment** to verify that the entrusted entity's systems, rules, and procedures provide equivalence with EU standards in the areas of public procurement, grants, financial management, accounting, internal audit, and external audit.

Shared Management (Articles 62(1)(b), 63–74 FR): The Commission and Member States share responsibility for budget implementation. Member States designate **Managing Authorities** (MAs), **Certifying Authorities** (CAs, now Accounting Functions under 2021–2027 rules), and **Audit Authorities** (AAs). The **Common Provisions Regulation** (CPR — Regulation (EU) 2021/1060) establishes the framework for shared management funds (ERDF, ESF+, CF, JTF, EMFAF) for the 2021–2027 period.

2.1.4 Financial Actors and Segregation of Duties

The Financial Regulation establishes a clear architecture of financial actors whose roles must be segregated to prevent conflicts of interest and ensure accountability:

Authorising Officer (AO): Responsible for implementing revenue and expenditure in accordance with the principles of sound financial management and for ensuring legality and regularity. The AO may delegate powers to **Authorising Officers by Delegation (AOD)** and **Authorising Officers by Sub-delegation (AOSD)**.

Accounting Officer (ACO): Responsible for proper implementation of payments, collection of revenue, and keeping the accounts. The ACO must be independent of the AO and has exclusive authority to manage treasury operations.

Internal Auditor: Advises the institution on risk management, provides assurance on internal control systems, and issues recommendations. The Internal Auditor does not implement budget but reports to senior management and, in the case of EU institutions, to the Internal Audit Service (IAS).

The principle of **segregation of duties** requires that no single person can initiate, verify, authorise, and account for a transaction. This four-eyes principle is a cornerstone of EU internal control standards and must be replicated in beneficiary organisations' financial management systems.

2.1.5 Internal Control Standards

Article 36 of the Financial Regulation requires each institution to put in place internal control systems appropriate to its functions. The Commission has adopted **Internal Control Standards (ICS)** based on the COSO framework, covering:

- **Control Environment**: Tone at the top, organisational structure, delegation of authority
- **Risk Assessment**: Identification and assessment of risks to objectives
- **Control Activities**: Policies and procedures to mitigate risks
- **Information and Communication**: Quality and timeliness of information flows
- **Monitoring**: Ongoing evaluation of control effectiveness

For beneficiaries, the grant agreement requires maintenance of adequate internal control systems as a condition of eligibility. Auditors assess beneficiary internal controls as part of on-the-spot checks and systems audits.

2.2 Procurement Rules Applicable to Grant Beneficiaries

2.2.1 The Distinction Between Institutional and Beneficiary Procurement

A critical distinction in EU grant management is between procurement by EU institutions (governed by Part Three of the Financial Regulation — Articles 164–178) and procurement by grant beneficiaries (governed by grant agreement conditions and, for public bodies, by national transpositions of EU public procurement directives).

Institutional procurement applies when the Commission or an executive agency procures goods, services, or works to implement its own activities. The FR procurement rules apply in full, with thresholds, procedures, and documentation requirements set by the regulation.

Beneficiary procurement applies when a grant beneficiary uses grant funds to purchase goods, services, or works needed to implement the project. The applicable rules depend on the nature of the beneficiary:

- **Public beneficiaries** (contracting authorities under Directive 2014/24/EU) must comply with national public procurement law, which transposes the EU directives. They must apply EU thresholds, advertising requirements, and award criteria.
- **Private beneficiaries** are not subject to public procurement law but must comply with grant agreement conditions requiring competitive tendering, value for money, and avoidance of conflicts of interest.

2.2.2 The PRAG: Practical Guide to Procurement and Grant Management

For grants implemented under **external aid** (DG INTPA, DG NEAR, DG ECHO, and similar), the **Practical Guide to Procurement and Grant Management for EU External Actions (PRAG)** is the definitive operational reference. The PRAG, regularly updated (most recent version: 2024), provides:

- Mandatory procedures for procurement by grant beneficiaries
- Thresholds triggering different procurement procedures
- Standard contract templates
- Eligibility rules for contractors and tenderers
- Verification and control requirements

PRAG Procurement Thresholds (indicative, subject to revision):

Contract Value	Procedure
< €2,500	Single tender (simplified)
€2,500 – €60,000	At least 3 quotations
€60,000 – €300,000	Local open tender
> €300,000	International open tender
> €5,000,000 (works)	International open tender with prior publication

For direct management grants (Horizon Europe, Erasmus+, Creative Europe, etc.), the PRAG does not apply directly. Instead, the **AGA (Annotated Grant Agreement)** and programme-specific guidelines govern beneficiary procurement obligations.

2.2.3 EU Public Procurement Directives

The EU public procurement framework rests on three principal directives:

Directive 2014/24/EU on Public Procurement: Applies to contracting authorities purchasing goods, services, and works above EU thresholds. Key provisions include:

- Advertising requirements (Contract Notices in the Official Journal / TED — Tenders Electronic Daily)
- Selection criteria (suitability, financial capacity, technical capacity)
- Award criteria (Most Economically Advantageous Tender — MEAT, incorporating quality/price ratio)
- Exclusion grounds (mandatory: criminal conviction, corruption, fraud; discretionary: conflicts of interest, professional misconduct)
- Standstill period (minimum 10 days between contract award decision and signing)

Directive 2014/23/EU on Concession Contracts: Applies to concessions for works and services where the operator bears the operating risk.

Directive 2014/25/EU on Procurement by Utilities: Applies to contracting entities in water, energy, transport, and postal services sectors.

Thresholds (from 1 January 2024):

- Works: €5,538,000
- Services/Supplies (central government): €143,000
- Services/Supplies (sub-central): €221,000
- Services/Supplies (utilities): €443,000

2.2.4 Procurement Compliance in Grant Projects

For grant professionals, procurement compliance requires attention to several specific risk areas:

Conflict of Interest in Procurement: Article 61 of the Financial Regulation defines conflict of interest broadly: any situation where a financial actor or other person involved in budget implementation has, directly or indirectly, a financial, economic, or personal interest that could compromise their impartiality and independence. In procurement, this requires exclusion of evaluators with interests in tenderers, disclosure requirements, and documentation of mitigation measures.

Nationality Rules: Under EU external aid grants, procurement must generally be open to eligible nationalities as defined by the applicable geographic rules. Under internal programmes, nationality restrictions are generally prohibited under the principle of non-discrimination.

Subcontracting: Grant agreements typically require that the main tasks of the project are performed by the beneficiary, not subcontracted. Subcontracting thresholds and conditions are specified in the grant agreement. Subcontractors are subject to the same procurement rules as direct purchases.

In-house Provision and Affiliated Entities: The use of affiliated entities, linked third parties, and in-house provision is subject to specific rules in each programme's grant agreement. The Horizon Europe AGA, for example, distinguishes between affiliated entities (which may receive funding directly), associated partners (which contribute without funding), and subcontractors.

Documentation Requirements: All procurement decisions must be documented with an audit trail sufficient to demonstrate compliance. This includes: market analysis, invitation documents, received offers, evaluation matrices, award decisions, and contract documents.

2.3 State Aid Rules and Their Interaction with EU Grants

2.3.1 The State Aid Framework: Article 107 TFEU

Article 107(1) TFEU establishes the general prohibition on State aid:

> *"Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market."*

For a measure to constitute State aid, all five cumulative criteria must be met:

1. **State resources** — The measure involves a transfer of state resources or a foregone revenue (e.g., tax exemption)
2. **Selectivity** — The measure favours certain undertakings or the production of certain goods
3. **Economic advantage** — The recipient receives an advantage it would not obtain under normal market conditions
4. **Distortion of competition** — The measure distorts or threatens to distort competition
5. **Effect on trade** — The measure affects trade between Member States

The interaction between EU grants and State aid arises in several contexts:

- Member State co-financing of EU-funded projects may constitute State aid if it confers selective advantages
- Infrastructure projects funded by ESIF may involve State aid elements
- Research and innovation grants may involve aid to undertakings
- Regional aid under Cohesion Policy must comply with the Regional Aid Guidelines

2.3.2 Exemptions and Compatibility Grounds

When a measure constitutes State aid, it may still be compatible with the internal market under several routes:

Article 107(2) TFEU — Automatic Compatibility: Aid having a social character granted to individual consumers; aid to remedy damage caused by natural disasters; aid to certain areas of Germany affected by the division of the country (transitional provision).

Article 107(3) TFEU — Discretionary Compatibility: Aid to promote development of areas with abnormally low living standards (Regional Aid); aid to promote important projects of common European interest (IPCEI); aid to facilitate development of certain economic activities (sector aid); aid to promote culture and heritage conservation; other aid as determined by the Council.

Block Exemptions: The **General Block Exemption Regulation (GBER — Commission Regulation (EU) 2014/651, as amended by Regulation (EU) 2023/1315)** exempts certain categories of aid from the notification obligation provided they meet specified conditions. Key GBER categories relevant to EU grant projects:

- **Research, Development and Innovation Aid** (Articles 25–30): Aid for fundamental research, industrial research, experimental development, feasibility studies, innovation clusters, and innovation advisory services. Intensity limits: 100% for fundamental research; 50% for industrial research; 25% for experimental development (with bonuses for SMEs and collaboration).
- **Regional Aid** (Articles 43–58): Investment aid in assisted areas designated in approved regional aid maps. Intensity varies by region category and enterprise size.
- **SME Aid** (Articles 17–24): Investment aid, consultancy aid, participation in fairs.
- **Training Aid** (Article 31): Specific and general training with intensity limits.
- **Environmental Aid** (Articles 36–49): Aid for energy efficiency, renewable energy, environmental protection.

De Minimis Regulation (Commission Regulation (EU) 2023/2831): Aid not exceeding €300,000 over three fiscal years to a single undertaking does not constitute State aid within the meaning of Article 107(1) TFEU, provided the regulation's conditions are met. The threshold was increased from €200,000 to €300,000 with effect from 1 January 2024.

2.3.3 State Aid Implications for EU Grant Beneficiaries

Grant professionals must assess State aid implications in several practical scenarios:

Direct Grants to Undertakings: When a public body (Managing Authority, national agency) awards a grant to an undertaking (a company or entity engaged in economic activity), the grant may constitute State aid. The MA must ensure that either: (a) the measure is exempted under GBER or de minimis; (b) the measure has been notified to and approved by the Commission; or (c) the measure does not constitute State aid (e.g., it is a service of general economic interest or the beneficiary is not an undertaking).

Research Organisations as Beneficiaries: Universities and research organisations occupy a dual role: their non-economic activities (basic research, education) are not subject to State aid rules; their economic activities (contract research, technology transfer, consultancy) are. The **Framework for State Aid for Research and Development and Innovation (R&D&I Framework)** provides specific guidance on this distinction.

Infrastructure Projects: Public infrastructure funded by ESIF is generally not State aid if it is not used for economic activities or if access is provided on open, transparent, non-discriminatory terms. However, infrastructure that generates revenue (airports, ports, broadband networks) requires careful State aid assessment.

Cumulation Rules: EU grants must be assessed for cumulation with other public support. GBER and de minimis regulations contain specific cumulation rules that prevent the total aid intensity from exceeding permitted maxima.

2.4 Data Protection: GDPR in EU-Funded Projects

2.4.1 The GDPR Framework

The **General Data Protection Regulation (Regulation (EU) 2016/679 — GDPR)** has applied since 25 May 2018 and establishes the fundamental framework for personal data protection in the EU. For EU-funded projects, GDPR obligations arise in multiple contexts:

- Processing of personal data of project staff, researchers, and participants
- Collection and use of data from human subjects in research projects
- Sharing of personal data with project partners, the Commission, and audit bodies
- Publication of beneficiary information in the Financial Transparency System
- Use of digital tools and platforms that process personal data

The GDPR is complemented by **Regulation (EU) 2018/1725** on the protection of natural persons with regard to the processing of personal data by EU institutions and bodies, which applies to the Commission's own data processing activities.

2.4.2 Key Principles and Obligations

Six Data Protection Principles (Article 5 GDPR):

1. **Lawfulness, Fairness, and Transparency**: Processing must have a lawful basis; data subjects must be informed
2. **Purpose Limitation**: Data collected for specified, explicit, legitimate purposes; not further processed incompatibly
3. **Data Minimisation**: Data must be adequate, relevant, and limited to what is necessary
4. **Accuracy**: Data must be accurate and kept up to date
5. **Storage Limitation**: Data must not be kept longer than necessary for the purpose
6. **Integrity and Confidentiality**: Appropriate security measures must be applied

Lawful Bases for Processing (Article 6 GDPR): In EU-funded projects, the most commonly applicable lawful bases are:

- **Consent** (Article 6(1)(a)): Freely given, specific, informed, unambiguous — required for most research involving human subjects

- **Contract** (Article 6(1)(b)): Processing necessary for performance of a contract with the data subject
- **Legal Obligation** (Article 6(1)(c)): Processing required by EU or Member State law
- **Legitimate Interests** (Article 6(1)(f)): Processing necessary for legitimate interests of the controller or third party, provided not overridden by data subject interests

Special Categories of Data (Article 9 GDPR): Processing of health data, genetic data, biometric data, racial/ethnic origin, political opinions, religious beliefs, trade union membership, or sexual orientation is prohibited unless a specific exception applies (explicit consent, scientific research, etc.).

2.4.3 Data Management Plans (DMPs)

Under **Horizon Europe**, all projects are required to submit a **Data Management Plan (DMP)** within the first six months of the project and update it at mid-term and at the end of the project. The DMP must address:

- **Data Description**: What data will be collected, processed, and generated
- **FAIR Data Principles**: How data will be made Findable, Accessible, Interoperable, and Reusable
- **Open Access**: Which datasets will be deposited in open repositories (under Horizon Europe's open access mandate)
- **Data Security**: Measures to protect personal and sensitive data
- **Ethical and Legal Compliance**: GDPR compliance, informed consent procedures, ethics approvals
- **Long-term Preservation**: Retention periods and archiving arrangements
- **Costs**: Resources allocated for data management

The Commission's **Open Research Europe** platform and the **European Open Science Cloud (EOSC)** provide infrastructure for data sharing and deposit.

2.4.4 GDPR Compliance in Project Implementation

Data Protection Impact Assessments (DPIAs): Required under Article 35 GDPR when processing is likely to result in a high risk to data subjects. Mandatory for: large-scale processing of special categories; systematic monitoring of publicly accessible areas; new technologies with high risk. In research projects, DPIAs are typically required for clinical trials, large-scale surveys, and projects involving vulnerable populations.

Data Subject Rights: Projects must have procedures to respond to requests from data subjects exercising their rights: access (Article 15), rectification (Article 16), erasure (Article 17), restriction (Article 18), portability (Article 20), objection (Article 21). Response deadlines are generally one month (extendable to three months for complex requests).

International Data Transfers: Transfer of personal data to third countries requires one of the mechanisms in Chapter V GDPR: adequacy decision (Commission decision that the third country provides adequate protection — e.g., UK, Japan, Canada, South Korea); Standard Contractual Clauses (SCCs — updated 2021 versions); Binding Corporate Rules; or derogations for specific situations. Post-Schrems II (CJEU C-311/18, 2020), transfers to the US require additional safeguards; the EU-US Data Privacy Framework (adequacy decision, July 2023) provides a new mechanism for transfers to certified US organisations.

Data Breach Notification: Controllers must notify the supervisory authority within 72 hours of becoming aware of a personal data breach (Article 33 GDPR). If the breach is likely to result in high risk to data subjects, the controller must also notify the affected individuals without undue delay (Article 34).

Data Protection Officer (DPO): Mandatory for public authorities and bodies; for private organisations processing special categories at large scale or conducting systematic large-scale

monitoring. Many universities and research organisations have appointed DPOs who should be consulted on project data protection matters.

2.5 The Audit and Control Framework

2.5.1 The Multi-Tier Control Architecture

EU-funded expenditure is subject to a multi-tier control architecture designed to provide assurance at multiple levels that funds have been used in accordance with applicable rules. The architecture varies by implementation mode but follows a common logic of first-level controls by the contracting authority, second-level controls by management, and third-level independent audit.

For Direct Management (e.g., Horizon Europe, Erasmus+):

- **First Level (Beneficiary)**: Internal controls of the beneficiary organisation; financial management procedures; documentation of expenditure; project management oversight
- **Second Level (Commission/Agency)**: Technical and financial monitoring by project officers; desk reviews of reports; risk-based on-the-spot checks; financial audits of beneficiaries
- **Third Level (Independent)**: European Court of Auditors (ECA); OLAF investigations; national audit bodies where applicable

For Shared Management (e.g., ERDF, ESF+, CF):

- **First Level (Beneficiary)**: Internal controls; documentation of operations; compliance with national and EU rules
- **Second Level (Managing Authority)**: Administrative verification of all payment claims; on-the-spot checks of a sample of operations; anti-fraud measures
- **Third Level (Audit Authority)**: System audits of MA/CA systems; audits of operations (sample-based); annual control reports and audit opinions
- **Fourth Level (Commission)**: Audits and reviews of MA/AA systems; financial corrections where irregularities found; clearance of accounts procedure
- **Fifth Level (ECA)**: Audit of legality and regularity; annual Statement of Assurance (DAS)

2.5.2 The European Court of Auditors

The **European Court of Auditors (ECA)**, established by Article 285 TFEU, is the EU's independent external auditor. Its mandate encompasses:

Annual Statement of Assurance (DAS): Under Article 287(1) TFEU, the ECA provides the European Parliament and Council with a Statement of Assurance on the reliability of the EU accounts and the legality and regularity of underlying transactions. The DAS has been qualified (adverse opinion on legality and regularity) in every year since its introduction, reflecting the structural challenge of managing complex multi-level expenditure programmes.

Special Reports: The ECA publishes approximately 30 Special Reports per year on specific EU policies, programmes, or management issues. These reports provide detailed findings and recommendations that shape Commission policy and legislative proposals. For grant professionals, ECA Special Reports on Horizon Europe, Cohesion Policy, Erasmus+, and other programmes provide authoritative assessments of management effectiveness.

Performance Audits: In addition to compliance audits, the ECA conducts performance audits assessing economy, efficiency, and effectiveness of EU spending. These audits examine whether programmes are achieving their objectives and providing value for money.

Estimated Error Rate: The ECA's most important metric for grant professionals is the **estimated error rate** — the percentage of expenditure affected by errors of legality and regularity. The overall error rate for EU expenditure has ranged between 2% and 4% in recent years, above the materiality threshold of 2%. The most common error categories are: ineligible expenditure;

failure to respect procurement rules; non-existence of the operation; and incorrect application of state aid rules.

2.5.3 Financial Audits of Beneficiaries

Under direct management programmes, beneficiaries are subject to financial audits that may be conducted:

- **By the Commission or executive agency**: Using own staff or contracted audit firms
- **By the European Court of Auditors**: As part of the DAS or special reports
- **By OLAF**: Where fraud or irregularity is suspected
- **By national audit bodies**: In the context of national co-financing

Audit Rights: Grant agreements confer broad audit rights on the Commission, ECA, OLAF, and EPPO. Beneficiaries must retain all documents and records for a minimum period (typically 5 years after the final payment, but longer in some programmes) and must provide access to their premises, records, and staff.

The Audit Cascade: In consortium projects, the coordinator is responsible for ensuring that all consortium members maintain adequate documentation and cooperate with audits. The audit cascade means that an audit finding against one partner can result in financial corrections affecting the entire consortium.

Certificates on Financial Statements (CFS): Under Horizon Europe and similar programmes, beneficiaries claiming above a threshold (€325,000 under HE) must submit a CFS issued by an independent auditor. The CFS provides assurance that costs have been incurred and are eligible. Costs rejected in a CFS may be subject to recovery.

2.5.4 Financial Corrections and Recovery

When audits identify irregularities or ineligible expenditure, the Commission may impose **financial corrections** — reductions in the amount of EU contribution to recover funds improperly spent.

Types of Financial Corrections:

- **Individual corrections**: Applied to specific identified ineligible expenditure
- **Flat-rate corrections**: Applied as a percentage of expenditure where the extent of irregularity cannot be precisely quantified (e.g., 10%, 25%, 100% for procurement failures)
- **Extrapolated corrections**: Statistical extrapolation from a sample to the population

Recovery Procedures: Under Article 101 of the Financial Regulation, the Commission issues a **recovery order** requiring repayment of incorrectly paid amounts. Interest accrues from the date of the original payment at the rate applied by the European Central Bank plus 3.5 percentage points. Recovery orders that are not complied with may be enforced through national courts or set off against future payments.

Limitation Period: The Commission's right to recover is subject to a limitation period of 5 years from the date of payment (extendable where fraud is involved).

2.6 The Anti-Fraud Framework

2.6.1 The PIF Directive

The **Protection of the EU's Financial Interests Directive (PIF Directive — Directive (EU) 2017/1371)** establishes minimum rules for the definition and sanctioning of criminal offences affecting the EU's financial interests. The PIF Directive covers:

Fraud against the EU budget: Any intentional act or omission relating to the use or presentation of false, incorrect, or incomplete statements or documents; non-disclosure of information in violation of a specific obligation; misappropriation of funds for purposes other than those for

which they were originally granted. This covers both expenditure fraud (false claims) and revenue fraud (customs and VAT fraud).

Corruption: Passive corruption (public official requesting or receiving advantage) and active corruption (giving advantage to a public official) affecting EU financial interests.

Misappropriation: A public official intentionally misappropriating or disbursing funds contrary to the purpose for which they were intended.

Money Laundering: Laundering of proceeds of fraud, corruption, or misappropriation affecting EU financial interests.

Member States must ensure that these offences are punishable by effective, proportionate, and dissuasive criminal penalties, including imprisonment of at least four years for serious cases. The PIF Directive also requires Member States to establish jurisdiction over these offences and to cooperate with OLAF and EPPO.

2.6.2 OLAF: The European Anti-Fraud Office

The **European Anti-Fraud Office (OLAF)**, established by Commission Decision 1999/352/EC and regulated by Regulation (EU, Euratom) 2020/2223 (the revised OLAF Regulation), is the EU's administrative investigation body for fraud affecting the EU's financial interests.

Mandate and Powers: OLAF may conduct:

- **External investigations**: Investigations of economic operators (companies, NGOs, individuals) receiving EU funds
- **Internal investigations**: Investigations of EU officials and staff of EU institutions, bodies, offices, and agencies
- **Coordination activities**: Coordination of anti-fraud activities of Member States' competent authorities

OLAF investigators have the power to:

- Access premises, records, and computer systems of economic operators
- Request documents and information from national authorities
- Conduct interviews with witnesses and persons concerned
- Request assistance from national authorities (customs, police, prosecutors)

Investigation Process: OLAF investigations follow a defined process:

1. **Selection**: OLAF receives information (from whistleblowers, Member States, EU institutions, public sources) and assesses whether to open an investigation
2. **Investigation**: Gathering of evidence through document review, interviews, on-the-spot checks
3. **Final Report**: OLAF issues a final report with findings and recommendations
4. **Follow-up**: Recommendations sent to competent national authorities (for criminal prosecution), EU institutions (for disciplinary action), or the Commission (for financial recovery)

OLAF Statistics: OLAF opens approximately 150–200 new investigations per year and recommends recovery of approximately €1–2 billion annually. The most common sectors for OLAF investigations are structural funds, agriculture, and external aid.

Relationship with EPPO: Following the establishment of EPPO (see below), OLAF must refer cases involving criminal offences within EPPO's competence to EPPO. OLAF retains jurisdiction over administrative investigations and cases in non-EPPO Member States.

2.6.3 EPPO: The European Public Prosecutor's Office

The **European Public Prosecutor's Office (EPPO)**, established by Council Regulation (EU) 2017/1939 implementing enhanced cooperation, became operational on 1 June 2021. EPPO

is the first EU criminal prosecution body with the power to investigate and prosecute criminal offences affecting the EU's financial interests.

Participating Member States: 22 EU Member States participate in EPPO (all except Hungary, Poland, Sweden — which has since joined — and Denmark, which has an opt-out). Non-participating Member States cooperate with EPPO through judicial cooperation mechanisms.

Competence: EPPO has competence over criminal offences affecting the EU's financial interests as defined in the PIF Directive, including:

- Fraud against the EU budget (both expenditure and revenue)
- Corruption involving EU officials or affecting EU funds
- Money laundering of proceeds of PIF offences
- VAT fraud exceeding €10 million involving at least two Member States

Structure: EPPO operates through a two-tier structure:

- **Central Level** (Luxembourg): European Chief Prosecutor, College of European Prosecutors (one per participating Member State), Permanent Chambers (supervising investigations)
- **National Level**: European Delegated Prosecutors (EDPs) located in participating Member States, conducting investigations under EPPO's direction using national criminal procedure

Powers: EPPO has the full powers of a national prosecutor in all participating Member States. EDPs can order arrests, searches, seizures, telecommunications interception, and freezing of assets. Cases are tried before national courts applying national criminal procedure.

Significance for Grant Professionals: EPPO represents a step-change in the enforcement of EU financial interests protection. Grant professionals must understand that fraudulent grant claims may now result in criminal prosecution across the EU, not merely administrative recovery. The existence of EPPO creates a strong deterrent effect and underscores the importance of robust internal controls and anti-fraud measures.

2.6.4 Anti-Fraud Measures in Programme Implementation

The **Common Provisions Regulation** (Article 69 CPR 2021/1060) requires Managing Authorities to put in place effective and proportionate anti-fraud measures taking into account identified risks. The Commission has developed guidance on anti-fraud measures including:

ARACHNE: The Commission's data-mining and risk-scoring tool, available to Managing Authorities under shared management. ARACHNE analyses data on projects, beneficiaries, contracts, and contractors to identify risk indicators including: conflicts of interest; concentration of contracts; unusual payment patterns; connections to companies on exclusion lists.

Early Detection and Exclusion System (EDES): The Commission maintains a database of economic operators that have been excluded from participation in EU procurement and grants due to: fraud; corruption; participation in a criminal organisation; money laundering; child labour; tax fraud; serious professional misconduct; providing false information; or being subject to an OLAF final report recommending exclusion.

Whistleblower Protection: The **Whistleblower Protection Directive (Directive (EU) 2019/1937)** requires Member States and organisations above 50 employees to establish internal reporting channels and protect whistleblowers from retaliation. For EU-funded projects, the Commission operates a **Fraud Notification System** allowing anonymous reporting of suspected fraud.

Anti-Fraud Policy: Organisations receiving significant EU funding should develop and implement an anti-fraud policy covering: risk assessment; preventive controls; detective controls (monitoring, audit); corrective measures (recovery, disciplinary action); and awareness training.

2.7 Ethics, Conflicts of Interest, and Professional Standards

2.7.1 The Concept of Conflict of Interest

Article 61 of the Financial Regulation provides the foundational definition: a conflict of interest exists where the impartial and objective exercise of the functions of a financial actor or other person involved in the implementation of the budget is compromised for reasons involving family, emotional life, political affinity, national affinity, economic interest, or any other shared interest with the recipient.

The definition encompasses three types of conflict:

Actual Conflict of Interest: A current, existing conflict where the person's private interests directly conflict with their official duties. Example: a grant evaluator who holds shares in a company that has submitted an application.

Potential Conflict of Interest: A situation that could lead to an actual conflict in the future if not addressed. Example: a project officer whose spouse works for a beneficiary organisation.

Apparent Conflict of Interest: A situation that, even if no actual conflict exists, could reasonably be perceived by an objective observer as compromising impartiality. Example: an evaluator who has published jointly with an applicant.

2.7.2 Prevention and Management of Conflicts of Interest

Declaration of Interests: Persons involved in budget implementation, evaluation, and decision-making must complete declarations of interest. These should be reviewed by supervisors or ethics advisors before the person is assigned to a role. The declaration must be updated whenever circumstances change.

Exclusion and Recusal: Where a conflict of interest is identified, the person must be excluded from the relevant decision or recused from the process. Documentation of the conflict and the action taken must be maintained.

Cooling-Off Periods: Former officials and staff involved in grant decisions may be subject to cooling-off periods before they can take up positions with beneficiary organisations or work as consultants on EU-funded projects. The Staff Regulations of EU officials impose specific restrictions.

Institutional Measures: Organisations should implement: rotation of staff in sensitive roles; segregation of duties; independent review of high-risk decisions; ethics hotlines; and regular training on conflict of interest identification and management.

2.7.3 Ethical Principles in EU-Funded Research

Under **Horizon Europe**, all funded research must comply with ethical principles and applicable legislation. The **Ethics Appraisal** is an integral part of the evaluation process for proposals involving:

- **Human participants**: Informed consent, privacy protection, vulnerable populations
- **Human biological material**: Biobanks, tissue samples, genetic data
- **Personal data**: GDPR compliance, data minimisation, security
- **Animals**: 3Rs principles (Replace, Reduce, Refine), national authorisations
- **Dual-use research**: Research that could be misused for harmful purposes (CBRN risks)
- **Environmental impact**: Biodiversity, ecological risks
- **Research in third countries**: Compliance with local law and international standards

The **Ethics Self-Assessment** in the proposal must identify all ethical issues and describe how they will be addressed. Proposals with significant ethical concerns undergo **Ethics Review** by independent experts. Projects may be required to obtain **Ethics Deliverables** (ethics board approvals, consent forms, DPIAs) before certain activities can begin.

2.8 Grant Agreement Conditions: Legal Obligations in Practice

2.8.1 The Grant Agreement as a Legal Instrument

The **Grant Agreement (GA)** is the primary legal instrument binding the Commission (or executive agency) and the beneficiary (and, in consortium grants, all consortium members). The GA is a contract under EU law, supplemented by the applicable EU regulations and, where relevant, national law.

Under **Horizon Europe**, the GA consists of:

- **Special Conditions**: Project-specific terms (title, duration, budget, partners, objectives)
- **General Conditions (Annex 5)**: Standard terms applicable to all HE grants (rights, obligations, eligibility, reporting, payments, amendments, termination, IPR)
- **Annexes**: Description of the Action (Annex 1), Estimated Budget (Annex 2), Grant Amount (Annex 3), Model for Financial Statements (Annex 4)

The **Annotated Grant Agreement (AGA)** is the Commission's authoritative commentary on the GA General Conditions, providing detailed guidance on interpretation and application. The AGA is updated regularly and constitutes the primary operational reference for Horizon Europe grant management.

2.8.2 Key Obligations Under the Grant Agreement

Implementation Obligations: The beneficiary must implement the project as described in Annex 1, using the resources described in Annex 2, within the project duration. Deviations from the Description of Action require either formal amendment (for significant changes) or notification (for minor changes).

Reporting Obligations: Periodic reports (technical and financial) must be submitted at intervals specified in the GA. Under Horizon Europe, reporting periods are typically 18 months, with a final report due 60 days after project end. Late reporting may result in suspension of payments.

Financial Management Obligations: Costs must be: actually incurred; incurred during the project duration; indicated in the estimated budget; necessary for project implementation; identifiable and verifiable; reasonable, justified, and compliant with sound financial management; and compliant with applicable national tax, labour, and social security legislation.

Record-Keeping Obligations: Beneficiaries must keep records and other supporting documentation for 5 years after the final payment (or longer in some programmes). Records must be sufficient to demonstrate that reported costs are eligible.

Intellectual Property Rights (IPR): Under Horizon Europe, beneficiaries own the results generated in the project. They must protect results capable of industrial or commercial application; grant access rights to other consortium members for project implementation and exploitation; and comply with open access requirements for publications and data.

Visibility and Communication Obligations: Beneficiaries must acknowledge EU funding in all communications, publications, and outputs. Specific requirements apply to logos, acknowledgement text, and media activities.

2.8.3 Amendments to Grant Agreements

Types of Amendments:

- **Amendments requiring Commission approval**: Changes to the consortium (addition/removal of partners); changes to the project title or objectives; significant changes to the Description of Action; budget transfers above thresholds; extension of project duration; changes to the payment schedule

- **Amendments not requiring approval (notification only)**: Minor changes to work plan; changes to personnel; changes to contact details; budget transfers below thresholds (programme-specific)
- **Amendments by Commission unilateral decision**: Reduction of grant amount following audit; termination for non-performance

Amendment Process: Requests for amendment must be submitted through the Commission's IT system (e.g., Funding & Tenders Portal for Horizon Europe) before the proposed change takes effect (except in force majeure situations). The Commission has defined response times for amendment requests (typically 45 days).

Force Majeure: Article 51 of the HE GA defines force majeure as an unforeseeable, exceptional situation beyond the control of the parties that prevents performance of obligations. COVID-19 was recognised as force majeure for many projects. Force majeure does not exempt from financial obligations already incurred but may justify extension of project duration.

2.8.4 Termination and Suspension

Termination by Commission: The Commission may terminate the GA in whole or in part if: the beneficiary fails to implement the project; the beneficiary is in breach of obligations; the beneficiary is in a situation of exclusion; or force majeure makes implementation impossible. Termination results in recovery of all payments made.

Termination by Beneficiary: A beneficiary may terminate its participation if it can no longer fulfil its obligations due to force majeure or other exceptional circumstances. The remaining partners may continue the project if the coordinator agrees and the Commission approves.

Suspension of Payments: The Commission may suspend payments if: the beneficiary fails to submit required reports; there are doubts about the eligibility of reported costs; an OLAF investigation is ongoing; or there are concerns about the proper implementation of the project.

2.9 Eligibility of Costs: Principles and Categories

2.9.1 The Eligibility Framework

Cost eligibility is the central question in financial management of EU grants. The Financial Regulation and programme-specific rules establish a framework of eligibility conditions that must be met for costs to be charged to the EU grant. Non-eligible costs must be borne by the beneficiary from other sources.

General Eligibility Conditions (applicable under most programmes):

1. **Actually incurred**: Costs must have been actually incurred by the beneficiary (not estimated or budgeted amounts that were not spent)
2. **During the project period**: Costs must have been incurred during the project duration (from start date to end date of the grant)
3. **Necessary for the project**: Costs must be necessary for the implementation of the project activities described in the Description of Action
4. **Identifiable and verifiable**: Costs must be recorded in the beneficiary's accounts and verifiable by audit
5. **Reasonable and justified**: Costs must correspond to the principle of sound financial management (economy, efficiency, effectiveness)
6. **Compliant with applicable law**: Costs must comply with applicable national tax, labour, and social security legislation

2.9.2 Cost Categories

Direct Costs: Costs directly attributable to the project, charged at actual cost:

- **Personnel Costs**: Salaries, social charges, and other employment costs of staff working on the project. Under Horizon Europe, personnel costs are calculated using the beneficiary's usual payroll accounting practices and must be supported by timesheets (or equivalent documentation for 100% dedication). The HE rules introduce simplified approaches: unit costs based on annual productive hours; and flat-rate options for some categories.
- **Subcontracting Costs**: Costs of subcontracts for tasks that cannot be performed by the beneficiary. Must be procured competitively and cannot cover core project tasks.
- **Other Direct Costs**: Travel and subsistence; equipment (depreciation or rental); consumables and supplies; costs of financial guarantee (where required); costs for open access publications; other specific costs.

Indirect Costs (Overheads): Costs that cannot be directly attributed to the project but are necessary for its implementation. Under Horizon Europe, indirect costs are calculated as a flat rate of **25% of direct eligible costs** (excluding subcontracting and costs of financial support to third parties). This flat rate replaces the complex actual overhead calculation used in FP7.

Not Eligible Costs (examples):

- Return on capital; debt and debt service charges
- Provisions for future losses or charges
- Interest owed; doubtful debts; exchange losses
- VAT (recoverable VAT is not eligible; non-recoverable VAT may be eligible)
- Costs reimbursed from other EU sources (double financing prohibition)
- Excessive or reckless expenditure

2.9.3 Simplified Cost Options

To reduce administrative burden, the Financial Regulation and programme regulations provide for **Simplified Cost Options (SCOs)**:

Unit Costs: A fixed amount per unit of output or input (e.g., per researcher month, per participant, per training day). Unit costs must be established based on fair, equitable, and verifiable calculation methods.

Lump Sums: A fixed amount for a defined package of activities or outputs. The beneficiary receives the lump sum if the activities are completed as described, regardless of actual costs incurred. Widely used in Horizon Europe (lump sum grants for many ERC and MSCA actions).

Flat Rates: A fixed percentage applied to one or more cost categories to cover another category (e.g., the 25% indirect cost flat rate in Horizon Europe).

The use of SCOs simplifies reporting and reduces audit burden for both beneficiaries and the Commission, but requires careful design to ensure that the simplified amounts reflect actual costs and do not result in over- or under-compensation.

2.10 Regulatory Compliance in Practice: An Integrated Approach

2.10.1 Compliance Management Systems

Organisations managing multiple EU grants across different programmes face the challenge of maintaining compliance with overlapping and sometimes conflicting regulatory frameworks. A **Compliance Management System (CMS)** provides the organisational infrastructure to manage this complexity:

Policy Framework: Written policies and procedures covering procurement, personnel management, financial management, data protection, anti-fraud, and conflict of interest. Policies must be updated to reflect regulatory changes and audit findings.

Risk Register: Systematic identification and assessment of compliance risks, with assigned owners, mitigation measures, and monitoring indicators. The risk register should be reviewed at least annually and updated following significant regulatory changes or audit findings.

Internal Controls: Operational controls embedded in day-to-day processes: dual authorisation for financial transactions; segregation of duties between initiators and approvers; documentary evidence requirements; reconciliation procedures; and exception reporting.

Training and Awareness: Regular training for all staff involved in grant management on applicable rules, procedures, and ethical standards. Training should be role-specific, regularly updated, and documented.

Monitoring and Reporting: Internal monitoring of compliance indicators; regular reporting to senior management; escalation procedures for identified issues; lessons-learned processes following audits.

2.10.2 Compliance Across the Project Lifecycle

Pre-Award Phase: Compliance considerations include: eligibility of the organisation to receive EU grants (registration, financial capacity, exclusion checks); compliance of the proposed project with programme rules and ethical requirements; accuracy of budget estimates; and completeness of declarations and representations.

Grant Agreement Signature: Review of GA conditions; identification of specific compliance obligations; assignment of responsibilities within the project team; establishment of project-specific procedures; and briefing of consortium partners.

Implementation Phase: Ongoing compliance monitoring; procurement planning and execution; personnel time recording; financial management and cost classification; data protection compliance; and ethics deliverables.

Reporting Phase: Preparation and review of financial statements; certification of costs; technical reporting; and submission of required deliverables and reports.

Audit Phase: Preparation for audit; provision of documentation; response to audit queries; management of findings; and implementation of corrective actions.

Closeout Phase: Final financial reconciliation; return of unspent funds; archiving of project documentation; and lessons-learned review.

2.10.3 Regulatory Intelligence and Change Management

The EU regulatory framework for grants is subject to continuous evolution. New regulations, revised guidelines, updated AGA versions, ECA audit findings, and Commission guidance notes are published regularly. Grant professionals must maintain **regulatory intelligence** processes:

Monitoring Sources: Official Journal of the EU; EUR-Lex legislative tracking; Commission Funding & Tenders Portal news; ECA publications; regulatory updates; professional associations and networks.

Impact Assessment: When regulatory changes occur, assessing their impact on ongoing projects (which may be subject to the rules in force at the time of grant agreement signature — the principle of legal certainty) and on future applications.

Dissemination: Communicating regulatory changes to relevant staff and partners; updating internal procedures; and providing training on new requirements.

Engagement: Participating in public consultations on proposed regulatory changes; engaging with Commission working groups and stakeholder platforms; contributing to professional associations' regulatory monitoring activities.

2.11 The Regulatory Landscape for Specific Programme Types

2.11.1 Horizon Europe: The Research and Innovation Framework

Horizon Europe (Regulation (EU) 2021/695) operates under a bespoke legal framework that reflects the specific characteristics of research and innovation funding. The regulation establishes the programme's objectives, structure, and governance, while the **Model Grant Agreement (MGA)** — adopted by Commission Decision and regularly updated — provides the standard contractual terms.

Key legal features of the Horizon Europe framework include:

Lump Sum Grants: A significant proportion of Horizon Europe grants, particularly in Pillar I (ERC, MSCA) and increasingly in Pillar II, are implemented as lump sum grants. Under the lump sum approach, the grant amount is fixed at the outset based on the estimated budget; the beneficiary receives the full amount if the work is completed as described, regardless of actual costs incurred. This approach eliminates the need for detailed cost reporting and simplifies audit, but requires rigorous ex ante assessment of the proposed budget.

Open Access Mandate: Horizon Europe Regulation establishes a mandatory open access requirement: all peer-reviewed scientific publications resulting from Horizon Europe funding must be made available in open access immediately upon publication (no embargo period). For research data, the default is open access unless there are legitimate reasons for restriction (privacy, security, IPR, commercial interests). The FAIR data principles apply to all research data.

Widening Participation: The Horizon Europe regulation includes specific provisions to address the persistent innovation divide between EU Member States. Widening countries (those with lower R&I performance) benefit from specific actions: ERA Chairs, Twinning, Teaming, and dedicated Widening calls. Legal requirements for consortium composition may include widening country partners.

Ethics Requirements: Regulation establishes that all research and innovation activities must comply with ethical principles and applicable legislation. The ethics appraisal process is described in the Programme Guide and the Ethics Guidelines. Projects involving specific ethical issues must obtain ethics deliverables before proceeding with the relevant activities.

Intellectual Property: The Horizon Europe IP provisions (MGA) are among the most detailed in any EU programme. Key provisions include: ownership of results by the generating party; access rights for project implementation (automatic, free of charge); access rights for exploitation (to be negotiated); background exclusions; protection obligations; and technology transfer provisions. The **IP Helpdesk** operated by the Commission provides free advisory services on HE IP issues.

2.11.2 European Structural and Investment Funds: The Shared Management Framework

The **Common Provisions Regulation (CPR — Regulation (EU) 2021/1060)** establishes the common framework for the ERDF, ESF+, CF, JTF, EMFAF, and (partially) EAFRD and EMFF. The CPR introduces significant changes from the 2014–2020 framework:

Policy Objectives and Enabling Conditions: The 2021–2027 ESIF framework is organised around five Policy Objectives (PO1: Smarter Europe; PO2: Greener Europe; PO3: More Connected Europe; PO4: More Social Europe; PO5: Europe Closer to Citizens) and specific thematic objectives for the JTF. **Enabling Conditions** (formerly ex ante conditionalities) must be fulfilled before relevant expenditure can be certified; non-fulfilment results in suspension of related payments.

Partnership Principle: CPR requires Member States to organise a partnership with competent regional and local authorities, urban and other public authorities, economic and social partners, and civil society organisations in the preparation, implementation, monitoring, and evaluation

of programmes. The **European Code of Conduct on Partnership** provides guidance on implementing this principle.

Performance Framework: Each programme includes a performance framework with output and result indicators, milestones, and targets. CPR establishes a performance review at the end of 2025; programmes failing to achieve at least 85% of their 2024 milestones may face suspension or reduction of payments.

Financial Management and Control: The 2021–2027 framework introduces a revised control architecture:

- **Managing Authority** functions include programme management, selection of operations, financial management, and anti-fraud measures
- **Accounting Function** (replacing the former Certifying Authority) is responsible for drawing up and submitting payment applications, maintaining accounts, and certifying completeness, accuracy, and veracity of accounts
- **Audit Authority** conducts system audits and audits of operations; issues annual control reports and audit opinions

Simplified Cost Options in ESIF: The CPR strongly encourages the use of SCOs to reduce administrative burden. CPR establishes that grants and repayable assistance may be calculated on the basis of standard scales of unit costs, lump sums, flat rates, or a combination. The Commission may adopt delegated acts establishing standard scales of unit costs applicable across Member States.

2.11.3 External Action Grants: The PRAG Framework

Grants under EU external action programmes (implemented by DG INTPA, DG NEAR, DG ECHO, and the European External Action Service) are governed by the **PRAG** and the **Standard Grant Agreement for External Actions**. The external action framework has several distinctive features:

Nationality Rules: Contracts and grants must generally be open to natural and legal persons from: EU Member States; beneficiary countries; and (for certain programmes) other eligible countries as specified in the applicable regulation. The rules are designed to ensure that EU external aid benefits EU and partner-country actors rather than third-country competitors.

Visibility Requirements: EU external action grants have strict visibility requirements: the EU flag must be displayed on all communications and physical outputs; EU funding must be acknowledged in all public communications; and specific branding guidelines apply to different programmes.

Local Cost Rules: Specific rules apply to the eligibility of costs incurred in the beneficiary country, including rules on exchange rates, local staff costs, and in-kind contributions.

Humanitarian Aid (ECHO): Grants under the EU Civil Protection and Humanitarian Aid Operations (ECHO) are governed by the **Humanitarian Aid Regulation (Regulation (EC) 1257/96)** and the **Framework Partnership Agreement (FPA)** between ECHO and implementing partners. ECHO grants operate under a simplified framework reflecting the emergency context of humanitarian operations.

2.12 Regulatory Compliance Challenges and Emerging Issues

2.12.1 The Complexity Challenge: Navigating Multiple Regulatory Layers

One of the most significant challenges for EU grant professionals is navigating the multiple layers of regulation that apply simultaneously to a single project:

- **EU primary law** (TFEU, Charter of Fundamental Rights)

- **EU secondary legislation** (Financial Regulation, programme regulations, GDPR)
- **Commission implementing regulations and delegated acts**
- **Grant agreement general and specific conditions**
- **Programme guidelines and operational manuals**
- **National law** (procurement law, labour law, tax law, accounting standards)
- **Institutional policies and procedures**

These layers do not always align perfectly. National procurement thresholds may differ from programme guidelines; national accounting standards may treat costs differently from EU eligibility rules; national data protection law may impose additional requirements beyond the GDPR minimum. The grant professional must identify the applicable rules, resolve apparent conflicts (applying the principle of lex specialis — specific rules override general rules, and EU law prevails over national law), and document the rationale for decisions.

2.12.2 The Digital Transformation of Compliance

The Commission's digital transformation agenda is reshaping compliance management:

Funding & Tenders Portal: The single entry point for all Horizon Europe and many other direct management grants. All applications, grant agreements, amendments, reports, and payments are processed through the Portal. The Portal's IT systems perform automated eligibility checks and compliance validations, reducing the scope for human error but also creating new risks (system errors, data quality issues, access management).

Electronic Document Management: The shift to electronic records creates both opportunities (easier retrieval, automated retention management) and challenges (authenticity, integrity, long-term preservation, access control). The **eIDAS Regulation (Regulation (EU) 910/2014)** provides the legal framework for electronic identification and trust services, including electronic signatures that may be required for grant agreement execution.

Blockchain and Distributed Ledger Technology: Pilot projects are exploring the use of blockchain for grant disbursement tracking, beneficiary verification, and audit trail management. While not yet mainstream, these technologies may transform compliance verification in future programme periods.

Artificial Intelligence in Compliance: AI tools are increasingly used for: automated review of financial reports; anomaly detection in expenditure patterns; natural language processing of audit reports; and risk scoring of beneficiaries. Grant professionals must understand both the potential of these tools and their limitations (algorithmic bias, explainability requirements under the EU AI Act).

2.12.3 Post-COVID Regulatory Adaptations

The COVID-19 pandemic prompted significant temporary adaptations to EU grant rules, some of which have been incorporated into the permanent framework:

Force Majeure Provisions: The pandemic led to widespread invocation of force majeure clauses and demonstrated the importance of clear, well-drafted force majeure provisions in grant agreements. The HE MGA now includes more detailed force majeure provisions.

Remote Audits and Checks: The pandemic demonstrated that many audit and control activities can be conducted remotely (document review, interviews via video conference). Remote audit procedures have been formalised in many programmes, reducing travel costs and increasing efficiency.

Flexibility in Project Implementation: The pandemic experience led to greater flexibility in project implementation: easier amendment procedures; extended reporting deadlines; acceptance of virtual events and activities; and modified eligibility rules for specific cost categories (e.g., cancellation costs).

2.12.4 Regulatory Developments: Looking Ahead

Several regulatory developments are shaping the future compliance landscape for EU grant professionals:

MFF 2028–2034 Preparation: The next Multiannual Financial Framework will be negotiated from approximately 2026, with new programme regulations likely to be proposed in 2027. Grant professionals should monitor Commission communications on the future of EU spending and engage in public consultations.

Anti-Money Laundering Package: The EU's new AML framework (AML Regulation, AMLD6, and the establishment of the Anti-Money Laundering Authority — AMLA) will strengthen due diligence requirements for financial flows, including grant disbursements. Managing Authorities and implementing bodies may face enhanced KYC (Know Your Customer) obligations.

Corporate Sustainability Reporting Directive (CSRD): Large organisations receiving EU grants will be subject to enhanced sustainability reporting requirements under the CSRD (Directive (EU) 2022/2464). ESG (Environmental, Social, Governance) considerations are increasingly integrated into grant eligibility and selection criteria.

EU AI Act (Regulation (EU) 2024/1689): The AI Act establishes a risk-based framework for AI systems. AI tools used in grant evaluation, monitoring, and compliance checking may be classified as high-risk systems subject to conformity assessment, transparency, and human oversight requirements.

Open Data and Re-use of Public Sector Information: The **Open Data Directive (Directive (EU) 2019/1024)** and its implementing acts require public sector bodies to make data available for re-use. Grant professionals managing public sector beneficiaries must ensure that project data management plans account for open data obligations alongside GDPR protections.

2.13 Practical Tools and Resources for Legal Compliance

2.13.1 Key Reference Documents

Grant professionals should maintain familiarity with the following authoritative reference documents:

For Direct Management (Horizon Europe):

- Horizon Europe Regulation (EU) 2021/695 and its annexes
- Horizon Europe Model Grant Agreement (current version on Funding & Tenders Portal)
- Annotated Grant Agreement (AGA) — updated regularly
- Horizon Europe Programme Guide
- Horizon Europe Ethics Guidelines
- Horizon Europe Open Access Guidelines
- Horizon Europe IP Guidelines

For Shared Management (ESIF):

- Common Provisions Regulation (EU) 2021/1060
- Fund-specific regulations (ERDF, ESF+, CF, JTF)
- Commission guidance notes on eligibility, audit, financial instruments
- National operational programme rules and implementation guides
- EGESIF guidance documents (European Structural and Investment Funds)

For External Action:

- PRAG (current version)
- Standard Grant Agreement for External Actions
- Programme-specific guidelines (NDICI, IPA III, ECHO FPA)

Cross-Cutting References:

- EU Financial Regulation 2018/1046
- GDPR (Regulation (EU) 2016/679) and national implementing legislation
- OLAF Regulation (EU, Euratom) 2020/2223
- EPPO Regulation (EU) 2017/1939
- PIF Directive (EU) 2017/1371
- State Aid GBER (EU) 2014/651 (as amended)
- De Minimis Regulation (EU) 2023/2831
- Public Procurement Directives 2014/24/EU, 2014/23/EU, 2014/25/EU

2.13.2 Digital Tools and Platforms

EUR-Lex (eur-lex.europa.eu): The official EU law database, providing access to the full text of all EU legislation, consolidated versions, preparatory acts, and case law. Essential for accessing current and historical versions of regulations.

Funding & Tenders Portal (ec.europa.eu/info/funding-tenders): The Commission's single entry point for direct management grants. Provides access to open calls, reference documents, grant agreement templates, and the IT systems for submission and management.

TED (ted.europa.eu): Tenders Electronic Daily — the online version of the Supplement to the Official Journal of the EU, publishing procurement notices above EU thresholds. Essential for public beneficiaries and for monitoring procurement compliance.

EDES (ec.europa.eu/info/funding-tenders/opportunities/portal/screen/how-to-participate/edes): The Early Detection and Exclusion System database. Beneficiaries should check potential subcontractors and partners against EDES before contract award.

ARACHNE (for Managing Authorities): The Commission's risk-scoring tool for ESIF management. Access is provided to Managing Authorities; beneficiaries should be aware that their data is processed through ARACHNE.

IP Helpdesk (iprhelpdesk.eu): Free advisory service on IP issues in EU-funded projects, operated by the European Commission. Provides guidance notes, webinars, and individual advisory services.

Open Research Europe (open-research-europe.ec.europa.eu): The Commission's open access publishing platform for Horizon Europe results. Provides a compliant route for open access publication.

2.13.3 Professional Networks and Support

National Contact Points (NCPs): For Horizon Europe, each Member State designates NCPs for each programme part. NCPs provide free information, guidance, and support to applicants and beneficiaries on programme rules and procedures.

Enterprise Europe Network (EEN): A network of business support organisations providing advice on EU funding, innovation, and internationalisation. Particularly relevant for SMEs seeking to participate in Horizon Europe and other innovation programmes.

DOMAIN 3

Opportunity Identification and Pre-Award Strategy

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Opportunity Identification and Pre-Award Strategy is the domain that transforms an organisation's research, innovation, or development ambitions into viable, competitive grant applications. It is the point at which strategic intent meets the operational reality of the EU funding landscape — where the question shifts from "what do we want to do?" to "which funding instrument is right for us, when should we apply, with whom, and are we genuinely ready to compete?"

This domain is frequently underestimated. Many organisations invest heavily in proposal writing (Domain 4) and budget preparation (Domain 5) while neglecting the upstream strategic work that determines whether those investments are well-directed. A proposal written for the wrong call, by an underprepared consortium, without genuine alignment between the project concept and the programme's policy priorities, will rarely succeed regardless of its technical quality. Conversely, an organisation with a mature pre-award strategy — systematic funding intelligence, disciplined go/no-go decision-making, long-term partnership networks, and a managed opportunity pipeline — consistently outperforms its peers in success rates and grant income.

This domain covers the full pre-award strategic cycle: building and maintaining funding intelligence systems; scanning the landscape to identify relevant opportunities; assessing strategic and operational fit; analysing calls in depth; developing and maintaining partnership networks; assessing organisational readiness; making evidence-based go/no-go decisions; engaging with contracting authorities before submission; and managing the opportunity pipeline as a portfolio.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO3.1 — Establish and operate a funding intelligence system that provides timely, accurate, and actionable information on EU funding opportunities relevant to the organisation's strategic priorities.

LO3.2 — Conduct a systematic landscape scan across EU funding programmes, calls, and related instruments to identify the full range of relevant opportunities.

LO3.3 — Apply a structured strategic fit assessment framework to evaluate the alignment between a potential opportunity and the organisation's mission, capacity, and priorities.

LO3.4 — Analyse a call for proposals in depth, extracting the key requirements, evaluation criteria, and implicit signals that determine competitive positioning.

LO3.5 — Develop and implement a partnership strategy that identifies, qualifies, and engages the right partners for a specific opportunity.

LO3.6 — Assess organisational readiness across administrative, financial, technical, and ethical dimensions and develop remediation plans for identified gaps.

LO3.7 — Apply a structured go/no-go decision framework to make evidence-based decisions on whether to invest resources in preparing a specific application.

LO3.8 — Plan and execute pre-proposal engagement activities — including contact with programme officers, networking events, and expression of interest processes — in accordance with applicable rules.

LO3.9 — Design and manage an opportunity pipeline as a portfolio, balancing risk, resource requirements, and strategic value across multiple concurrent opportunities.
LO3.10 — Evaluate the competitive landscape for a specific call, including likely competitor positioning and the organisation's relative strengths and weaknesses.
LO3.11 — Develop a pre-award strategy document that aligns opportunity identification, partnership development, and resource planning with the organisation's multi-year funding objectives.
LO3.12 — Advise senior leadership on funding strategy, portfolio composition, and investment decisions in grant development at institutional level.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO3.1	Awareness — identify key intelligence sources	Applied — operate intelligence system; monitor calls	Strategic — design and govern intelligence function
LO3.2	Awareness — describe landscape scanning	Applied — conduct systematic scan; produce opportunity reports	Strategic — design scanning methodology; integrate with strategy
LO3.3	Awareness — list fit assessment criteria	Applied — apply fit framework to specific opportunities	Strategic — develop and institutionalise fit assessment process
LO3.4	Awareness — identify call document structure	Applied — analyse call; extract requirements and signals	Strategic — lead call analysis; advise on positioning
LO3.5	Awareness — describe partnership types	Applied — identify and qualify partners; manage partner engagement	Strategic — develop partnership strategy; build long-term networks
LO3.6	Awareness — list readiness dimensions	Applied — conduct readiness assessment; identify gaps	Strategic — lead institutional readiness improvement programmes
LO3.7	Awareness — describe go/no-go criteria	Applied — apply go/no-go framework; document decisions	Strategic — design decision framework; advise on portfolio balance
LO3.8	Awareness — identify pre-submission engagement channels	Applied — plan and execute engagement activities	Strategic — develop engagement strategy; manage programme relationships
LO3.9	Awareness — describe pipeline concept	Applied — maintain and report on opportunity pipeline	Strategic — manage pipeline as portfolio; allocate resources
LO3.10	Awareness — identify competitive factors	Applied — assess competitive landscape for specific call	Strategic — develop competitive intelligence capability
LO3.11	Awareness — describe pre-award strategy components	Applied — contribute to pre-award strategy document	Strategic — develop and own multi-year funding strategy
LO3.12	Awareness — describe advisory role	Applied — prepare briefings for senior leadership	Strategic — advise board/senior leadership on funding portfolio

3.1 Funding Intelligence: Building the Information Foundation

3.1.1 The Nature and Value of Funding Intelligence

Funding intelligence is the systematic collection, processing, analysis, and dissemination of information about EU funding opportunities, programme priorities, policy developments, and competitive dynamics that enables an organisation to make informed strategic and operational decisions about grant seeking.

The distinction between raw information and actionable intelligence is critical. The EU funding landscape generates an enormous volume of information: Official Journal notices, work programme publications, Commission communications, stakeholder consultation documents, evaluation reports, ECA audit findings, and informal signals from programme officers and policy networks. An organisation without a structured intelligence function is overwhelmed by this volume and tends to react to opportunities rather than anticipate and shape them.

A mature funding intelligence function transforms this raw information into:

- **Opportunity alerts**: Timely notification of relevant calls and pre-announcement signals
- **Programme analysis**: Deep understanding of programme priorities, budget allocations, and success factors
- **Policy intelligence**: Early awareness of policy developments that will shape future funding priorities
- **Competitive intelligence**: Understanding of who else is active in a programme space and with what positioning
- **Trend analysis**: Identification of emerging themes, cross-programme synergies, and shifting priorities
- **Decision support**: Structured analysis that enables evidence-based go/no-go decisions

3.1.2 Intelligence Sources and Monitoring Systems

Primary Official Sources:

- **Official Journal of the EU (OJ)**: All calls for proposals under direct management must be published in the OJ C series. Monitoring OJ C publications is the most reliable source of new call announcements for Horizon Europe, Erasmus+, LIFE, Digital Europe, Creative Europe, and other direct management programmes.
- **Funding & Tenders Portal (F&T Portal)**: The Commission's single entry point for direct management grants. The Portal provides searchable access to all open and forthcoming calls, work programmes, reference documents, and submission deadlines. The Portal's **Topic Search** and **Programme Filter** functions enable targeted monitoring.
- **Programme Work Programmes**: Each EU programme publishes an annual or multi-annual **Work Programme (WP)** that specifies the topics, budgets, eligibility conditions, and evaluation criteria for all calls in the period. Work programmes are typically published 3–6 months before the opening of calls and are the primary strategic planning document for pre-award professionals.
- **Structural Funds Monitoring**: For ESIF programmes, calls are published by Managing Authorities through national and regional programme websites. The **Open Data Portal for European Structural and Investment Funds** provides aggregated data on programme implementation.
- **European Investment Bank (EIB) and European Investment Fund (EIF)**: For InvestEU and financial instrument opportunities, the EIB Group's website and the EIF's dedicated portals provide information on available instruments and application processes.

Secondary and Analytical Sources:

- **Research Professional / Pivot-RP**: Commercial database aggregating EU and national funding opportunities with alert and search functionality. Widely used by universities and research organisations.
- **CORDIS (Community Research and Development Information Service)**: The Commission's database of EU-funded research and innovation projects. Invaluable for competitive intelligence — searching CORDIS for past projects in a topic area reveals who has been funded, with what partners, and with what results.
- **EPSS (Electronic Proposal Submission System) Statistics**: Some programmes publish aggregate statistics on submitted and funded proposals, providing data on success rates, average scores, and geographic distribution.
- **Commission Evaluation Reports and Interim Evaluations**: Published under the Better Regulation framework, these provide authoritative assessments of programme performance, emerging priorities, and areas for improvement that signal future funding directions.
- **ECA Special Reports**: The European Court of Auditors publishes special reports on specific programmes that contain detailed findings on what works, what doesn't, and what the Commission is likely to change in response.
- **Policy Watch**: DG Research and Innovation's **Research and Innovation Observatory**, the **European Parliamentary Research Service (EPRS)** publications, and think-tank analyses provide early signals on policy directions that will shape future work programmes.

3.1.3 Designing an Organisational Intelligence System

An effective organisational funding intelligence system requires four components:

Monitoring Infrastructure: The technical systems and processes for capturing relevant information. This includes: subscriptions to official alert services (F&T Portal alerts, OJ monitoring); commercial database subscriptions; RSS feeds from key Commission DGs and agencies; social media monitoring (Commission Twitter/X accounts, LinkedIn groups); and participation in relevant networks and mailing lists.

Analytical Capacity: The human capability to process raw information into intelligence products. This requires staff with deep knowledge of specific programme areas, policy contexts, and competitive dynamics. The intelligence function should not be purely administrative — it requires professional judgment about the significance and implications of information.

Dissemination Processes: Mechanisms for getting the right intelligence to the right people at the right time. This includes: regular intelligence briefings (weekly/monthly); opportunity alerts (immediate notification of new calls); programme reports (deep analysis of work programme priorities); and strategic intelligence reports (longer-term analysis of policy and programme trends).

Knowledge Management: Systems for storing, organising, and retrieving intelligence products and underlying data. A well-maintained knowledge base — containing past applications, evaluator feedback, programme analysis, partner profiles, and competitive intelligence — is a strategic asset that compounds in value over time.

3.2 Landscape Scanning: Systematic Opportunity Identification

3.2.1 The Landscape Scanning Process

Landscape scanning is the systematic process of reviewing the full range of EU funding instruments and calls to identify those relevant to the organisation's activities and priorities. It differs from reactive monitoring (waiting for alerts) in that it involves proactive, structured review of the funding landscape at regular intervals.

A comprehensive landscape scan should cover:

Direct Management Programmes (Commission and executive agencies):

- Horizon Europe (all three pillars plus widening and strengthening ERA)
- Erasmus+ (all key actions and sectors)
- LIFE (all four sub-programmes)
- Digital Europe Programme (all five focus areas)
- Connecting Europe Facility (transport, energy, digital)
- InvestEU (all four policy windows)
- Creative Europe (Culture and MEDIA strands)
- EU4Health
- AMIF, ISF, BMVI (migration, security, border management)
- CERV (Citizens, Equality, Rights and Values)
- Justice Programme
- Single Market Programme
- Employment and Social Innovation (EaSI)
- Interreg (cross-border, transnational, interregional cooperation)

Shared Management Programmes (via national/regional MAs):

- ERDF (European Regional Development Fund)
- ESF+ (European Social Fund Plus)
- Cohesion Fund
- Just Transition Fund
- EAFRD (European Agricultural Fund for Rural Development)
- EMFAF (European Maritime, Fisheries and Aquaculture Fund)

Indirect Management and Financial Instruments:

- EIB loans and advisory services
- EIF equity and guarantee instruments
- InvestEU financial products
- Blending facilities (External Investment Plan, Western Balkans Investment Framework)

Bilateral and Multi-Donor Programmes:

- EU-funded programmes in third countries (IPA III, NDICI-Global Europe, Neighbourhood)
- UN-EU joint programmes
- World Bank-EU co-funded initiatives

3.2.2 Opportunity Mapping and Prioritisation

The output of a landscape scan is an **opportunity map** — a structured inventory of relevant funding opportunities organised by:

- **Programme and call reference**
- **Topic/priority area**
- **Indicative budget and grant size**

- **Eligibility criteria** (types of organisations, countries, consortium requirements)
- **Expected publication date and deadline**
- **Strategic relevance score** (high/medium/low based on fit with organisational priorities)
- **Competitive intensity** (estimated number of applicants, historical success rates)
- **Resource requirements** (estimated effort to prepare a competitive application)

The opportunity map provides the raw material for portfolio management (Section 3.9) and go/no-go decision-making (Section 3.7). It should be maintained as a living document, updated as new work programmes are published and calls are announced.

3.2.3 Horizon Scanning: Anticipating Future Opportunities

Beyond current calls, pre-award professionals must engage in **horizon scanning** — anticipating future funding opportunities before they are formally announced. This requires:

Work Programme Development Monitoring: The Commission consults stakeholders on work programme priorities through: Expert Groups; Strategic Programme Committees; open consultations; and informal engagement with DGs and agencies. Monitoring these processes provides advance intelligence on likely future call topics.

Policy Pipeline Analysis: EU legislative and policy proposals (Commission Work Programme, European Green Deal implementation, Digital Decade targets, ERA priorities) signal the political priorities that will shape future funding. A proposal for a new regulation, a Commission communication, or a Council conclusion on a policy area typically precedes a funding call by 12–24 months.

Budget Monitoring: Tracking the utilisation of programme budgets — through the Financial Transparency System, annual budget implementation reports, and programme monitoring committees — provides intelligence on where underspent funds may be redirected and where new calls are likely.

Network Intelligence: Informal intelligence from programme officers, national contact points, evaluators, and peer organisations is often the most timely and actionable source of advance information about forthcoming calls. This requires active participation in professional networks, conferences, and stakeholder events.

3.3 Strategic Fit Assessment

3.3.1 The Fit Assessment Framework

Strategic fit assessment is the structured evaluation of the alignment between a potential funding opportunity and the organisation's strategic priorities, operational capabilities, and competitive position. It answers the question: "Should we be interested in this opportunity at all?" — before investing resources in detailed call analysis or partnership development.

A comprehensive fit assessment covers five dimensions:

Mission and Strategic Alignment: Does the proposed project activity align with the organisation's core mission, strategic plan, and research/development priorities? A project that requires significant deviation from core activities to meet call requirements is unlikely to deliver lasting value even if funded. The assessment should consider: degree of alignment with current strategic priorities; potential to advance long-term strategic objectives; consistency with the organisation's identity and values; and senior leadership support for the activity.

Technical and Scientific Competence: Does the organisation have, or can it credibly acquire, the technical and scientific expertise required to implement the project at the level of excellence required by the programme? This assessment should be honest about capability gaps and realistic about the time and cost of addressing them. Overstating competence in a proposal is both ethically problematic and strategically counterproductive — underprepared projects fail at implementation, damaging reputation and future prospects.
Operational and Administrative Capacity: Does the organisation have the administrative, financial management, and project management capacity to implement a project of the scale and complexity proposed? This includes: staff availability; financial management systems; legal and compliance infrastructure; IT systems; and experience with the specific programme's administrative requirements.
Financial Sustainability: Is the organisation's financial position sufficient to absorb the co-financing requirement, pre-financing costs, and cash flow implications of the grant? Many EU grants operate on a reimbursement basis, requiring the beneficiary to spend first and claim later. Organisations with limited liquidity may face serious difficulties even with a successful application.
Competitive Positioning: What is the organisation's realistic competitive position for this call? This requires honest assessment of: the organisation's track record in the programme; the likely quality and quantity of competing applications; the organisation's unique selling points relative to competitors; and the added value it brings to a potential consortium.

3.3.2 Fit Scoring and Decision Thresholds

Many organisations formalise the fit assessment through a **scoring matrix** that assigns weights to each dimension and produces an overall fit score. A typical scoring matrix might weight:

Dimension	Weight	Score Range
Mission & Strategic Alignment	30%	1–5
Technical Competence	25%	1–5
Operational Capacity	20%	1–5
Financial Sustainability	15%	1–5
Competitive Positioning	10%	1–5

A weighted score above a defined threshold (e.g., 3.5/5.0) triggers progression to detailed call analysis and go/no-go assessment. Scores below the threshold result in a decision not to pursue the opportunity, with documentation of the rationale.
The use of a formal scoring matrix has several advantages: it makes implicit judgments explicit and transparent; it creates a consistent basis for comparison across multiple opportunities; it provides documentation for portfolio management and resource allocation decisions; and it reduces the influence of individual advocacy or enthusiasm in decision-making.
However, scoring matrices should be used as decision-support tools, not decision-making machines. Qualitative factors — a unique strategic partnership opportunity, a once-in-a-programme-cycle topic perfectly aligned with the organisation's work, a call that serves as a stepping stone to a larger opportunity — may justify pursuing an opportunity with a lower quantitative score.

3.4 Call Analysis and Interpretation

3.4.1 The Call Document Architecture

A thorough understanding of the call document architecture is essential for effective call analysis. EU calls for proposals typically consist of multiple documents that must be read in conjunction:

Call/Topic Text (in the Work Programme or on the F&T Portal): The primary description of the call, including: objectives; scope; expected outcomes and impacts; eligibility conditions; indicative budget; and evaluation criteria. For Horizon Europe, the topic text is the most important single document and must be read with extreme care — every word is deliberate.

Work Programme: The broader context for the call, including the programme's strategic objectives, budget allocation, and cross-cutting priorities. Reading the call topic in the context of the full work programme reveals the policy logic behind the specific call and the relative priority assigned to it.

Guide for Applicants (or Programme Guide): Operational guidance on how to prepare and submit the application, including templates, page limits, formatting requirements, and submission procedures.

Evaluation Criteria and Scoring: The specific criteria against which proposals will be evaluated, their relative weights, and the scoring methodology. For Horizon Europe, the three standard criteria are Excellence, Impact, and Quality and Efficiency of Implementation, each scored on a scale of 0–5 with a threshold of 3 for each criterion and 10 overall (for Research and Innovation Actions).

Model Grant Agreement: The standard grant agreement that will be signed if the application is successful. Reading the MGA before applying reveals the obligations the organisation is accepting and allows assessment of feasibility and risk.

FAQ Documents: Frequently Asked Questions published by the Commission or agency in response to applicant queries. FAQs often contain important clarifications that are not explicit in the main call documents.

3.4.2 Deep Call Analysis: Reading Between the Lines

Experienced pre-award professionals read call documents not only for their explicit content but for the implicit signals they contain about what the programme is really looking for:

Policy Context Signals: The call's description of the problem it addresses and the policy context it serves reveals the political priorities behind the funding. A call that references specific Commission communications, Council conclusions, or legislative proposals is signalling that funded projects should demonstrably contribute to those policy objectives. Proposals that ignore the policy context and focus solely on technical excellence will score poorly on Impact.

Scope Signals: The scope section of a call topic often contains both positive signals (what the call is looking for) and negative signals (what it explicitly excludes). Negative scope statements — "proposals focusing exclusively on X are out of scope" — are as important as positive ones. Many proposals are rejected at eligibility stage for scope issues that a careful reading would have revealed.

Consortium Composition Signals: The call may contain explicit or implicit signals about the desired consortium composition. Explicit signals include: minimum consortium size requirements; geographic balance requirements (widening countries, specific regions); and requirements for specific types of organisations (SMEs, civil society, public

authorities). Implicit signals may include: the breadth of the expected outcomes (suggesting a multi-disciplinary consortium); the emphasis on user involvement (suggesting end-user organisations); or the focus on scale-up and deployment (suggesting industry partners).

Budget and Duration Signals: The indicative budget per project and the indicative number of projects to be funded reveal the expected scale of individual projects. A call with €30 million total budget and 5 expected projects is looking for €6 million projects; a call with the same budget and 30 expected projects is looking for €1 million projects. Proposals significantly above or below the implicit target budget are at a disadvantage.

Evaluation Criteria Weighting: The relative weight assigned to each evaluation criterion signals the programme's priorities. A call that weights Impact at 50% and Excellence at 30% is prioritising policy relevance over scientific quality. Understanding this weighting is essential for allocating writing effort in the proposal.

3.4.3 Clarification and Information Requests

Most EU programmes provide mechanisms for applicants to seek clarification on call requirements before the submission deadline:

Information Days and Webinars: The Commission and executive agencies typically organise information days and webinars for major calls. These events provide: presentation of the call objectives and scope; Q&A with programme officers; and networking with potential partners. Attendance is strongly recommended — information days often contain important clarifications not available in written documents.

Written Queries: Most programmes accept written queries submitted through the F&T Portal or by email. Queries and responses are typically published (anonymised) on the Portal, making them available to all applicants. Grant professionals should monitor published Q&As carefully — a question from another applicant may reveal a misunderstanding that the organisation shares.

National Contact Points (NCPs): For Horizon Europe, NCPs provide free, confidential advice to applicants on call requirements, proposal preparation, and programme rules. NCP advice is particularly valuable for first-time applicants and for navigating complex eligibility questions.

Direct Contact with Programme Officers: In some programmes (particularly under DG NEAR and DG INTPA external action programmes), direct contact with programme officers before submission is encouraged and may include concept note review. Under Horizon Europe, direct contact with project officers is more restricted but information days and written queries provide similar channels.

3.5 Partnership Development Strategy

3.5.1 The Strategic Logic of Partnership

The overwhelming majority of EU grants — particularly under Horizon Europe, ESIF, and Erasmus+ — require or strongly incentivise consortium-based applications. Partnership is not merely an administrative requirement; it is a strategic necessity for competitive success. The right consortium brings:

Complementary Competences: EU calls typically require a range of technical, scientific, sectoral, and geographic competences that no single organisation can provide. A well-composed consortium assembles these competences in a coherent, non-redundant way.

Geographic Coverage: Many calls require or reward pan-European geographic coverage, including widening country participation. A consortium that spans multiple EU Member States and Associated Countries demonstrates the European added value that EU funding is designed to create.
Sectoral Balance: Research and innovation calls increasingly require the "triple helix" or "quadruple helix" of academia, industry, public sector, and civil society. Including partners from each sector strengthens the proposal's credibility on both Excellence and Impact criteria.
Track Record and Reputation: Partners with strong track records in the programme — previous successful projects, high-profile publications, recognised expertise — strengthen the consortium's credibility with evaluators. A consortium that includes recognised leaders in the field signals that the project is serious and capable of delivering.
Network Effects: Partners bring their own networks — to potential end users, policy makers, industry stakeholders, and other funders. A well-networked consortium can mobilise these connections for dissemination, exploitation, and policy influence.

3.5.2 Partner Search Strategies

CORDIS Partner Search: The CORDIS database allows searching for organisations that have been involved in previous EU-funded projects in a specific topic area. This is the most targeted partner search tool available — it identifies organisations with demonstrated interest and capability in the relevant field.
F&T Portal Partner Search: The Funding & Tenders Portal includes a **Partner Search** function where organisations can post partner search notices and search for organisations seeking partners for specific calls.
Enterprise Europe Network (EEN): The EEN operates a partner search service that matches organisations seeking partners for EU-funded projects. Particularly useful for SMEs and organisations in widening countries.
NCP Networks: National Contact Points maintain partner search databases and can facilitate introductions between organisations in their country and potential partners elsewhere in Europe.
Professional Conferences and Events: Conferences in the relevant scientific or professional field, particularly those with EU funding dimensions (e.g., programme-specific brokerage events), are key venues for identifying and initiating partnerships.
Existing Networks and Consortia: Organisations that have participated in previous consortia should maintain these relationships as the foundation for future applications. Repeat consortia — where the same partners apply together for successive projects — have significant advantages in terms of established trust, shared working practices, and complementary positioning.
Strategic Alliance Development: For large-scale, flagship applications (ERC Synergy Grants, EIC Pathfinder, large-scale Horizon Europe projects), partnership development may require a strategic alliance approach — identifying two or three anchor partners at the concept stage and building the consortium around them.

3.5.3 Partner Qualification and Due Diligence

Identifying potential partners is only the first step. Before committing to a consortium, partners must be qualified — assessed for their suitability, reliability, and compatibility:
Technical Qualification: Does the partner have the specific expertise, infrastructure, and track record required for the role they would play in the project? CV review,

publication analysis, CORDIS project history, and reference checks are standard qualification tools.

Financial Qualification: Is the partner financially viable? EU grants require beneficiaries to have adequate financial capacity. Reviewing published accounts, credit ratings, and financial statements provides assurance that the partner can absorb the financial obligations of participation.

Legal Qualification: Is the partner legally eligible to participate? Eligibility conditions may exclude: organisations in certain countries; organisations in certain legal forms; organisations subject to exclusion grounds (criminal convictions, bankruptcy, fraud). Checking the EDES database and reviewing the partner's legal status is a standard due diligence step.

Operational Qualification: Does the partner have the administrative capacity to manage EU grant obligations — timesheets, financial reporting, audit cooperation, data management? A technically excellent partner that lacks administrative capacity can create serious problems during implementation.

Cultural and Relational Fit: Will the partner be a reliable, collaborative, and communicative consortium member? Past collaboration history, references from previous consortium leaders, and informal intelligence from the professional network are important inputs to this assessment.

3.5.4 Consortium Agreements and Partnership Arrangements

Before submitting a proposal, consortium members should agree on the key terms of their collaboration through a **Consortium Agreement (CA)**. The CA supplements the Grant Agreement and governs the internal relationships between partners. Key provisions of a CA include:

- **Governance structure**: Decision-making procedures, voting rights, General Assembly composition
- **Management arrangements**: Coordinator responsibilities, work package leadership, reporting obligations
- **Intellectual property**: Ownership of foreground (results); access rights to background (pre-existing IP); licensing terms
- **Financial arrangements**: Payment flows from coordinator to partners; withholding provisions; liability
- **Confidentiality**: Protection of sensitive information shared between partners
- **Dispute resolution**: Procedures for resolving disagreements, including mediation and arbitration
- **Termination**: Conditions and procedures for partner withdrawal or exclusion

The **DESCA Model Consortium Agreement** (Development of a Simplified Consortium Agreement), developed by a consortium of European research organisations and regularly updated, provides a widely used template for Horizon Europe projects. Using DESCA as a starting point reduces negotiation time and provides legal certainty on standard provisions.

3.6 Organisational Readiness Assessment

3.6.1 The Readiness Assessment Framework

Organisational readiness is the extent to which an organisation has the systems, processes, people, and infrastructure required to successfully apply for and implement

EU-funded grants. A readiness assessment provides a structured diagnosis of current capability and a basis for targeted improvement.
The readiness assessment covers five dimensions:
Administrative Readiness: Does the organisation have the administrative infrastructure required for EU grant management? This includes: registration on the F&T Portal (PIC number for direct management programmes); IBAN and banking arrangements; legal representative authorisation; financial identification forms; and up-to-date organisational documentation (statutes, registration certificates, financial statements).
Financial Management Readiness: Does the organisation have financial management systems capable of meeting EU grant requirements? This includes: double-entry bookkeeping with project-level cost tracking; timesheet or equivalent time-recording systems for personnel costs; procurement procedures compliant with applicable rules; and the ability to produce financial reports in the format required by the programme.
Human Resources Readiness: Does the organisation have sufficient staff with the right competences to implement the proposed project and manage its administrative requirements? This includes: technical/scientific staff for project implementation; grant management staff for administrative and financial management; and senior leadership commitment and oversight.
Legal and Compliance Readiness: Does the organisation have the legal and compliance infrastructure required? This includes: ethics committee or equivalent for research involving human subjects; data protection officer (where required by GDPR); internal audit function (for larger organisations); anti-fraud policy; and conflict of interest procedures.
Track Record and Reputation: Does the organisation have the track record required to be competitive? This includes: previous EU-funded projects (demonstrating experience and reliability); publications and other outputs (demonstrating scientific/technical excellence); and references from previous consortium leaders (demonstrating collaborative reliability).

3.6.2 Readiness Gap Analysis and Remediation

The output of a readiness assessment is a **gap analysis** — identification of the specific gaps between current capability and the requirements of the target opportunity. Gaps are categorised by:
Severity: Critical gaps (that would prevent participation or result in disqualification) must be addressed before application. Significant gaps (that would weaken the proposal or create implementation risks) should be addressed or mitigated. Minor gaps (that represent areas for improvement but do not threaten viability) can be noted for medium-term development.
Addressability: Some gaps can be addressed quickly and at low cost (e.g., registering on the F&T Portal, updating financial identification forms). Others require significant investment of time and resources (e.g., developing a timesheet system, establishing an ethics committee). The remediation plan must be realistic about what can be achieved before the application deadline.
Mitigation through Consortium: Some gaps can be mitigated through consortium composition — bringing in a partner with the missing capability rather than developing it internally. This is a legitimate and common strategy, but must be reflected in the consortium's role distribution and budget allocation.
A **readiness improvement plan** should be developed for each identified gap, specifying: the current state; the target state; the actions required; the responsible person; the

timeline; and the estimated cost. The plan should be reviewed regularly and progress tracked.

3.7 The Go/No-Go Decision Framework

3.7.1 The Case for Structured Decision-Making

The decision to invest organisational resources in preparing a grant application is a significant resource allocation decision. A competitive EU proposal for a major Horizon Europe project may require 200–500 hours of staff time across multiple departments, plus external costs (translation, graphics, external expertise). Making this investment without a structured decision process risks: misallocation of scarce resources; opportunity cost (time spent on poor prospects is time not spent on strong ones); staff burnout; and reputational damage from weak applications.

A structured **go/no-go decision framework** provides:

- A consistent, evidence-based process for evaluating opportunities
- Explicit criteria that can be applied by different decision-makers
- Documentation of the decision and its rationale
- A basis for portfolio management and resource allocation
- Protection against advocacy bias (the tendency to pursue opportunities championed by influential individuals regardless of merit)

3.7.2 Go/No-Go Criteria

A comprehensive go/no-go framework evaluates opportunities across six dimensions:

Strategic Value (weight: 25%):

- Alignment with organisational mission and strategy (1–5)
- Contribution to long-term capability development (1–5)
- Relationship-building value (new partnerships, strengthened existing ones) (1–5)
- Policy influence and visibility potential (1–5)

Competitive Position (weight: 20%):

- Unique selling point / differentiation from likely competitors (1–5)
- Track record in this programme or topic area (1–5)
- Quality of proposed consortium relative to likely competition (1–5)
- Evaluator familiarity with the organisation's work (1–5)

Operational Feasibility (weight: 20%):

- Technical and scientific capability to deliver the proposed work (1–5)
- Staff availability within the required timeline (1–5)
- Partner commitment and reliability (1–5)
- Administrative capacity for the programme's requirements (1–5)

Financial Viability (weight: 15%):

- Adequacy of the grant amount relative to project costs (1–5)
- Ability to provide required co-financing (1–5)
- Cash flow implications and liquidity sufficiency (1–5)
- Financial risk (exposure to audit findings, recovery) (1–5)

Proposal Development Capacity (weight: 10%):

- Available time before deadline (1–5)
- Writing capacity and expertise (1–5)
- Budget for proposal development (translation, graphics, external support) (1–5)

Risk Assessment (weight: 10%):

- Reputational risk if project fails or encounters problems (1–5)
- Compliance risk (novel regulatory requirements, complex eligibility) (1–5)
- Partnership risk (unproven partners, difficult geographies) (1–5)

A weighted score above a defined threshold (typically 3.5/5.0) results in a "Go" decision; below the threshold, a "No-Go" decision. A score in the borderline range (3.0–3.5) may trigger a conditional Go with specific risk mitigation requirements.

3.7.3 The Decision Process

The go/no-go decision should be made at an appropriate level of organisational authority, consistent with the scale of the resource commitment involved:

- **Small applications** (< €100,000 grant, < 50 hours preparation): Decision by grant manager or department head
- **Medium applications** (€100,000–€500,000, 50–150 hours): Decision by research office director or equivalent
- **Large applications** (€500,000–€2,000,000, 150–300 hours): Decision by senior management team
- **Major applications** (> €2,000,000, > 300 hours): Decision by board or equivalent governing body

The decision process should include: completion of the scoring matrix; review of the completed assessment by the decision-maker; opportunity to challenge scores and assumptions; and formal recording of the decision with rationale. Decisions should be communicated promptly to all relevant staff and partners to avoid wasted effort on No-Go opportunities.

3.7.4 Revisiting Go/No-Go Decisions

A Go decision is not irrevocable. Circumstances may change between the initial decision and the submission deadline in ways that warrant revisiting the assessment:

- A key partner withdraws from the consortium
- A major competitor announces a similar application
- The organisation's financial position deteriorates
- New information about the call's priorities or evaluation criteria emerges
- Key staff become unavailable

A **staged review process** — with formal review points at major milestones (concept note completion, draft proposal, final review) — provides opportunities to revisit the decision and, if necessary, withdraw before significant resources have been committed.

3.8 Pre-Proposal Engagement

3.8.1 The Value of Pre-Submission Engagement

Pre-submission engagement with programme officers, policy makers, and other stakeholders is one of the most underutilised tools in the pre-award professional's toolkit. Done correctly and within applicable rules, it can:

- Clarify the programme's priorities and the specific call's objectives
- Test the concept against the programme's expectations before significant writing investment
- Establish the organisation's visibility with programme officers
- Identify potential partners and build consortium relationships

- Gather intelligence on the competitive landscape
- Influence the framing of future calls (for organisations engaged in policy dialogue)

3.8.2 Engagement Channels and Approaches

Information Days and Brokerage Events: The most accessible and widely used pre-submission engagement channel. Information days provide: presentation of call objectives by programme officers; Q&A sessions; and partner matching activities. Brokerage events — organised around specific calls or programme areas — facilitate structured one-to-one meetings between potential partners. Preparation for information days should include: identification of key questions to ask; preparation of a short organisational pitch; and a list of target organisations for networking.

National Contact Points: NCPs provide confidential, free advice to applicants. For Horizon Europe, NCPs can review draft concept notes and provide feedback on alignment with call requirements. This is a particularly valuable service that many organisations underutilise.

Written Queries to the Commission: Formal written queries submitted through the F&T Portal or by email provide documented clarification on specific questions. Queries should be: specific and focused; submitted well before the deadline (to allow time for a response); and reviewed against published Q&As before submission (to avoid duplicating questions already answered).

Concept Note Submission (where applicable): Some programmes — particularly under external action (DG NEAR, DG INTPA) and some innovation programmes — use a two-stage process in which applicants submit a short concept note before being invited to submit a full proposal. The concept note stage provides early feedback on the relevance and quality of the concept and allows the programme to focus full-proposal development resources on the most promising ideas.

Stakeholder Consultations: The Commission consults stakeholders on work programme priorities, programme evaluations, and legislative proposals. Participation in these consultations — through formal submissions, participation in expert groups, or engagement with MEPs and Council representatives — allows organisations to influence the priorities that will shape future funding.

Conference and Event Presence: Presenting research or project results at conferences attended by programme officers and Commission staff increases the organisation's visibility and reputation. Publishing in high-impact journals, participating in Commission-organised workshops, and contributing to policy reports all build the kind of reputation that influences evaluator perceptions.

3.8.3 Rules and Ethics of Pre-Submission Engagement

Pre-submission engagement must be conducted within the rules of the applicable programme and in accordance with ethical principles:

Equal Treatment: The Commission is bound by the principle of equal treatment — it cannot provide information or assistance to specific applicants that is not available to all. Programme officers will typically decline to review draft proposals or provide specific feedback that would give one applicant an advantage over others.

Transparency: All written communications with the Commission are potentially subject to access to documents requests under Regulation (EC) 1049/2001. Applicants should assume that their communications with programme officers may be disclosed.

Conflict of Interest: Applicants must avoid any action that could create a conflict of interest for Commission staff involved in the evaluation. Offering gifts, hospitality, or

other benefits to programme officers is strictly prohibited and may result in exclusion from the programme.
Lobbying Disclosure: Organisations engaged in lobbying the Commission on policy matters are required to register in the EU Transparency Register. Participation in policy consultations and stakeholder events is not lobbying in the technical sense, but organisations should be aware of the boundaries.

3.9 Pipeline Management: The Portfolio Approach

3.9.1 The Opportunity Pipeline as a Portfolio

A mature pre-award function manages its opportunities not as isolated events but as a **portfolio** — a collection of investments with different risk profiles, time horizons, resource requirements, and strategic values. Portfolio thinking transforms the management of individual opportunities into the management of a strategic asset.
The portfolio perspective has several implications:
Diversification: A well-managed portfolio is diversified across: programme types (research, structural funds, external action); scale (large flagship projects, medium collaborative projects, small exploratory grants); time horizons (short-term calls with imminent deadlines, medium-term pipeline, long-term strategic targets); and risk levels (high-probability/lower-value versus low-probability/higher-value opportunities).
Resource Allocation: Portfolio management requires explicit decisions about how to allocate scarce proposal development resources across competing opportunities. A portfolio with too many concurrent applications will result in underprepared proposals across the board; a portfolio with too few opportunities risks income volatility.
Balance: A healthy portfolio includes opportunities at different stages of the development cycle — from early intelligence gathering through concept development, proposal writing, and submission — ensuring a continuous flow of applications and reducing the peaks and troughs of proposal development activity.

3.9.2 Pipeline Stages and Gates

A structured pipeline management system organises opportunities into defined stages with explicit criteria for progression:
Stage 1 — Horizon Scanning: Potential opportunities identified through landscape scanning and intelligence monitoring. No resource commitment beyond monitoring.
Stage 2 — Initial Assessment: Fit assessment completed; strategic relevance established. Low resource commitment (2–4 hours). Gate: Fit score above threshold → proceed to Stage 3.
Stage 3 — Call Analysis: Detailed call analysis completed; consortium concept developed; preliminary go/no-go assessment. Medium resource commitment (8–16 hours). Gate: Go/no-go score above threshold → proceed to Stage 4.
Stage 4 — Active Development: Proposal in active development; consortium confirmed; writing underway. High resource commitment (50–300+ hours). Gate: Internal quality review → proceed to submission.
Stage 5 — Submitted: Proposal submitted; awaiting evaluation outcome. Monitoring for requests for clarification or interview.
Stage 6 — Outcome: Funded (proceed to grant agreement negotiation) or unsuccessful (capture lessons learned, consider resubmission).

3.9.3 Pipeline Metrics and Reporting

Effective pipeline management requires regular monitoring and reporting on key metrics:

Volume Metrics:

- Number of opportunities at each pipeline stage
- Total potential grant value in the pipeline
- Number of applications submitted in the period
- Number of applications funded in the period

Quality Metrics:

- Success rate (funded / submitted)
- Average evaluation score of submitted proposals
- Proportion of proposals scoring above threshold
- Trend in success rates over time

Efficiency Metrics:

- Average proposal development cost per application
- Average proposal development cost per funded project
- Staff time per application (by stage)
- Time from opportunity identification to submission

Strategic Metrics:

- Proportion of portfolio aligned with top strategic priorities
- Geographic and programme diversification of portfolio
- Partner diversity and quality
- Ratio of exploratory to consolidation opportunities

These metrics should be reported regularly to senior management as part of the organisation's research and innovation performance reporting. Trend analysis — comparing current metrics against historical performance and against sector benchmarks — provides the basis for strategic decisions about portfolio composition and investment levels.

3.9.4 Lessons Learned and Continuous Improvement

Every application — whether funded or unsuccessful — provides valuable intelligence for improving future performance. A structured **lessons-learned process** should be applied after each submission:

Evaluator Feedback: Most EU programmes provide written feedback to unsuccessful applicants. This feedback — however brief — should be analysed carefully to identify: specific weaknesses in the proposal; misalignments between the proposal and the call's expectations; and patterns across multiple submissions that indicate systemic issues.

Internal Review: Beyond evaluator feedback, internal review of the proposal development process should assess: quality of the call analysis; adequacy of the go/no-go decision; effectiveness of the consortium composition; quality of the writing; and adequacy of the review process.

Competitive Intelligence: Where possible, reviewing successful proposals (which may be published in CORDIS or accessible through freedom of information requests) provides intelligence on what winning proposals look like in a specific programme area.

Knowledge Management: Lessons learned should be captured in the organisation's knowledge management system and used to update: call analysis templates; go/no-go criteria; partner qualification procedures; proposal writing guidelines; and reviewer checklists.

3.10 Competitive Intelligence and Positioning

3.10.1 Understanding the Competitive Landscape

EU grant applications are competitive — in most programmes, the majority of submitted proposals are not funded. Understanding the competitive landscape is therefore essential for positioning a proposal effectively.

Success Rate Analysis: Historical success rates for specific programmes and call types provide a baseline expectation. Horizon Europe success rates vary significantly by pillar and call type: ERC Starting Grants typically have 12–15% success rates; Collaborative Research and Innovation Actions may have 5–10%; MSCA Doctoral Networks 15–20%. Understanding these benchmarks helps calibrate the resource investment in proposal development.

Competitor Mapping: Using CORDIS to identify organisations that have been funded in previous calls in the same topic area reveals the key players in the competitive space. Competitor mapping should assess: their track record and reputation; their likely consortium networks; their positioning and differentiation; and their current project portfolio (which may preclude them from applying for new projects in the same area due to overlap rules).

Evaluator Landscape: EU proposals are evaluated by independent experts recruited from the scientific and professional community. Understanding who evaluates in a specific programme area — through analysis of published evaluator lists, conference programmes, and editorial boards — provides intelligence on the evaluators' priorities, methodological preferences, and familiarity with different research approaches.

3.10.2 Differentiation Strategy

Effective competitive positioning requires a clear **differentiation strategy** — a compelling articulation of why this consortium, this approach, and this project is uniquely suited to address the call's objectives:

Unique Value Proposition: What does this consortium offer that no other consortium can? This may be: a unique combination of expertise and infrastructure; exclusive access to data, samples, or test environments; a novel methodological approach with demonstrated preliminary results; or a track record of successful collaboration on closely related work.
Preliminary Results: Strong preliminary results — demonstrating that the proposed approach is technically feasible and that the team has the capability to deliver — are among the most powerful differentiators in research proposals. Investing in preliminary work before a major application is a strategic decision that can significantly improve competitive position.
Stakeholder Endorsement: Letters of support from end users, policy makers, industry partners, and other stakeholders demonstrate that the project addresses real needs and has a credible path to impact. High-quality letters of support — specific, substantive, and from credible organisations — are a meaningful differentiator.

3.11 Pre-Award Strategy at Institutional Level

3.11.1 Developing a Multi-Year Funding Strategy

For organisations with significant EU grant income or aspirations, pre-award activity should be guided by a **multi-year funding strategy** — a document that articulates the organisation's funding objectives, target programmes, resource investment levels, and performance expectations over a 3–5 year horizon.
A funding strategy document typically includes:
Strategic Context: The organisation's mission, strategic priorities, and the role of EU grant funding in supporting them. This section establishes the "why" of the organisation's EU grant seeking activity.
Funding Portfolio Targets: Target grant income by programme type, scale, and time horizon. These targets should be ambitious but realistic, based on the organisation's current track record and realistic assessment of growth potential.
Programme Priorities: The specific EU programmes and programme areas that the organisation will prioritise, based on strategic fit assessment. Not every relevant programme can be pursued with equal intensity — the strategy should make explicit choices about where to concentrate effort.
Partnership Strategy: The key partnerships — existing and to be developed — that will underpin the organisation's EU grant activity. This section should identify anchor partners for major programmes and the relationship development activities required to build or strengthen these partnerships.
Capability Development Plan: The investments required to build the organisational capability needed to achieve the funding targets. This may include: staff recruitment and training; system development; infrastructure investment; and external advisory support.
Resource Plan: The budget and staff time to be invested in pre-award activity, including proposal development, partnership development, intelligence monitoring, and capability building. The resource plan should reflect a realistic assessment of the cost of competitive proposal development.
Performance Framework: The metrics against which progress will be measured and reported, including: applications submitted; success rates; grant income; and pipeline value.

3.11.2 Governance and Accountability

Pre-award strategy requires clear governance and accountability structures:

Senior Leadership Ownership: The funding strategy should be owned at senior leadership level — by a Vice-Rector for Research, a Director of Research and Innovation, or equivalent. Senior leadership ownership signals the strategic importance of EU grant income and ensures that resource allocation decisions are made at the appropriate level.

Research Office Function: The research office (or grants office, funding office) provides the operational infrastructure for pre-award activity. Its functions include: intelligence monitoring; opportunity assessment; proposal coordination; partner liaison; and compliance support. The research office should be adequately resourced — the cost of a professional research office is typically recovered many times over in secured grant income.

Faculty/Department Engagement: Pre-award strategy requires active engagement from the scientific and technical staff who will implement funded projects. Mechanisms for engaging faculty and department heads in opportunity identification, concept development, and proposal writing are essential for a functioning pre-award system.

Reporting and Accountability: Regular reporting on pipeline status, application activity, and grant income to senior management and governing bodies creates accountability and enables strategic decision-making.

3.12 Digital Tools for Pre-Award Management

3.12.1 Technology in the Pre-Award Function

The digital transformation of EU grant management has produced a growing ecosystem of tools that support pre-award professionals in intelligence monitoring, opportunity assessment, proposal development, and pipeline management. Understanding and selecting the right tools is an increasingly important professional competency.

Funding Intelligence Platforms:

Research Professional (Pivot-RP): The most widely used commercial funding intelligence platform in European higher education and research. Provides: comprehensive database of EU and national funding opportunities; personalised alert services; collaboration tools for sharing opportunities within teams; and analytics on funding trends. Widely adopted by universities, research institutes, and large NGOs.

Elsevier Funding Institutional: Integrated with Elsevier's research analytics tools, providing funding intelligence alongside research performance data. Particularly useful for research-intensive organisations that use Elsevier's Scopus or SciVal platforms.

GrantAdvance / GrantStation: Platforms oriented towards non-profit and civil society organisations, with strong coverage of EU external action and social sector funding.

Cordis: Free, Commission-operated database of EU-funded projects. Invaluable for competitive intelligence and partner search. The advanced search functionality allows filtering by programme, topic, country, organisation type, and project status.

Proposal Development Tools:

Overleaf: Cloud-based LaTeX editor widely used for scientific proposals requiring complex mathematical notation, figures, and references. Supports real-time collaboration between multiple authors.

Microsoft SharePoint / Teams: Enterprise collaboration platforms used by many organisations for proposal development. Provide document management, version

control, task assignment, and communication tools. Integration with Microsoft 365 makes them accessible to most organisations without additional cost.
Google Workspace: Alternative collaboration platform with strong real-time co-editing capabilities. Particularly useful for international consortia where partners use different enterprise systems.
Grammarly / DeGrammar: AI-powered writing assistance tools that improve grammar, clarity, and style. Increasingly used in proposal writing to improve the quality of non-native English writing.
Project Management and Pipeline Tools:
Notion / Airtable: Flexible database and project management tools that can be configured for pipeline management, opportunity tracking, and partner relationship management. Increasingly popular in research offices as more flexible alternatives to traditional CRM systems.
Salesforce / HubSpot: Enterprise CRM platforms adapted for research office use. Provide: contact management (partners, programme officers, evaluators); opportunity tracking; activity logging; and reporting. Most useful for large research offices managing hundreds of relationships and opportunities.
Trello / Asana / Monday.com: Task and project management tools used for coordinating proposal development activities, tracking deadlines, and managing team workflows.

3.12.2 The EU Commission's Digital Ecosystem

The Commission has invested heavily in digital tools for grant management that pre-award professionals must master:
Funding & Tenders Portal: The central hub for direct management grants. Key features for pre-award professionals:

- *My Opportunities*: Personalised dashboard showing relevant open calls based on registered interests
- *Partner Search*: Facility for posting and responding to partner search notices
- *Topic Search*: Advanced search across all open and forthcoming calls with filtering by programme, deadline, budget, and eligibility
- *Reference Documents*: Repository of work programmes, guides, templates, and FAQs
- *Submission System*: Online submission of proposals through the Portal's eSub system

SEDIA (Single Electronic Data Interchange Area): The Commission's initiative to create a single digital space for all grant-related data, reducing duplication of data entry across different systems.
SyGMa (System for Grant Management): The Commission's internal grant management system, which interfaces with the F&T Portal for beneficiary-facing functions. Understanding SyGMa's workflows helps beneficiaries anticipate the Commission's processes and timelines.

3.13 Sector-Specific Pre-Award Considerations

3.13.1 Universities and Research Organisations

Universities and public research organisations (PROs) are the dominant applicants in Horizon Europe and other research-focused programmes. Their pre-award challenges are distinctive:
Faculty Engagement: Academics are the source of project ideas and the implementers of funded research, but they typically have limited time for administrative pre-award

work. The research office must provide sufficient support to make participation attractive without creating excessive administrative burden. Models range from full-service (research office drafts the proposal with academic input) to light-touch (academic leads with research office providing targeted support).

Institutional Positioning: Universities compete with each other for EU grant income, and their positioning in league tables and funding rankings is increasingly visible. Pre-award strategy must balance individual project success with institutional reputation management.

ERA and Open Science Obligations: Horizon Europe's open science requirements — open access publications, open research data, FAIR data management, pre-registration of research — create specific compliance obligations that must be integrated into pre-award planning.

ERC Strategy: The European Research Council is the most prestigious and competitive EU funding source for individual researchers. Developing an institutional ERC strategy — identifying potential applicants, providing targeted support, and building a track record — is a priority for research-intensive universities.

3.13.2 SMEs and Industry

Small and medium-sized enterprises (SMEs) face distinctive pre-award challenges:

EIC Accelerator and SME Instrument: The European Innovation Council (EIC) Accelerator is the primary EU funding instrument for high-potential innovative SMEs. The EIC Accelerator provides up to €2.5 million in grant funding plus equity investment of up to €15 million. The application process — including a video pitch and face-to-face jury interview — is distinctive from standard EU grant procedures.

Horizon Europe SME Participation: SMEs are eligible for all Horizon Europe collaborative actions and benefit from specific provisions: SME bonus on indirect cost rates; SME-specific calls; and provisions for SME coordinators. Pre-award professionals supporting SMEs must understand these specific provisions and how to leverage them.

Financial Capacity: SMEs often face financial capacity challenges in EU grant participation — limited liquidity for pre-financing, difficulty providing financial guarantees, and vulnerability to audit findings. Pre-award assessment must include careful financial capacity analysis.

Consortium Leadership vs. Partnership: SMEs must decide whether to lead consortia (as coordinators) or participate as partners. Leadership provides greater control and visibility but requires significant administrative capacity. Partnership provides access to EU funding with lower administrative burden. The decision should be based on honest assessment of the SME's administrative capability.

3.13.3 Public Authorities and Local Government

Regional and local authorities are major beneficiaries of ESIF programmes and play important roles in Erasmus+, URBACT, and other programmes:

Managing Authority Relationships: Public authorities in regions with ESIF programmes have a direct relationship with their Managing Authority that provides access to programme intelligence, technical assistance, and priority access to certain calls. Cultivating this relationship is a key pre-award strategy for regional and local authorities.

Interreg Programmes: Cross-border, transnational, and interregional cooperation programmes under Interreg provide specific opportunities for public authorities to develop cross-border projects. Interreg programmes have their own call schedules, eligibility rules, and application procedures that differ from other EU programmes.

Political Alignment: For public authorities, pre-award strategy must navigate the political dimension — ensuring that proposed projects align with the priorities of elected officials and that the political approval process is managed alongside the technical application process.

3.13.4 Civil Society and NGOs

Non-governmental organisations and civil society bodies are primary beneficiaries of CERV, AMIF, the Justice Programme, and many external action programmes:

Framework Partnership Agreements: Many programmes use Framework Partnership Agreements (FPAs) — multi-year agreements between the Commission and civil society organisations that provide a framework for multiple specific grant agreements. Securing an FPA provides privileged access to funding and reduces the administrative burden of repeated applications.

Advocacy and Policy Influence: Civil society organisations often have a dual role — as grant beneficiaries and as advocates for the policy priorities that shape funding programmes. Managing this dual role requires careful attention to conflict of interest and transparency obligations.

Capacity Building: Many civil society organisations, particularly smaller ones, face significant capacity constraints in EU grant management. Capacity building — through training, mentoring, and peer support — is both a pre-award strategy and a sector-wide development priority.

3.14 Ethical Dimensions of Pre-Award Strategy

3.14.1 Integrity in Opportunity Assessment and Decision-Making

Pre-award strategy involves significant ethical dimensions that the EU grant professional must navigate with integrity:

Honest Self-Assessment: The go/no-go framework is only effective if self-assessments are honest. The temptation to inflate scores for opportunities championed by influential colleagues, or to minimise risks to justify a desired outcome, undermines the integrity of the decision process. Pre-award professionals have a professional obligation to provide honest assessments, even when they are unwelcome.

Accurate Representation in Proposals: Pre-award professionals must ensure that proposals accurately represent the organisation's capabilities, track record, and resources. Overstating qualifications, fabricating preliminary results, or misrepresenting the consortium's composition are forms of fraud that can result in exclusion, recovery, and reputational damage.

Conflict of Interest in Partnership Development: Partnership development involves building relationships with potential partners, evaluators, and programme officers. Pre-award professionals must be alert to situations where personal relationships could compromise objectivity — for example, recommending a partner because of a personal friendship rather than on the merits of their contribution.

Responsible Use of Competitive Intelligence: Competitive intelligence must be gathered through legitimate means — published information, public databases, professional networks. Attempting to obtain confidential information about competitors' proposals, or using information obtained through privileged access (e.g., as an evaluator) for competitive advantage, is a serious ethical violation.

3.14.2 Responsible Grant Seeking

The concept of **responsible grant seeking** recognises that EU grant seeking has broader societal implications beyond the interests of the applying organisation:

Avoiding Grant Dependency: Organisations that become excessively dependent on EU grant income — to the point where their core activities are shaped by funding availability rather than mission — risk losing their strategic independence and institutional identity. Pre-award strategy should include explicit consideration of the appropriate balance between grant income and other revenue sources.

Additionality Principle: EU grants are intended to fund activities that would not otherwise occur (additionality) and to complement, not replace, other sources of funding. Applying for EU grants to fund activities that the organisation would undertake anyway, or to substitute for core funding that should be provided by other sources, undermines the additionality principle and may constitute misuse of EU funds.

Environmental and Social Responsibility: The EU's Do No Significant Harm (DNSH) principle and the increasing integration of ESG considerations into grant eligibility require pre-award professionals to assess the environmental and social implications of proposed projects. Proposals that generate negative externalities — environmental harm, social exclusion, ethical concerns — should be redesigned or reconsidered.

DOMAIN 4

Proposal Development and Writing

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Proposal Development and Writing is the domain that translates strategic ambition and analytical insight into the written artefact on which funding decisions are made. It is the most visible — and often the most intensively practised — of the pre-award domains, yet it is also the one most frequently misunderstood. Writing is the final step in a process that should begin with strategic positioning (Domain 3), not the first. A well-written proposal built on weak foundations — a poor concept, an underprepared consortium, a misread call — will not succeed. Conversely, a strong concept with mediocre writing will consistently underperform its potential.

This domain treats proposal development as a professional discipline with its own body of knowledge, methods, and standards. It covers the full development cycle from concept crystallisation through internal review and submission: understanding the evaluator's perspective; architecting the proposal structure; developing the narrative logic; writing the three principal evaluation sections (Excellence, Impact, and Quality and Efficiency of Implementation under Horizon Europe, and their equivalents in other programmes); constructing the budget narrative; managing the collaborative writing process; conducting internal quality review; and executing the submission process.

The domain draws on the specific requirements of Horizon Europe as the reference programme — the most technically demanding and widely applicable framework — while addressing the distinctive features of other major EU programmes including ESIF, Erasmus+, LIFE, and external action grants. The principles of high-quality proposal writing are largely transferable across programmes; the specific structures, criteria, and terminology vary.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO4.1 — Explain the evaluator's perspective and the evaluation process, and apply this understanding to proposal design and writing decisions.
LO4.2 — Develop a compelling project concept that clearly articulates the problem addressed, the proposed solution, and the expected outcomes and impacts.
LO4.3 — Architect a proposal structure that responds precisely to the call's requirements, evaluation criteria, and implicit expectations.
LO4.4 — Write the Excellence section of a proposal, demonstrating the scientific and technical quality, novelty, and ambition of the proposed work.
LO4.5 — Write the Impact section of a proposal, articulating a credible theory of change, expected outcomes and impacts, and a realistic exploitation and dissemination plan.
LO4.6 — Write the Implementation section of a proposal, presenting a coherent work plan, consortium management structure, and risk management approach.
LO4.7 — Develop a budget narrative that justifies the requested resources, demonstrates value for money, and complies with programme eligibility rules.
LO4.8 — Apply professional writing techniques — clarity, concision, evidence-based argumentation, visual communication — to produce a proposal of the highest quality.
LO4.9 — Manage the collaborative writing process in a multi-partner consortium, coordinating contributions, maintaining consistency, and meeting internal deadlines.
LO4.10 — Design and execute an internal quality review process that identifies and addresses weaknesses before submission.
LO4.11 — Manage the technical submission process, including platform requirements, document formatting, and deadline compliance.

LO4.12 — Adapt proposal development approaches to different programme types, funding instruments, and application formats including two-stage processes and lump sum grants.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO4.1	Awareness — describe evaluation process	Applied — apply evaluator perspective to writing	Strategic — train teams; design evaluation-informed processes
LO4.2	Awareness — identify concept components	Applied — develop project concept and logic	Strategic — lead concept development; advise on positioning
LO4.3	Awareness — identify proposal sections	Applied — architect proposal responding to criteria	Strategic — design proposal strategy; lead structure decisions
LO4.4	Awareness — list Excellence elements	Applied — write Excellence section	Strategic — review and improve Excellence across portfolio
LO4.5	Awareness — list Impact elements	Applied — write Impact section with theory of change	Strategic — develop impact frameworks; advise on exploitation
LO4.6	Awareness — list Implementation elements	Applied — write Implementation section; develop work plan	Strategic — design complex work plans; manage consortium writing
LO4.7	Awareness — identify budget narrative components	Applied — write budget narrative; justify costs	Strategic — advise on budget strategy; review for compliance
LO4.8	Awareness — identify writing quality criteria	Applied — apply writing techniques; improve drafts	Strategic — establish writing standards; lead quality culture
LO4.9	Awareness — describe collaborative writing challenges	Applied — coordinate multi-partner writing	Strategic — design collaborative writing systems
LO4.10	Awareness — describe review process	Applied — conduct and respond to internal review	Strategic — design and lead quality assurance system
LO4.11	Awareness — describe submission requirements	Applied — manage submission process	Strategic — develop submission protocols; manage risk
LO4.12	Awareness — identify programme differences	Applied — adapt approach for different programmes	Strategic — develop programme-specific strategies

4.1 The Evaluator's Perspective

4.1.1 Who Evaluates EU Proposals?

Understanding who evaluates EU proposals — and how the evaluation process works — is the single most important insight for proposal writers. Every writing decision should be made with the evaluator in mind.

EU proposals are evaluated by **independent external experts** recruited from the scientific, professional, and policy communities. For Horizon Europe, evaluators are recruited through the Commission's **Expert Database** and selected based on their expertise in the relevant topic area, absence of conflicts of interest, and availability. A typical evaluation panel for a Horizon Europe call consists of three to five evaluators per proposal, drawn from academia, industry, and (for Impact) policy and societal stakeholder communities.

Who evaluators are:

- Active researchers, innovators, or practitioners in the relevant field
- Typically senior (professor, senior researcher, experienced industry professional)
- From different EU Member States and Associated Countries to ensure geographic diversity

- Not employees of the Commission — they are paid a daily fee for evaluation work
- Subject to strict conflict of interest rules — they must declare and be excluded from evaluating proposals from their own institution, close collaborators, or organisations with which they have financial relationships

What evaluators are not:

- Specialists in EU grant rules and procedures (they evaluate the science and impact, not administrative compliance)
- Readers of the full work programme (they typically read only the call topic text and the evaluation guidelines)
- Familiar with the applicant organisation (unless it is a major institution in the field)
- Able to ask questions or seek clarification (evaluation is based solely on the written proposal)

4.1.2 The Evaluation Process

The Horizon Europe evaluation process follows a defined sequence that proposal writers must understand:

Stage 1 — Individual Evaluation: Each evaluator reads and scores the proposal independently against the evaluation criteria. They complete an Individual Evaluation Report (IER) for each criterion, providing a score (0–5) and written justification. This stage typically takes 2–4 hours per proposal.

Stage 2 — Consensus Meeting: The panel of evaluators meets (in person or remotely) to discuss their individual assessments and reach consensus scores. Where individual scores diverge significantly, the panel discusses the reasons and reaches an agreed position. The Consensus Report (CR) records the agreed scores and consolidated comments.

Stage 3 — Ranking and Selection: Proposals are ranked by their total consensus score. Proposals above the threshold scores for each criterion and the overall threshold are placed on the main funding list; proposals below threshold are rejected; proposals above threshold but below the funding line due to budget constraints are placed on the reserve list.

Stage 4 — Ethics and Security Screening: Proposals on the funding list are screened for ethics issues (by the Commission's ethics screening team) and, where relevant, security issues. Proposals with serious ethics concerns may be rejected or required to address the concerns before grant agreement.

Stage 5 — Grant Preparation: Successful applicants are invited to grant preparation — negotiation of the grant agreement, clarification of the Description of Action, and resolution of any conditions identified in the evaluation.

4.1.3 Thinking Like an Evaluator

The practical implication of the evaluator's perspective is that proposals must be:

Self-contained: The evaluator has only the proposal document. They cannot visit the organisation's website, read previous publications, or ask for clarification. Every claim must be supported within the proposal itself.

Immediately legible: Evaluators read many proposals under time pressure. A proposal that requires significant effort to understand — because of dense prose, unclear structure, or buried key messages — will be scored lower than one that communicates its key messages clearly and quickly.

Evidence-based: Claims about the team's expertise, the project's novelty, and the expected impact must be supported by evidence — publications, patents, previous project results, letters of support, market data, policy references. Unsupported assertions are unconvincing.

Criterion-responsive: Every section of the proposal should explicitly address the evaluation criteria. Evaluators are guided by the criteria in their scoring — content that does not map to a criterion is invisible for scoring purposes, however excellent it may be.

Credible and realistic: Evaluators are experts in the field. They will immediately identify overambitious claims, unrealistic timelines, implausible impact projections, and underestimated risks. Credibility — the sense that the team has thought carefully about what is achievable and how — is a powerful differentiator.

4.2 Concept Development and Proposal Architecture

4.2.1 Crystallising the Project Concept

Before writing begins, the project concept must be clearly and precisely defined. A concept that is vague, over-broad, or internally inconsistent will produce a weak proposal regardless of writing quality. The concept crystallisation process should address five questions:

What problem are we solving? The problem statement is the foundation of the proposal. It should be: specific (not "climate change" but "the lack of cost-effective carbon capture technologies for the cement industry"); evidence-based (citing data, studies, policy documents that establish the problem's existence and significance); and directly connected to the call's objectives (demonstrating that the problem is one the programme is designed to address).

Why has this problem not been solved? The "gap analysis" or "state of the art" establishes why existing approaches are insufficient and why new research or innovation is needed. This section demonstrates the team's expertise and positions the proposal's approach as genuinely novel rather than incremental.

What is our proposed solution? The proposed approach should be: clearly described (what will be done, not just what will be achieved); technically credible (supported by preliminary results or established methods); appropriately ambitious (going beyond the state of the art without being unrealistic); and feasible within the proposed timeframe and budget.

What will the outcomes and impacts be? The outcome and impact logic should trace a credible path from project activities through outputs and results to broader societal, economic, and policy impacts. This logic — the theory of change — must be coherent, evidence-based, and proportionate to the scale of the project.

Why is this consortium uniquely positioned to deliver? The consortium's unique value proposition — the combination of expertise, infrastructure, networks, and track record that makes this team the best choice for this project — should be articulated clearly and specifically.

4.2.2 The Proposal Architecture

Proposal architecture — the overall structure and organisation of the document — is a strategic decision, not merely a formatting choice. A well-architected proposal guides the evaluator through a coherent narrative, makes key messages immediately accessible, and ensures that every section contributes to the overall impression of quality and credibility.

The Horizon Europe Proposal Structure (Example)

Part A — Administrative Information: Completed online through the F&T Portal. Includes: project acronym and title; abstract (summary of the project — typically 200 words, often the first thing an evaluator reads); list of participants; budget summary; and ethics self-assessment. Part A is not scored but is used for administrative processing.

Part B — Technical Description: The scored part of the proposal, structured according to the three evaluation criteria:

- **Section 1: Excellence** — Objectives and ambition; methodology; open science practices
- **Section 2: Impact** — Expected outcomes and impacts; measures to maximise impact (dissemination, exploitation, communication); sustainability
- **Section 3: Quality and Efficiency of Implementation** — Work plan (work packages, tasks, deliverables, milestones); consortium and resources; risk management

The Logical Flow: The three sections of Part B should form a coherent narrative arc:

- Section 1 (Excellence) establishes *what* the project will do and *why* it is scientifically/technically excellent
- Section 2 (Impact) establishes *why it matters* — what difference the project will make to science, society, policy, and the economy
- Section 3 (Implementation) establishes *how* it will be delivered — credibly, efficiently, and by the right team

4.2.3 The Abstract: First Impressions Matter

The project abstract — typically 200 words in Part A — is often the first thing evaluators read and sets the frame for their reading of the full proposal. A strong abstract should:

- State the problem being addressed in the first sentence
- Describe the proposed approach in concrete terms
- Articulate the key expected outcomes and impacts
- Mention the consortium's key differentiating features
- Use the call's own language and keywords

The abstract should be written last — after the full proposal is complete — and reviewed by someone who has not been involved in writing the proposal to test whether it communicates the key messages clearly to a non-specialist reader.

4.3 Writing the Excellence Section

4.3.1 Objectives and Ambition

The Excellence section opens with a statement of the project's objectives. Under Horizon Europe guidance, objectives should be:

SMART: Specific, Measurable, Achievable, Relevant, and Time-bound. Vague objectives ("to improve understanding of X") are less convincing than specific ones ("to develop and validate a novel catalyst that reduces CO_2 emissions from cement production by at least 40% under industrial conditions within 36 months").

Aligned with the call: Objectives should directly address the call topic's expected outcomes. Evaluators check alignment between the proposal's objectives and the call's stated objectives — misalignment is a common reason for low Excellence scores.

Ambitious but credible: The objectives should represent a genuine advance beyond the state of the art, but one that is achievable within the project's timeframe and resources. The "ambition" sub-criterion in Horizon Europe rewards proposals that go beyond incremental improvement to address significant challenges.

The State of the Art and Beyond: Following the objectives, the Excellence section presents a critical analysis of the current state of knowledge or technology and explains precisely how the proposed project goes beyond it. This section serves two purposes: it demonstrates the team's deep expertise in the field; and it establishes the novelty and significance of the proposed work. Common weaknesses include: descriptive rather than critical state-of-the-art reviews; insufficient specificity about what is new; and failure to connect the state-of-the-art analysis to the proposed approach.

4.3.2 Methodology

The methodology section is the technical heart of the proposal. It describes, in sufficient detail for expert evaluation, how the project's objectives will be achieved. Key elements:

Research Design and Approach: The overall scientific or technical strategy — the logic of how the chosen methods will address the research questions or innovation challenges. The approach should be justified: why these methods, rather than alternatives?

Work Package Structure: The methodology should be organised into work packages (WPs) that correspond to the work plan in Section 3. Typically: WP1 (Project Management); WP2–WPn (Scientific/Technical Work Packages); and WP(n+1) (Dissemination, Exploitation, and Communication). The methodology section should explain what each WP will do and how the WPs connect to each other.

Preliminary Results: Where available, preliminary results that demonstrate the feasibility of the proposed approach should be presented. These are among the most persuasive elements of a research proposal — they show that the team has already begun the work and has evidence that the approach is viable.

Innovation Beyond State of the Art: A specific sub-section explaining, in concrete terms, what is new about the proposed approach relative to the current state of the art. This should be specific enough for an expert evaluator to assess — "our approach is novel because X, which has not previously been attempted/demonstrated/applied in this context."

Interdisciplinarity and Synergies: Many Horizon Europe calls value interdisciplinary approaches. Where the project combines methods or perspectives from different disciplines, the methodology section should explain how these are integrated and what added value the integration provides.

4.3.3 Open Science Practices

Under Horizon Europe, the Excellence section must include a description of the project's **open science practices**. This is a mandatory element, not an optional add-on. Required elements include:

Open Access to Publications: Description of how peer-reviewed publications resulting from the project will be made available in open access immediately upon publication (gold or green open access). Named repositories (e.g., Zenodo, institutional repositories) should be mentioned.

Research Data Management: A brief description of the project's data management approach, referencing the full Data Management Plan (DMP) that will be submitted as a deliverable within the first 6 months. The proposal should indicate which datasets will be made openly available and which will be restricted (with justification).

Other Open Science Elements (where applicable): Open source software; open hardware; citizen science; pre-registration of research protocols; open peer review. The proposal should describe which elements are applicable and how they will be implemented.

4.4 Writing the Impact Section

4.4.1 The Theory of Change

The **theory of change (ToC)** is the logical framework that traces the causal pathway from project activities through outputs and results to broader outcomes and impacts. It is the conceptual backbone of the Impact section and, when done well, is one of the most powerful elements of a competitive proposal.

A well-constructed theory of change has five elements:

Inputs: The resources invested in the project — funding, staff time, infrastructure, data, expertise. The ToC begins with inputs to establish the scale of the investment and its relationship to expected outputs.

Activities: The specific actions the project will undertake — experiments, analyses, pilot tests, workshops, policy dialogues, training activities. Activities are the "what we will do" of the project.

Outputs: The direct, tangible products of project activities — datasets, prototypes, publications, training materials, policy briefs, software tools. Outputs are within the project's direct control and are the primary accountability measure for grant reporting.

Outcomes: The changes that occur as a result of using or engaging with the project's outputs — adoption of new technologies, changes in policy, improvements in professional practice, shifts in public awareness. Outcomes are one step removed from the project's direct control and typically begin to materialise during or shortly after the project.

Impacts: The broader, longer-term changes in society, the economy, the environment, or the scientific knowledge base that the project contributes to. Impacts are the ultimate justification for EU funding — they represent the public value created by the investment.

Assumptions and Risks: A rigorous theory of change identifies the assumptions that must hold for the causal chain to work and the risks that could break the chain. For example: "The assumption that industrial partners will adopt the developed technology depends on its cost-competitiveness relative to existing solutions — this assumption is supported by the preliminary economic analysis in Annex X."

4.4.2 Expected Outcomes and Impacts

The Horizon Europe Impact section requires applicants to describe expected outcomes and impacts at multiple levels:

Scientific and Technological Impacts: How will the project advance the state of knowledge or technology? What new capabilities, methods, or insights will it generate? How will these be validated and disseminated to the scientific community?

Societal Impacts: How will the project contribute to addressing societal challenges? What benefits will it deliver to citizens, communities, or vulnerable groups? How does it align with the EU's societal priorities (Green Deal, Digital Decade, Social Pillar)?

Economic Impacts: What economic value will the project create? For innovation projects, this may include: market size estimates; employment creation; cost savings; productivity improvements; or new business opportunities. Economic impact claims should be supported by credible evidence — market reports, economic analyses, comparator studies.

Policy Impacts: How will the project contribute to EU or national policy objectives? Will it generate evidence that can inform policy decisions? Will it demonstrate the feasibility of policy measures? Connecting the project to specific policy documents (Commission communications, Council conclusions, legislative proposals) strengthens the policy impact argument.

Key Performance Indicators (KPIs): The Impact section should include quantified KPIs for the expected outcomes and impacts. These should be: specific (not "increased awareness" but "engagement of at least 500 policy makers through targeted briefings"); measurable (with a defined measurement methodology); achievable (based on realistic assumptions); and time-bound (with a defined timeframe for achievement).

4.4.3 Measures to Maximise Impact

The Horizon Europe Impact section requires a description of the measures the project will take to maximise its impact. This covers three areas:

Dissemination: How will the project's results be communicated to the scientific community and other relevant audiences? A strong dissemination plan includes: target audiences (scientists, practitioners, policy makers, general public); dissemination channels (publications, conferences, workshops, social media, project website); timeline (when will dissemination activities occur); and responsibilities (which partner is responsible for which activity).

Exploitation: How will the project's results be used beyond the project itself? For research projects, exploitation may include: commercialisation of technologies; licensing of intellectual property; spin-off creation; uptake by industry partners; or integration into educational curricula. For innovation projects, exploitation is typically the primary pathway to impact and requires a detailed plan including: market analysis; business model; IP strategy; and scale-up pathway.

Communication: How will the project communicate with the broader public and non-specialist audiences? EU-funded projects are expected to communicate their work in accessible terms, contributing to public awareness of EU-funded research and innovation. Communication activities may include: press releases; social media campaigns; public events; educational materials; and media engagement.

Sustainability Beyond the Project: How will the project's activities and impacts continue after the EU funding ends? This is a critical question for evaluators — a project that creates value only during its funded period has limited impact. Sustainability may be achieved through: commercialisation of results; integration into institutional programmes; policy adoption; open-source release of tools and data; or follow-on funding.

4.5 Writing the Implementation Section

4.5.1 Work Plan Design

The work plan is the operational blueprint of the project. It must demonstrate that the project is feasible — that the proposed activities can be completed within the available time and resources — and well-organised — that the work is logically structured, responsibilities are clear, and dependencies are managed.

Work Package Structure: The work plan is organised into work packages (WPs), each covering a coherent cluster of related activities. A typical Horizon Europe project has 5–8 WPs:

- **WP1: Project Management** — Coordination, governance, reporting, financial management, risk management
- **WP2–WPn: Scientific/Technical WPs** — The substantive work of the project, organised by phase, discipline, or deliverable type
- **WP(n+1): Dissemination, Exploitation, and Communication (DEC)** — All activities related to maximising the project's impact beyond its immediate outputs

For each WP, the proposal should specify: objectives; description of work (tasks and activities); role of each partner; deliverables; milestones; and start and end months.

Tasks: Each WP is broken down into tasks — the specific activities that will be carried out. Tasks should be: concrete (describing specific actions, not general intentions); assigned to specific partners; and of appropriate granularity (not so detailed as to be inflexible, not so vague as to be uninformative).

Deliverables: Deliverables are the tangible outputs of the project — reports, datasets, prototypes, software, policy briefs, training materials. Each deliverable should have: a clear description; a responsible partner; a due month; a dissemination level (public, confidential, restricted); and a type (report, demonstrator, other). Deliverables are the primary accountability mechanism for grant reporting.

Milestones: Milestones are control points that mark the achievement of significant stages in the project. They are binary — achieved or not achieved — and typically correspond to key decision points or the completion of major phases of work.

4.5.2 The Gantt Chart

The **Gantt chart** is the visual representation of the work plan, showing the timing and sequencing of all WPs, tasks, deliverables, and milestones across the project duration. A well-designed Gantt chart:

- Shows all WPs and their constituent tasks as horizontal bars
- Marks deliverables (typically with a diamond symbol) at their due months
- Marks milestones (typically with a triangle) at their due months
- Shows dependencies between tasks (where Task B cannot start until Task A is complete)
- Identifies the critical path (the sequence of dependent tasks that determines the minimum project duration)

The Gantt chart should be consistent with the text description of the work plan — inconsistencies between the Gantt and the text are a common weakness identified in evaluator feedback.

4.5.3 Consortium Structure and Management

The Implementation section must describe the consortium's management structure and demonstrate that it is fit for purpose:

Coordinator Role: The coordinator is responsible for overall project management, communication with the Commission, financial management (including distribution of funds to partners), and ensuring that all partners meet their obligations. The coordinator's experience and capacity for this role should be demonstrated.

Governance Structure: For complex consortia, a governance structure should be described, including: General Assembly (all partners); Steering Committee (key decision-makers); Scientific Advisory Board (independent experts); and any other governance bodies. Decision-making procedures — including voting rights and quorum requirements — should be outlined.

Partner Roles and Contributions: Each partner's specific role and contribution to the project should be described. This should go beyond listing the WPs they lead to explaining why they are uniquely suited to their role — what specific expertise, infrastructure, or network they bring.

Subcontracting: Any planned subcontracting should be identified, with justification for why the activity cannot be performed by consortium members and confirmation that it will be procured competitively.

Effort Allocation: The effort table — showing the number of person-months each partner will contribute to each WP — is a critical element of the implementation section. It must be internally consistent (matching the budget) and plausible (reflecting the actual work required for each WP).

4.5.4 Risk Management

Every project faces risks — events or conditions that could prevent it from achieving its objectives. The risk management section demonstrates that the team has thought carefully about what could go wrong and has credible plans to prevent or mitigate these risks.

Risk Identification: A risk register should identify the key risks facing the project across three categories:

- **Technical risks**: Failure of a key technology, unexpected experimental results, unavailability of data or samples
- **Management risks**: Partner withdrawal, key staff departure, coordination failures, budget overruns

- **External risks**: Policy changes, market shifts, regulatory developments, force majeure events

Risk Assessment: Each risk should be assessed for: likelihood (probability of occurrence); impact (severity of effect on project objectives); and overall risk level (typically presented as a traffic-light matrix).

Risk Mitigation: For each significant risk, a mitigation measure should be described — a specific action that will reduce the likelihood or impact of the risk. Mitigation measures should be: concrete (not "we will monitor the risk" but "we will conduct a go/no-go review at Month 12 based on the results of WP2 Task 2.3"); assigned to a responsible partner; and proportionate to the risk level.

4.6 The Budget Narrative

4.6.1 The Strategic Role of the Budget

The budget is not merely an administrative requirement — it is a strategic communication tool that demonstrates the team's understanding of what the project requires, their commitment to value for money, and their compliance with programme eligibility rules. Evaluators assess the budget for:

Adequacy: Is the budget sufficient to deliver the proposed work? An under-resourced budget signals either that the team has not thought carefully about what the work requires, or that they are planning to cut corners during implementation.

Proportionality: Is the budget proportionate to the expected outputs and impacts? An over-resourced budget — requesting more than the work requires — will be seen as poor value for money and may trigger reductions in the grant amount during grant preparation.

Justification: Is each budget line justified by the work described in the proposal? Every significant cost item should be traceable to a specific task, deliverable, or activity in the work plan.

Compliance: Does the budget comply with the programme's eligibility rules? Common compliance issues include: requesting indirect costs at an incorrect rate; including non-eligible cost categories; exceeding programme-specific cost limits; and inconsistencies between the budget and the effort table.

4.6.2 Building the Budget

The budget development process should follow a bottom-up logic:

Step 1 — Effort Planning: Based on the work plan, estimate the person-months required for each task, by partner and by category of staff. This is the most important step — the personnel cost budget flows directly from the effort plan.

Step 2 — Personnel Cost Calculation: Calculate personnel costs using each partner's actual staff costs (or the programme's unit cost rates where applicable). Under Horizon Europe, personnel costs are calculated as: annual productive hours × hourly rate × number of hours worked on the project.

Step 3 — Other Direct Costs: Estimate travel and subsistence costs (based on planned consortium meetings, conference attendance, and field work); equipment costs (depreciation or rental of equipment needed for the project); consumables and supplies; subcontracting costs; and other specific costs (open access publication fees, financial guarantee costs, etc.).

Step 4 — Indirect Costs: Calculate indirect costs as a flat rate of 25% of direct eligible costs (excluding subcontracting and costs of financial support to third parties) under Horizon Europe.

Step 5 — Total Budget and Grant Amount: Sum all cost categories to produce the total eligible costs. Apply the funding rate (typically 100% for RIA, 70% for IA for profit-making entities) to calculate the requested grant amount.

4.6.3 Writing the Budget Justification

The budget justification — typically a narrative section or table explaining each major budget line — should:

Explain the "why": Not just what the cost is, but why it is necessary for the project. "Travel costs of €45,000 are required for 12 consortium meetings (6 in-person, 6 hybrid), 4 stakeholder workshops, and 8 conference presentations. In-person meetings are essential for the collaborative experimental work in WP3, which requires all technical partners to be present at the [Partner X] laboratory."

Quantify the basis: Where possible, provide the calculation basis for cost estimates. "Personnel: 24 person-months of postdoctoral researcher at Partner A, at an annual cost of €65,000 (inclusive of social charges), = €130,000."

Demonstrate value for money: Explain why the proposed approach is cost-effective. "The use of the existing [infrastructure] at Partner B eliminates the need for new equipment purchase, saving approximately €200,000 compared to an alternative approach."

Address co-financing: Where the programme requires co-financing (e.g., Innovation Actions where for-profit entities are funded at 70%), explain how the co-financing will be provided.

4.7 Professional Writing Techniques

4.7.1 Clarity and Concision

EU proposals have strict page limits. Every sentence must earn its place. The most common writing failure in EU proposals is verbosity — using many words to say little. Professional proposal writing requires:

Active voice: "The consortium will develop a novel catalyst" is clearer and more energetic than "A novel catalyst will be developed by the consortium."

Concrete nouns and specific verbs: "We will conduct research" is weak; "We will synthesise and characterise 50 novel metal-organic framework compounds using X-ray crystallography and thermal gravimetric analysis" is specific and credible.

Short sentences for complex ideas: When presenting technical content, shorter sentences reduce cognitive load. Long, clause-heavy sentences force evaluators to work harder to extract meaning.

Elimination of filler: Phrases like "it is important to note that," "as mentioned above," "in this context," and "it goes without saying" add length without adding meaning. Eliminate them ruthlessly.

Consistent terminology: Use the same term for the same concept throughout the proposal. Switching between "outcomes," "results," and "outputs" — or between "work package," "task," and "activity" — creates confusion and signals imprecision.

4.7.2 Evidence-Based Argumentation

Every significant claim in a proposal should be supported by evidence. The types of evidence appropriate for EU proposals include:

Scientific literature: Peer-reviewed publications supporting the problem statement, state-of-the-art analysis, and methodological choices. References should be to high-quality, recent

publications in recognised journals. Do not over-reference — 3–5 key references per claim are more persuasive than 15.

Preliminary results: Data, figures, and analysis from the team's own prior work demonstrating feasibility. Preliminary results are among the most persuasive elements of a research proposal and should be presented visually (graphs, images, tables) where possible.

Market and policy data: For Impact sections, market data (size, growth, competitive landscape), policy documents (Commission communications, Council conclusions, legislative proposals), and stakeholder data (surveys, needs assessments) provide credible foundations for impact claims.

Letters of support: Letters from end users, industry partners, policy makers, and other stakeholders demonstrate real-world demand and credibility. Letters should be specific — describing the letter writer's specific interest in the project and the specific form of their engagement — not generic endorsements.

4.7.3 Visual Communication

Figures, tables, and diagrams are powerful tools for communicating complex information efficiently within page limits. Well-designed visuals can convey in half a page what would require two pages of text. Key uses of visual communication in EU proposals:

Work plan Gantt chart: The visual representation of the work plan timeline, showing WPs, tasks, deliverables, and milestones. A clear, well-designed Gantt chart communicates project structure at a glance.

Theory of change diagram: A visual representation of the ToC, showing the pathway from inputs through activities, outputs, outcomes, and impacts. This helps evaluators quickly grasp the project's impact logic.

Consortium map: A visual representation of the consortium, showing partner locations, roles, and connections. Particularly useful for large consortia to demonstrate geographic coverage and complementarity.

Methodology flowchart: A diagram showing the sequence and interdependencies of the project's main methodological steps. Particularly useful for complex, multi-stage research designs.

Figures from preliminary results: Graphs, images, or tables showing key results from prior work. Visual presentation of preliminary results is more persuasive than text description.

Design principles for proposal figures: Use consistent colour schemes; label all axes, units, and data series; include captions that explain what the figure shows and what the key message is; ensure figures are legible at the page size they will appear in the proposal (test by printing); and cite the source for any data not generated by the team.

4.7.4 Keyword and Language Strategy

Proposals are read by evaluators who have been selected based on their expertise in the call's topic area. Using the call's own language — its keywords, framing, and conceptual vocabulary — signals alignment and makes it easier for evaluators to see the connection between the proposal and the call's objectives.

Call language analysis: Before writing, systematically analyse the call topic text to identify: key terms and concepts; action verbs that describe what funded projects should do; outcome and impact language; and any specific frameworks, methodologies, or approaches mentioned. Incorporate this language naturally into the proposal.

Keyword placement: Key terms should appear in the abstract, the first paragraph of each section, and the headings where possible. Evaluators scan proposals before reading them in

detail — strategic keyword placement ensures that key messages are visible even on a quick scan.

Avoiding jargon: While using the call's language is important, excessive technical jargon — particularly in the Impact section, which may be evaluated by policy and societal experts rather than technical specialists — reduces accessibility. The Impact section should be written so that an intelligent non-specialist can understand the project's significance.

4.8 Managing the Collaborative Writing Process

4.8.1 The Coordinator's Writing Role

In a multi-partner consortium, the proposal coordinator — typically the institution leading the application — bears primary responsibility for the overall quality and coherence of the proposal. This requires:

Establishing the writing structure: Deciding which partner is responsible for which section, based on their expertise and role in the project. The coordinator typically writes the overall narrative sections (objectives, state of the art, impact logic) while technical partners contribute their WP descriptions and partner profiles.

Setting and enforcing deadlines: Proposal writing requires a detailed internal timeline with intermediate deadlines for: concept note; draft sections; full draft; internal review; revision; and final submission. Deadlines must be enforced — late contributions from partners are one of the most common causes of rushed, poor-quality final proposals.

Maintaining consistency: Contributions from multiple authors will vary in style, terminology, and level of detail. The coordinator (or a designated editor) must harmonise these contributions into a coherent, consistent document. This requires at least one full editorial pass of the complete proposal before submission.

Managing partner relationships: Proposal development under time pressure is stressful. The coordinator must manage partner expectations, resolve disagreements about project design and budget allocation, and maintain motivation and commitment through the development process.

4.8.2 Writing Coordination Tools and Processes

Shared document platform: All partners should work in a shared document environment — Microsoft SharePoint, Google Docs, or a dedicated proposal management platform — to enable real-time collaboration, version control, and simultaneous editing. Email-based document exchange creates version confusion and coordination overhead.

Template and style guide: The coordinator should provide all writing partners with a template (including page layout, font, heading styles, and section structure) and a brief style guide (including terminology conventions, citation format, and figure standards). Consistency in formatting and style reduces editorial work and improves the professional appearance of the document.

Contribution tracking: A contribution matrix — showing which partner is responsible for which section, with due dates and completion status — provides visibility of progress and enables early identification of delays.

Internal review rounds: A structured internal review process (see Section 4.9) requires planning in the writing timeline. At least two internal review rounds — one at draft stage and one at near-final stage — should be built into the timeline.

4.8.3 Common Collaborative Writing Failures

Silo writing: Partners write their sections in isolation, without reference to other sections, resulting in inconsistencies, repetition, and disconnected narratives. Prevention: provide all partners with the full proposal outline and key messages before writing begins; hold a kick-off call to align on concept and approach.

Last-minute contributions: Partners submit their sections too late for effective integration and review. Prevention: set intermediate deadlines well in advance of the submission deadline; follow up proactively on missed deadlines; have contingency plans for late or missing contributions.

Uneven quality: Contributions from different partners vary significantly in quality, creating an uneven document that signals consortium dysfunction to evaluators. Prevention: provide writing guidance and examples; offer editorial support to partners with weaker writing capacity; allocate more review time to sections from partners with less proposal writing experience.

Budget-text inconsistencies: The budget does not match the work described in the proposal — different person-months in the effort table and the text, costs for activities not described, activities described but not budgeted. Prevention: reconcile the budget and text in a dedicated review step before submission.

4.9 Internal Quality Review

4.9.1 The Mock Panel Review

The most effective internal quality review process simulates the external evaluation. A **mock panel review** involves:

Recruiting reviewers: Identify 2–3 reviewers who are: expert in the relevant field; not involved in writing the proposal; willing to apply the evaluation criteria honestly. Ideal reviewers include senior colleagues from other departments, external advisors, or members of the organisation's scientific advisory board.

Providing evaluation materials: Give reviewers the call topic text, the evaluation criteria and scoring guide, and the draft proposal. Ask them to complete an evaluation form modelled on the actual evaluator's Individual Evaluation Report.

Structured feedback: The review should produce: scores for each criterion; identification of the proposal's key strengths; identification of the key weaknesses that would reduce the score; and specific recommendations for improvement.

Feedback integration: The writing team should review the mock panel feedback systematically, prioritising the most significant weaknesses for revision. Not all feedback can be incorporated — the team must exercise judgment about which changes will most improve the proposal's competitiveness.

4.9.2 Checklist-Based Review

In addition to the mock panel review, a systematic checklist review ensures that all required elements are present and compliant:

Compliance checklist:

- [ ] Page limit not exceeded
- [ ] All required sections present
- [ ] Abstract within word limit
- [ ] Ethics self-assessment complete
- [ ] All figures legible and captioned
- [ ] All references formatted correctly

- [ ] Budget consistent with effort table
- [ ] All partners' information complete in Part A
- [ ] No confidential information included

Quality checklist:

- [ ] Objectives are SMART and aligned with call
- [ ] State of the art is critical, not merely descriptive
- [ ] Methodology is specific, justified, and feasible
- [ ] Theory of change is explicit and credible
- [ ] KPIs are quantified and measurable
- [ ] Work plan is consistent with budget and effort table
- [ ] Risk register covers all significant risks
- [ ] Partner roles are clearly differentiated
- [ ] Open science practices are described

4.9.3 The "Red Team" Review

For high-value applications, some organisations use a **"red team" review** — a separate team tasked with identifying every weakness in the proposal from the perspective of a critical evaluator. Unlike the mock panel review (which aims to simulate a fair evaluation), the red team review is deliberately adversarial: the red team's job is to find every reason to score the proposal down.

Red team findings are then addressed by the writing team before submission. This approach is particularly valuable for identifying:

- Unsupported claims that an expert evaluator would challenge
- Logical gaps in the theory of change
- Inconsistencies between sections
- Overambitious objectives or unrealistic timelines
- Missing elements that the call requires

4.10 Submission Management

4.10.1 The Submission Timeline

Submission is a high-risk activity. Technical problems with the submission platform, last-minute formatting issues, and partner data entry errors can all prevent or compromise submission. A professional submission management process treats the submission deadline as a hard constraint and builds in significant buffer time.

Recommended submission timeline:

- T-14 days: Complete draft ready for final review
- T-10 days: Internal review complete; revision instructions issued
- T-7 days: Revised proposal ready; budget finalised
- T-5 days: All partner data entered in Part A; Part B uploaded in draft
- T-3 days: Final proposal uploaded; internal sign-off obtained
- T-1 day: Final check of all documents; submission confirmation
- T-0: Submission deadline (do not submit on the day of the deadline)

The F&T Portal frequently experiences high traffic in the hours before a submission deadline, leading to slow response times and occasional outages. Submitting at least 24 hours before the deadline eliminates this risk.

4.10.2 Technical Submission Requirements

Part A Completion: Part A must be completed online in the F&T Portal. All partner organisations must be registered with a valid PIC (Participant Identification Code) before Part A can be

completed. Each partner's legal representative must have authorised the submission. Common Part A errors include: incorrect PIC numbers; missing financial identification information; and budget figures that do not match Part B.

Part B Formatting: Part B must be submitted as a PDF document meeting the formatting requirements specified in the call (typically: A4 paper; minimum 11-point font; minimum 1.5 cm margins). The PDF should be generated from the final Word or LaTeX document — not scanned — to ensure legibility and searchability.

File Naming and Size: The Portal specifies file naming conventions and maximum file sizes. Large figures and images can cause files to exceed size limits — compress images before generating the final PDF.

Submission Confirmation: After submission, the Portal generates a submission confirmation with a reference number. This confirmation should be saved and shared with all partners. The proposal can be resubmitted (replacing the previous submission) until the deadline — use this facility if errors are discovered after initial submission.

4.11 Adapting to Different Programme Types

4.11.1 Two-Stage Processes

Several EU programmes use a two-stage application process:

Stage 1 — Concept Note or Expression of Interest: A short document (typically 5–15 pages) describing the project concept, consortium, and expected impacts. Stage 1 is evaluated against a limited set of criteria (typically relevance and impact) by a small panel. Applicants who pass Stage 1 are invited to submit a full proposal.

Stage 2 — Full Proposal: The complete proposal, evaluated against all criteria. Stage 2 applicants have the advantage of knowing that their concept has been assessed as relevant — but they also face higher competition, as Stage 2 applicants are typically a selected group of the strongest concepts.

Strategy for two-stage processes: The concept note should be treated as a full competitive proposal in its own right — not as a preliminary sketch. The concept note that fails Stage 1 never reaches Stage 2, regardless of how strong the full proposal might have been. At the same time, the concept note should be designed with the full proposal in mind — the concept, consortium, and impact logic established in Stage 1 should be consistent with what will be developed in Stage 2.

4.11.2 Lump Sum Grants

Under Horizon Europe, an increasing proportion of grants — particularly ERC grants, MSCA actions, and some Pillar II calls — are implemented as **lump sum grants**. The lump sum approach has significant implications for proposal development:

Budget justification: Under lump sum grants, the budget is fixed at the outset. The proposal must include a detailed budget justification demonstrating that the requested amount is reasonable and proportionate to the proposed work. During grant preparation, the Commission may negotiate the lump sum amount — having a well-justified budget supports the applicant's position in these negotiations.

No cost reporting: Under lump sum grants, beneficiaries do not report actual costs — they receive the full lump sum if the work is completed as described. This simplifies implementation significantly but requires careful upfront planning to ensure the lump sum is sufficient.

Work package lump sums: In some lump sum models, the grant is structured as a series of WP-level lump sums, each payable upon completion of the WP's deliverables. This creates a payment-for-results logic that aligns incentives with delivery.

4.11.3 ESIF and Shared Management Proposals

Proposals for ESIF funding — submitted to national or regional Managing Authorities rather than to the Commission — have distinctive features:

Application forms: ESIF application forms are designed by national/regional MAs and vary significantly across programmes and Member States. They typically require: project description; objectives and indicators; work plan; budget; and evidence of eligibility.

Eligibility focus: ESIF evaluations place greater emphasis on eligibility and compliance than Horizon Europe evaluations. Ensuring that the proposed project and costs are eligible under the applicable programme rules is a critical pre-submission step.

Additionality and co-financing: ESIF projects must demonstrate additionality — that the project would not have happened without EU support — and must provide co-financing from non-EU sources. The co-financing rate and eligible sources vary by programme and operation type.

State aid compliance: As discussed in Domain 2, ESIF grants to undertakings may involve State aid. The application must demonstrate compliance with applicable State aid rules, including identification of the applicable exemption or notification.

4.12 Post-Submission: Evaluation Outcomes and Follow-Up

4.12.1 Evaluation Timelines

EU evaluation processes take time. Understanding the typical timeline helps manage expectations within the consortium:

Horizon Europe: Evaluation typically takes 5–6 months from the submission deadline. The timeline includes: eligibility check (2–4 weeks); individual evaluation (3–4 weeks); consensus meeting (1–2 weeks); ranking and selection (2–4 weeks); ethics and security screening (4–8 weeks for proposals with issues); and notification to applicants.

ESIF: Evaluation timelines vary significantly by programme and Managing Authority. Some programmes evaluate on a rolling basis; others have defined evaluation windows. Timelines of 3–12 months are common.

External Action: Evaluation of external action proposals typically takes 3–6 months, with additional time for contract negotiation.

4.12.2 Evaluation Feedback and Lessons Learned

Evaluation Summary Report (ESR): Unsuccessful Horizon Europe applicants receive an Evaluation Summary Report providing the consensus scores for each criterion and written comments. The ESR is the most important source of feedback for improving future proposals.

Analysing ESR feedback: ESR comments should be analysed systematically to identify: specific weaknesses in the proposal; misalignments with the call's expectations; patterns across multiple unsuccessful applications; and areas where the team's self-assessment differed significantly from the evaluators' assessment.

Resubmission strategy: Many successful EU projects were submitted more than once before being funded. A resubmission should not be a minor revision of the previous proposal — it should incorporate the evaluators' feedback substantively and, where appropriate, strengthen the concept, consortium, or impact logic. The call topic may also change between rounds, requiring adaptation of the proposal's framing.

4.12.3 Grant Preparation for Successful Proposals

Successful proposals enter a **grant preparation** phase in which the Commission and the applicant negotiate the final terms of the grant agreement:

Description of Action refinement: The Commission may request clarifications or modifications to the Description of Action (DoA). These may include: addressing ethics concerns; clarifying the work plan; adjusting the budget; or modifying consortium composition.

Grant Agreement negotiation: The grant amount, funding rate, and specific conditions are agreed during grant preparation. Having a well-justified budget supports the applicant's position if the Commission proposes reductions.

Pre-financing: Upon signature of the grant agreement, the Commission typically pays a pre-financing amount (typically 5–40% of the grant, depending on the programme and project duration). This pre-financing covers initial project costs before the first payment claim.

DOMAIN 5

Budget Development and Financial Planning

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Budget Development and Financial Planning is the domain that governs how EU-funded projects are costed, justified, and financially managed from the pre-award stage through to final payment. It is a domain of precision and consequence: errors in budget construction lead to ineligible costs, financial corrections, and reputational damage; excellence in financial planning creates the conditions for smooth implementation, clean audits, and full cost recovery.

This domain is distinct from, though closely related to, Domain 4 (Proposal Development and Writing) and Domain 8 (Financial Management and Reporting). Domain 4 addresses the budget narrative as a component of the proposal; Domain 8 addresses ongoing financial management during implementation. Domain 5 occupies the conceptual and methodological space between them — the body of knowledge that a professional must master to construct sound, compliant, and strategically optimal budgets for EU-funded projects across all major programme types.

The domain is structured around the full budget development lifecycle: understanding the financial architecture of EU grants; mastering the cost categories and eligibility rules that govern what can be charged; building the detailed budget from first principles; writing the budget justification; managing co-financing obligations; planning for financial risk; and adapting the approach to the specific rules of different programmes. The domain closes with the financial reporting obligations that connect pre-award budget planning to post-award accountability.

EU grant budgeting operates within a dual constraint system: the financial regulations and programme-specific rules that define what is eligible, and the principle of value for money that defines what is justified. A budget that is technically eligible but clearly disproportionate will fail evaluation; a budget that is well-justified but contains ineligible elements will be corrected at audit. The professional budget developer must navigate both constraints simultaneously.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO5.1 — Describe the financial architecture of EU grants, including the key financial principles, grant rate structures, and the distinction between actual costs, unit costs, flat rates, and lump sums.
LO5.2 — Identify and apply the eligibility rules for direct and indirect costs across the major EU funding programmes, distinguishing between programme-specific requirements and general principles.
LO5.3 — Construct a detailed project budget that is cost-effective, compliant with programme rules, and aligned with the project's work plan and consortium structure.
LO5.4 — Develop personnel cost calculations using the applicable methodology (actual costs, productive hours, average personnel costs, or unit costs), applying the correct accounting and time-recording requirements.
LO5.5 — Apply the rules governing subcontracting, third-party contributions, and in-kind contributions, including the conditions under which these cost types are permissible.
LO5.6 — Calculate and justify indirect costs (overheads) using the applicable method — actual indirect costs, simplified cost options (flat rates), or lump sums — and understand the audit implications of each approach.
LO5.7 — Write a professional budget justification (budget narrative) that explains and defends each budget line in terms of necessity, proportionality, and compliance.
LO5.8 — Manage co-financing obligations, including the identification of eligible co-financing sources, the calculation of co-financing rates, and the documentation requirements for co-financing verification.

LO5.9 — Identify and mitigate financial risks in EU-funded projects, including exchange rate risk, personnel cost fluctuation, subcontractor performance risk, and audit risk.
LO5.10 — Apply programme-specific financial rules for Horizon Europe, ESIF/Cohesion Policy, Erasmus+, LIFE, and external action grants, including the distinctive features of each programme's cost model.
LO5.11 — Prepare financial reports and payment requests that accurately reflect project expenditure, comply with programme requirements, and are supported by appropriate audit trails.
LO5.12 — Advise an organisation on the development of institutional financial management systems — including time-recording, cost accounting, and internal controls — that support EU grant compliance at scale.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO5.1	Awareness — describe grant financial architecture	Applied — apply financial principles to budget construction	Strategic — advise on financial architecture; design grant cost models
LO5.2	Awareness — list eligibility rules for main cost categories	Applied — apply eligibility rules to actual cost items	Strategic — interpret complex eligibility questions; advise on edge cases
LO5.3	Awareness — identify budget components	Applied — construct a compliant project budget	Strategic — review and optimise budgets across portfolio; lead budget strategy
LO5.4	Awareness — describe personnel cost methods	Applied — calculate personnel costs using correct methodology	Strategic — design institutional personnel cost systems; advise on audit risk
LO5.5	Awareness — describe subcontracting rules	Applied — apply subcontracting and third-party rules	Strategic — advise on complex subcontracting structures; manage audit exposure
LO5.6	Awareness — describe indirect cost options	Applied — calculate and justify indirect costs	Strategic — design indirect cost methodologies; advise on cost recovery optimisation
LO5.7	Awareness — identify budget justification components	Applied — write a professional budget justification	Strategic — review and improve budget justifications across portfolio
LO5.8	Awareness — describe co-financing principles	Applied — calculate and document co-financing	Strategic — design co-financing strategies; advise on eligibility of co-financing sources
LO5.9	Awareness — identify financial risk types	Applied — assess and mitigate financial risks	Strategic — develop institutional financial risk frameworks for EU grants
LO5.10	Awareness — identify programme-specific financial rules	Applied — apply programme-specific rules to budget development	Strategic — advise on multi-programme financial strategies; develop programme expertise
LO5.11	Awareness — describe financial reporting requirements	Applied — prepare financial reports and payment requests	Strategic — design financial reporting systems; advise on audit preparation
LO5.12	Awareness — describe institutional financial systems	Applied — use institutional systems for EU grant compliance	Strategic — design and implement institutional EU grant financial management systems

5.1 The Financial Architecture of EU Grants

5.1.1 Fundamental Financial Principles

EU grant budgets are governed by a set of fundamental financial principles that derive from the EU Financial Regulation (Regulation 2018/1046) and are elaborated in programme-specific rules. These principles apply across all EU funding instruments, though their practical expression varies by programme.

The principle of sound financial management requires that EU funds are used in accordance with the principles of economy, efficiency, and effectiveness. Economy means acquiring resources at the lowest reasonable cost; efficiency means achieving the best relationship between resources used and results achieved; effectiveness means achieving the specific objectives set. Budget developers must be able to demonstrate that their budgets satisfy all three dimensions — not merely that costs are eligible, but that they represent value for money.

The principle of co-financing (or additionality) requires that EU grants do not fully finance project activities — beneficiaries must contribute their own resources or secure contributions from other sources. The EU contribution is expressed as a maximum funding rate (e.g., 100% for most Horizon Europe research projects, 70–80% for ESIF, 80% for LIFE). The co-financing requirement is not merely an accounting obligation; it reflects the EU's policy objective of leveraging national and private investment alongside EU funds.

The principle of non-profit (in some programmes) prohibits beneficiaries from making a profit from EU grants. This principle applies to most grant instruments (as opposed to procurement contracts or financial instruments). Where applicable, the grant is capped at the level of actual eligible costs minus revenues generated by the project.

The principle of no double funding prohibits the same cost from being charged to more than one EU grant or to a combination of EU grant and other public funding that would result in over-financing. This principle has significant practical implications for organisations managing multiple EU grants simultaneously — robust cost allocation systems are essential.

The principle of real costs (in actual cost models) requires that claimed costs reflect actual expenditure incurred by the beneficiary — not estimated or budgeted amounts. This principle is the foundation of the audit framework: actual costs must be supported by accounting records, payroll documents, invoices, and other evidence.

5.1.2 Grant Rate Structures

EU grants are structured around a **maximum grant rate** — the percentage of eligible costs that the EU will fund. The grant rate structure varies significantly across programmes:

100% funding rate: Horizon Europe Research and Innovation Actions (RIAs) and Innovation Actions (IAs) for non-profit entities, and most coordination and support actions, are funded at 100% of eligible costs. This does not mean the EU pays all project costs — only that all eligible costs can be charged to the grant without a mandatory co-financing contribution from the beneficiary. However, the principle of no-profit still applies.

70% funding rate: Horizon Europe Innovation Actions for for-profit entities (companies) are funded at a maximum of 70% of eligible costs, reflecting the expectation that companies will contribute their own resources and benefit commercially from the results.

Variable ESIF rates: ESIF co-financing rates vary by programme, region (more developed, transition, or less developed), and thematic objective. Rates typically range from 50% to 85%, with higher rates for less developed regions. The Managing Authority sets the co-financing rate for each operational programme.

Lump sum grants: Some programmes (increasingly Horizon Europe under the lump sum pilot) fund projects at a fixed total amount agreed at the start, regardless of actual costs incurred.

The lump sum is paid in full upon satisfactory completion of the agreed deliverables, without requiring cost verification.

5.1.3 Cost Models: Actual Costs, Unit Costs, Flat Rates, and Lump Sums

EU programmes use four principal cost models, which may be combined within a single grant:

Actual costs are costs actually incurred by the beneficiary, supported by accounting records. This is the default model for most direct cost categories in Horizon Europe and external action grants. Actual costs must be: incurred during the project period; necessary for the project; identifiable and verifiable; reasonable and justified; compliant with national law and the beneficiary's usual accounting practices.

Unit costs are pre-defined costs per unit of output or activity (e.g., cost per researcher-day, cost per participant in a training activity). Unit costs are typically established by the Commission based on statistical data or standard methodologies. They simplify financial management by replacing actual cost verification with output measurement. Erasmus+ uses unit costs extensively (e.g., travel unit costs by distance band, individual support unit costs by country).

Flat rates are percentages applied to a defined cost base to calculate a category of costs (typically indirect costs/overheads). Flat rates eliminate the need to identify and document actual indirect costs, replacing them with a calculated amount. Horizon Europe uses a 25% flat rate on direct costs (excluding subcontracting and third-party costs) for indirect costs. ESIF allows flat rates for various cost categories.

Lump sums are fixed amounts that replace the reimbursement of actual costs for defined activities or work packages. Lump sums are agreed in the grant agreement and paid upon satisfactory completion of the associated deliverables, without cost verification. The Horizon Europe lump sum pilot (expanding under HE Work Programme 2023–2025) applies this model to entire projects.

5.1.4 The Budget as a Contract

The approved budget in a grant agreement is not merely a financial plan — it is a contractual commitment. The budget defines:

- The maximum EU contribution (the grant ceiling)
- The allocation of costs across work packages and cost categories
- The co-financing obligations of each beneficiary
- The flexibility available for budget transfers (typically up to 10–20% between work packages without amendment)
- The conditions under which budget amendments are required

Understanding the budget as a contract shapes how it should be constructed: with sufficient detail to be auditable, sufficient flexibility to accommodate implementation realities, and sufficient accuracy to avoid either under-spending (which may indicate project failure) or over-spending (which cannot be reimbursed beyond the grant ceiling).

5.2 Direct Cost Categories: Personnel

5.2.1 Personnel Costs: The Largest and Most Complex Category

Personnel costs are typically the largest single cost category in EU-funded research and innovation projects, often representing 60–80% of total eligible costs. They are also the most complex to calculate, document, and defend at audit. Mastery of personnel cost rules is therefore a core competency for EU grant professionals.

Personnel costs cover the remuneration of staff directly employed by the beneficiary and working on the project. The term "personnel" includes employees under employment contracts,

as well as — in some programmes — natural persons working under direct contracts or seconded staff. Consultants and service providers are not personnel; their costs fall under subcontracting or other direct costs.

5.2.2 The Productive Hours Methodology (Horizon Europe)

Under Horizon Europe, personnel costs are calculated using the **productive hours** methodology. The annual productive hours of an individual are the total hours worked in a year, minus leave, training, and other non-productive time. The Commission provides a standard approach: **1,720 hours per year** as the default annual productive hours figure, or the beneficiary's documented actual productive hours if different.

The **hourly rate** for an individual is calculated as:

> **Hourly Rate = Annual Personnel Costs ÷ Annual Productive Hours**

Where:

- **Annual Personnel Costs** = gross salary + employer social charges + any other costs included in the employment contract (e.g., pension contributions, health insurance where mandatory) — but *excluding* bonuses not related to the project, and costs not linked to the employment relationship
- **Annual Productive Hours** = 1,720 (default) or documented actual hours

The **personnel cost charged to the project** is then:

> **Personnel Cost = Hourly Rate × Hours Worked on Project**

Hours worked on the project must be recorded in a **time-recording system** that captures actual hours worked by project, task, and work package. The time-recording system is one of the most scrutinised aspects of EU grant audits.

5.2.3 Average Personnel Costs

Horizon Europe permits the use of **average personnel costs** (also called "average unit costs") as an alternative to individual actual costs, subject to conditions:

- The average must be calculated on the basis of the beneficiary's actual personnel costs, not industry benchmarks or external data
- The average must be representative of the category of staff being charged (e.g., senior researchers, project managers, technicians)
- The methodology for calculating the average must be documented and applied consistently
- The Commission may audit and challenge averages that appear disproportionate

Average personnel costs simplify financial management for large organisations with many staff working on EU projects, but they require robust internal systems to calculate and maintain.

5.2.4 Time-Recording Requirements

Time-recording is the foundation of personnel cost verification. The requirements vary by programme but share common principles:

Horizon Europe: Beneficiaries must maintain reliable time-recording systems that record the actual time worked by each person on each project. The system must: be based on actual time worked (not estimated or planned); cover all working time (not only project time); be updated at least monthly; be signed or authenticated by the person and/or their supervisor; and be retained for the audit period (typically 5 years after final payment).

Acceptable formats: Time sheets (paper or electronic), project management systems with time-tracking functionality, HR systems with project allocation modules. The format is less important than the reliability and completeness of the records.

Common audit findings: Retroactive completion of time sheets; time sheets that do not reconcile with project deliverables or travel records; time sheets showing 100% allocation to

EU projects (implying no time for other activities); and time sheets for senior staff that appear inconsistent with their management responsibilities.

5.2.5 Special Personnel Situations

Several personnel situations require specific treatment:

SME owners and natural persons without salary: Horizon Europe provides a specific unit cost for owners of SMEs and natural persons working without a salary. The applicable rate is set by the Commission (currently €5,080 per month for SME owners; €8,000 per month for natural persons). This avoids the problem of calculating an hourly rate for individuals who do not draw a regular salary.

Seconded staff: Staff seconded from a third party (e.g., a partner organisation, a national research institute) may be charged as personnel costs if the secondment is documented, the staff work under the beneficiary's instructions, and the costs are borne by the beneficiary (i.e., the beneficiary reimburses the seconding organisation).

Part-time and variable-time staff: Staff working part-time or on variable schedules must have their productive hours calculated on the basis of their actual contracted hours, not a full-time equivalent.

Staff recruited specifically for the project: Staff hired specifically to work on an EU project are eligible, provided they are employed under a regular employment contract and their costs are included in the beneficiary's accounting system.

5.3 Direct Cost Categories: Subcontracting and Third Parties

5.3.1 The Subcontracting Framework

Subcontracting refers to the implementation of a specific part of the project's tasks by an external entity (the subcontractor) under a contract with the beneficiary. Subcontracting is permitted in EU grants but is subject to specific conditions and limitations that reflect the principle that the beneficiary — not external parties — is responsible for the project.

Key conditions for eligible subcontracting (Horizon Europe):

1. The subcontracted tasks must be identified in the grant agreement (or approved by the granting authority for tasks not foreseen at the time of signature)
2. The beneficiary must retain responsibility for the subcontracted work and its results
3. The subcontractor must be selected through a fair and transparent procurement process (following the beneficiary's own procurement rules, or EU/national procurement rules where applicable)
4. Subcontracting must not involve core project tasks that define the project's scientific or technical character
5. The subcontract must include provisions on audit access, intellectual property, and conflict of interest

Limitation on subcontracting: While there is no fixed percentage limit on subcontracting under Horizon Europe, evaluators and project officers scrutinise high levels of subcontracting. A project where more than 30–40% of costs are subcontracted may raise questions about whether the beneficiary has the capacity to implement the project and whether the subcontracting is genuinely necessary.

5.3.2 Procurement Requirements for Subcontracts

The procurement rules applicable to subcontracts depend on the legal nature of the beneficiary:

Public bodies: Must follow EU procurement directives (Directive 2014/24/EU for public authorities; Directive 2014/25/EU for utilities) for contracts above the applicable thresholds.

Below the thresholds, national procurement rules apply. The PRAG (Practical Guide) applies to external action grants.

Private entities: Must follow their own internal procurement rules, which must be documented and applied consistently. The rules must ensure fair competition, transparency, and value for money. At minimum, most programmes require: competitive tendering for contracts above a defined threshold; documentation of the selection process; and avoidance of conflicts of interest.

Common procurement failures: Single-source procurement without documented justification; splitting contracts to avoid thresholds; selection of subcontractors with conflicts of interest; failure to document the selection process; and post-hoc justification of subcontractor selection.

5.3.3 Third-Party Contributions and Affiliated Entities

Affiliated entities (Horizon Europe) are entities that are legally linked to a beneficiary (e.g., subsidiaries, parent companies, sister companies within the same group) and may participate in the project alongside the beneficiary. Their costs are treated as direct costs of the affiliated entity, not as subcontracting, and are subject to the same eligibility rules as beneficiary costs.

Third parties providing in-kind contributions may contribute resources (staff time, equipment, facilities) to the project without being parties to the grant agreement. The conditions for eligibility of in-kind contributions include: the contribution must be necessary for the project; it must be provided free of charge or at cost (not at market rate); it must be documented; and it must not result in double funding.

Associated partners (Horizon Europe) are entities that participate in the project but do not receive EU funding. They may provide in-kind contributions or implement project tasks at their own cost. Their participation must be described in the grant agreement.

5.4 Direct Cost Categories: Travel, Equipment, and Other Direct Costs

5.4.1 Travel and Subsistence Costs

Travel and subsistence costs are eligible when they are directly linked to project activities — typically project meetings, field work, conference attendance, dissemination activities, and secondments. The eligibility conditions are:

Necessity: The travel must be necessary for the project. Travel to conferences is eligible when the purpose is dissemination of project results or acquisition of knowledge relevant to the project. Internal management meetings are eligible when face-to-face interaction is genuinely necessary.

Economy class: Most programmes require that air travel be booked in economy class, except for flights exceeding a defined duration (typically 6–8 hours), where business class may be eligible. Rail travel should be booked at standard rates. Deviations from the economy class rule are a common audit finding.

Subsistence rates: Daily subsistence allowances (DSAs) must comply with the beneficiary's own institutional rules and national law. Many organisations use the EU per diem rates (published annually by the Commission) as a reference, but these are not mandatory — the beneficiary's own documented rates apply, provided they are applied consistently to all staff regardless of funding source.

Documentation: All travel claims must be supported by: travel authorisation (pre-trip approval); boarding passes or tickets; hotel invoices; conference registration receipts; and a brief description of the project-related purpose of the travel.

5.4.2 Equipment Costs

Equipment costs are eligible when the equipment is purchased or leased specifically for the project, or when existing equipment is used for the project and depreciation is charged. The key rules are:

Depreciation: Where equipment is purchased for the project but will also be used after the project ends (or for other purposes during the project), only the depreciation corresponding to the project period and the proportion of use for project purposes is eligible. Depreciation must be calculated in accordance with the beneficiary's standard accounting practices and national law.

Full cost eligibility: Equipment purchased exclusively for the project and used entirely for project purposes during the project period may be charged at full cost (purchase price), provided this is consistent with the beneficiary's accounting practices.

Leasing and rental: Equipment leased or rented for the project is eligible at the actual lease/rental cost for the period of use on the project. Leasing may be more cost-effective than purchasing for equipment needed only for a short period.

Infrastructure and large-scale facilities: Access to research infrastructure (e.g., synchrotrons, supercomputers, research vessels) may be charged as equipment costs or as other direct costs, depending on the nature of the access and the programme rules.

5.4.3 Other Direct Costs

Other direct costs include all direct costs not covered by the personnel, subcontracting, travel, or equipment categories. Common items include:

Consumables and materials: Laboratory supplies, chemicals, biological materials, and other consumables used in research activities. Eligibility requires a clear link to project tasks and documentation of use.

Dissemination and communication costs: Publication fees (including open access publication charges), conference registration fees, printing of dissemination materials, website development, and event organisation costs.

Intellectual property costs: Patent filing and prosecution costs, where the patent is a direct output of the project. IP costs must be linked to project results.

Audit certificates: The cost of obtaining a certificate on financial statements (CFS) from an independent auditor is eligible as an other direct cost in Horizon Europe when the total requested contribution exceeds €325,000.

Ethical compliance costs: Costs associated with ethics review, data protection compliance, and other ethical requirements imposed by the grant agreement.

5.5 Indirect Costs (Overheads)

5.5.1 The Nature and Importance of Indirect Costs

Indirect costs (also called overheads or general costs) are costs that cannot be directly attributed to a specific project but are necessary for the organisation's operations and therefore contribute to the project's implementation. Examples include: management and administration salaries (for time not directly charged to the project); office rent and utilities; IT infrastructure; library subscriptions; HR and finance department costs; and institutional governance costs.

The correct treatment of indirect costs is one of the most significant financial management issues for EU grant beneficiaries. Under-recovery of indirect costs — charging less than the actual overhead burden — effectively subsidises the EU grant from the beneficiary's own

resources and may undermine institutional sustainability. Over-recovery — charging more than the actual overhead — risks financial corrections and reputational damage.

5.5.2 The 25% Flat Rate (Horizon Europe)

Horizon Europe uses a **25% flat rate** for indirect costs. This means that indirect costs are calculated as 25% of the total eligible direct costs, **excluding**:

- Subcontracting costs
- Costs of in-kind contributions provided by third parties not used on the beneficiary's premises
- Financial support to third parties

The flat rate is simple to apply and eliminates the need to identify, document, and defend actual indirect costs. However, it may not reflect the actual overhead burden of the organisation — some organisations have overhead rates significantly above 25% (particularly universities and research institutes with high administrative burdens), while others have lower rates.

Implication for budget construction: The 25% flat rate is automatic — it cannot be negotiated or varied. Budget developers must factor it into the overall budget ceiling, as it affects the total grant amount and the distribution between direct and indirect costs.

5.5.3 Actual Indirect Cost Methodologies

Some programmes (particularly ESIF and certain external action grants) allow or require the use of **actual indirect costs** rather than a flat rate. This requires the beneficiary to:

1. Identify all indirect costs incurred during the project period
2. Allocate indirect costs to the project using a documented allocation methodology (e.g., based on the ratio of project personnel costs to total personnel costs, or the ratio of project direct costs to total direct costs)
3. Document the allocation methodology and apply it consistently
4. Ensure that indirect costs are not double-counted (e.g., costs already charged as direct costs cannot also be included in the indirect cost pool)

The actual indirect cost methodology is more complex but may result in higher cost recovery for organisations with overhead rates above 25%.

5.5.4 Simplified Cost Options (SCOs) Under ESIF

ESIF/Cohesion Policy provides an extensive framework of **Simplified Cost Options (SCOs)** designed to reduce administrative burden and error rates:

Standard Scale of Unit Costs (SSUC): Pre-defined unit costs for specific activities (e.g., cost per trainee-day, cost per job created). SSUCs are established by Managing Authorities or the Commission based on statistical data.

Lump sums: Fixed amounts for defined outputs or activities, replacing actual cost verification.

Flat rates: Percentages applied to defined cost bases for specific cost categories (e.g., 15% of direct staff costs for indirect costs; 40% of direct staff costs for all other costs in certain ESF operations).

SCOs are strongly encouraged under the 2021–2027 CPR (Article 53) as a means of reducing administrative burden and error rates. Managing Authorities that use SCOs are not subject to the same level of financial audit scrutiny as those using actual costs.

5.6 Budget Construction: From Work Plan to Budget

5.6.1 The Work Plan-Budget Alignment Principle

A fundamental principle of EU grant budget construction is that the budget must be derived from and aligned with the project's work plan. Every budget line must correspond to a specific activity, deliverable, or output described in the work plan. Evaluators and auditors both apply this principle: evaluators assess whether the budget is proportionate to the activities proposed; auditors verify that costs claimed were actually used for the activities described.

The practical implication is that budget construction should proceed in parallel with work plan development, not after it. The sequence is:

1. Define the work packages, tasks, and deliverables
2. Identify the resources (personnel, equipment, travel, etc.) required for each task
3. Calculate the cost of each resource based on applicable rates and rules
4. Aggregate costs by work package and cost category
5. Apply the indirect cost rate
6. Check the total against the call's budget guidance and the consortium's funding needs
7. Adjust the work plan or resource allocation if the budget is too high or too low

5.6.2 Personnel Cost Calculation: Step-by-Step

The construction of the personnel cost budget requires the following steps for each person working on the project:

Step 1 — Identify the person and their role: Define who will work on the project, their role (Principal Investigator, Researcher, Project Manager, etc.), and the work packages they will contribute to.

Step 2 — Determine the applicable cost methodology: Actual individual costs, average personnel costs, or unit costs (for SME owners/natural persons).

Step 3 — Calculate the hourly rate: For actual costs: Annual Personnel Costs ÷ Annual Productive Hours. For average costs: Average Annual Personnel Costs for the category ÷ Annual Productive Hours.

Step 4 — Estimate the person-months: Determine how many person-months (or hours) each person will work on the project, broken down by work package and year. A person-month = 1/12 of an annual productive hours figure.

Step 5 — Calculate the personnel cost: Hourly Rate × Hours (or Monthly Rate × Months).

Step 6 — Document the basis: Record the salary data, productive hours methodology, and person-month allocations in the project's financial management records.

5.6.3 Budget Contingency and Flexibility

EU grant budgets should include a degree of contingency to accommodate implementation uncertainties, but explicit contingency lines are generally not eligible. Instead, contingency should be built into the budget through:

Realistic resource estimation: Do not under-budget personnel costs in the hope of saving money — under-budgeting leads to under-staffing, which leads to implementation problems and potential project failure.

Work package flexibility: Allocate resources to work packages with some buffer. The grant agreement typically allows transfers between work packages of up to 10–20% of the work package budget without a formal amendment.

Task-level precision: Be precise about the specific tasks that require the most resources. Vague task descriptions make budget justification difficult and invite evaluator scrutiny.

Reserve for open access: Budget for open access publication fees explicitly. The cost of publishing in open access journals (Article Processing Charges, or APCs) can be significant — typically €1,500–€5,000 per article in high-quality journals.

5.6.4 Multi-Partner Budget Construction

In consortium projects, the budget must be constructed for each partner separately and then aggregated. The challenges of multi-partner budget construction include:

Different cost structures: Partners from different countries and sectors have very different personnel cost levels, overhead rates, and accounting practices. A researcher-month at a northern European university may cost three times as much as at a southern European SME. The budget must reflect actual costs, not equalised or averaged costs across the consortium.

Coordination costs: The coordinating beneficiary typically incurs higher management costs than other partners. These costs — project management, financial management, reporting, consortium coordination — must be budgeted explicitly, usually in a dedicated management work package.

In-kind contributions from partners: Where partners contribute resources (equipment, facilities, staff time) to other partners' activities, the treatment of these contributions must be carefully defined — as in-kind contributions, as subcontracting, or as affiliated entity costs.

Budget negotiation: In competitive proposals, partners may negotiate their budget shares based on their contribution to the work plan, their cost structures, and their strategic interests. The coordinator must ensure that the aggregate budget is coherent, compliant, and competitive.

5.7 The Budget Justification (Budget Narrative)

5.7.1 Purpose and Principles of the Budget Justification

The budget justification (also called the budget narrative or financial justification) is the explanatory document that accompanies the detailed budget table and explains the rationale for each budget line. It serves two distinct purposes:

At proposal stage: The budget justification is an evaluation document. Evaluators assess whether the budget is proportionate to the activities proposed, whether the resource allocation is realistic, and whether the budget demonstrates value for money. A well-written justification can increase evaluator confidence in the proposal's feasibility; a poorly written one can raise doubts about the team's financial competence.

At implementation stage: The budget justification becomes part of the grant agreement's technical annex and serves as the reference document for financial management decisions. It defines what was intended for each budget line and provides the basis for justifying actual expenditure to project officers and auditors.

5.7.2 Structure of the Budget Justification

A professional budget justification addresses each cost category in turn, providing for each budget line:

The what: What is being purchased or charged? (e.g., "50% FTE of a Senior Researcher at Partner 2 for 24 months")

The why: Why is this resource necessary for the project? (e.g., "to lead the data collection and analysis activities in WP3")

The how much: How was the cost calculated? (e.g., "at an annual salary of €65,000 + 30% employer charges = €84,500 per year; 50% FTE for 2 years = €84,500")

The compliance: How does this cost comply with the applicable eligibility rules? (e.g., "calculated in accordance with the productive hours methodology; time will be recorded in [system name]")

For equipment and subcontracts, the justification should also address the procurement approach and the basis for the estimated cost.

5.7.3 Common Budget Justification Weaknesses

The following weaknesses are frequently identified in budget justifications during evaluation and audit:

Circular justification: "We need a project manager because the project needs to be managed." A proper justification explains the specific management tasks, their complexity, and why the allocated time is necessary.

Unjustified personnel rates: Claiming personnel costs significantly above market rates without explanation. If senior staff are more expensive than typical, the justification should explain why their expertise is specifically required.

Vague subcontracting: "Subcontracting for technical services — €150,000." A proper justification identifies the specific services, why they cannot be performed in-house, how the subcontractor will be selected, and how the estimated cost was derived.

Missing indirect cost explanation: Failing to explain the indirect cost methodology, particularly when using actual indirect costs rather than a flat rate.

Disproportionate travel: Budgeting for frequent international travel without explaining the necessity of each type of trip. The justification should identify the types of meetings, their frequency, and the project activities they support.

5.7.4 Budget Justification for Different Programme Types

The format and level of detail required for budget justifications varies by programme:

Horizon Europe: The budget justification is typically a free-format text section within Part B of the proposal. There is no mandatory template, but the Commission's proposal templates provide guidance on the expected content. The justification should be proportionate to the complexity of the budget — a 3-year project with 10 partners and a €5 million budget requires a more detailed justification than a 2-year project with 3 partners and €500,000.

ESIF: Managing Authorities typically provide specific budget templates and justification requirements. The level of detail required varies significantly across Member States and programmes. Some programmes require detailed cost breakdowns with supporting calculations; others accept higher-level justifications.

Erasmus+: The budget justification for Erasmus+ is largely pre-determined by the unit cost structure — the applicant selects the relevant unit costs and calculates the grant based on planned activities and participant numbers. The justification focuses on the activities planned and their alignment with programme objectives, rather than on cost calculations.

5.8 Co-Financing: Principles, Sources, and Management

5.8.1 The Co-Financing Obligation

Co-financing (also called matching funding or own contribution) is the portion of project costs not covered by the EU grant. It is required in most EU funding programmes and reflects the principle that EU funds should leverage, not replace, national and private investment.

The co-financing obligation is expressed as a **minimum co-financing rate** — the percentage of total eligible costs that must be covered by non-EU sources. For example, an ESIF programme with a 75% EU co-financing rate requires the beneficiary to provide at least 25% of eligible costs from own or other non-EU sources.

Calculating the co-financing requirement:

> **Co-financing Required = Total Eligible Costs × (1 − EU Co-financing Rate)**

For a project with total eligible costs of €1,000,000 and an EU co-financing rate of 75%:

- EU contribution = €750,000
- Required co-financing = €250,000

5.8.2 Eligible Sources of Co-Financing

Not all sources of funding are eligible as co-financing for EU grants. The key eligibility conditions are:

Non-EU public funds: National, regional, or local government grants may be used as co-financing, provided they are not themselves financed by EU funds (the principle of no double EU funding). The source of co-financing must be documented and verifiable.

Own resources of the beneficiary: The beneficiary's own budgetary contribution (from institutional funds, endowments, or commercial revenue) is the most straightforward form of co-financing. It must be documented through the beneficiary's accounting records.

Private sector funding: For projects with private sector partners, the private sector contribution (in cash or in kind) may be eligible as co-financing, subject to programme-specific rules.

In-kind contributions: Equipment, facilities, staff time, and other non-cash contributions may be eligible as co-financing in some programmes (particularly ESIF), subject to conditions on valuation, documentation, and non-double-counting.

Revenue generated by the project: Revenue generated during the project period (e.g., from sale of project outputs, conference registration fees) may reduce the eligible costs or be treated as co-financing, depending on the programme rules.

5.8.3 Co-Financing Documentation and Verification

Co-financing must be documented and verifiable to the same standard as EU-funded costs. The documentation requirements include:

Commitment letters: At the proposal stage, co-financing sources should be evidenced by commitment letters from the co-financing bodies. These letters should specify the amount committed, the conditions of the commitment, and the period covered.

Accounting records: At the implementation stage, co-financing must be reflected in the beneficiary's accounting records. Own resources co-financing must be demonstrably incurred and not charged to another EU grant.

Audit trail: The audit trail for co-financing must be at least as robust as for EU-funded costs. Auditors will verify that co-financing was actually provided, that it was eligible, and that it was not double-counted.

5.9 Financial Risk Management

5.9.1 The Financial Risk Landscape

EU-funded projects face a distinctive set of financial risks that are not present in commercially funded activities. Understanding and managing these risks is a core competency for EU grant professionals.

Eligibility risk: The risk that costs incurred during the project are found to be ineligible at audit, resulting in financial corrections and recovery of EU funds. Eligibility risk is the most significant financial risk in EU grants and is the primary focus of the audit framework.

Exchange rate risk: Projects involving partners from non-euro countries face exchange rate risk — fluctuations in exchange rates between the euro and the local currency can significantly affect the euro value of costs incurred in local currency. Horizon Europe requires costs to be reported in euros, using the exchange rate applicable at the time of the cost. ESIF generally uses the exchange rate at the time of the payment claim.

Personnel cost fluctuation: Personnel costs may increase during the project period due to salary increases, promotions, or changes in employer social charges. If the budget was based on current salary levels, future increases may not be fully covered. Budget developers should apply a modest annual escalation factor (typically 2–3%) to multi-year personnel cost projections.

Subcontractor performance risk: If a subcontractor fails to deliver the contracted services, the costs already incurred may be ineligible (because the associated deliverables were not produced), and the beneficiary may face both financial loss and implementation problems.

Audit risk: The risk that an audit identifies systemic weaknesses in the beneficiary's financial management systems (time-recording, cost accounting, procurement), leading to extrapolated financial corrections applied to all EU grants, not just the audited project.

5.9.2 Financial Risk Mitigation Strategies

Eligibility risk mitigation:

- Conduct a pre-award eligibility review of all planned cost items
- Establish a project-specific eligibility checklist based on the grant agreement's cost eligibility rules

- Train project staff on eligibility rules before project start
- Conduct interim financial reviews at key milestones
- Obtain pre-approval from the project officer for unusual or borderline cost items

Exchange rate risk mitigation:

- Budget in euros where possible (e.g., use euro-denominated contracts with non-euro partners)
- Apply a conservative exchange rate assumption (e.g., based on the average of the past 12 months with a 5–10% buffer)
- Monitor exchange rate movements and adjust the financial plan accordingly
- For very large non-euro cost items, consider currency hedging (though this is rarely used in EU grants)

Personnel cost fluctuation mitigation:

- Apply an annual escalation factor in multi-year personnel cost projections
- Maintain a personnel cost contingency within the work package budget
- Monitor actual personnel costs against budget monthly and flag variances early

Audit risk mitigation:

- Conduct a pre-audit self-assessment using the Commission's audit checklists
- Ensure time-recording systems are compliant and staff are trained
- Maintain a clean and complete audit trail for all cost categories
- Engage an external auditor for a mock audit before the first Commission audit

5.9.3 The Financial Risk Register

A financial risk register for an EU-funded project should capture, for each identified risk:

- **Risk description**: What is the risk event?
- **Probability**: How likely is it to occur? (High/Medium/Low)
- **Impact**: What is the financial consequence if it occurs? (High/Medium/Low)
- **Risk owner**: Who is responsible for monitoring and managing this risk?
- **Mitigation measures**: What actions will be taken to reduce the probability or impact?
- **Residual risk**: What is the remaining risk after mitigation?
- **Contingency plan**: What will be done if the risk materialises?

The financial risk register should be reviewed and updated at each project reporting period and at any major project milestone.

5.10 Programme-Specific Financial Rules

5.10.1 Horizon Europe Financial Rules

Horizon Europe operates under the **Horizon Europe Model Grant Agreement (MGA)**, which sets out the detailed financial rules applicable to all Horizon Europe grants. Key features:

Cost categories: Personnel (actual or average costs); subcontracting; travel and subsistence; equipment (depreciation or full cost); other goods and services; indirect costs (25% flat rate).

Funding rates: 100% for RIAs and most non-profit entities; 70% for IAs involving for-profit entities; 100% for CSAs; variable for EIC Accelerator (grant component + equity component).

Reporting periods: Typically 18 months, with financial statements submitted within 60 days of the end of each reporting period.

Certificate on Financial Statements (CFS): Required for beneficiaries requesting a contribution of €325,000 or more in a single reporting period. The CFS is issued by an independent auditor and provides assurance on the accuracy of the financial statement.

Lump sum grants (pilot): Under the lump sum pilot, the grant is a fixed amount agreed at the start. No financial statements are submitted; payment is based on satisfactory completion of work packages as evidenced by deliverables and reports.

Open science costs: Article Processing Charges (APCs) for open access publications are eligible as other direct costs. Beneficiaries are encouraged to negotiate APCs with publishers and to use open access repositories where possible.

5.10.2 ESIF/Cohesion Policy Financial Rules

ESIF financial rules are governed by the **Common Provisions Regulation (CPR, Regulation 2021/1060)** and programme-specific rules set by Managing Authorities. Key features:

Shared management: Unlike Horizon Europe (directly managed by the Commission), ESIF is shared-managed — Member States and regions are responsible for programme management, including financial management and audit.

Eligibility rules: The CPR sets general eligibility rules, but Member States may impose additional restrictions. Beneficiaries must verify the applicable national and programme-specific eligibility rules.

SCOs: Strongly encouraged under the 2021–2027 CPR. Managing Authorities that use SCOs benefit from reduced audit scrutiny.

Audit trail: ESIF requires a comprehensive audit trail from the grant to the individual transaction. Managing Authorities must maintain systems that allow verification of the legality and regularity of expenditure.

Irregularities and financial corrections: Irregularities (breaches of EU or national law affecting the EU budget) trigger financial corrections. Corrections may be applied at the transaction level (specific ineligible costs) or at a flat rate (where the extent of the irregularity cannot be precisely determined).

Decommitment: ESIF allocations are subject to automatic decommitment — if a Member State fails to submit payment applications totalling the committed amount within a defined period (the "n+3" rule under 2021–2027), the uncommitted funds are automatically decommitted and lost to the Member State.

5.10.3 Erasmus+ Financial Rules

Erasmus+ uses a predominantly **unit cost and lump sum** approach, which simplifies financial management significantly compared to actual cost programmes:

Unit costs: Individual support (living costs), travel (by distance band), organisational support, and language support are all calculated using Commission-defined unit costs. These unit costs are updated annually and published in the programme guide.

Lump sums: Some actions (e.g., Erasmus+ KA2 cooperation partnerships) use lump sums for specific activities or for the entire project.

Actual costs: Some cost categories — particularly equipment and subcontracting above defined thresholds — require actual cost justification.

National agency management: Most Erasmus+ actions are managed by National Agencies, which may impose additional financial requirements beyond those in the programme guide.

Reporting: Financial reporting in Erasmus+ is based on activity reports and participant lists, rather than detailed financial statements. The unit cost approach means that financial verification focuses on whether the activities took place and whether the participants are eligible, rather than on the actual costs incurred.

5.10.4 LIFE Programme Financial Rules

LIFE operates under rules similar to Horizon Europe (directly managed by CINEA), with some distinctive features:

Co-financing requirement: LIFE grants typically require a minimum 40–55% co-financing from the beneficiary, reflecting the programme's focus on demonstrating the commercial or policy viability of environmental and climate solutions.

Revenue-generating projects: LIFE projects that generate revenue (e.g., from sale of products, energy savings, ecosystem services) must account for this revenue in the financial management. Revenue reduces the eligible costs or the grant amount.

Replication and transferability: LIFE budgets should include costs for replication and transferability activities — demonstrating that the project's approach can be applied in other contexts. These costs are eligible and should be explicitly budgeted.

Nature-based solutions: LIFE projects involving nature-based solutions (e.g., habitat restoration, species conservation) often include costs for land acquisition, which is subject to specific eligibility rules.

5.10.5 External Action Grant Financial Rules

External action grants (managed by DEVCO/DG NEAR/ECHO) are governed by the **PRAG (Practical Guide to Contract Procedures for EU External Actions)** and the applicable grant contract templates. Key features:

Eligible costs: Similar to Horizon Europe, but with additional requirements for procurement (PRAG procurement rules apply to all subcontracts above defined thresholds).

Exchange rate: Costs incurred in local currency are converted to euros using the exchange rate published by the European Central Bank on the date of the expenditure, or the monthly average rate.

Visibility requirements: External action grants impose specific visibility requirements — beneficiaries must acknowledge EU funding in all communications and publications, and physical outputs (buildings, equipment) must be visibly marked.

Audit provisions: External action grant contracts include specific audit provisions that allow the Commission, OLAF, and the ECA to audit the beneficiary and its subcontractors.

5.11 Financial Reporting and Payment Mechanisms

5.11.1 The Financial Reporting Cycle

Financial reporting in EU grants follows a defined cycle linked to the project's reporting periods. The key elements of the financial reporting cycle are:

Reporting periods: Most EU grants divide the project into reporting periods (typically 12–18 months), at the end of which the beneficiary submits a progress report and a financial statement. The final reporting period ends at the project's conclusion.

Financial statement preparation: The financial statement summarises actual eligible costs incurred during the reporting period, broken down by cost category and work package. It must be prepared on the basis of the beneficiary's accounting records and must reconcile with the project's bookkeeping.

Submission and review: Financial statements are submitted through the programme's electronic management system (Funding and Tenders Portal for Horizon Europe; SFC2021 for ESIF). The granting authority reviews the statements and may request clarifications or corrections before approving payment.

Payment: Upon approval of the financial statement, the granting authority calculates the payment due and issues a payment order. Payments may be subject to withholding (retention) pending final project assessment.

5.11.2 Pre-Financing, Interim Payments, and Final Payment

EU grants typically use a three-stage payment structure:

Pre-financing: Paid at the start of the project (or at the start of each reporting period in some programmes), typically covering 5–40% of the grant amount. Pre-financing provides the beneficiary with working capital to begin project activities. It is an advance, not a reimbursement — it is offset against subsequent payment claims.

Interim payments: Paid at the end of each intermediate reporting period, based on the approved financial statements. Interim payments reimburse eligible costs incurred during the period, minus any outstanding pre-financing.

Final payment: Paid at the end of the project, following approval of the final report and financial statement. The final payment settles the balance of the grant, taking into account all pre-financing and interim payments made. If the total approved costs are lower than the pre-financing and interim payments already made, the beneficiary must repay the excess.

5.11.3 The Certificate on Financial Statements (CFS)

The Certificate on Financial Statements (CFS) is an independent audit certificate that provides assurance on the accuracy and compliance of the beneficiary's financial statement. Under Horizon Europe, a CFS is required when:

- The beneficiary requests a contribution of €325,000 or more in a single reporting period (for interim payments), or
- The beneficiary requests a contribution of €325,000 or more in the final financial statement

The CFS must be issued by an **independent external auditor** (or, for public bodies, by a competent public officer). The auditor applies the procedures specified in the Horizon Europe MGA and the Commission's audit guidelines to verify that:

- The costs reported are actual, incurred, and recorded in the beneficiary's accounts
- The costs are eligible under the grant agreement
- The financial statement is accurate and complete

The cost of the CFS is eligible as an other direct cost in the project budget.

5.11.4 Financial Corrections and Recovery

Financial corrections are reductions in the EU contribution resulting from the identification of ineligible costs or irregularities. They may arise from:

Project officer review: During the review of financial statements, the project officer may identify costs that appear ineligible and request clarification. If the beneficiary cannot justify the costs, they are rejected.

Commission audit: A Commission audit (conducted by the Commission's audit services or by contracted auditors) may identify systemic weaknesses or specific ineligible costs.

ECA audit: The European Court of Auditors may audit any EU grant as part of its annual review of the EU budget's legality and regularity.

OLAF investigation: The European Anti-Fraud Office may investigate suspected fraud or irregularities.

The financial correction process involves: notification of the finding; the beneficiary's right of reply; the Commission's final decision; and, if the beneficiary disagrees, appeal procedures. Corrections may be applied at the transaction level (specific ineligible amounts) or at a flat rate

(where the extent of the irregularity cannot be precisely determined — typically 2%, 5%, 10%, 25%, or 100%).

5.12 Institutional Financial Management Systems for EU Grants

5.12.1 The Institutional Dimension of EU Grant Finance

Individual project budgets are managed within an institutional context — the organisation's accounting systems, HR systems, procurement procedures, and internal control framework. The quality of the institutional financial management system is the single most important determinant of an organisation's ability to manage EU grants compliantly and efficiently at scale.

An organisation that relies on project-by-project workarounds — maintaining separate spreadsheets for each grant, manually extracting data from payroll systems, or reconstructing time records retrospectively — is exposed to significant audit risk and administrative inefficiency. An organisation with well-designed institutional systems — integrated grant accounting, automated time-recording, documented procurement procedures, and regular internal audit — can manage a large portfolio of EU grants with confidence.

5.12.2 Cost Accounting for EU Grants

The cost accounting system must be capable of:

Project-level tracking: Recording all costs (revenues and expenditures) at the individual project level, with a unique project code for each EU grant. This enables the preparation of project financial statements directly from the accounting system, rather than from manual compilations.

Cost category classification: Classifying costs by the cost categories used in the grant agreement (personnel, subcontracting, travel, equipment, indirect costs). This classification should be built into the chart of accounts.

Period tracking: Recording costs by the project's reporting periods, not only by the organisation's financial year. This is particularly important for projects that span multiple financial years.

Audit trail: Maintaining a complete audit trail from the project financial statement to the individual transaction (invoice, payroll record, travel claim), including the documentation that supports each transaction.

Reconciliation: Enabling reconciliation between the project accounts and the general ledger, so that any discrepancy can be identified and resolved before the financial statement is submitted.

5.12.3 Time-Recording Systems

The time-recording system is the most scrutinised component of the institutional financial management system in EU grant audits. Requirements for a compliant time-recording system:

Coverage: Must cover all working time of all staff working on EU grants, not only the time charged to the grant. This enables verification that the total time charged across all activities does not exceed the individual's contracted working time.

Contemporaneous recording: Time must be recorded as it is worked, not retrospectively. Monthly recording is the minimum acceptable frequency; weekly or daily recording is preferable.

Authentication: Records must be authenticated by the individual (and ideally countersigned by a supervisor). Electronic authentication (login credentials, digital signatures) is acceptable.

Project and task granularity: Records must identify the specific project and, ideally, the specific work package or task to which time is charged. This enables verification that charged time corresponds to the activities described in the grant agreement.

Retention: Records must be retained for the full audit period — typically 5 years after final payment under Horizon Europe.

5.12.4 Internal Controls and Internal Audit

A robust internal control framework for EU grants includes:

Segregation of duties: Financial approval of EU grant expenditure should be separated from the operational management of the project. The project manager should not be the sole approver of their own expenses.

Pre-commitment review: Before committing expenditure (signing contracts, issuing purchase orders), a pre-commitment review should verify that the expenditure is budgeted, eligible, and compliant with procurement rules.

Financial monitoring: Regular (at least monthly) monitoring of actual expenditure against budget, with variance analysis and corrective action where required.

Internal audit: Periodic internal audit of EU grant financial management, using the Commission's audit checklists as a reference. Internal audit findings should be reported to senior management and tracked to resolution.

Training: Regular training for all staff involved in EU grant financial management — project managers, finance officers, procurement staff, and senior management. Training should cover both the specific rules of the current grant portfolio and the general principles of EU grant financial management.

5.12.5 Preparing for External Audit

External audits of EU grants — whether by Commission auditors, the ECA, or national audit bodies — can be stressful and disruptive if the organisation is not prepared. Preparation for external audit includes:

Audit readiness assessment: Before the audit begins, conduct a self-assessment using the Commission's standard audit checklists to identify any weaknesses that should be addressed.

Document organisation: Organise all project documentation — grant agreement, technical reports, financial statements, supporting documents — in a structured and accessible manner. Auditors should be able to find any document they request within minutes.

Key personnel availability: Ensure that the project manager, financial officer, and relevant technical staff are available during the audit period to respond to auditor questions.

Pre-audit meeting: Request a pre-audit meeting with the audit team to understand the scope and focus of the audit, and to identify any specific concerns the auditors wish to address.

Proactive disclosure: If the organisation has identified any potential issues (ineligible costs, time-recording weaknesses, procurement irregularities), it is generally better to disclose these proactively at the start of the audit rather than have them discovered by the auditors. Proactive disclosure demonstrates good faith and may reduce the severity of any financial corrections.

5.13 Budget Amendments and Project Modifications

5.13.1 When Budget Amendments Are Required

A budget amendment (also called a grant agreement amendment or addendum) is a formal modification to the financial terms of the grant agreement. Not all budget changes require a

formal amendment — many can be managed within the flexibility provisions of the grant agreement. Understanding the boundary between permissible flexibility and amendment-requiring changes is essential for efficient project management.

Changes that typically require a formal amendment:

- Increase in the total grant amount
- Change in the co-financing rate
- Addition or removal of beneficiaries (consortium changes)
- Transfer of activities between beneficiaries
- Extension of the project duration
- Changes to the Description of Action that affect the budget structure

Changes that typically do not require a formal amendment (within flexibility provisions):

- Budget transfers between work packages within the permitted threshold (typically 10–20% of the work package budget)
- Changes in the composition of personnel working on the project (provided the total personnel cost does not exceed the budget)
- Changes in the timing of activities within the project period

5.13.2 The Amendment Process

Budget amendments in Horizon Europe are processed through the **Funding and Tenders Portal**. The amendment process involves:

1. **Initiating the request**: The coordinator submits an amendment request through the portal, explaining the reasons for the amendment and the proposed changes.
2. **Internal consortium agreement**: For amendments affecting the consortium structure or the distribution of budget between partners, all beneficiaries must agree to the amendment.
3. **Commission review**: The project officer reviews the amendment request and may request clarifications. The Commission has discretion to accept or reject amendments.
4. **Amendment signature**: If approved, the amendment is signed electronically by the coordinator and the Commission. The amended grant agreement supersedes the original for the modified provisions.

Amendment timeline: Budget amendments typically take 2–6 months to process. Coordinators should initiate amendment requests as early as possible — ideally at least 3–4 months before the change needs to take effect.

5.13.3 No-Cost Extensions

A **no-cost extension** (NCE) extends the project's end date without increasing the grant amount. NCEs are commonly requested when the project has encountered implementation delays that prevent full delivery of the work plan within the original project period.

Conditions for NCE approval: The Commission will typically approve a NCE if:

- The project is making satisfactory scientific/technical progress
- The delay is due to circumstances beyond the consortium's control
- The extension is necessary to achieve the project's objectives
- The extension does not exceed a reasonable period (typically 6–12 months)

NCEs have financial implications: they extend the period during which costs can be incurred and claimed, and they may require adjustments to the financial plan (e.g., additional personnel costs for the extended period, if within the existing budget).

5.14 Value for Money and Budget Optimisation

5.14.1 The Value for Money Principle in EU Grants

Value for money (VfM) is not merely a phrase in evaluation criteria — it is a substantive financial principle that shapes how budgets should be constructed and justified. The EU Financial Regulation requires that EU funds be used with economy, efficiency, and effectiveness. Evaluators assess VfM by asking: Is the budget proportionate to the activities and outputs proposed? Are the resources requested necessary and sufficient? Could the same results be achieved at lower cost?

A budget that is technically eligible but clearly disproportionate — e.g., requesting €2 million for a project that comparable funded projects have achieved for €800,000 — will score poorly on VfM and may fail evaluation. Conversely, a budget that is too lean — under-resourcing key activities to appear cost-effective — will raise doubts about feasibility.

5.14.2 Benchmarking and Market Research

Budget developers should conduct systematic benchmarking to ensure their cost estimates are credible and competitive:

Personnel cost benchmarking: Compare proposed personnel costs against published salary surveys, institutional salary scales, and the costs of comparable personnel in previously funded projects. The Commission publishes average personnel cost data for Horizon Europe beneficiaries, which provides a useful reference.

Equipment cost benchmarking: Obtain at least two or three price quotes for major equipment items, or reference published price lists. For specialised equipment, document why the specific item is required and why the quoted price is reasonable.

Subcontract cost benchmarking: For significant subcontracts, conduct a market survey to establish a reasonable cost range. If the estimated cost significantly exceeds the market range, explain why (e.g., highly specialised expertise, urgent timeline, limited supplier market).

Travel cost benchmarking: Use realistic travel cost estimates based on actual booking experience. Overly conservative estimates (e.g., assuming business class when economy is the norm) will be challenged; overly optimistic estimates (e.g., ignoring the cost of accommodation in expensive cities) will create budget pressure during implementation.

5.14.3 Cost Recovery Optimisation

For organisations managing multiple EU grants, budget optimisation extends beyond individual projects to the institutional level. Key principles of institutional cost recovery optimisation:

Maximise eligible direct costs: Identify all costs that are directly attributable to the project and ensure they are charged as direct costs rather than absorbed into overheads. This maximises the base on which the indirect cost flat rate is applied and ensures full cost recovery.

Optimise the indirect cost methodology: For programmes that allow actual indirect costs (rather than a flat rate), calculate whether the actual overhead rate exceeds the flat rate. If it does, using actual indirect costs may increase total cost recovery.

Manage the portfolio funding rate: In a mixed portfolio of EU grants with different funding rates (e.g., 100% RIAs, 70% IAs, 75% ESIF), allocate institutional resources to maximise the overall recovery rate. Activities that are eligible at 100% should be charged to 100%-funded grants where possible.

Plan for the audit cycle: Organisations subject to regular Commission audits should plan their budget construction with the audit in mind — ensuring that the most complex or borderline cost items are well-documented, and that the audit trail is complete before the audit begins.

DOMAIN 6

Consortium Building and Partnership Management

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Consortium Building and Partnership Management is the domain that governs the human and organisational architecture of multi-partner EU-funded projects. While Domains 3–5 address the strategic, narrative, and financial dimensions of the pre-award process, Domain 6 addresses the relational and structural dimensions: how the right partners are identified and selected, how the consortium is legally constituted, how it is governed during implementation, and how the inevitable tensions and conflicts of collaborative research are managed constructively.

The consortium is not merely an administrative convenience — it is the primary vehicle through which the EU's ambition for cross-border, cross-sectoral, and cross-disciplinary collaboration is realised. The quality of consortium design and management is a significant determinant of project success, and it is assessed explicitly by evaluators in the Implementation section of Horizon Europe proposals and its equivalents in other programmes.

This domain draws primarily on the Horizon Europe framework, which has the most developed and codified set of consortium governance requirements among EU funding programmes, while addressing the distinctive features of other programme types. The domain covers the full consortium lifecycle: from strategic partnership development in the pre-award phase (building on Domain 3) through the legal constitution of the consortium, the design of governance structures, the management of day-to-day consortium operations, the resolution of conflicts, the management of intellectual property, and the handling of consortium changes during implementation.

The domain is grounded in the recognition that consortium management is a professional discipline with its own body of knowledge, tools, and best practices — not merely a soft skill or an extension of project management. The EU grant professional who masters this domain is equipped to build high-performing, resilient consortia and to navigate the complex human dynamics that arise when organisations from different countries, cultures, and sectors collaborate under the pressure of a competitive funding environment.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO6.1 — Articulate the strategic rationale for consortium formation in EU-funded projects, distinguishing between consortia built for competitive advantage and those built for genuine collaborative value.
LO6.2 — Design a consortium composition strategy that aligns partner profiles, competencies, and geographic/sectoral diversity with the requirements of the call and the objectives of the project.
LO6.3 — Execute a structured partner search and qualification process, using formal and informal channels, and applying due diligence criteria to assess partner suitability.
LO6.4 — Explain the legal framework governing EU research consortia, including the respective roles of the Grant Agreement and the Consortium Agreement, and the key provisions that must be addressed in each.
LO6.5 — Draft or review the key provisions of a Consortium Agreement, drawing on the DESCA model and adapting it to the specific requirements of the project and consortium.
LO6.6 — Design a governance structure for a multi-partner EU project, including the General Assembly, Executive Board, and project management office, with clear roles, decision-making procedures, and escalation paths.
LO6.7 — Define and communicate the roles and responsibilities of each partner in the consortium, including the coordinator, work package leaders, and task leaders, and establish accountability mechanisms.

LO6.8 — Apply strategies for managing consortium dynamics, including cultural and organisational diversity, power imbalances, communication challenges, and partner disengagement.
LO6.9 — Identify and manage conflicts within the consortium, applying appropriate conflict resolution mechanisms ranging from informal mediation to formal dispute resolution procedures.
LO6.10 — Apply the rules governing intellectual property rights (IPR) in EU-funded consortia, including background IP, foreground IP, access rights, and exploitation obligations.
LO6.11 — Manage consortium changes during implementation, including partner withdrawal, replacement, and the addition of new partners, in compliance with grant agreement requirements.
LO6.12 — Advise an organisation on the development of institutional partnership management capabilities, including partner relationship management systems, consortium readiness frameworks, and partnership strategy.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO6.1	Awareness — describe rationale for consortium formation	Applied — develop consortium strategy for a specific call	Strategic — advise on institutional partnership strategy
LO6.2	Awareness — list partner profile criteria	Applied — design consortium composition for a project	Strategic — lead consortium design; advise on strategic fit
LO6.3	Awareness — describe partner search channels	Applied — execute partner search and due diligence	Strategic — develop institutional partner search systems
LO6.4	Awareness — describe GA and CA roles	Applied — explain key GA and CA provisions to partners	Strategic — advise on complex legal issues; negotiate CA terms
LO6.5	Awareness — identify key CA provisions	Applied — draft or review CA using DESCA	Strategic — lead CA negotiation; advise on complex provisions
LO6.6	Awareness — describe governance structures	Applied — design governance for a specific project	Strategic — design complex governance for large consortia
LO6.7	Awareness — list roles in a consortium	Applied — define and communicate partner roles	Strategic — design accountability frameworks; advise on role conflicts
LO6.8	Awareness — identify consortium dynamics challenges	Applied — manage cultural diversity and communication	Strategic — develop institutional consortium management capabilities
LO6.9	Awareness — describe conflict types and resolution	Applied — apply conflict resolution mechanisms	Strategic — design dispute resolution systems; mediate complex conflicts
LO6.10	Awareness — describe background and foreground IP	Applied — apply IPR rules to project situations	Strategic — advise on IPR strategy; negotiate complex IP provisions
LO6.11	Awareness — describe consortium change procedures	Applied — manage partner withdrawal or replacement	Strategic — advise on complex consortium restructuring
LO6.12	Awareness — describe institutional partnership capabilities	Applied — use institutional systems for partnership management	Strategic — design and implement institutional partnership management systems

6.1 The Strategic Logic of Consortium Formation

6.1.1 Why Consortia? The EU's Collaborative Imperative

The requirement for multi-partner, multi-country consortia in most EU funding programmes is not merely an administrative formality — it reflects a deliberate policy choice. The EU invests in collaborative research and innovation because it believes that cross-border, cross-sectoral, and cross-disciplinary collaboration produces better science, more impactful innovation, and stronger European integration than nationally siloed efforts.

The practical manifestation of this belief is the minimum consortium requirement: most Horizon Europe Research and Innovation Actions require at least three independent legal entities from three different EU Member States or Associated Countries. Innovation Actions, Coordination and Support Actions, and ERC grants have different requirements. ESIF projects may be national or cross-border depending on the programme. Erasmus+ partnerships require a minimum of three organisations from three different Programme Countries.

Understanding the policy rationale behind consortium requirements helps the EU grant professional design consortia that genuinely embody the EU's collaborative ambitions — not merely assemble the minimum number of partners to satisfy the eligibility criteria. Evaluators are experienced at distinguishing genuine collaboration from "consortium tourism" — the practice of adding partners from required countries without meaningful roles.

6.1.2 Types of Consortium Value

A well-designed consortium creates value along several dimensions:

Scientific and technical complementarity: Partners bring different disciplinary expertise, methodological capabilities, and technical facilities that, combined, enable the project to address research questions that no single partner could tackle alone. This is the most fundamental form of consortium value and should be the primary driver of partner selection.

Sectoral diversity: Consortia that combine academic research institutions with industry partners, SMEs, public authorities, and civil society organisations are better positioned to translate research results into real-world applications and policy impact. The EU's emphasis on the "knowledge triangle" (education, research, innovation) and the "quadruple helix" (academia, industry, government, civil society) reflects this value.

Geographic diversity: Partners from different EU regions and countries bring different national contexts, regulatory environments, and user communities. This diversity strengthens the generalisability of results and the breadth of the project's impact.

Institutional diversity: Large research universities, small specialist institutes, large corporations, innovative SMEs, and public authorities each bring different strengths — scale, specialisation, market access, regulatory authority, and community connections — that, combined, create a more powerful consortium than any single type of institution could.

Network effects: Consortium formation creates and reinforces professional networks that extend beyond the individual project. Partners who work together on one EU project are more likely to collaborate again, creating a cumulative network effect that benefits the broader European Research Area.

6.1.3 The Coordinator's Strategic Role in Consortium Design

The consortium coordinator — typically the organisation that leads the proposal and will manage the project — plays a decisive role in consortium design. The coordinator's strategic choices at the pre-award stage determine the consortium's capabilities, dynamics, and resilience for the entire project duration.

Key strategic choices include:

Leadership model: Will the coordinator exercise strong central leadership, or will the consortium operate as a network of equals? The answer depends on the project's nature (a highly integrated research project requires stronger central coordination than a loosely coupled network of national activities), the coordinator's capacity, and the preferences of the other partners.

Size and complexity: Larger consortia offer more resources and broader coverage but are more complex to manage and more expensive to coordinate. The optimal consortium size depends on the project's work plan — the consortium should be large enough to cover all necessary competencies but no larger than necessary.

Core vs. peripheral partners: Some partners are essential to the project's success (core partners); others play supporting roles (peripheral partners). The coordinator should ensure that core partners are fully committed and appropriately resourced, and should be cautious about including peripheral partners whose contribution does not justify the coordination overhead.

6.2 Partner Search and Qualification

6.2.1 Formal and Informal Partner Search Channels

Partner search in the EU funding context uses a combination of formal and informal channels:

Formal channels:

- *Funding and Tenders Portal Partner Search*: The European Commission's official partner search tool allows organisations to post and search for partner profiles linked to specific calls. Profiles include organisational description, competencies, and contact details.
- *National Contact Points (NCPs)*: NCPs for Horizon Europe and other programmes maintain partner databases and facilitate matchmaking events. NCP networks are particularly valuable for finding partners from specific countries or sectors.
- *Enterprise Europe Network (EEN)*: The EEN facilitates partnership brokering for SMEs and other organisations, with a particular focus on innovation and technology transfer.
- *Programme-specific matchmaking events*: The Commission, NCPs, and programme agencies organise brokerage events aligned with specific calls, where organisations can present their competencies and find partners.
- *Online databases*: CORDIS (EU research results portal), SESAM (partner search for EU external action), and programme-specific databases provide searchable records of past projects and their participants.

Informal channels:

- *Professional networks*: Existing professional relationships — from previous projects, conferences, academic networks, and industry associations — are the most reliable source of high-quality partners. Partners known from previous collaborations come with a track record that formal due diligence cannot replicate.
- *Conference and event networking*: Major scientific conferences, industry fairs, and EU policy events are valuable venues for identifying potential partners and initiating conversations.
- *Institutional networks*: University associations (EUA, CESAER), research organisation networks (EARTO, EARMA), industry associations, and civil society networks maintain active partnership brokering functions.
- *Targeted outreach*: For specific competencies or geographies, direct outreach to identified organisations — based on their publication record, patent portfolio, or market position — may be more effective than open-call partner search.

6.2.2 Partner Due Diligence

Partner due diligence is the process of assessing a potential partner's suitability for the consortium before committing to the partnership. Due diligence should cover:

Scientific and technical competence: Does the partner have the expertise, facilities, and track record to deliver the tasks they are being asked to contribute? Evidence: publication record, previous project experience, CVs of key personnel, equipment inventory, and reference contacts from previous collaborators.

Financial and administrative capacity: Does the partner have the financial resources and administrative systems to manage EU grant funding? Evidence: recent financial statements, audit reports, descriptions of financial management systems, and evidence of previous EU grant management.

Legal status and eligibility: Is the partner an eligible legal entity under the programme rules? Evidence: legal registration documents, VAT registration, and confirmation of compliance with exclusion criteria (EDES check).

Institutional commitment: Does the partner's senior management genuinely support the project, or is the partnership driven by one enthusiastic individual without institutional backing? Evidence: letters of support from senior management, evidence of institutional resources committed to the project.

Cultural and operational compatibility: Is the partner's working culture, communication style, and operational approach compatible with the consortium's way of working? This is the most difficult dimension to assess formally, but it is one of the most important determinants of consortium performance. Evidence: reference conversations with previous collaborators, observation at workshops and meetings.

6.2.3 The Partner Qualification Matrix

A structured partner qualification matrix enables systematic comparison of potential partners against defined criteria. The matrix should assess each candidate partner on:

Criterion	Weight	Partner A Score	Partner B Score	Partner C Score
Scientific/technical competence	High			
Relevant project experience	High			
Financial/administrative capacity	Medium			
Geographic/sectoral fit	Medium			
Institutional commitment	High			
Cultural compatibility	Medium			
Network value	Low			

The matrix provides a structured basis for partner selection decisions and creates a documented record of the selection rationale — important for transparency and, in some cases, for audit purposes.

6.2.4 Letters of Intent and Commitment

Before the proposal is submitted, each partner should provide a **Letter of Intent (LoI)** or **Letter of Commitment (LoC)** confirming:

- Their intention to participate in the project if funded
- Their agreement with the proposed role and budget allocation
- Their institutional authorisation to enter into the partnership
- Any conditions attached to their participation

LoIs/LoCs are not legally binding — they are pre-contractual statements of intent. However, they serve an important function: they confirm that the partner's participation has been authorised at the institutional level (not merely agreed informally by one researcher), and they provide a basis for the consortium agreement negotiations that follow a successful proposal.

6.3 The Legal Framework: Grant Agreement and Consortium Agreement

6.3.1 The Two-Contract Structure

EU research consortia operate under a two-contract structure:

The Grant Agreement (GA) is the contract between the granting authority (the European Commission or a funding agency such as REA, EISMEA, or CINEA) and the beneficiaries. It sets out the rights and obligations of all parties in relation to the EU grant — the project's objectives, the work plan, the budget, the reporting obligations, and the conditions for payment. The GA is a public contract, governed by EU law, and its terms are not negotiable (except within the limited flexibility provided by the model grant agreement).

The Consortium Agreement (CA) is a private contract between the beneficiaries themselves. It governs the internal relationships within the consortium — how decisions are made, how costs and revenues are shared, how intellectual property is managed, and how conflicts are resolved. The CA is not a requirement of EU law (for most programmes), but it is a practical necessity for any consortium of more than two partners, and it is strongly recommended by the Commission and required by many funding agencies.

The two-contract structure creates a clear division of responsibilities: the GA governs the consortium's relationship with the EU; the CA governs the consortium's internal relationships. In the event of a conflict between the GA and the CA, the GA prevails.

6.3.2 The DESCA Model Consortium Agreement

DESCA (Development of a Simplified Consortium Agreement) is the most widely used model CA for Horizon Europe projects. It was developed by a consortium of European research organisations and law firms, is freely available, and is regularly updated to reflect changes in the Horizon Europe rules.

DESCA provides a modular structure that allows consortia to select the provisions most appropriate for their project. The core modules cover:

Module 1 — General provisions: Definitions, purpose, entry into force, duration, and relationship with the grant agreement.

Module 2 — Governance: The consortium's governance bodies (General Assembly, Executive Board, Project Manager), their composition, voting rules, and decision-making procedures.

Module 3 — Financial provisions: Internal financial management, cost sharing, payment flows from the coordinator to partners, and financial reporting obligations between partners.

Module 4 — Intellectual property: Background IP (pre-existing knowledge), foreground IP (results generated in the project), access rights, ownership, and exploitation obligations.

Module 5 — Liability and indemnification: Limitation of liability between partners, indemnification obligations, and insurance requirements.

Module 6 — Confidentiality: Confidentiality obligations, duration of confidentiality, and exceptions.

Module 7 — Dispute resolution: Escalation procedures, mediation, and arbitration or court jurisdiction.

Optional modules: Additional provisions for specific situations (e.g., SME-specific provisions, provisions for projects involving clinical trials or personal data).

6.3.3 Key CA Provisions: Decision-Making and Voting

The decision-making provisions of the CA are among the most consequential for consortium governance. Key issues to address:

Voting rights: Should each partner have one vote (equal voting), or should votes be weighted by budget share, scientific contribution, or some other criterion? Equal voting is simpler and more democratic but may give disproportionate power to small partners. Weighted voting better reflects the distribution of responsibility but may disadvantage smaller partners.

Decision thresholds: What majority is required for different types of decisions? DESCA distinguishes between decisions requiring simple majority (routine operational matters), qualified majority (significant project changes), and unanimity (fundamental changes such as amendment of the CA, addition or removal of partners, and changes to IP ownership).

Coordinator's casting vote: Many CAs give the coordinator a casting vote in the event of a tied vote. This is a practical necessity for avoiding deadlock but must be balanced against the risk of coordinator overreach.

Opt-out provisions: DESCA includes provisions allowing partners to opt out of certain decisions that would impose obligations they cannot accept (e.g., a decision to extend the project that would require additional resources a partner cannot commit). Opt-out provisions protect individual partners but can create fragmentation in the consortium's response to challenges.

6.3.4 Key CA Provisions: Financial Management

The CA's financial provisions govern the internal financial flows within the consortium:

Payment flows: The GA makes all payments to the coordinator, who is responsible for distributing funds to the other beneficiaries. The CA should specify the timeline for distribution (typically within 30 days of receipt from the Commission), the conditions for withholding payment (e.g., failure to submit required reports), and the procedures for resolving disputes about payment.

Pre-financing distribution: The CA should specify how the Commission's pre-financing payment is distributed among partners. Options include: proportional distribution (each partner receives their share of the pre-financing immediately); staged distribution (partners receive pre-financing as they begin their activities); or central retention (the coordinator retains the pre-financing and distributes it as partners incur costs).

Internal reporting: The CA should specify the internal financial reporting obligations of each partner — the frequency, format, and content of financial reports to the coordinator, and the timeline relative to the Commission's reporting deadlines.

Liability for ineligible costs: The CA should specify how financial corrections (reductions in the EU contribution due to ineligible costs) are allocated among partners. The default position under the GA is that all beneficiaries are jointly and severally liable for the full grant amount; the CA typically modifies this to allocate liability to the partner responsible for the ineligible costs.

6.4 Governance Structures for Multi-Partner Projects

6.4.1 The Governance Architecture

A well-designed governance structure for a multi-partner EU project typically comprises three tiers:

Strategic tier — General Assembly (GA): The supreme decision-making body of the consortium, comprising representatives of all beneficiaries. The GA makes decisions on fundamental matters: approval of major project changes, amendments to the CA, addition or removal of partners, resolution of escalated conflicts, and approval of the exploitation plan. The GA typically meets once or twice per year.

Executive tier — Executive Board (EB) or Project Steering Committee (PSC): A smaller body comprising the coordinator and work package leaders (or a subset of partners), responsible for operational decision-making and oversight of project implementation. The EB monitors progress against the work plan, approves budget transfers within the permitted flexibility, and resolves operational issues that do not require GA involvement. The EB typically meets quarterly.

Operational tier — Project Management Office (PMO): The coordinator's project management team, responsible for day-to-day project coordination — scheduling meetings, tracking deliverables, managing financial reporting, liaising with the project officer, and providing administrative support to the governance bodies. The PMO is the operational hub of the consortium.

6.4.2 Work Package Leadership

Work packages (WPs) are the primary units of scientific and technical organisation in EU projects. Each WP has a designated **Work Package Leader (WPL)** — typically the partner with the greatest expertise in the WP's subject area — who is responsible for:

- Coordinating the activities of all partners contributing to the WP
- Monitoring progress against the WP's milestones and deliverables
- Preparing the WP's contribution to the project's progress reports
- Escalating issues that cannot be resolved at the WP level to the EB
- Managing the WP's budget and flagging variances to the coordinator

The WPL role is a significant management responsibility that requires both scientific/technical expertise and project management skills. Partners who accept WP leadership should be fully aware of the time commitment involved — typically 5–15% of the WPL's time, depending on the WP's complexity.

6.4.3 The Coordinator's Role and Responsibilities

The coordinator occupies a unique position in the consortium — simultaneously a partner (with its own scientific and technical contributions) and the project's administrative and financial manager. The coordinator's responsibilities include:

Contractual obligations to the Commission: The coordinator is the single point of contact with the Commission. It is responsible for submitting all reports and financial statements, receiving all payments, distributing funds to partners, and ensuring that the consortium complies with all grant agreement obligations.

Consortium management: The coordinator manages the consortium's governance processes — organising GA and EB meetings, maintaining the consortium's internal communication systems, tracking deliverables and milestones, and managing the project's risk register.

Financial management: The coordinator maintains the project's financial accounts, distributes pre-financing and interim payments to partners, monitors partners' financial reports, and prepares the consolidated financial statements submitted to the Commission.

Communication and representation: The coordinator represents the consortium in all dealings with the Commission, the project officer, and external stakeholders. It manages the project's public communication, including the project website, social media, and press releases.

Conflict resolution: The coordinator is typically the first point of escalation for conflicts within the consortium. It must be able to mediate disputes impartially while also maintaining its own scientific and technical contributions.

6.4.4 Advisory Boards and External Expertise

Many EU projects establish advisory structures beyond the core governance bodies:

Scientific Advisory Board (SAB): An external panel of leading scientists or practitioners who provide independent scientific advice and quality assurance. The SAB typically meets once or twice per year and provides written feedback on the project's scientific progress and direction.

Ethics Advisory Board (EAB): Required for projects involving sensitive research areas (human subjects, personal data, dual-use technologies). The EAB reviews the project's ethics compliance and advises on emerging ethical issues.

User or Stakeholder Advisory Group: For projects with a strong application or policy dimension, an advisory group comprising potential users of the project's results (industry representatives, policymakers, civil society organisations) provides guidance on relevance, uptake, and impact.

6.5 Roles, Responsibilities, and Accountability

6.5.1 The Responsibility Assignment Matrix

A Responsibility Assignment Matrix (RAM) — sometimes called a RACI matrix (Responsible, Accountable, Consulted, Informed) — maps each project task and deliverable to the partners responsible for it. The RAM is an essential tool for:

- Clarifying expectations and avoiding duplication or gaps
- Providing a reference for performance monitoring
- Supporting the preparation of progress reports
- Resolving disputes about who was responsible for a missed deliverable

The RAM should be developed during the proposal preparation phase (as part of the work plan), refined during the grant preparation phase (when the description of action is finalised), and maintained as a living document throughout implementation.

6.5.2 Deliverable Ownership and Quality Assurance

Each deliverable in the project's work plan should have a designated **deliverable leader** — the partner responsible for preparing and submitting the deliverable. The deliverable leader is responsible for:

- Coordinating contributions from other partners
- Ensuring the deliverable meets the quality standards defined in the work plan
- Submitting the deliverable through the project's document management system by the agreed deadline
- Responding to the project officer's comments and revisions

Quality assurance for deliverables typically involves a **peer review process** within the consortium: the deliverable is circulated to relevant partners for review before submission, and the deliverable leader incorporates feedback before finalising. The CA or the project's quality management plan should specify the review timeline and the minimum review requirements.

6.5.3 Managing Underperforming Partners

Partner underperformance — failure to deliver agreed tasks on time, to the required quality, or within budget — is one of the most challenging issues in consortium management. The coordinator must balance the need to maintain consortium cohesion and protect the project's objectives against the rights of the underperforming partner.

Early warning system: The most effective approach to underperformance is prevention through early detection. Regular progress monitoring, milestone tracking, and open communication channels allow the coordinator to identify performance issues before they become crises.

Graduated response: The response to underperformance should be graduated:

0. Informal discussion — understand the cause of the problem and agree a remediation plan

    0. Formal written notification — document the performance issue and the agreed remediation measures
    0. Escalation to the EB — involve the governance bodies if informal resolution fails
    0. Formal warning under the CA — invoke the CA's provisions for partner default
0. Termination of the partner's participation — as a last resort, in accordance with the GA and CA provisions

Reallocation of tasks: Where a partner is unable to deliver agreed tasks, the coordinator must arrange for those tasks to be reallocated to other partners or to a new subcontractor. This requires a budget amendment and, in some cases, a grant agreement amendment.

6.6 Managing Consortium Dynamics

6.6.1 Cultural and Organisational Diversity

EU consortia bring together organisations from different countries, cultures, and sectors. This diversity is a strength — it creates the complementarity and breadth that makes EU projects distinctive — but it also creates management challenges that require specific skills and strategies.

National and cultural differences: Partners from different EU countries have different working cultures, communication styles, and professional norms. Northern European partners may expect direct, task-focused communication; Southern European partners may prioritise relationship-building and contextual communication. Eastern European partners may have different expectations about hierarchy and decision-making. These differences are not deficiencies — they are features of a genuinely European consortium — but they must be actively managed.

Sectoral differences: Academic partners prioritise scientific quality, publication, and intellectual freedom; industry partners prioritise commercial application, confidentiality, and return on investment; public authorities prioritise policy relevance, stakeholder engagement, and accountability; civil society organisations prioritise community impact and participatory approaches. These different priorities can create tension in decisions about the project's direction, dissemination strategy, and IP exploitation.

Organisational size differences: Large organisations (major universities, multinational companies) have professional project management support, robust financial systems, and experienced legal teams. Small organisations (SMEs, small NGOs, small research institutes) may lack these resources and require more support from the coordinator. The coordinator must calibrate its support to the needs of each partner.

6.6.2 Communication Management

Effective communication is the foundation of consortium management. The communication management plan should address:

Internal communication channels: Which channels will be used for different types of communication? (e.g., email for formal communication, messaging platforms for informal coordination, video conferencing for meetings, project management software for task tracking and document sharing)

Meeting cadence: How frequently will the consortium meet? (e.g., monthly EB meetings, quarterly consortium calls, annual face-to-face meetings, kick-off meeting, mid-term review meeting, final meeting)

Language: What is the consortium's working language? English is the de facto standard for most EU projects, but the coordinator should be sensitive to the fact that many partners are working

in their second or third language and should ensure that communication is clear, jargon-free, and accessible.

Document management: Where will project documents be stored, and who has access? A shared document management system (e.g., SharePoint, Google Drive, a dedicated project portal) is essential for large consortia. The system should have clear folder structures, naming conventions, and access controls.

Escalation paths: What is the process for raising issues that cannot be resolved at the working level? Partners should know who to contact for different types of issues and what response time to expect.

6.6.3 Power Dynamics and Partner Relationships

Power dynamics in EU consortia are shaped by factors including budget share, scientific reputation, institutional size, and the coordinator's authority. Unmanaged power imbalances can undermine consortium cohesion and partner commitment.

Coordinator authority: The coordinator has significant formal authority (as the GA's counterpart) and informal authority (as the project's initiator and manager). This authority must be exercised with care — a coordinator that is perceived as autocratic or unfair will lose the trust and commitment of other partners.

Large vs. small partners: Large partners with dominant budget shares may feel entitled to disproportionate influence over project decisions. Small partners may feel marginalised or overlooked. The governance structure should ensure that all partners have a meaningful voice in decisions that affect them, regardless of their size.

Academic vs. industry partners: In mixed consortia, academic and industry partners may have fundamentally different views on IP ownership, publication rights, and exploitation strategy. These tensions should be addressed explicitly in the CA and in the governance processes.

Building trust: Trust is the foundation of effective consortium management. Trust is built through consistent, transparent communication; fair distribution of resources and recognition; reliable delivery of commitments; and respectful handling of disagreements. The coordinator plays a central role in modelling and sustaining a culture of trust.

6.7 Conflict Management and Dispute Resolution

6.7.1 Types of Conflict in EU Consortia

Conflicts in EU consortia arise from a range of sources:

Task and resource conflicts: Disagreements about who is responsible for a task, how resources should be allocated between partners, or whether a partner has fulfilled their obligations. These are the most common type of conflict and are typically the most amenable to resolution.

Scientific and methodological conflicts: Disagreements about the project's scientific direction, methodology, or interpretation of results. These conflicts can be highly charged because they touch on partners' professional identities and reputations.

Financial conflicts: Disagreements about budget allocations, payment timelines, or the eligibility of costs. Financial conflicts are often the most difficult to resolve because they involve concrete material interests.

IP conflicts: Disagreements about the ownership, access rights, or exploitation of project results. IP conflicts are particularly complex because they involve both legal and commercial interests.

Personality and relationship conflicts: Personal tensions between individuals that spill over into professional relationships. These are the most difficult conflicts to manage because they are not amenable to purely rational resolution.

6.7.2 The Conflict Resolution Cascade

The CA should establish a clear conflict resolution cascade — a sequence of escalating mechanisms for resolving disputes:

Level 1 — Direct negotiation: The parties attempt to resolve the dispute through direct negotiation at the working level. Most disputes should be resolved at this level.

Level 2 — Coordinator mediation: If direct negotiation fails, the coordinator mediates between the parties. The coordinator should approach mediation with impartiality — even if one party is clearly in the right, a coercive resolution may damage the consortium's cohesion.

Level 3 — Executive Board review: If coordinator mediation fails, the dispute is escalated to the EB, which reviews the positions of both parties and attempts to broker a resolution.

Level 4 — General Assembly arbitration: If the EB cannot resolve the dispute, it is escalated to the GA, which makes a binding decision by the required majority.

Level 5 — External mediation or arbitration: If internal mechanisms fail, the CA may provide for external mediation (a neutral third party facilitates negotiation) or arbitration (a neutral third party makes a binding decision). The CA should specify the applicable rules and the seat of arbitration.

Level 6 — Court proceedings: As a last resort, the parties may resort to court proceedings. The CA should specify the governing law and jurisdiction.

6.7.3 Preventing Conflicts: Proactive Consortium Management

The most effective approach to conflict management is prevention through proactive consortium management:

Clear expectations: Ensure that all partners understand their obligations, the project's governance rules, and the consequences of non-performance before the project starts. A well-run kick-off meeting that addresses governance, communication, and expectations is the single most important preventive measure.

Early intervention: Address emerging tensions before they escalate into formal disputes. Regular one-to-one conversations between the coordinator and each partner (beyond the formal governance meetings) provide an early warning system for developing problems.

Recognition and appreciation: Acknowledge partners' contributions publicly and regularly. Partners who feel valued and recognised are less likely to become disengaged or adversarial.

Transparent decision-making: Ensure that all significant decisions are made through the agreed governance processes, with adequate notice and opportunity for input. Decisions made informally, without consulting affected partners, are a common source of resentment and conflict.

6.8 Intellectual Property Rights in EU Consortia

6.8.1 The IPR Framework: Background and Foreground

The management of intellectual property rights (IPR) is one of the most legally and commercially significant aspects of consortium management. The Horizon Europe MGA and DESCA establish a comprehensive framework for IPR management based on two fundamental categories:

Background IP (also called "background" or "pre-existing knowledge") is any IP that a partner owned or had rights to before the project started, or that was generated outside the project and used in the project. Background IP remains the property of its owner. Partners grant each other access rights to their background IP for the purposes of implementing the project (access for implementation) and for exploiting the project's results (access for exploitation), subject to the conditions specified in the CA.

Foreground IP (also called "results" in the Horizon Europe MGA) is any IP generated in the course of the project activities. Foreground IP is owned by the partner(s) that generated it. Where results are generated jointly by two or more partners, they are jointly owned — with important implications for exploitation (see below).

6.8.2 Access Rights to Background and Foreground IP

The Horizon Europe MGA establishes a system of access rights that allows partners to use each other's IP for project implementation and result exploitation:

Access rights for implementation: Each partner has the right to access other partners' background and foreground IP to the extent necessary to implement their own tasks under the project. These access rights are royalty-free (no payment required) and non-transferable.

Access rights for exploitation: Each partner has the right to access other partners' background and foreground IP to the extent necessary to exploit their own results. These access rights may be on a royalty-free basis or on fair and reasonable terms, depending on the CA provisions.

Third-party access rights: The Commission has specific rights to access project results for the purposes of developing, implementing, and monitoring EU policies, and for educational purposes. These rights are established in the GA and cannot be waived by the CA.

6.8.3 Joint Ownership

Joint ownership of results arises when two or more partners contribute to the generation of a result and it is not possible to separate their respective contributions. Joint ownership creates significant practical challenges:

Exploitation: Under default rules, each joint owner may exploit the jointly owned results independently, without the consent of the other joint owners and without sharing revenues. This default can be modified by the CA — for example, by requiring joint owners to agree on exploitation strategies or to share revenues.

IP protection: Filing for patent protection on jointly owned results requires the agreement of all joint owners. The CA should specify the decision-making process for IP protection decisions, including who bears the costs and who manages the filing.

Licensing: Licensing jointly owned results to third parties requires the agreement of all joint owners, unless the CA specifies otherwise. The CA should address the licensing decision-making process and revenue sharing.

Best practice: The CA should minimise joint ownership where possible by clearly defining each partner's contribution to each result and assigning ownership accordingly. Where joint ownership is unavoidable, the CA should establish clear rules for exploitation, protection, and licensing.

6.8.4 Exploitation Obligations

Horizon Europe places significant emphasis on the exploitation of project results — the use of results in commercial products, services, processes, or policies. The GA requires beneficiaries to:

- Make best efforts to exploit their results
- Protect their results where appropriate (e.g., through patents)
- Disseminate their results widely (subject to IP protection and confidentiality obligations)
- Report on exploitation activities in the project's reports and for a defined period after the project ends

The CA should establish a **joint exploitation plan** — a shared strategy for exploiting the consortium's results — and assign responsibilities for implementing the plan. The exploitation plan should be developed during the project and updated regularly as results emerge.

6.8.5 Open Science and Open Access

Horizon Europe's open science policy has significant implications for IPR management:

Open access to publications: All peer-reviewed publications resulting from Horizon Europe projects must be made openly accessible — either through immediate open access in a journal (gold open access) or through deposit in an open access repository within a defined embargo period (green open access). The costs of gold open access (Article Processing Charges) are eligible project costs.

Research data management: Horizon Europe projects are required to develop a Data Management Plan (DMP) and, unless there are justified exceptions, to make research data openly accessible ("as open as possible, as closed as necessary"). The DMP must address data storage, sharing, and long-term preservation.

Tension with IP protection: Open science obligations can create tension with IP protection strategies. Publishing results too early may prevent patent filing (which requires novelty). The CA and the project's IP management plan should establish clear protocols for managing this tension — typically involving a defined review period before publication during which partners can assess the IP implications.

6.9 Managing Consortium Changes

6.9.1 Partner Withdrawal

Partner withdrawal — a beneficiary leaving the consortium before the project ends — is one of the most disruptive events that can occur during project implementation. It may be voluntary (the partner chooses to leave) or involuntary (the coordinator or the Commission terminates the partner's participation due to non-performance or other grounds).

Voluntary withdrawal: A partner that wishes to withdraw must notify the coordinator, who must then notify the Commission. The GA specifies the notice period and the conditions under which withdrawal is permitted. The withdrawing partner remains liable for the costs it has incurred and for any obligations it has already committed to.

Involuntary termination: The GA allows the Commission to terminate a partner's participation in cases of serious breach of obligations, insolvency, or other specified grounds. The coordinator may also initiate termination proceedings under the CA, subject to the GA's provisions.

Impact management: When a partner withdraws, the coordinator must:

0. Assess the impact on the work plan and identify tasks that are at risk
0. Develop a contingency plan — reallocating tasks to remaining partners or subcontracting
0. Negotiate a budget amendment to reflect the changed consortium composition
0. Submit an amendment request to the Commission

6.9.2 Partner Replacement and Addition

Partner replacement: Where a withdrawn partner's tasks cannot be absorbed by existing partners, the coordinator may propose a replacement partner. The replacement must be approved by the Commission through a grant agreement amendment. The replacement partner must meet the same eligibility criteria as the original partner and must sign the CA.

Addition of new partners: New partners may be added to the consortium during implementation, subject to Commission approval and a grant agreement amendment. New partners are most commonly added when the project's scope expands or when a specific competency not available in the original consortium is needed.

Conditions for Commission approval: The Commission will approve partner changes if they are justified by scientific or technical necessity, do not fundamentally alter the project's objectives or work plan, and do not result in an unjustified increase in the grant amount.

6.9.3 Consortium Restructuring

In some cases, a consortium may need to undergo more fundamental restructuring — for example, if multiple partners withdraw, if the project's scientific direction changes significantly, or if the consortium's governance structure proves unworkable. Fundamental restructuring requires:

- Agreement of the remaining partners (through the GA)
- Commission approval (through a grant agreement amendment)
- Renegotiation of the CA to reflect the new consortium composition and governance arrangements
- Assessment of the impact on the project's objectives and deliverables

Fundamental restructuring is rare but not unprecedented, particularly in large, complex projects. The coordinator should approach restructuring as an opportunity to strengthen the consortium rather than merely as a crisis response.

6.9A Consortium Kick-Off and Onboarding

6.9A.1 The Strategic Importance of the Kick-Off Meeting

The kick-off meeting is the single most important event in the consortium's life after the grant agreement is signed. It sets the tone for the entire project — establishing norms of communication, clarifying expectations, building personal relationships, and ensuring that all partners have a shared understanding of the project's objectives, governance rules, and management processes.

A poorly run kick-off meeting — one that focuses entirely on administrative formalities and fails to build human connections — misses a critical opportunity. Partners who leave the kick-off meeting without knowing their colleagues, without understanding the governance processes, or without feeling genuinely committed to the project's objectives are more likely to disengage during implementation.

6.9A.2 Kick-Off Meeting Agenda and Facilitation

A well-structured kick-off meeting for a multi-partner EU project typically covers:

Day 1 — Project orientation:

- Welcome and introductions (all participants, not just team leaders)
- Project overview: objectives, expected results, and impact
- Work plan walkthrough: work packages, tasks, deliverables, and milestones
- Roles and responsibilities: who does what, and how partners interact
- Financial overview: budget structure, payment flows, time-recording requirements

Day 2 — Governance and operations:

- Governance structure: GA, EB, WP leadership, decision-making procedures
- Consortium Agreement: key provisions, voting rules, IP framework
- Communication plan: channels, meeting cadence, document management
- Risk register: identified risks and mitigation strategies
- Quality management: deliverable review process, reporting templates
- Next steps: immediate actions, upcoming milestones, and deadlines

Facilitation principles: The kick-off meeting should be facilitated, not merely chaired. A skilled facilitator ensures that all partners have an opportunity to contribute, that discussions are productive, and that the meeting ends with clear agreements and action items. For large consortia (10+ partners), breakout sessions by work package or thematic area can provide more focused discussion.

6.9A.3 Post-Kick-Off Onboarding

For partners who are new to EU grant management — particularly SMEs, civil society organisations, and organisations from countries with less EU funding experience — the kick-off meeting should be supplemented by targeted onboarding support:

Financial training: A dedicated session (or online training module) on the project's financial rules — cost eligibility, time-recording requirements, financial reporting templates, and audit requirements.

IT systems training: Guidance on using the project's document management system, communication platforms, and reporting tools.

One-to-one support: The project management office should be available for one-to-one conversations with partners who have specific questions or concerns that are not appropriate for the full consortium meeting.

Onboarding documentation: A project handbook — summarising the key governance rules, communication protocols, financial procedures, and contact details — provides a reference document that partners can consult throughout the project.

6.10 Sub-Award Management and Third-Party Involvement

6.10.1 The Sub-Award Landscape

Beyond the core consortium (the beneficiaries named in the GA), EU projects often involve a broader ecosystem of third-party organisations:

Subcontractors: External entities engaged to perform specific tasks under contract with a beneficiary. Subcontracting is governed by the rules described in Domain 5 (Section 5.3). From a consortium management perspective, the key challenge is ensuring that subcontractors are integrated into the project's management and communication systems and that their performance is monitored effectively.

Affiliated entities: Entities legally linked to a beneficiary (e.g., subsidiaries, parent companies) that participate in the project. Their costs are treated as direct costs of the affiliated entity, not as subcontracting.

Associated partners: Entities that participate in the project but do not receive EU funding. They may contribute in-kind resources or implement activities at their own cost. Associated partners should be included in the project's communication and governance systems, even though they are not parties to the GA or CA.

Financial support to third parties (FSTP): Some Horizon Europe projects (particularly those with a cascade funding mechanism) provide financial support to third parties — typically SMEs, start-ups, or civil society organisations — to implement activities that contribute to the project's objectives. FSTP is subject to specific rules in the GA (maximum amount per third party, eligibility criteria, selection process).

6.10.2 Managing Subcontractor Performance

Subcontractor performance management should be integrated into the project's overall performance management system:

Contract management: Each subcontract should include: a clear scope of work; deliverables and milestones with deadlines; quality requirements; reporting obligations; audit access provisions; IP provisions (ensuring that IP generated by the subcontractor is owned by or licensed to the beneficiary); and termination provisions.

Performance monitoring: The work package leader responsible for the subcontracted task should monitor the subcontractor's progress against the contract milestones, review deliverables before acceptance, and escalate performance issues to the coordinator.

Integration into consortium communication: Subcontractors should be included in relevant project meetings and communication channels to the extent necessary for effective coordination. However, they should not be given access to confidential consortium information beyond what is necessary for their specific tasks.

6.11 Institutional Partnership Management Capabilities

6.11.1 Building a Partnership Portfolio

For organisations that regularly participate in EU-funded projects, consortium management is not a project-by-project activity — it is an institutional capability that must be systematically developed and maintained.

Partner relationship management (PRM): A PRM system tracks the organisation's existing and potential partnerships — recording partner profiles, collaboration history, contact details, and

relationship quality assessments. A well-maintained PRM system enables the organisation to quickly identify suitable partners for new proposals and to leverage existing relationships for competitive advantage.

Partnership strategy: The organisation's partnership strategy defines the types of partners it seeks to develop relationships with, the geographic and sectoral priorities for partnership development, and the resources it is willing to invest in partnership building. The strategy should be aligned with the organisation's research and innovation priorities and its EU funding strategy.

Consortium readiness assessment: Before committing to a consortium, the organisation should assess its own readiness — its capacity to contribute the proposed tasks, its financial and administrative systems, its IP position, and its institutional commitment. A systematic readiness assessment prevents over-commitment and protects the organisation's reputation as a reliable partner.

6.11.2 Training and Capacity Building

Effective consortium management requires a range of skills that are not always present in research organisations:

Project management skills: Work package leaders and task leaders need project management skills — planning, scheduling, risk management, and performance monitoring — that may not be part of their scientific training.

Financial management skills: Partners need to understand the financial rules of EU grants, the time-recording requirements, and the cost eligibility rules. Financial training for project staff is a worthwhile investment that reduces the risk of ineligible costs and audit findings.

Communication and facilitation skills: Consortium coordinators and work package leaders need communication and facilitation skills to manage meetings, resolve conflicts, and maintain consortium cohesion across cultural and organisational boundaries.

Legal and IP skills: Partners need a basic understanding of the legal framework governing EU consortia — the GA, the CA, and the IPR rules — to participate effectively in governance decisions and to protect their IP interests.

6.11.3 Learning from Experience

Organisations that participate in multiple EU projects should systematically capture and apply lessons learned from their consortium management experience:

Post-project reviews: After each project ends, conduct a structured review of the consortium management experience — what worked well, what could have been done better, and what lessons should inform future consortium design and management.

Knowledge management: Document best practices, lessons learned, and useful templates (CA provisions, governance procedures, communication plans) in a knowledge management system that is accessible to all staff involved in EU projects.

Network maintenance: Maintain relationships with high-performing partners between projects. The best consortia are built on long-standing, trust-based relationships — not on last-minute partner searches.

6.12 Digital Tools for Consortium Management

6.12.1 The Digital Consortium Management Ecosystem

Modern EU project consortia rely on a range of digital tools for communication, document management, project tracking, and financial management. The coordinator's choice of tools significantly affects the efficiency and quality of consortium management.

Project management platforms: Tools such as Asana, Monday.com, MS Project, or Basecamp enable task assignment, milestone tracking, deadline management, and progress reporting. For EU projects, the tool should support work package and task structures that mirror the grant agreement's work plan.

Document management systems: SharePoint, Google Drive, or dedicated project portals (e.g., BSCW, Confluence) provide shared repositories for project documents, deliverables, and reports. The system should have clear folder structures, version control, and access controls that reflect the consortium's confidentiality requirements.

Communication platforms: Microsoft Teams, Slack, or Zoom are widely used for consortium communication. The choice of platform should reflect the consortium's size, geographic distribution, and technical capabilities. Many consortia use multiple platforms — a messaging tool for informal communication, video conferencing for meetings, and email for formal communication.

Financial management tools: Specialised EU grant management software (e.g., SYGMA, Exact for Grants, or custom-built systems) can significantly reduce the administrative burden of financial reporting and cost tracking. For smaller consortia, well-designed spreadsheet templates may be sufficient.

Funding and Tenders Portal: The Commission's Funding and Tenders Portal is the official platform for submitting reports, financial statements, and amendment requests. All consortium members should be registered on the portal and should understand how to use it.

6.12.2 Data Security and GDPR Compliance

Digital consortium management raises data security and GDPR compliance issues that must be addressed:

Personal data: Project management systems often contain personal data (names, email addresses, CVs, financial information). The consortium's data management plan should address how this data is stored, who has access, and how long it is retained.

Confidential information: The consortium's document management system should have access controls that prevent confidential information (e.g., draft publications, IP disclosures, financial data) from being accessible to unauthorised parties.

Cross-border data transfers: In consortia involving partners from non-EU countries, the transfer of personal data may be subject to GDPR restrictions (Chapter V). The consortium agreement should address data transfer mechanisms (e.g., Standard Contractual Clauses) where necessary.

DOMAIN 7

Grant Agreement Management and Project Implementation

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Grant Agreement Management and Project Implementation is the domain that governs the transition from successful proposal to funded project and the management of the project through its full implementation lifecycle. It is the domain where the ambitions articulated in the proposal are tested against operational reality — where work plans meet unpredictable circumstances, where consortium relationships are forged under pressure, and where the professional grant manager's skill in navigating the contractual, scientific, and human dimensions of EU-funded projects is most directly expressed.

This domain begins where Domain 4 (Proposal Development) ends: at the moment of grant agreement signature. It addresses the full arc of post-award implementation management: interpreting and operationalising the grant agreement; managing the project start-up; overseeing work plan execution; tracking milestones and deliverables; preparing and submitting progress reports; managing amendments; maintaining the relationship with the project officer; handling deviations and unforeseen events; navigating mid-term reviews; preparing for project closeout; ensuring ethics compliance; and applying programme-specific implementation rules.

The domain is grounded in the Horizon Europe framework as the reference programme, while addressing the distinctive features of ESIF, Erasmus+, LIFE, and external action grants. It draws on the legal framework established in Domain 2, the financial management principles of Domain 5, and the consortium governance structures of Domain 6 — integrating these into a coherent operational management framework for the funded project.

A central theme of this domain is the distinction between compliance and excellence in project implementation. Compliance — meeting the minimum requirements of the grant agreement — is a necessary but insufficient standard. Excellence — delivering the project's scientific and technical objectives with the rigour, impact, and efficiency that justify the EU's investment — is the standard to which professional grant managers should aspire. The tools and frameworks in this domain are designed to support both.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO7.1 — Interpret the key provisions of a Horizon Europe grant agreement and translate them into operational management requirements for project implementation.
LO7.2 — Plan and execute a structured project start-up process, including the kick-off meeting, establishment of management systems, and initial compliance checks.
LO7.3 — Manage the project work plan through implementation, tracking progress against milestones and deliverables, identifying variances, and taking corrective action.
LO7.4 — Prepare and manage project deliverables and milestones, applying quality assurance processes and meeting submission requirements.
LO7.5 — Prepare and submit progress reports (technical and financial) that accurately reflect project achievements, comply with programme requirements, and communicate effectively with the granting authority.
LO7.6 — Identify when a grant agreement amendment is required, prepare amendment requests, and manage the amendment process through to approval.
LO7.7 — Manage the relationship with the project officer effectively, including regular communication, handling queries, and navigating reviews and audits.
LO7.8 — Identify and manage deviations from the approved work plan, including scientific/technical deviations, timeline deviations, and budget deviations, applying appropriate response strategies.

LO7.9 — Prepare for and participate in mid-term reviews, including self-assessment, documentation preparation, and response to review findings.
LO7.10 — Plan and execute project closeout activities, including final reporting, financial settlement, and post-project obligations.
LO7.11 — Ensure ethics compliance throughout the project lifecycle, including implementation of ethics requirements specified in the grant agreement and management of emerging ethics issues.
LO7.12 — Apply programme-specific implementation rules for Horizon Europe, ESIF, Erasmus+, LIFE, and external action grants, adapting the general management framework to programme-specific requirements.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO7.1	Awareness — identify key GA provisions	Applied — interpret GA provisions for operational management	Strategic — advise on complex GA interpretation; train project teams
LO7.2	Awareness — describe start-up activities	Applied — plan and execute project start-up	Strategic — design institutional start-up frameworks; advise on complex start-ups
LO7.3	Awareness — describe work plan management	Applied — manage work plan; track milestones and deliverables	Strategic — design work plan management systems; advise on complex deviations
LO7.4	Awareness — describe deliverable requirements	Applied — prepare and manage deliverables and milestones	Strategic — design quality assurance frameworks; advise on deliverable disputes
LO7.5	Awareness — describe reporting requirements	Applied — prepare and submit progress reports	Strategic — design reporting systems; advise on complex reporting situations
LO7.6	Awareness — identify amendment triggers	Applied — prepare and manage amendment requests	Strategic — advise on complex amendments; negotiate with granting authority
LO7.7	Awareness — describe project officer role	Applied — manage project officer relationship	Strategic — advise on complex project officer situations; manage escalations
LO7.8	Awareness — identify types of deviation	Applied — manage deviations and apply response strategies	Strategic — design deviation management frameworks; advise on major deviations
LO7.9	Awareness — describe mid-term review process	Applied — prepare for and participate in mid-term reviews	Strategic — lead mid-term review preparation; advise on review findings
LO7.10	Awareness — describe closeout activities	Applied — plan and execute project closeout	Strategic — design institutional closeout frameworks; advise on complex settlements
LO7.11	Awareness — describe ethics compliance requirements	Applied — implement ethics requirements; manage emerging issues	Strategic — design ethics management systems; advise on complex ethics situations
LO7.12	Awareness — identify programme-specific rules	Applied — apply programme-specific implementation rules	Strategic — advise on multi-programme implementation; develop programme expertise

7.1 Interpreting the Grant Agreement

7.1.1 The Grant Agreement as the Implementation Bible

The Grant Agreement (GA) is the legal contract that governs every aspect of the funded project. From the moment of signature, it supersedes the proposal — the project must be implemented as described in the GA's Annex 1 (Description of Action, DoA), not as described in the original proposal (which may have been modified during grant preparation). The first task of the project manager after signature is to read the GA in its entirety and understand its implications for project implementation.

The GA comprises several key components:

The Core Agreement: The main contractual text, setting out the rights and obligations of the parties, the grant amount, the funding rate, the project duration, and the general conditions.

Annex 1 — Description of Action (DoA): The technical annex describing the project's objectives, work plan, work packages, tasks, deliverables, milestones, and consortium composition. The DoA is the operational reference document for project implementation.

Annex 2 — Estimated Budget: The financial annex setting out the budget by partner and cost category. Together with the DoA, it defines the financial framework for the project.

Annex 3 — Grant Conditions: The standard conditions applicable to all Horizon Europe grants, covering financial management, reporting, IPR, dissemination, ethics, and audit. These conditions are non-negotiable and are incorporated by reference into the GA.

Annex 5 — Ethics Requirements: Where the project involves sensitive research areas, the GA includes specific ethics requirements that must be implemented during the project.

7.1.2 Key Provisions to Operationalise

Several GA provisions require specific operational responses:

Start date and duration: The project starts on the date specified in the GA (or the date of signature if earlier). All costs must be incurred after the start date and before the end date. Understanding the exact project period is essential for financial management.

Reporting periods and deadlines: The GA specifies the reporting periods and the deadline for submitting reports (typically 60 days after the end of each reporting period). Missing reporting deadlines is a breach of the GA that can result in suspension of payments.

Deliverables and milestones: The DoA lists all deliverables (documented outputs) and milestones (progress markers) with their due dates and responsible partners. These must be tracked and managed throughout the project.

Open science obligations: The GA specifies the project's open access and data management obligations. These must be operationalised from the project's start — not addressed retrospectively at the end.

Ethics requirements: Where the GA includes an Annex 5 with specific ethics requirements, these must be implemented before the relevant project activities begin. Failure to comply with ethics requirements can result in suspension of the project.

Audit and access rights: The GA grants the Commission, OLAF, the ECA, and the European Public Prosecutor's Office (EPPO) the right to audit the project and access all relevant documents. The project manager must ensure that the audit trail is maintained from day one.

7.1.3 The Description of Action as the Operational Plan

The DoA is the most important document for day-to-day project management. It defines:

- The project's specific objectives and how they relate to the call's expected outcomes
- The work packages, their objectives, and their inter-dependencies
- The tasks within each work package, with responsible partners and timelines
- The deliverables, with their type (report, dataset, software, etc.), due dates, and responsible partners
- The milestones, with their means of verification and due dates
- The Gantt chart showing the timeline of all activities

The DoA should be distributed to all project staff involved in implementation, not just the project manager. Work package leaders and task leaders need to understand their specific obligations under the DoA and the timeline within which they must be fulfilled.

7.2 Project Start-Up

7.2.1 The Start-Up Phase: Laying the Foundations

The first three months of a funded project are the start-up phase — a critical period during which the foundations for successful implementation are laid. Decisions made (or not made) during start-up have consequences that persist throughout the project. A well-managed start-up creates the systems, relationships, and shared understanding that enable smooth implementation; a poorly managed start-up creates confusion, misalignment, and problems that consume disproportionate management effort later.

The start-up phase should accomplish the following:

Administrative setup: Register the project on all relevant platforms (Funding and Tenders Portal, project management system, financial management system). Establish project codes in the accounting system. Ensure that all partners have signed the Consortium Agreement.

Communication infrastructure: Establish the project's communication channels and document management system. Ensure that all consortium members have access to the relevant platforms and understand how to use them.

Time-recording activation: Ensure that all staff working on the project have activated time-recording in the applicable system and understand the requirements. Time-recording failures in the early months are a common source of audit problems.

Financial management setup: Brief all partners on the financial management requirements — cost eligibility rules, time-recording procedures, financial reporting templates, and internal reporting timelines.

Ethics compliance setup: If the project has ethics requirements in Annex 5, initiate the required ethics procedures (ethics committee approval, data protection impact assessment, etc.) before the relevant project activities begin.

7.2.2 The Kick-Off Meeting

The kick-off meeting (addressed in detail in Domain 6, Section 6.9A) is the centrepiece of the start-up phase. From a project implementation perspective, the kick-off meeting should ensure that all partners have:

- A shared understanding of the project's objectives, work plan, and expected results
- Clear knowledge of their specific tasks, deliverables, and milestones
- Understanding of the governance structure and decision-making procedures
- Knowledge of the financial management requirements and time-recording obligations
- Awareness of the ethics requirements and open science obligations
- A personal relationship with their key counterparts in the consortium

The kick-off meeting should produce a set of agreed actions — specific tasks, responsible persons, and deadlines — that are tracked through the project management system.

7.2.3 Internal Project Management Systems

The project management system is the operational infrastructure for project implementation. It should support:

Task and milestone tracking: A system that records all tasks, deliverables, and milestones from the DoA, assigns them to responsible partners, tracks progress, and flags items that are at risk of delay.

Document management: A shared repository for all project documents — the GA, DoA, CA, meeting minutes, reports, deliverables, and financial records. The system should have version control, access controls, and a clear folder structure.

Risk register: A living document that records identified risks, their probability and impact, the assigned risk owner, and the mitigation measures in place.

Issue log: A record of issues that have arisen during implementation, the actions taken to resolve them, and their current status.

Communication log: A record of significant communications with the project officer, the Commission, and external stakeholders.

7.2.4 Pre-Project Compliance Checks

Before project activities begin in earnest, the project manager should conduct a compliance check to verify:

Partner eligibility: All partners are legally eligible to participate in the project. Any changes in partner status (e.g., merger, acquisition, insolvency proceedings) since the proposal submission should be assessed for their implications.

Ethics clearance: All required ethics approvals are in place before the relevant research activities begin. For projects involving human subjects, personal data, or dual-use technologies, ethics clearance may take several months and should be initiated immediately.

Insurance: The project has adequate insurance coverage for all activities, including fieldwork, travel, and the use of third-party facilities.

Data Management Plan: The initial Data Management Plan (DMP) required by Horizon Europe has been prepared and submitted within the first six months of the project.

7.3 Work Plan Management

7.3.1 The Living Work Plan

The work plan described in the DoA is not a static document — it is a living plan that must be actively managed throughout the project. The project manager's role is to ensure that the work plan is executed as planned, to identify deviations early, and to manage them effectively.

Work plan management requires a continuous cycle of:

Planning: Translating the DoA's work packages and tasks into operational plans with specific activities, resource assignments, and timelines.

Execution: Coordinating the execution of planned activities across the consortium, providing support to partners, and removing obstacles to progress.

Monitoring: Tracking actual progress against the planned work plan, identifying variances, and assessing their significance.

Control: Taking corrective action when variances are identified — reallocating resources, adjusting timelines, escalating to governance bodies, or initiating amendment procedures.

Reporting: Documenting progress and variances in the project's reporting cycle.

7.3.2 Work Package Management

Each work package is a semi-autonomous unit of the project, managed by its Work Package Leader (WPL). The WPL is responsible for:

- Coordinating the activities of all partners contributing to the WP
- Maintaining the WP's task-level plan and tracking progress
- Identifying and managing risks within the WP
- Preparing the WP's contribution to the project's progress reports
- Escalating issues that cannot be resolved at the WP level

The project manager's role in relation to work packages is oversight and coordination — ensuring that WPs are progressing on schedule, that inter-WP dependencies are managed, and that issues escalated from WP level are addressed promptly.

7.3.3 Inter-Work Package Dependencies

Most EU projects have significant inter-dependencies between work packages — outputs from one WP are inputs to another. Managing these dependencies is one of the most critical aspects of work plan management:

Dependency mapping: At the start of the project, the project manager should map all inter-WP dependencies, identifying which WPs depend on outputs from other WPs and the timeline implications of delays.

Critical path analysis: Identify the critical path — the sequence of dependent activities that determines the minimum project duration. Delays on the critical path delay the entire project; delays off the critical path may be absorbed without impact.

Buffer management: Build buffer time into the plan for activities on or near the critical path. Buffer time allows for normal variability in task completion without triggering a cascade of delays.

Proactive communication: When a WP is at risk of delay, the WPL should communicate this to the project manager and to the WPLs of dependent WPs as early as possible, so that contingency plans can be developed.

7.3.4 Resource Management

Resource management in EU projects involves ensuring that the personnel, equipment, and other resources required for each activity are available when needed:

Personnel availability: Scientific staff in universities and research institutes often have multiple competing commitments — teaching, other research projects, administrative duties. The project manager must monitor whether the personnel committed to the project are actually available and contributing the planned person-months.

Equipment and facilities: Where the project requires access to specific equipment or facilities (e.g., research infrastructure, laboratories, field sites), the project manager must ensure that access is arranged and confirmed in advance.

Subcontractor readiness: Where the project relies on subcontractors for specific tasks, the project manager must ensure that procurement processes are completed in time for the subcontractor to begin work when needed.

7.4 Milestone and Deliverable Management

7.4.1 Milestones: Progress Markers

Milestones are control points that indicate significant progress in the project. Unlike deliverables, milestones are not documents or tangible outputs — they are statements of achievement (e.g., "All partners have signed the Data Sharing Agreement"; "Prototype version 1.0 completed and tested"; "Clinical trial protocol approved by ethics committee").

Milestones serve several functions:

Progress monitoring: Milestones provide objective evidence that the project is on track. A milestone that is not achieved on time is an early warning signal that the work plan is under stress.

Payment triggers: In some programmes and grant agreement structures, milestone achievement is a condition for payment. The project manager must ensure that milestone evidence is documented and available for the project officer's review.

Stakeholder communication: Milestones provide a simple, non-technical way of communicating progress to non-specialist stakeholders — advisory board members, policymakers, and the public.

7.4.2 Deliverables: Documented Outputs

Deliverables are the documented outputs of the project — reports, datasets, software, prototypes, guidelines, training materials, and other tangible products that demonstrate the project's progress and results.

Deliverable management process:

- **Assignment**: Each deliverable is assigned to a responsible partner (the deliverable leader) and a due date in the DoA.
- **Planning**: The deliverable leader develops an internal plan for preparing the deliverable — identifying contributors, assigning tasks, and setting internal deadlines.
- **Drafting**: The deliverable is drafted, incorporating contributions from all relevant partners.
- **Internal review**: The draft is circulated to relevant consortium members for review and comment. The review timeline should allow at least 2 weeks for comments and 1 week for incorporation of changes.
- **Quality check**: The project manager or a designated quality manager reviews the deliverable for completeness, accuracy, and compliance with the submission requirements.
- **Submission**: The deliverable is submitted through the Funding and Tenders Portal by the due date.
- **Follow-up**: The project officer reviews the deliverable and may request revisions. The project manager tracks the review status and ensures that any requested revisions are made promptly.

7.4.3 Deliverable Quality Standards

EU project deliverables should meet the following quality standards:

Completeness: The deliverable addresses all the objectives and activities described in the DoA for the relevant task or work package.

Accuracy: All factual claims, data, and references are accurate and verifiable.

Clarity: The deliverable is written in clear, accessible language appropriate for its intended audience. Technical reports should be intelligible to a non-specialist project officer; policy briefs should be accessible to non-technical policymakers.

Formatting: The deliverable follows the project's standard template (if one has been established) and meets the Commission's formatting requirements (typically: cover page with project acronym, GA number, work package, deliverable number, date, and version; executive summary; table of contents; main body; references).

Confidentiality classification: Each deliverable must be classified as Public (PU), Sensitive (SE), or Confidential (CO), in accordance with the project's data management plan and the GA's provisions.

7.4.4 Milestone and Deliverable Tracking

A milestone and deliverable tracker is an essential project management tool. It should record for each milestone and deliverable:

- Reference number and title (from the DoA)
- Work package
- Responsible partner
- Due date
- Current status (not started / in progress / submitted / approved / overdue)
- Actual submission date
- Project officer review status
- Notes on any issues or delays

The tracker should be updated at least monthly and reviewed at every EB meeting.

7.5 Progress Reporting

7.5.1 The Reporting Architecture

EU projects typically require two types of periodic reports:

Technical (Progress) Reports: Describe the scientific and technical progress of the project — what has been achieved, what problems have been encountered, and what is planned for the next period. The technical report is the primary vehicle for communicating the project's scientific value to the Commission.

Financial Reports (Financial Statements): Describe the financial progress of the project — actual costs incurred by each partner, broken down by cost category. Financial reports are addressed in detail in Domain 8; this section focuses on the technical reporting process.

In Horizon Europe, both reports are submitted simultaneously at the end of each reporting period through the Funding and Tenders Portal. The combined submission is called a **Periodic Report**.

7.5.2 Structure of the Horizon Europe Periodic Report

The Horizon Europe Periodic Report comprises:

Part A — Administrative data: Project summary, consortium composition, contact details, and any changes since the previous report.

Part B — Technical progress: The main body of the technical report, structured by work package. For each WP, the report describes: the work carried out during the period; the results achieved; the milestones and deliverables due in the period and their status; any deviations from the work plan and their impact; and the work planned for the next period.

Part C — Financial statements: The financial statements of each beneficiary, summarising actual eligible costs incurred during the period.

Part D — Individual financial statements: The detailed financial statements of each beneficiary, broken down by cost category.

Deliverables: All deliverables due in the period are submitted as attachments to the periodic report.

7.5.3 Writing Effective Technical Reports

A technical report that merely lists completed tasks without demonstrating their significance is a missed opportunity. An effective technical report:

Tells a story: The report should convey a coherent narrative of the project's progress — what was set out to be achieved, what has been achieved, what has been learned, and what comes next. Evaluators and project officers are more engaged by a well-told story than by a list of completed tasks.

Demonstrates progress against objectives: Each section of the report should explicitly link the work carried out to the project's specific objectives and expected results as stated in the DoA.

Is honest about challenges: Reporting only successes and omitting challenges creates a misleading picture and undermines the project officer's trust. A good report acknowledges problems, explains their causes, and describes the measures taken to address them.

Is proportionate: The level of detail in the report should be proportionate to the significance of the work. Major scientific achievements deserve detailed treatment; routine administrative tasks do not.

Is accessible: The report will be read by a project officer who may not be a specialist in the project's subject area. Technical content should be explained in accessible language, with jargon defined and acronyms spelled out.

7.5.4 The Reporting Process: Coordination and Quality Assurance

Preparing a periodic report for a multi-partner consortium is a significant coordination challenge. The process typically involves:

Timeline planning: The project manager sets an internal reporting timeline that gives partners sufficient time to prepare their WP contributions while meeting the Commission's submission deadline. A typical timeline: WP contributions due 6 weeks before the Commission deadline; coordinator review and consolidation 3 weeks before; final quality check 1 week before; submission on the deadline.

Template and guidance: The project manager prepares a reporting template and guidance document that specifies what each WP leader should include in their contribution, the format requirements, and the internal deadline.

Coordination calls: One or two coordination calls during the reporting period — to discuss progress, identify issues, and align on the report's narrative — significantly improve the quality of the final report.

Quality review: Before submission, the project manager (or a designated quality reviewer) should review the consolidated report for: completeness (all required sections are present); consistency (the narrative is coherent across WPs); accuracy (all factual claims are correct); and compliance (the report meets the Commission's formatting and content requirements).

7.6 Grant Agreement Amendments

7.6.1 Types of Amendments

A grant agreement amendment is a formal modification to the GA that changes one or more of its provisions. Amendments are classified by their origin and nature:

Commission-initiated amendments: The Commission may initiate an amendment to correct errors in the GA, to reflect changes in EU law or policy, or to address issues identified during project monitoring.

Beneficiary-initiated amendments: The coordinator, on behalf of the consortium, requests an amendment to reflect changes in the project's implementation — changes to the work plan, budget, consortium composition, or project duration.

No-cost amendments: Amendments that do not change the total grant amount — for example, extensions of the project duration, changes to the work plan, or changes in consortium composition without budget reallocation.

Cost amendments: Amendments that change the total grant amount or the distribution of budget between partners.

7.6.2 Common Amendment Triggers

The most common triggers for beneficiary-initiated amendments are:

Project duration extension: The project needs more time to complete its objectives. Extensions are typically requested when the project has encountered implementation delays due to circumstances beyond the consortium's control.

Work plan changes: Significant changes to the project's tasks, deliverables, or milestones that go beyond the flexibility provisions of the GA. Minor changes (within the 10–20% work package budget flexibility) do not require an amendment.

Consortium changes: Addition, withdrawal, or replacement of beneficiaries. All consortium changes require an amendment.

Budget reallocation: Transfers of budget between partners that exceed the permitted flexibility. Transfers between cost categories within a partner's budget typically do not require an amendment.

Change of coordinator: If the coordinator withdraws from the project, the remaining beneficiaries must agree on a new coordinator and request an amendment.

7.6.3 The Amendment Process

The amendment process in Horizon Europe is managed through the Funding and Tenders Portal:

- **Prepare the amendment request**: The coordinator prepares a detailed amendment request explaining the reason for the amendment, the proposed changes, and their impact on the project's objectives and work plan. The request should include a revised DoA (if the work plan is changing) and a revised budget (if the budget is changing).
- **Obtain consortium agreement**: For amendments that affect multiple partners, all affected partners must agree to the amendment. This agreement should be documented (e.g., through a consortium decision recorded in the meeting minutes).
- **Submit the request**: The coordinator submits the amendment request through the Funding and Tenders Portal.
- **Commission review**: The project officer reviews the request and may ask for clarifications. The review process typically takes 2–4 months.
- **Commission decision**: The Commission either approves the amendment (in which case a new version of the GA is issued) or rejects it (in which case the coordinator must implement the project within the existing GA provisions).
- **Signature**: If approved, the amendment is signed electronically by the coordinator and the Commission. The amended GA takes effect from the date of signature (or an earlier date if specified).

7.6.4 Amendment Strategy and Timing

Amendments should be requested proactively — as soon as the need for a change is identified — rather than reactively after the change has already occurred. Key strategic considerations:

Timing: Submit amendment requests well before the change needs to take effect. The review process takes 2–4 months; submitting a request for a project extension one month before the project ends is unlikely to be approved in time.

Bundling: Where multiple changes are needed, bundle them into a single amendment request rather than submitting multiple sequential requests. This reduces the administrative burden for both the consortium and the Commission.

Justification quality: A well-justified amendment request — one that clearly explains why the change is necessary, how it affects the project's objectives, and why the project cannot achieve its goals without the change — is more likely to be approved quickly.

Relationship with the project officer: Discuss proposed amendments with the project officer informally before submitting the formal request. The project officer's guidance on whether the amendment is likely to be approved can save significant time and effort.

7.7 The Relationship with the Project Officer

7.7.1 The Project Officer's Role

The project officer (PO) is the Commission official responsible for monitoring the project on behalf of the granting authority. The PO is the coordinator's primary point of contact with the Commission throughout the project lifecycle. Understanding the PO's role, responsibilities, and constraints is essential for effective project management.

The PO's responsibilities include:

Contract management: Monitoring the project's compliance with the GA, reviewing periodic reports and financial statements, approving payments, and managing amendments.

Scientific and technical monitoring: Assessing the project's scientific and technical progress, identifying risks to the achievement of objectives, and providing guidance on scientific issues.

Financial monitoring: Reviewing financial statements, identifying potential ineligible costs, and initiating financial corrections where necessary.

Risk management: Identifying projects at risk of failure or non-compliance and escalating to senior management where necessary.

Stakeholder coordination: Coordinating with other Commission services (e.g., DG RTD, DG CNECT, JRC) and with the programme's monitoring and evaluation activities.

7.7.2 Building a Productive Relationship

The relationship between the coordinator and the project officer is one of the most important determinants of the project's administrative smooth running. Key principles for building a productive relationship:

Transparency and proactivity: Keep the PO informed of significant developments — both positive achievements and emerging problems — before they become crises. A coordinator that surprises the PO with bad news in a periodic report has missed an opportunity to manage the situation collaboratively.

Professionalism and responsiveness: Respond promptly to PO queries and requests. A PO who has to chase the coordinator for responses loses confidence in the project's management quality.

Respect for the PO's constraints: The PO manages multiple projects simultaneously and operates within a bureaucratic system with its own rules and timelines. Understanding and respecting these constraints — rather than treating the PO as an obstacle — leads to a more productive relationship.

Use the PO as a resource: The PO has extensive experience with EU grant management and can provide valuable guidance on eligibility questions, amendment procedures, and reporting requirements. Don't hesitate to ask for advice — but do so in a way that demonstrates that you have already considered the question carefully.

7.7.3 Formal and Informal Communication Channels

Communication with the project officer operates through both formal and informal channels:

Formal channels: The Funding and Tenders Portal is the official channel for submitting reports, amendment requests, and formal communications. All significant communications should be documented through the portal.

Informal channels: Email and telephone conversations with the PO are valuable for discussing emerging issues, seeking informal guidance, and maintaining the relationship. Informal communications should be followed up with a written summary to create a record.

Project review meetings: The Commission may organise project review meetings (in addition to the formal mid-term review) to discuss progress, address concerns, and provide guidance. These meetings are valuable opportunities to demonstrate the project's achievements and to address any concerns the PO may have.

7.8 Managing Deviations

7.8.1 Types of Deviation

Deviations from the approved work plan are a normal feature of research and innovation projects. The question is not whether deviations will occur, but how they will be managed. Deviations fall into several categories:

Scientific/technical deviations: The project's scientific approach needs to be changed because the original approach has proven unfeasible, new scientific evidence has emerged, or unexpected results have opened new avenues of investigation. Scientific deviations are often the most significant and the most difficult to manage, because they may affect the project's objectives and the validity of the DoA.

Timeline deviations: Tasks or deliverables are delayed relative to the planned timeline. Timeline deviations are the most common type of deviation and can range from minor (a deliverable is a few weeks late) to major (a work package is months behind schedule).

Budget deviations: Actual costs differ significantly from the budgeted amounts. Budget deviations may result from changes in personnel costs, unexpected equipment needs, subcontractor cost overruns, or under-spending due to implementation delays.

Consortium deviations: A partner is unable to fulfil its obligations — due to staff turnover, institutional changes, financial difficulties, or loss of key expertise. Consortium deviations may require task reallocation, partner replacement, or fundamental restructuring of the work plan.

7.8.2 The Deviation Management Framework

A systematic deviation management framework includes:

Early warning system: Regular progress monitoring (at least monthly) that identifies deviations before they become crises. The project management system's milestone and deliverable tracker provides the primary data source.

Deviation assessment: When a deviation is identified, assess its significance: What is the impact on the work plan? What is the impact on the project's objectives? What is the impact on the budget? Is a GA amendment required?

Response strategy: Develop a response strategy that addresses the root cause of the deviation and minimises its impact:

- *Minor deviations*: Address within the project's normal management processes, without escalation or amendment.
- *Moderate deviations*: Escalate to the EB, develop a remediation plan, and monitor closely.
- *Major deviations*: Escalate to the GA, consider whether an amendment is required, and inform the PO.

Documentation: Document all significant deviations and the response measures taken. This documentation is essential for the periodic report and for any amendment request.

Communication with the PO: Inform the PO of significant deviations proactively — before the periodic report. The PO should not be surprised by major problems that have been known to the consortium for months.

7.8.3 Force Majeure and Exceptional Circumstances

Some deviations result from force majeure — events beyond the consortium's control that make it impossible to fulfil the project's obligations. The GA defines force majeure as "any unforeseeable, exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which was not attributable to error or negligence on their part and which proves to be inevitable in spite of all due diligence."

Examples of force majeure in EU research projects include: natural disasters, pandemics, political crises in partner countries, and sudden loss of key infrastructure. Force majeure must be reported to the PO immediately and documented with evidence. The GA provides for suspension of the project's obligations during force majeure events and for extension of the project duration to compensate for lost time.

7.9 Mid-Term Reviews

7.9.1 The Purpose and Structure of Mid-Term Reviews

Mid-term reviews (MTRs) are formal assessments of the project's progress, typically conducted around the midpoint of the project. They are used by the Commission to assess whether the project is on track to achieve its objectives and whether any corrective action is needed.

In Horizon Europe, MTRs are not mandatory for all projects — they are conducted at the discretion of the programme, the funding agency, or the project officer, based on the project's risk profile and the findings of the periodic reports. High-risk projects (e.g., those with ambitious scientific objectives, large budgets, or complex consortia) are more likely to be subject to MTRs.

The MTR typically comprises:

Self-assessment report: The consortium prepares a self-assessment of its progress against the DoA's objectives, milestones, and deliverables. The self-assessment should be honest about challenges and deviations, and should include a forward-looking assessment of the project's prospects for achieving its objectives.

Review meeting: The Commission organises a review meeting at which the consortium presents its progress to a panel of independent experts. The panel assesses the project's scientific and technical quality, the management's effectiveness, and the project's prospects for impact.

Review report: The panel prepares a review report with findings and, where necessary, recommendations for corrective action. The report is shared with the consortium and with the Commission.

Commission response: Based on the review report, the Commission may: confirm that the project is progressing satisfactorily; request specific corrective actions; reduce the project's scope or budget; or, in extreme cases, terminate the project.

7.9.2 Preparing for the Mid-Term Review

Preparation for the MTR should begin at least 3 months before the review date:

Self-assessment: Conduct an honest internal assessment of the project's progress — what has been achieved, what has not been achieved, why, and what is planned to address any shortfalls.

Documentation: Ensure that all deliverables, milestone evidence, and supporting documentation are complete, up to date, and accessible.

Narrative preparation: Develop a clear, compelling narrative of the project's achievements — the scientific advances made, the results generated, and the pathways to impact that have been opened.

Presentation preparation: Prepare a presentation that communicates the project's key achievements and future plans clearly and engagingly. The presentation should be rehearsed and timed to fit within the allocated slot.

Anticipate difficult questions: Identify the aspects of the project that are most likely to attract critical scrutiny — delayed deliverables, budget variances, consortium changes — and prepare honest, well-reasoned responses.

7.9.3 Responding to Review Findings

If the MTR identifies weaknesses or requires corrective action, the coordinator must:

Acknowledge the findings: Accept the panel's findings in good faith, even if the consortium disagrees with specific points. Defensive or dismissive responses to review findings create a poor impression and may escalate the Commission's concern.

Develop a response plan: Prepare a detailed response plan that addresses each finding with specific actions, responsible persons, and timelines.

Submit the response: Submit the response plan to the Commission within the required timeframe (typically 30–60 days after receipt of the review report).

Implement and report: Implement the agreed actions and report on their implementation in the next periodic report.

7.10 Project Closeout Preparation

7.10.1 The Closeout Phase

The project closeout phase begins in the final months of the project and extends beyond the project's end date until the final payment is received and all post-project obligations are fulfilled. Closeout is often underestimated in its complexity and administrative burden — it requires significant effort from the coordinator and partners at a time when the team's energy is focused on completing the scientific work.

Key closeout activities include:

Final deliverable completion: Ensure that all deliverables are completed and submitted before the project end date. Deliverables submitted after the end date may be ineligible.

Final financial reconciliation: Reconcile actual costs with the budget, identify any remaining budget, and prepare the final financial statements. Partners should submit their financial data to the coordinator well before the reporting deadline.

Final report preparation: Prepare the final periodic report — the most comprehensive and most scrutinised of all the project's reports. The final report must demonstrate that the project has achieved its objectives and that the EU's investment has been well used.

Exploitation plan finalisation: Finalise the project's exploitation plan, documenting how the project's results will be used, commercialised, or incorporated into policy after the project ends.

Data archiving: Ensure that all project data is archived in accordance with the GA's requirements and the Data Management Plan. Research data must be deposited in an appropriate repository.

Audit trail completion: Ensure that the audit trail for all costs is complete and that all supporting documents are archived for the required retention period (typically 5 years after final payment).

7.10.2 The Final Report

The final periodic report is the project's last formal communication with the Commission. It must:

Demonstrate achievement: Show that the project has achieved its stated objectives and produced the expected results. Where objectives have not been fully achieved, the report should explain why and what has been done instead.

Summarise results: Provide a comprehensive summary of the project's results — scientific publications, datasets, software, prototypes, policy recommendations, and other outputs.

Report on impact: Describe the project's actual and expected impacts — on the scientific field, on industry, on policy, and on society. The impact narrative should be evidence-based, not aspirational.

Confirm financial compliance: The final financial statements must confirm that all costs were eligible, that the budget was managed in accordance with the GA, and that any required audit certificates have been obtained.

7.10.3 Post-Project Obligations

The project's obligations do not end when the final payment is received. Post-project obligations under Horizon Europe include:

Exploitation and dissemination: Beneficiaries are required to continue exploiting and disseminating their results for a period of up to 4 years after the project ends. They must report on exploitation activities through the Commission's online reporting tool.

Open access: Published results must remain openly accessible for the duration of the required embargo period (or indefinitely for gold open access publications).

Data retention: Supporting documents for financial management must be retained for 5 years after final payment. Research data must be retained in accordance with the DMP.

Audit exposure: The project remains subject to audit for 5 years after final payment. The coordinator must ensure that all documents required for audit are retained and accessible.

7.11 Ethics Compliance in Implementation

7.11.1 Ethics as an Ongoing Obligation

Ethics compliance is not a one-time approval process — it is an ongoing obligation throughout the project lifecycle. The GA's Annex 5 (Ethics Requirements) specifies the ethics measures that must be implemented, and the project's periodic reports must confirm that these measures have been implemented.

Common ethics requirements in EU research projects include:

Human subjects research: Projects involving research on human participants must obtain ethics committee approval before the relevant activities begin. The approval must cover the specific activities described in the DoA, not just the general research area.

Personal data processing: Projects that process personal data must comply with GDPR, including the preparation of a Data Protection Impact Assessment (DPIA) where required. The project's Data Management Plan must address personal data management.

Dual-use research: Projects that generate knowledge or technology with potential military or security applications must implement specific safeguards to prevent misuse. The GA may require a dual-use assessment and the implementation of a technology transfer control plan.

Animal research: Projects involving research on animals must comply with Directive 2010/63/EU and obtain the required national approvals. The project must apply the 3Rs principles (Replacement, Reduction, Refinement).

Research in third countries: Projects involving research activities in non-EU countries must ensure that the activities comply with the ethical standards applicable in the EU, even if local standards are less stringent.

7.11.2 Managing Emerging Ethics Issues

Ethics issues may emerge during project implementation that were not anticipated at the proposal stage. Common emerging ethics issues include:

Unexpected data sensitivity: Research that was not expected to generate sensitive personal data may do so in practice. The project manager must ensure that appropriate data protection measures are implemented promptly.

Dual-use concerns: Research results may have dual-use implications that were not foreseen. The project manager should consult with the institution's research ethics committee and, if necessary, with the project officer.

Research misconduct: Allegations of research misconduct (fabrication, falsification, or plagiarism) within the consortium must be investigated in accordance with the institution's research integrity policy and, if confirmed, reported to the Commission.

Consent issues: Difficulties in obtaining informed consent from research participants — due to language barriers, cognitive impairment, or cultural factors — must be addressed in accordance with the ethics committee's requirements.

DOMAIN 8

Financial Management and Reporting

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Financial Management and Reporting is the domain that governs the stewardship of EU grant funds from the moment a grant agreement is signed through to final financial settlement and beyond. It is simultaneously the most technically demanding and the most consequential domain for professional grant managers: errors in financial management generate audit findings, trigger financial corrections, and — in the most serious cases — require repayment of funds already spent. Excellence in this domain, by contrast, enables organisations to demonstrate the value and legitimacy of their EU-funded work, maintain the trust of granting authorities, and sustain their capacity to compete for future funding.

This domain is distinct from Domain 5 (Budget Development and Financial Planning), which addresses the pre-award construction of project budgets. Domain 8 addresses what happens after the grant agreement is signed: how funds are received, how expenditure is incurred and recorded, how costs are verified and certified, how financial reports are prepared and submitted, and how the organisation accounts for every euro of EU funding from inception to final audit. It is also distinct from Domain 7 (Grant Agreement Management), which addresses the broader project implementation framework; Domain 8 focuses specifically on the financial dimension of that implementation.

The domain is organised around the financial management lifecycle: establishing the financial management framework at project start; understanding and applying the payment mechanisms through which the EU disburses funds; verifying and certifying eligible costs; preparing periodic and final financial reports; managing personnel cost reporting with its distinctive methodological requirements; handling indirect costs and subcontracting financial obligations; building and operating internal financial controls; preparing for and navigating external audits; executing financial closeout; and applying the programme-specific financial rules that distinguish Horizon Europe, ESIF, Erasmus+, LIFE, and external action grants. The domain concludes with an examination of the digital financial management tools that increasingly mediate all of these processes.

A recurring theme throughout this domain is the tension between financial flexibility and contractual fidelity. EU grant agreements impose detailed financial rules that cannot be unilaterally varied — yet real projects encounter cost structures that were not anticipated at proposal stage, partners who underspend or overspend, and circumstances that require financial reallocation. Professional financial management navigates this tension through a thorough understanding of the rules, proactive communication with the granting authority, and the exercise of sound professional judgement about when flexibility is permissible and when an amendment is required.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO8.1 — Establish and operate a project financial management framework that meets EU grant requirements, including chart of accounts, cost recording, documentation standards, and internal controls.
LO8.2 — Explain the payment mechanisms applicable to different EU funding programmes (pre-financing, interim payments, final payment, lump sums, unit costs, flat rates) and manage cash flow accordingly.
LO8.3 — Apply cost verification and certification procedures, including the roles of financial officers, internal auditors, and certified auditors in different programme contexts.
LO8.4 — Prepare and submit periodic and final financial reports that accurately reflect eligible expenditure, comply with programme requirements, and withstand audit scrutiny.

LO8.5 — Apply the eligible costs principles and identify ineligible costs across different EU funding programmes, managing borderline cases with appropriate documentation.
LO8.6 — Apply the methodologies for reporting personnel costs, including actual costs, average costs, and unit costs approaches, with compliant time-recording systems.
LO8.7 — Manage indirect costs under flat-rate, actual costs, and simplified cost option approaches, applying the correct methodology for each programme context.
LO8.8 — Manage the financial dimensions of subcontracting and third-party contributions, including financial monitoring, payment documentation, and audit trail requirements.
LO8.9 — Design and operate financial risk management and internal control systems appropriate to the scale and complexity of EU-funded projects.
LO8.10 — Prepare for and manage external audits, including Article 83 audits, system audits, and on-the-spot checks, responding effectively to audit findings and financial corrections.
LO8.11 — Execute financial closeout procedures, including final financial reporting, financial settlement, balance payment, and management of post-project financial obligations.
LO8.12 — Apply programme-specific financial management rules for Horizon Europe, ESIF, Erasmus+, LIFE, and external action grants, adapting the general framework to programme requirements.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO8.1	Awareness — describe components of a project financial management framework	Applied — establish and operate a compliant financial management framework	Strategic — design institutional financial management systems; advise on complex frameworks
LO8.2	Awareness — describe EU payment mechanisms and cash flow implications	Applied — manage payment mechanisms and project cash flow	Strategic — advise on cash flow strategy; negotiate payment terms; manage multi-partner cash flow
LO8.3	Awareness — describe cost verification roles and procedures	Applied — apply cost verification and certification procedures	Strategic — design cost verification frameworks; advise on complex certification situations
LO8.4	Awareness — describe financial reporting requirements	Applied — prepare and submit periodic and final financial reports	Strategic — design financial reporting systems; advise on complex reporting situations; quality review reports
LO8.5	Awareness — identify eligible and ineligible cost categories	Applied — apply eligible costs principles; manage borderline cases	Strategic — advise on complex eligibility questions; develop institutional eligibility guidance
LO8.6	Awareness — describe personnel cost reporting methodologies	Applied — apply personnel cost methodologies; operate time-recording systems	Strategic — design personnel cost systems; advise on methodology selection; manage audit challenges
LO8.7	Awareness — describe indirect cost approaches	Applied — manage indirect costs under applicable methodology	Strategic — advise on indirect cost methodology selection; optimise indirect cost recovery
LO8.8	Awareness — describe subcontracting financial requirements	Applied — manage subcontracting financial monitoring and documentation	Strategic — design subcontracting financial management frameworks; advise on complex situations
LO8.9	Awareness — describe financial risk and internal control concepts	Applied — operate financial risk management and internal controls	Strategic — design institutional financial risk and control frameworks; conduct risk assessments
LO8.10	Awareness — describe audit types and processes	Applied — prepare for and participate in external audits; respond to findings	Strategic — lead audit preparation; negotiate audit findings; manage financial corrections

LO8.11	Awareness — describe financial closeout activities	Applied — execute financial closeout procedures	Strategic — design institutional closeout frameworks; advise on complex settlement situations
LO8.12	Awareness — identify programme-specific financial rules	Applied — apply programme-specific financial management rules	Strategic — advise on multi-programme financial management; develop programme-specific expertise

8.1 The Financial Management Framework

8.1.1 Establishing Financial Infrastructure at Project Start

The financial management framework for an EU-funded project must be established before the first euro of expenditure is incurred. This is not merely good practice — it is a contractual requirement. The grant agreement obliges beneficiaries to maintain adequate accounting systems, implement appropriate internal controls, and keep documentation that enables the granting authority or its authorised representatives to verify all declared costs. Establishing this infrastructure at project start, rather than retrofitting it later, is one of the most important risk mitigation steps available to the project team.

The core components of the financial management framework are:

Dedicated project accounting: EU grant funds must be separately identifiable within the beneficiary's accounting system. This does not necessarily require a separate bank account (though some programmes require this), but it does require a dedicated cost centre, project code, or equivalent mechanism that enables all project-related income and expenditure to be extracted from the general accounts at any point. The project code should capture: all direct costs by cost category (personnel, travel, equipment, consumables, subcontracting, other direct costs); indirect costs (calculated from the applicable base); and all income (EU contribution, co-financing from own resources or third parties).

Chart of accounts alignment: The project's internal cost categories must map clearly to the budget categories in the grant agreement. This mapping should be documented at project start and reviewed whenever the chart of accounts or the project budget changes. Misalignment between internal accounting categories and grant agreement budget lines is a common source of financial reporting errors and audit findings.

Financial management procedures: The project should have documented procedures covering: authorisation of expenditure (who can commit costs, at what value, with what approval chain); procurement (how goods and services are purchased, with what documentation); personnel cost recording (timesheets, employment contracts, payroll documentation); travel and subsistence (booking procedures, receipts, per diem rules); subcontract management (selection, contracting, monitoring, payment); and financial reporting (who prepares reports, with what data, reviewed by whom).

Documentation standards: EU grant agreements impose strict documentation requirements. The guiding principle is that all declared costs must be supported by documentation that enables an independent auditor to verify that the cost was: incurred (actually paid); eligible (meeting the programme's eligibility rules); directly related to the project (not general overhead unless declared as indirect costs); correctly calculated (using the approved methodology); and accurately reported (matching the financial report). Documentation must be retained for the period specified in the grant agreement — typically five years after final payment, but longer in some programmes.

Financial calendar: The financial management framework should include a calendar of key financial milestones: reporting periods and submission deadlines; payment milestones; internal

review and approval deadlines; external audit windows; and amendment deadlines. This calendar should be integrated with the project management calendar maintained under Domain 7.

8.1.2 Roles and Responsibilities in Financial Management

Effective financial management requires clear role definition. The typical distribution of financial management responsibilities in an EU-funded project includes:

Project Coordinator (financial perspective): Responsible for overall financial management of the project, including consolidation of partner financial reports, preparation of the project-level financial report, management of the consortium bank account (where applicable), and communication with the granting authority on financial matters. In Horizon Europe, the coordinator is also responsible for distributing EU funds to partners and managing undistributed funds.

Partner Financial Officers: Each partner organisation designates a financial officer responsible for: recording all project-related expenditure in the partner's accounting system; preparing the partner's financial report for each reporting period; maintaining the partner's documentation file; liaising with the coordinator on financial matters; and supporting internal and external audits.

Internal Audit/Finance Function: The organisation's internal audit or finance function plays a supporting role in: reviewing the financial management framework at project start; conducting periodic internal reviews of project financial management; providing guidance on eligibility questions; and preparing for external audits.

Legal Representative: The legal representative of the beneficiary organisation has ultimate accountability for the accuracy of financial declarations and the organisation's compliance with the grant agreement. In Horizon Europe, the legal representative signs the financial statements submitted with periodic reports.

8.2 Payment Mechanisms

8.2.1 The EU Funding Payment Architecture

EU funding is not paid as a single lump sum at project start. It is disbursed through a structured payment architecture designed to balance the EU's interest in ensuring funds are used as intended against the beneficiary's need for adequate working capital. Understanding this architecture is essential for cash flow management and for understanding the financial risks associated with EU-funded projects.

The standard payment architecture for most EU grant programmes comprises three stages:

Pre-financing (advance payment): An initial payment made shortly after grant agreement signature, typically calculated as a percentage of the total EU contribution. Pre-financing provides working capital to enable the project to begin operations.

Interim payments: Payments made during the project lifecycle based on declared eligible expenditure, subject to the payment ceiling.

Final payment (balance payment): The final payment settles the account between the EU and the beneficiary. It is calculated as: total EU contribution due (based on all eligible costs declared over the project lifetime) − pre-financing paid − interim payments made. The final payment may be positive (additional funds due to the beneficiary) or negative (funds to be returned to the EU). If the final payment is negative, the granting authority issues a recovery order.

8.2.2 Simplified Cost Options

The EU has progressively expanded the use of Simplified Cost Options (SCOs) as an alternative to actual cost reimbursement. SCOs are designed to reduce the administrative burden of financial management by replacing the requirement to document and verify individual cost transactions with simpler calculation methods. There are three main types of SCO:

Lump sums: A fixed amount is paid for a defined output or activity, regardless of actual costs incurred. Lump sum grants are increasingly common in Horizon Europe (the Lump Sum Model, or LSM, has been progressively rolled out since 2021). Under the LSM, the entire project budget is expressed as a lump sum divided among work packages. Payment is conditional on achieving the work package outputs, not on declaring actual costs. This fundamentally changes the financial management approach: the focus shifts from cost documentation to output demonstration.

Unit costs: A fixed amount per unit of activity (e.g., per researcher-month, per participant-day, per kilometre). Unit costs are widely used in Erasmus+ (where staff costs are calculated as daily rates multiplied by working days) and in some Horizon Europe contexts (e.g., the daily rates for seconded researchers in Marie Skłodowska-Curie Actions).

Flat rates: A percentage applied to a defined cost base to cover a category of costs without requiring individual documentation. The most common application is the indirect cost flat rate (25% of direct eligible costs in Horizon Europe). Some programmes also use flat rates for other cost categories (e.g., Erasmus+ uses flat rates for travel costs based on distance bands).

8.2.3 Cash Flow Management

The payment architecture creates significant cash flow challenges for project beneficiaries, particularly smaller organisations. Pre-financing may not cover early-stage costs; interim payments are made in arrears after costs have been incurred; and the final payment may be delayed by audit procedures. Professional financial management requires active cash flow planning:

Cash flow projections: At project start, prepare a multi-period cash flow projection showing expected expenditure by period against expected payment receipts. This projection should be updated at each reporting period. Cash flow projections are particularly important for multi-partner projects, where the coordinator must manage the flow of funds between the consortium bank account and partner organisations.

Working capital management: Identify periods when project expenditure will exceed available EU funds and plan for bridging finance from own resources or short-term credit. Communicate cash flow constraints to senior management and, where necessary, to the project officer.

Partner cash flow: In multi-partner projects, the coordinator must balance the need to distribute funds to partners promptly against the risk of distributing funds that may not be recoverable if a partner fails. The Consortium Agreement should specify the payment schedule and the conditions under which the coordinator can withhold or delay payments to partners with financial management concerns.

8.3 Cost Verification and Certification

8.3.1 The Cost Verification Framework

Cost verification is the process by which eligible costs declared in financial reports are checked for accuracy, completeness, and compliance with the grant agreement and applicable regulations. It operates at multiple levels within the EU funding system:

Beneficiary-level verification: The primary responsibility for verifying declared costs lies with the beneficiary. This means that before costs are declared in a financial report, the beneficiary's

financial officer should verify that each cost item is: actually incurred and paid (supported by invoice, payroll record, or equivalent); eligible under the programme rules; correctly calculated (using the approved methodology); and properly documented. This internal verification is the first line of defence against audit findings.

Coordinator-level verification (multi-partner projects): In multi-partner projects, the coordinator has a responsibility to review partner financial reports before consolidating them into the project-level report. The depth of this review varies by programme and by the coordinator's risk assessment of individual partners. At minimum, the coordinator should check that partner declarations are arithmetically correct, that cost categories are correctly classified, and that any unusual items are queried with the partner before submission.

Granting authority review: The granting authority (European Commission, EISMEA, CINEA, or other implementing body) reviews submitted financial reports, typically conducting a desk review of the financial statements and supporting documentation. For Horizon Europe, the granting authority may request additional documentation or clarification before approving the financial report and authorising payment.

Independent audit (Certificates on Financial Statements): For grants above certain thresholds, Horizon Europe requires a Certificate on Financial Statements (CFS) — an audit certificate issued by an independent, qualified auditor — to be submitted with the final financial report (and, for larger grants, with periodic reports). The CFS certifies that the declared costs comply with the grant agreement and applicable EU rules. The auditor is appointed by the beneficiary but must meet independence and professional qualification requirements.

8.3.2 Certificate on Financial Statements (CFS)

The CFS is one of the most important financial management tools in the Horizon Europe framework. It provides the granting authority with independent assurance that declared costs are eligible and correctly calculated, reducing the risk of audit findings at the project level. Key aspects of CFS management include:

Threshold requirements: In Horizon Europe, a CFS is required for each beneficiary claiming more than €325,000 in total EU contribution over the project lifetime. Below this threshold, no CFS is required (though the granting authority may still request supporting documentation). The threshold applies per beneficiary, not per project — so a beneficiary participating in multiple Horizon Europe projects must track their cumulative EU contribution across all projects.

Auditor selection and briefing: The CFS auditor should be selected early in the project, ideally before the first reporting period, to allow time for the auditor to understand the project's financial management framework. The auditor should be briefed on: the grant agreement terms; the applicable financial regulations; the beneficiary's accounting system and cost recording practices; and any specific areas of financial complexity (e.g., personnel cost methodology, subcontracting arrangements).

Audit scope and procedures: The CFS auditor performs agreed-upon procedures specified in the Horizon Europe Model Grant Agreement. These include: verifying that declared costs are recorded in the beneficiary's accounts; checking a sample of cost items against supporting documentation; verifying the personnel cost methodology; checking the indirect cost calculation; and confirming that subcontracting costs meet the programme requirements.

Managing the audit process: The financial officer should prepare a comprehensive audit file containing all documentation supporting the declared costs, organised by cost category and cost item. The audit file should be prepared in advance of the audit, not assembled reactively. Any queries from the auditor should be responded to promptly and fully.

8.3.3 Management Declarations

In addition to the CFS, Horizon Europe requires beneficiaries to submit a Management Declaration (MD) with the final financial report. The MD is signed by the legal representative

and declares that: the information in the financial report is complete, reliable, and true; the costs declared are eligible; the project has been implemented in accordance with the grant agreement; and the required documentation is available and will be retained for the required period.

The MD is a significant legal document — a false declaration may constitute fraud. Financial officers should ensure that the legal representative is fully briefed on the content and implications of the MD before signature, and that the financial management documentation supports all the declarations made.

8.4 Financial Reporting: Periodic and Final Reports

8.4.1 The Financial Reporting Architecture

Financial reporting in EU-funded projects is structured around the reporting periods defined in the grant agreement. Each reporting period ends with a progress report that includes both a technical (narrative) component and a financial component. The financial component is the focus of this section.

The financial report for a Horizon Europe project comprises:

Financial statements: A structured declaration of all eligible costs incurred during the reporting period, broken down by cost category (personnel costs, subcontracting costs, purchase costs, other direct costs, indirect costs) and by beneficiary. Financial statements are submitted through the Funding & Tenders Portal using the electronic forms provided.

Supporting documentation summary: A summary of the documentation supporting the declared costs, typically organised by cost category. The full documentation is retained by the beneficiary and made available on request.

Certificates on Financial Statements (where applicable): As described in Section 8.3, CFSs are submitted with the financial report for beneficiaries exceeding the threshold.

Management Declaration (final report): Submitted with the final financial report only.

8.4.2 Preparing the Periodic Financial Report

The preparation of a periodic financial report is a multi-step process that requires careful planning and coordination:

Step 1 — Cost extraction: Extract all project-related costs from the accounting system for the reporting period. This extraction should be based on the project cost centre or project code established at project start. Verify that the extraction is complete (all periods within the reporting window are included) and accurate (costs are correctly coded to the project).

Step 2 — Eligibility review: Review each extracted cost item against the eligibility criteria applicable to the programme and cost category. Flag any items that are potentially ineligible or require additional documentation. Resolve eligibility questions before finalising the financial report — do not declare costs that are known to be ineligible.

Step 3 — Personnel cost calculation: Calculate personnel costs using the approved methodology (see Section 8.6). This typically involves: extracting time-recording data for all project staff; applying the approved hourly/daily rate; and calculating the personnel cost for each staff member for the reporting period.

Step 4 — Indirect cost calculation: Calculate indirect costs using the applicable method (see Section 8.7). For the 25% flat rate, this involves calculating 25% of all direct eligible costs except subcontracting costs and costs of financial support to third parties.

Step 5 — Subcontracting and third-party costs: Verify that all subcontracting costs are supported by signed contracts, invoices, and evidence of payment. Check that subcontracting costs do not exceed the amounts approved in the grant agreement (or, if they do, that an amendment has been approved).

Step 6 — Consolidation (multi-partner projects): Collect financial reports from all partners, review for completeness and accuracy, resolve any queries, and consolidate into the project-level financial report.

Step 7 — Internal review: Subject the draft financial report to internal review by a financial officer not involved in its preparation. The reviewer should check arithmetic, cost category classification, consistency with the technical report, and compliance with programme rules.

Step 8 — Submission: Submit the financial report through the appropriate portal (Funding & Tenders Portal for Horizon Europe; programme-specific systems for other programmes) within the submission deadline.

8.4.3 The Final Financial Report

The final financial report covers the last reporting period and also serves as the definitive financial account for the entire project. It has additional requirements beyond the periodic report:

Cumulative financial statements: The final financial report includes cumulative financial statements showing total eligible costs over the entire project lifetime, not just the final period. These cumulative statements form the basis for calculating the final payment or recovery.

Final Certificate on Financial Statements: For beneficiaries above the CFS threshold, the final CFS covers all costs declared over the project lifetime (or, if interim CFSs have been submitted, the costs declared in the final period only).

Management Declaration: As described in Section 8.3.3.

Reconciliation with pre-financing and interim payments: The final financial report must reconcile total eligible costs with pre-financing received and interim payments made, to determine the balance due (positive or negative).

Underspend management: If total eligible costs are less than the budget, the EU contribution is reduced proportionally (subject to the minimum grant amount specified in the grant agreement). Significant underspend may prompt questions from the project officer about project implementation quality.

8.5 Eligible Costs Management

8.5.1 The Eligible Costs Principles

The concept of eligible costs is central to EU grant financial management. Only eligible costs can be declared in financial reports and reimbursed by the EU. The general eligibility conditions, applicable across most EU programmes, require that costs be:

Actually incurred: The cost must have been actually incurred by the beneficiary — not estimated, budgeted, or accrued. For most cost categories, this means the cost must have been paid (cash basis). Some programmes allow accrual-basis recognition for specific cost categories, but this must be explicitly permitted by the programme rules.

Incurred during the project period: Costs must be incurred during the period of the project (from the start date to the end date specified in the grant agreement). Pre-project costs are generally ineligible, with limited exceptions (e.g., costs of preparing the grant agreement, which may be eligible from the date of the Commission decision in some programmes). Post-project costs are ineligible except for specific activities (e.g., final audit costs, which may be incurred after the project end date).

Necessary for the project: The cost must be necessary for the implementation of the project — it must have a direct connection to the project's objectives and activities. General overhead costs are not eligible as direct costs (they are covered by the indirect cost flat rate or actual indirect cost methodology).

Identifiable and verifiable: The cost must be identifiable in the beneficiary's accounts and verifiable against supporting documentation. Costs that cannot be traced from the financial report back to an accounting record and supporting document are ineligible.

Compliant with applicable law: The cost must comply with applicable national law (tax law, employment law, procurement law) and the specific conditions of the grant agreement.

Reasonable and justified: The cost must represent a reasonable price for the goods or services obtained, consistent with the beneficiary's normal practices and market rates. Costs that are unreasonably high relative to market rates may be challenged in audit.

8.5.2 Common Ineligible Cost Categories

The following cost categories are explicitly ineligible under most EU grant programmes:

- Value Added Tax (VAT) recoverable by the beneficiary
- Costs covered by other EU grants (double funding)
- Debt and debt service charges
- Provisions for future losses or liabilities
- Interest owed
- Exchange rate losses
- Costs declared, incurred, or paid in violation of applicable law
- Excessive or reckless expenditure
- Costs incurred outside the project period
- Costs not identifiable in the beneficiary's accounts

8.5.3 Managing Borderline Eligibility Cases

In practice, many cost items fall in grey areas where eligibility is not immediately obvious. Professional financial management requires a structured approach to borderline cases:

Documentation of the eligibility assessment: For any cost item whose eligibility is uncertain, prepare a written eligibility assessment documenting: the nature of the cost; the relevant programme rule; the assessment of whether the cost meets the eligibility criteria; any supporting documentation; and the conclusion. This assessment should be retained in the project file.

Conservative approach: When in doubt, apply a conservative eligibility standard. It is better to under-declare eligible costs (leaving money on the table) than to declare ineligible costs (creating audit risk). The EU does not penalise under-declaration; it does penalise over-declaration.

Proactive clarification: For significant cost items whose eligibility is genuinely uncertain, seek clarification from the granting authority before declaring the cost. Document the clarification received and retain it in the project file. A written clarification from the granting authority that a cost is eligible provides strong protection against subsequent audit findings.

Programme-specific guidance: Most EU programmes publish detailed guidance on eligible costs (e.g., the Horizon Europe Annotated Grant Agreement, the ESF+ Programme Guidance). This guidance should be consulted for all borderline cases and the relevant passage cited in the eligibility assessment.

8.6 Indirect Costs Management

8.6.1 The 25% Flat Rate

The standard approach to indirect costs in Horizon Europe is the 25% flat rate: indirect costs are calculated as 25% of all direct eligible costs, excluding subcontracting costs and costs of financial support to third parties. This flat rate is designed to cover all overhead costs — building costs, utilities, IT infrastructure, central administration, HR, finance, legal — without requiring individual cost documentation.

The 25% flat rate has significant implications for financial management:

Automatic calculation: The flat rate is calculated automatically from the direct costs base. There is no need to document individual overhead costs or to allocate overhead to the project. This dramatically simplifies indirect cost management.

No audit of indirect costs: Because the flat rate is calculated by formula, auditors cannot challenge the amount of indirect costs declared (as long as the direct costs base is correctly calculated). This eliminates a major source of audit risk.

Optimisation opportunity: Because indirect costs are calculated as a percentage of direct costs, maximising eligible direct costs (within the project budget) also maximises indirect cost recovery. This creates an incentive to ensure that all eligible direct costs are declared.

Budget flexibility: The 25% flat rate applies to the actual direct costs declared, not to the budgeted direct costs. If actual direct costs are lower than budgeted (e.g., due to lower-than-expected personnel costs), indirect cost recovery will also be lower. This should be factored into cash flow projections.

8.6.2 Actual Indirect Costs

Some programmes and some organisations use actual indirect costs rather than a flat rate. Under the actual costs methodology, the organisation calculates its actual overhead costs and allocates them to projects using an approved allocation key (typically based on direct labour hours, direct costs, or floor space). Actual indirect costs are more complex to manage than the flat rate:

Allocation methodology: The allocation key must be documented, consistent, and applied across all activities of the organisation (not just EU-funded projects). The most common allocation key is the ratio of project direct labour hours to total direct labour hours across all activities.

Annual calculation: Actual indirect costs are typically calculated annually, based on the organisation's audited accounts. The indirect cost rate (overhead rate) is calculated as total overhead costs divided by the allocation base.

Audit exposure: Unlike the flat rate, actual indirect costs are subject to audit. Auditors may challenge the completeness of overhead costs included, the appropriateness of the allocation key, and the accuracy of the calculation.

8.6.3 Other Simplified Cost Options for Indirect Costs

Some programmes offer alternative simplified cost options for indirect costs:

- **20% flat rate** (applicable in some ESIF programmes): 20% of eligible direct staff costs
- **15% flat rate** (applicable in some ESIF programmes): 15% of eligible direct staff costs
- **Erasmus+ flat rates**: Erasmus+ uses a combination of unit costs and flat rates that effectively cover both direct and indirect costs, eliminating the need for a separate indirect cost calculation

The applicable indirect cost methodology is specified in the grant agreement and cannot be changed without an amendment.

8.7 Subcontracting Financial Management

8.7.1 Financial Obligations in Subcontracting

Subcontracting — the use of external service providers to carry out tasks that the beneficiary cannot perform internally — creates specific financial management obligations. These obligations arise from both the grant agreement and applicable procurement rules (see Domain 2).

Budget compliance: Subcontracting costs must be declared within the budget line approved in the grant agreement. If actual subcontracting costs exceed the approved budget line, an amendment may be required (depending on the programme's flexibility rules). Subcontracting costs that were not included in the original budget may require prior approval from the granting authority.

Procurement documentation: The selection of subcontractors must comply with applicable procurement rules (national procurement law for public bodies; best value principles for private organisations). The procurement process must be documented — including the selection criteria, the offers received, the evaluation, and the selection decision — and this documentation retained in the project file.

Contractual requirements: Subcontracts must meet the requirements specified in the grant agreement, including: the right of the granting authority and the European Court of Auditors to audit the subcontractor; requirements to flow down grant agreement obligations to the subcontractor; and intellectual property provisions.

Invoice and payment documentation: All subcontracting costs must be supported by signed contracts, invoices, and evidence of payment. The invoice must identify the specific tasks performed, the period of performance, and the amount claimed. Time-and-materials contracts require time records from the subcontractor; fixed-price contracts require evidence that the deliverable has been accepted.

8.7.2 Financial Monitoring of Subcontractors

The beneficiary retains financial responsibility for the proper use of EU funds by its subcontractors. This means that if a subcontractor delivers ineligible costs, the beneficiary bears the financial risk. Effective financial monitoring of subcontractors includes:

Progress-linked payment: Structure subcontract payments to be linked to deliverable acceptance, not simply to the passage of time. This creates a financial incentive for the subcontractor to perform and gives the beneficiary leverage to withhold payment for non-performance.

Periodic financial reviews: For longer-term subcontracts, conduct periodic reviews of the subcontractor's financial management, including review of time records (for time-and-materials contracts), procurement documentation (for subcontractors who are themselves procuring goods and services), and compliance with grant agreement obligations.

Audit clause: Ensure that all subcontracts include an audit clause giving the granting authority, the European Court of Auditors, OLAF, and the beneficiary the right to audit the subcontractor's records relating to the project. This is a standard requirement of the Horizon Europe Model Grant Agreement.

8.8 Financial Risk Management and Internal Controls

8.8.1 Financial Risks in EU-Funded Projects

EU-funded projects are exposed to a distinctive set of financial risks that differ in character from the commercial financial risks faced by most organisations. Understanding these risks is the foundation of effective financial risk management:

Eligibility risk: The risk that costs declared in financial reports are subsequently found to be ineligible, resulting in financial corrections. Eligibility risk is the most pervasive financial risk in EU-funded projects and arises from: misapplication of programme rules; inadequate documentation; incorrect personnel cost methodology; procurement irregularities; and subcontractor non-compliance.

Exchange rate risk: For projects involving expenditure in non-euro currencies, the risk that exchange rate movements reduce the euro value of eligible costs below the budgeted amount. Exchange rate risk is particularly significant for projects with substantial expenditure in GBP, CHF, or other volatile currencies.

Partner financial risk (multi-partner projects): The risk that a partner incurs ineligible costs, fails to deliver, or becomes financially insolvent, creating a liability for the consortium as a whole. In Horizon Europe, each beneficiary is individually liable for its own costs, but the coordinator bears the risk of distributing funds to partners who subsequently fail.

Cash flow risk: The risk that the timing of EU payments does not match the timing of project expenditure, creating working capital shortfalls. Cash flow risk is particularly acute for smaller organisations with limited reserves.

Audit risk: The risk that an external audit identifies financial irregularities, resulting in financial corrections, reputational damage, and potential exclusion from future EU funding.

8.8.2 Internal Control Framework

An effective internal control framework for EU-funded projects should address all identified financial risks. The framework should be proportionate to the scale and complexity of the project — a €500,000 single-beneficiary project requires less elaborate controls than a €10 million multi-partner project. Core elements of the internal control framework include:

Segregation of duties: The functions of authorising expenditure, recording costs, and reviewing financial reports should be performed by different individuals. This segregation reduces the risk of undetected errors or fraud.

Authorisation controls: All expenditure above defined thresholds should require authorisation by a designated financial officer. The authorisation chain should be documented and communicated to all project staff.

Documentation controls: A checklist of required documentation for each cost category should be maintained and used to verify completeness of documentation before costs are declared.

Reconciliation controls: Financial reports should be reconciled against the accounting system before submission. The reconciliation should verify that all costs in the financial report are recorded in the accounts and that all project costs in the accounts are included in the financial report.

Periodic internal reviews: Conduct periodic internal reviews (at least annually, ideally at each reporting period) of project financial management, covering: compliance with programme rules; completeness and quality of documentation; personnel cost methodology; indirect cost calculation; and subcontracting compliance.

8.9 Audit Preparation and Management

8.9.1 The EU Audit Landscape

EU-funded projects are subject to multiple layers of external audit, reflecting the EU's commitment to the protection of its financial interests. The main audit actors and their roles are:

European Commission services: The granting authority (DG RTD, DG EMPL, EISMEA, CINEA, etc.) may conduct desk reviews of financial reports and, for higher-risk cases, on-the-spot checks. The Commission's Central Audit Service (CAS) conducts systemic audits of the Commission's internal financial management processes.

European Court of Auditors (ECA): The ECA is the EU's external auditor and has the right to audit any beneficiary of EU funds. ECA audits typically focus on systemic issues (e.g., the effectiveness of a programme's financial management framework) rather than individual project audits, but individual projects may be selected as part of a sample.

European Anti-Fraud Office (OLAF): OLAF investigates suspected fraud and irregularities in the use of EU funds. OLAF investigations are triggered by specific suspicions of fraud, not by routine audit selection. An OLAF investigation is a serious matter with potentially severe consequences, including criminal prosecution.

National audit authorities (ESIF): For ESIF programmes, the national audit authority in each member state conducts audits of projects funded under the programme. These audits are systematic (all projects above certain thresholds are audited) and are a routine part of ESIF financial management.

Independent auditors (CFS): As described in Section 8.3, independent auditors appointed by beneficiaries issue Certificates on Financial Statements for Horizon Europe projects above the threshold.

8.9.2 Preparing for an External Audit

Effective audit preparation begins at project start, not when the audit notification arrives. The key elements of ongoing audit preparation are:

Audit-ready documentation: Maintain the project documentation file in a state that is always ready for audit. This means: organising documentation by cost category and cost item; ensuring that all required documents are present and complete; and maintaining a documentation index that enables auditors to locate specific items quickly.

Audit trail integrity: Ensure that the audit trail from financial report to accounting record to supporting document is complete and unbroken. Any gap in the audit trail (e.g., a cost item in the financial report that cannot be traced to an invoice) is a potential audit finding.

Pre-audit self-assessment: Before each reporting period submission, conduct a self-assessment against the audit criteria applicable to the programme. This self-assessment should identify and resolve potential audit issues before the report is submitted.

Staff awareness: Ensure that all project staff understand their responsibilities in relation to audit — particularly the importance of time-recording, documentation retention, and compliance with procurement rules.

8.10.3 Managing the Audit Process

When an external audit is notified, the following steps should be taken:

Acknowledge and cooperate: Respond promptly to the audit notification and confirm cooperation. Obstructing or delaying an audit is a serious breach of the grant agreement and may itself become an audit finding.

Appoint an audit coordinator: Designate a single point of contact for the audit — typically the financial officer — who will coordinate the provision of documentation, manage communication with the auditors, and track audit findings.

Prepare the audit file: Assemble a comprehensive audit file containing all documentation relevant to the costs under audit. Organise the file by cost category and cost item, with a clear index. Provide the audit file to the auditors in advance of the audit visit (or as requested).

Manage the audit visit: During the audit visit, ensure that the audit coordinator is available throughout. Respond to auditor queries promptly and accurately. Do not speculate about the eligibility of costs — if a question cannot be answered with certainty, say so and undertake to provide a written response.

Review the preliminary findings: Audit reports typically go through a preliminary findings stage before the final report is issued. Review preliminary findings carefully and prepare a detailed response to any findings that are factually incorrect or legally unsound. Provide additional documentation where available.

Respond to financial corrections: If the final audit report identifies financial corrections, assess the basis for each correction and decide whether to accept or challenge it. Corrections can be challenged through the granting authority's review procedures and, ultimately, through the Court of Justice of the EU.

8.10 Financial Closeout

8.10.1 The Financial Closeout Process

Financial closeout is the process of settling all financial accounts associated with a completed EU-funded project. It begins when the project end date is reached and concludes when the final payment has been received (or recovery order settled) and all post-project financial obligations have been discharged. The financial closeout process runs in parallel with the broader project closeout process described in Domain 7.

Final expenditure cut-off: At the project end date, all project expenditure must be cut off. No new costs can be incurred after the end date (with the exception of costs specifically permitted by the grant agreement, such as final audit costs). The financial officer should communicate the end date clearly to all project staff and ensure that no post-project costs are charged to the project.

Final cost reconciliation: After the end date, conduct a final reconciliation of all project costs against the accounting system. Ensure that all costs incurred before the end date have been captured, that all ineligible costs have been excluded, and that the final cost position is accurately reflected in the financial statements.

Final personnel cost calculation: Calculate final personnel costs for all project staff for the final period. This requires final time records, final payroll data, and (where applicable) final productive hours calculations.

Final indirect cost calculation: Calculate final indirect costs based on final direct eligible costs.

Final subcontracting reconciliation: Verify that all subcontracting costs are supported by accepted deliverables, final invoices, and evidence of payment.

8.10.2 Post-Project Financial Obligations

Financial closeout does not end with the final payment. EU grant agreements impose post-project financial obligations that may extend for several years:

Documentation retention: As noted in Section 8.1, project documentation must be retained for the period specified in the grant agreement (typically five years after final payment). The financial officer should ensure that a complete documentation archive is established and that retention responsibilities are assigned.

Post-project audit risk: The granting authority and audit bodies retain the right to audit the project for several years after final payment. Post-project audits are less common than project-period audits but do occur, particularly for high-value projects or where there are specific concerns. The documentation archive must be maintained in a state that enables a post-project audit to be conducted efficiently.

Exploitation and dissemination financial obligations: Some grant agreements require beneficiaries to report on the exploitation and dissemination of project results for a period after the project end. While these obligations are primarily technical rather than financial, they may have financial implications (e.g., costs of dissemination activities) that should be planned for.

Recovery risk: If a post-project audit identifies financial irregularities, the granting authority may issue a recovery order requiring repayment of funds. The organisation should maintain a provision for this contingency, particularly for high-value projects or projects with known financial management weaknesses.

DOMAIN 9

Financial Management and Reporting

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Compliance, Audit and Risk Management is the domain that addresses the systematic management of obligations, risks, and accountability mechanisms that govern every EU-funded project from inception to final settlement and beyond. It is the domain where the professional grant manager's role shifts from operational execution to institutional stewardship — where the question is not merely "are we doing the right things?" but "can we prove that we are doing the right things, and what will we do if something goes wrong?"

This domain is distinct from Domain 2 (Legal, Regulatory and Compliance Framework), which establishes the legal architecture of EU funding; from Domain 8 (Financial Management and Reporting), which addresses the financial execution of projects; and from Domain 7 (Grant Agreement Management), which addresses day-to-day project implementation. Domain 9 addresses the overarching compliance management system — the frameworks, processes, tools, and institutional culture that enable organisations to meet their obligations reliably, manage risks proactively, respond to audit findings effectively, and maintain the integrity of EU-funded work.

The domain is organised around four interlocking themes. The first is **compliance management**: understanding and operationalising the full spectrum of obligations imposed by the grant agreement, EU regulations, and national law — and building the systems and processes that make compliance the default rather than the exception. The second is **risk management**: identifying, assessing, and mitigating the risks that threaten project objectives, financial integrity, and regulatory compliance — and doing so in a structured, documented, and proportionate way. The third is **audit management**: understanding the EU audit landscape, preparing for and navigating external audits, responding to findings, and managing financial corrections. The fourth is **integrity and anti-fraud**: understanding the EU's anti-fraud framework, recognising the indicators of fraud and irregularity, and building the institutional safeguards that protect both the EU's financial interests and the organisation's reputation.

A central theme throughout this domain is the distinction between compliance as a bureaucratic exercise and compliance as a professional value. Organisations that treat compliance as a box-ticking exercise — doing the minimum necessary to satisfy auditors — are perpetually vulnerable to findings, corrections, and reputational damage. Organisations that embed compliance as a professional value — where every team member understands why the rules exist and is committed to meeting them — achieve a fundamentally different and more resilient standard of performance. The tools and frameworks in this domain are designed to support the latter approach.

Learning Outcomes

Upon completing this domain, the learner will be able to:

LO9.1 — Design and operate a compliance management framework that systematically identifies, monitors, and evidences compliance with all grant agreement obligations, EU regulations, and applicable national law.
LO9.2 — Apply the EU's regulatory compliance requirements to project implementation, including the Financial Regulation, programme-specific rules, procurement obligations, and state aid constraints.
LO9.3 — Implement ethics and integrity standards in EU-funded projects, including conflict of interest management, data protection compliance, and research integrity requirements.
LO9.4 — Recognise the indicators of fraud, corruption, and irregularity in EU-funded projects and apply the EU's anti-fraud framework, including OLAF's role and investigation powers.

LO9.5 — Describe the EU audit landscape — including the roles of the European Court of Auditors, OLAF, national audit authorities, and independent auditors — and explain how audit findings translate into financial corrections.
LO9.6 — Prepare for and manage external audits of EU-funded projects, including pre-audit preparation, audit visit management, and response to preliminary findings.
LO9.7 — Respond to audit findings and financial corrections, including the review of correction decisions, the preparation of responses, and the management of recovery procedures.
LO9.8 — Apply the EU's irregularities reporting framework, including the obligation to report irregularities to managing authorities, the AFCOS system, and the OLAF reporting mechanism.
LO9.9 — Design and implement a project risk management framework, including risk identification, assessment, response planning, and monitoring, integrated with the project management system.
LO9.10 — Design and evaluate internal control systems for EU-funded projects, applying the COSO framework and EU-specific internal control standards.
LO9.11 — Apply programme-specific compliance requirements for Horizon Europe, ESIF, Erasmus+, LIFE, and external action grants, adapting the general compliance framework to programme contexts.
LO9.12 — Build and sustain a compliance culture within the organisation, including staff training, compliance communication, and institutional capacity for compliance management.

Certification Level Mapping

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO9.1	Awareness — describe components of a compliance management framework	Applied — design and operate a project-level compliance framework	Strategic — design institutional compliance management systems; advise on complex compliance situations
LO9.2	Awareness — identify key regulatory compliance requirements	Applied — apply regulatory compliance requirements to project implementation	Strategic — advise on complex regulatory compliance; develop compliance guidance for staff
LO9.3	Awareness — describe ethics and integrity requirements	Applied — implement ethics standards; manage conflict of interest and data protection	Strategic — design ethics management systems; advise on complex integrity situations
LO9.4	Awareness — identify fraud indicators; describe OLAF's role	Applied — apply anti-fraud framework; report suspected irregularities	Strategic — design anti-fraud systems; lead fraud risk assessments; manage OLAF investigations
LO9.5	Awareness — describe EU audit actors and their roles	Applied — explain audit processes and financial correction mechanisms	Strategic — advise on audit strategy; manage relationships with audit bodies
LO9.6	Awareness — describe audit preparation steps	Applied — prepare for and manage external audits	Strategic — lead audit preparation; design audit-readiness programmes; manage complex audits
LO9.7	Awareness — describe financial correction procedures	Applied — respond to audit findings and manage financial corrections	Strategic — negotiate financial corrections; lead challenge procedures; manage systemic corrections
LO9.8	Awareness — describe irregularities reporting obligations	Applied — apply irregularities reporting framework; submit required reports	Strategic — design irregularities management systems; advise on complex reporting situations
LO9.9	Awareness — describe risk management concepts and process	Applied — implement project risk management framework	Strategic — design institutional risk management frameworks; lead risk assessments

LO9.10	Awareness — describe internal control concepts	Applied — operate internal control systems for EU-funded projects	Strategic — design and evaluate institutional internal control frameworks
LO9.11	Awareness — identify programme-specific compliance requirements	Applied — apply programme-specific compliance rules	Strategic — advise on multi-programme compliance; develop programme expertise
LO9.12	Awareness — describe compliance culture concepts	Applied — contribute to compliance culture; deliver compliance training	Strategic — build and sustain institutional compliance culture; lead culture change

9.1 The Compliance Management Framework

9.1.1 What Is Compliance Management?

Compliance management is the systematic process of identifying all obligations applicable to an EU-funded project, translating those obligations into operational requirements, monitoring adherence to those requirements throughout the project lifecycle, and providing evidence of compliance to the granting authority and audit bodies. It is distinct from legal advice (which interprets the rules) and from financial management (which executes the financial obligations); compliance management is the integrating function that ensures all obligations — legal, financial, technical, ethical, and administrative — are met in a coordinated and documented way.

The compliance management framework for an EU-funded project should address four categories of obligation:

Contractual obligations: The specific requirements of the grant agreement — reporting deadlines, amendment procedures, intellectual property obligations, dissemination requirements, ethics deliverables, and all other provisions of the GA and its annexes. These obligations are project-specific and must be identified by reading the GA in its entirety.

Regulatory obligations: The requirements of the EU Financial Regulation, programme-specific regulations, and implementing rules — including cost eligibility rules, procurement rules, state aid rules, data protection requirements, and audit cooperation obligations. These obligations apply to all projects under the programme and are supplemented by programme-specific guidance.

National legal obligations: The requirements of national law applicable to the beneficiary — employment law, tax law, procurement law, company law, data protection law (GDPR implementation), and sector-specific regulations. National legal obligations interact with EU grant rules and, where they are more restrictive, take precedence.

Institutional obligations: The internal policies and procedures of the beneficiary organisation — financial authorisation policies, procurement procedures, HR policies, data management policies — that apply to all activities of the organisation, including EU-funded projects.

9.1.2 The Compliance Register

The compliance register is the central tool of the compliance management framework. It is a structured document (typically a spreadsheet or database) that lists all applicable obligations, with for each obligation: the source (GA article, regulation, national law); the content of the obligation; the responsible person; the deadline or frequency; the evidence required; and the current compliance status.

The compliance register should be established at project start, based on a systematic reading of the grant agreement and the applicable regulatory framework. It should be updated whenever new obligations are identified (e.g., through an amendment or a new regulatory requirement) and reviewed at each reporting period to verify compliance status.

Key sections of the compliance register for a Horizon Europe project include:

- **Reporting obligations**: Periodic reports, ethics reports, open access obligations, dissemination reports
- **Financial obligations**: Time-recording, cost documentation, CFS submission, co-financing evidence
- **Ethics obligations**: Ethics deliverables, data management plan, ethics committee approvals, GDPR compliance
- **IPR obligations**: Background IP register, foreground IP documentation, exploitation plan
- **Dissemination obligations**: Project website, open access publications, public engagement activities
- **Amendment obligations**: Prior approval requirements for specific changes
- **Audit cooperation obligations**: Document retention, access rights, audit trail maintenance

9.1.3 Compliance Monitoring and Reporting

Compliance monitoring is the ongoing process of checking that all obligations in the compliance register are being met. Effective compliance monitoring includes:

Periodic compliance reviews: At each reporting period (and more frequently for high-risk obligations), review the compliance register and verify the status of each obligation. Document the review and any corrective actions taken.

Compliance dashboard: For larger projects, maintain a compliance dashboard that provides a real-time overview of compliance status across all obligation categories. The dashboard should use traffic-light indicators (green/amber/red) to flag obligations that are at risk of non-compliance.

Proactive compliance communication: When a compliance risk is identified (e.g., a reporting deadline that may be missed, or a cost that may be ineligible), communicate proactively with the project officer rather than waiting for the issue to be discovered in audit. Proactive disclosure is generally treated more favourably than audit-identified non-compliance.

9.2 Regulatory Compliance

9.2.1 The EU Financial Regulation

The EU Financial Regulation (Regulation (EU, Euratom) 2018/1046, as amended) is the overarching legal framework governing all EU expenditure. For grant beneficiaries, the most relevant provisions concern: the principles of sound financial management (economy, efficiency, effectiveness); the obligation to implement adequate internal controls; the obligation to cooperate with audit bodies; the anti-fraud obligations; and the recovery of unduly paid amounts. The Financial Regulation is supplemented by programme-specific regulations that establish the detailed rules for each funding programme.

9.2.2 Programme-Specific Regulatory Compliance

Each EU funding programme has its own regulatory framework that establishes specific compliance requirements. The key programme-specific compliance requirements include:

Horizon Europe: Compliance with the Horizon Europe Regulation (Regulation (EU) 2021/695), the Model Grant Agreement, and the Annotated Grant Agreement. Key compliance areas include: open access to publications and research data; ethics requirements; IPR obligations; dissemination and exploitation obligations; and the specific financial management rules described in Domain 8.

ESIF: Compliance with the Common Provisions Regulation (Regulation (EU) 2021/1060) and fund-specific regulations (ERDF, ESF+, CF, EMFAF, JTF). Key compliance areas include: durability of operations (the obligation to maintain project outputs for a specified period after completion); state aid compliance; procurement compliance; equal opportunities and non-

discrimination; sustainable development; and the specific audit and verification requirements of the shared management system.

Erasmus+: Compliance with the Erasmus+ Regulation (Regulation (EU) 2021/817) and the Erasmus+ Programme Guide. Key compliance areas include: mobility quality standards; charter obligations (for higher education institutions); language support requirements; recognition of learning outcomes; and the specific financial management rules applicable to the programme.

9.2.3 Procurement Compliance

Procurement compliance is one of the most significant compliance risks in EU-funded projects, particularly for public bodies subject to EU procurement law. The key procurement compliance requirements are addressed in Domain 2; from a compliance management perspective, the key tasks are:

Procurement planning: Identify all procurement needs at project start and develop a procurement plan. The procurement plan should specify: what will be procured; the estimated value; the applicable procurement procedure; the planned timeline; and the responsible person.

Procurement documentation: Maintain complete documentation of all procurement processes, including: the tender notice (where required); the technical specifications; the selection and award criteria; the evaluation reports; the contract; and any subsequent modifications. This documentation must be retained for the full document retention period.

Procurement review: Subject all procurements above defined thresholds to internal review before contract award. The review should verify compliance with applicable procurement rules and the quality of the documentation.

9.3 Ethics and Integrity

9.3.1 The Ethics Framework in EU-Funded Projects

Ethics and integrity are not peripheral concerns in EU-funded research and innovation — they are core values embedded in the grant agreement and enforced through the ethics review and audit process. The EU's ethics framework for funded projects encompasses three distinct but interrelated areas:

Research ethics: The ethical conduct of research activities — including informed consent for human subjects research, animal welfare standards, dual-use research concerns, data privacy, and environmental ethics. Research ethics requirements are identified in the ethics review conducted during the proposal evaluation process and specified in the grant agreement as ethics deliverables.

Institutional integrity: The integrity of the beneficiary organisation's management of EU funds — including conflict of interest management, anti-fraud measures, data protection, and compliance with applicable law. Institutional integrity requirements are imposed by the grant agreement and the EU Financial Regulation.

Professional ethics: The ethical conduct of the individuals involved in the project — including researchers, project managers, and financial officers. Professional ethics encompasses honesty in reporting, respect for intellectual property, and compliance with the codes of conduct of relevant professional bodies.

9.3.2 Conflict of Interest Management

Conflict of interest (CoI) is one of the most significant integrity risks in EU-funded projects. A conflict of interest exists when a person's private interests (financial, personal, or professional) could improperly influence their exercise of a public or professional function. In EU-funded projects, CoI risks arise in: procurement (where a decision-maker has a financial interest in a

potential supplier); personnel decisions (where a project leader influences the appointment of a family member or close associate); and reporting (where a financial officer has an incentive to misrepresent costs).

The EU Financial Regulation imposes a strict CoI management obligation: all persons involved in the implementation of EU funds must avoid situations that could give rise to a CoI, and must declare any potential CoI that arises. The key elements of a compliant CoI management system are:

CoI policy: A written policy defining what constitutes a conflict of interest, the obligation to declare potential conflicts, the procedure for managing declared conflicts (e.g., recusal from decision-making), and the consequences of failing to declare.

CoI declarations: Regular declarations from all persons involved in procurement decisions, personnel decisions, and financial management. Declarations should be updated whenever circumstances change.

CoI register: A register of all declared conflicts, the management action taken, and the outcome. The register should be reviewed periodically and retained for audit purposes.

9.3.3 Data Protection Compliance

EU-funded projects that involve the processing of personal data must comply with the General Data Protection Regulation (GDPR, Regulation (EU) 2016/679) and, where applicable, national data protection law. The key GDPR compliance requirements for EU-funded projects include:

Lawful basis for processing: Identify the lawful basis for each processing activity — typically consent, contract performance, legal obligation, or legitimate interests. Document the lawful basis in the Data Management Plan (DMP) or equivalent.

Data subject rights: Implement procedures for responding to data subject requests (access, rectification, erasure, portability, objection). Ensure that project staff are aware of these procedures.

Data security: Implement appropriate technical and organisational measures to protect personal data against unauthorised access, loss, or disclosure. For research projects involving sensitive personal data, consider pseudonymisation or anonymisation.

Data transfers: If personal data is transferred to countries outside the EEA, ensure that an appropriate transfer mechanism is in place (adequacy decision, standard contractual clauses, or binding corporate rules).

Data Management Plan: Horizon Europe projects must submit a Data Management Plan (DMP) describing how research data will be managed, shared, and preserved. The DMP should address GDPR compliance for any personal data included in the research dataset.

9.4 Anti-Fraud Framework and OLAF

9.4.1 The EU Anti-Fraud Architecture

The protection of the EU's financial interests against fraud, corruption, and other irregularities is a constitutional obligation of the EU and its member states (Article 325 TFEU). The EU has built a multi-layered anti-fraud architecture to fulfil this obligation:

European Anti-Fraud Office (OLAF): OLAF is the EU's dedicated anti-fraud investigation body. It has the power to conduct administrative investigations into fraud, corruption, and serious misconduct affecting the EU's financial interests. OLAF investigations may cover any person or organisation that receives, manages, or controls EU funds — including grant beneficiaries, managing authorities, and Commission staff. OLAF investigations can result in: financial

recovery recommendations; disciplinary recommendations; judicial referrals to national prosecuting authorities; and publication of investigation outcomes.

European Public Prosecutor's Office (EPPO): The EPPO, established in 2021, is the EU's first independent prosecutorial body with competence to investigate and prosecute crimes affecting the EU's financial interests (PIF crimes) in the participating member states. EPPO has taken over from OLAF the prosecution of the most serious fraud cases. The coexistence of OLAF and EPPO creates a new dynamic in EU anti-fraud enforcement: OLAF focuses on administrative investigations, while EPPO handles criminal prosecution.

National anti-fraud coordination services (AFCOS): Each EU member state has designated an Anti-Fraud Coordination Service (AFCOS) responsible for coordinating anti-fraud activities at national level, facilitating cooperation with OLAF, and managing the IMS (Irregularity Management System) through which irregularities in ESIF programmes are reported.

Managing authority anti-fraud measures (ESIF): ESIF managing authorities are required to implement effective and proportionate anti-fraud measures, taking into account the identified risks. These measures include: fraud risk assessment; anti-fraud controls in the management and control system; procedures for reporting and investigating suspected fraud; and staff training on fraud awareness.

9.4.2 Fraud Indicators and Red Flags

Professional grant managers must be able to recognise the indicators of potential fraud and irregularity. The most common fraud indicators in EU-funded projects include:

Financial irregularities: Invoices from suppliers who do not appear to exist; invoices for services that were not delivered; inflated invoices (charging more than the market rate); duplicate invoices; invoices paid to bank accounts that differ from the supplier's normal account; unexplained cash payments; and costs charged to the project that are clearly unrelated to project activities.

Procurement irregularities: Splitting contracts to avoid procurement thresholds; specifications written to favour a specific supplier; evaluation criteria applied inconsistently; selection of a higher-cost supplier without justification; conflicts of interest in the evaluation process; and post-award contract modifications that materially change the scope or price.

Personnel irregularities: Time records that do not reflect actual working patterns (e.g., suspiciously round numbers of hours); staff claiming to work on the project while on leave or working elsewhere; personnel costs for staff who do not appear in the organisation's payroll; and inflated salary declarations.

Reporting irregularities: Technical reports that do not reflect actual project activities; financial reports that include costs not actually incurred; misrepresentation of project outputs or results; and failure to disclose relevant information to the granting authority.

9.4.3 Responding to Suspected Fraud

When a grant manager suspects that fraud or serious irregularity has occurred, they face a difficult professional and legal situation. The correct response depends on the nature and severity of the suspected fraud, but the following principles apply:

Do not ignore: A suspected fraud that is ignored is a compliance failure. Grant managers have both a professional obligation and (in many cases) a legal obligation to report suspected fraud.

Internal escalation first: In most cases, the appropriate first step is to escalate the suspicion internally — to the organisation's compliance officer, legal counsel, or senior management. Internal escalation allows the organisation to investigate the suspicion, take corrective action if confirmed, and decide on the appropriate external reporting.

External reporting: Depending on the outcome of the internal investigation and the applicable legal framework, external reporting may be required to: the granting authority (as a voluntary disclosure); the national AFCOS (for ESIF irregularities); OLAF (for suspected fraud against the EU budget); or national law enforcement (for suspected criminal conduct). The timing and content of external reports should be agreed with legal counsel.

Whistleblower protection: EU law provides protection for persons who report suspected fraud affecting the EU's financial interests (Directive (EU) 2019/1937 on the protection of whistleblowers). Organisations should have a whistleblower policy that provides safe reporting channels and protects reporters from retaliation.

9.5 The EU Audit Landscape

9.5.1 Audit Actors and Their Mandates

The EU audit landscape is complex, with multiple actors operating at different levels and with different mandates. Understanding this landscape is essential for effective audit management:

European Court of Auditors (ECA): The ECA is the EU's supreme audit institution, established by the Treaty. Its mandate is to audit the legality and regularity of EU revenue and expenditure, and to assess whether EU funds have been managed in accordance with the principles of sound financial management. The ECA conducts: annual audits of the EU accounts (resulting in the Statement of Assurance); performance audits of specific programmes or policies; and special reports on topics of particular interest. ECA audits of individual projects are relatively rare but do occur as part of sample-based testing.

European Commission Internal Audit Service (IAS): The IAS audits the Commission's own management processes, including its grant management systems. IAS audits do not directly audit beneficiaries but may identify systemic weaknesses in programme management that lead to increased scrutiny of beneficiaries.

Commission Directorate-General audits: Individual DGs (e.g., DG RTD for Horizon Europe, DG EMPL for ESF+) conduct their own audits of grant beneficiaries, either directly or through delegated bodies (EISMEA, CINEA, REA, etc.). These are the most common form of audit faced by Horizon Europe beneficiaries.

National audit authorities (ESIF): As noted in Domain 8, national audit authorities conduct systematic audits of ESIF operations. These audits follow a standardised methodology set by the Commission and cover both system audits (of the management and control system) and operations audits (of individual projects).

Independent auditors (CFS): As described in Domain 8, independent auditors issue Certificates on Financial Statements for Horizon Europe projects above the threshold. These auditors are appointed by and report to the beneficiary, but their work is governed by Commission-specified procedures and is subject to Commission review.

9.5.2 Audit Typology

EU audits of grant beneficiaries take several forms, each with distinct characteristics:

Desk review: A review of submitted financial reports and supporting documentation conducted by the granting authority without a physical visit. Desk reviews are the most common form of scrutiny and are conducted for all projects. They may result in requests for additional information, clarification, or supporting documentation.

On-the-spot check: A visit to the beneficiary's premises to verify the accuracy of financial reports, the existence of declared assets, and the quality of the financial management system.

On-the-spot checks are more intensive than desk reviews and may cover a sample of cost items in detail.

Article 83 audit (Horizon Europe): A formal audit conducted under Article 83 of the Horizon Europe Model Grant Agreement, which gives the granting authority the right to audit any beneficiary at any time during the project and for up to two years after final payment. Article 83 audits are conducted by the Commission or by audit firms contracted by the Commission.

System audit: An audit of the beneficiary's management and control system — its financial management procedures, internal controls, documentation practices, and compliance management framework — rather than of specific cost items. System audits are common in ESIF and are also conducted in Horizon Europe for beneficiaries with a history of audit findings.

OLAF investigation: As described in Section 9.4, OLAF investigations are triggered by specific suspicions of fraud or serious irregularity. They are more intrusive than regular audits and have different legal consequences.

9.6 Audit Preparation and Management

9.6.1 The Audit-Ready Organisation

Audit readiness is not a state that is achieved in response to an audit notification — it is a permanent condition that the organisation maintains throughout the project lifecycle. An audit-ready organisation has:

Complete and organised documentation: All project documentation is complete, organised, and accessible. The documentation file is structured so that an auditor can navigate from the financial report to the accounting record to the supporting document for any declared cost item within minutes.

Consistent audit trail: The audit trail from financial report to accounting system to supporting documentation is complete and unbroken. Every cost item in the financial report can be traced to a specific accounting entry, which can be traced to a specific invoice or payroll record, which can be traced to evidence of payment.

Compliant time-recording: Time records for all project staff are complete, authorised, and reconcilable with payroll records. The time-recording system generates audit-ready exports that present time data in the format required by the applicable programme.

Documented compliance decisions: All compliance decisions (eligibility assessments, procurement decisions, CoI declarations, ethics determinations) are documented and retained. The documentation explains the reasoning behind each decision, not merely the conclusion.

Staff awareness: All project staff understand their responsibilities in relation to audit — particularly the importance of maintaining accurate records, retaining documentation, and cooperating with auditors.

9.6.2 Responding to an Audit Notification

When an audit notification is received, the following immediate actions should be taken:

Acknowledge receipt: Respond to the audit notification promptly, confirming receipt and the organisation's cooperation. Request clarification of the audit scope, timeline, and documentation requirements if these are not specified in the notification.

Appoint an audit coordinator: Designate a single point of contact for the audit — typically the financial officer or compliance officer — who will coordinate all aspects of the audit response. The audit coordinator should have the authority to commit the organisation's resources to the audit process.

Assemble the audit file: Begin assembling the audit file immediately. The audit file should be organised by cost category and cost item, with a clear index that enables auditors to locate specific items quickly. The audit file should include: financial statements; accounting extracts; invoices and contracts; payroll records and employment contracts; time records; procurement documentation; and any other documentation relevant to the audit scope.

Brief project staff: Brief all project staff who may be contacted by auditors on: the audit scope; the documentation available; the importance of consistent and accurate responses; and the procedure for escalating auditor queries to the audit coordinator.

Legal review: For significant audits (particularly OLAF investigations or audits with a large financial exposure), consider engaging external legal counsel to advise on the organisation's rights and obligations during the audit process.

9.6.3 Managing the Audit Visit

During the audit visit:

Provide a dedicated workspace: Give auditors a quiet, private workspace with access to the documentation they need. Provide a member of staff (typically the audit coordinator or a financial officer) who is available throughout the visit to answer questions and provide additional documentation.

Respond promptly and accurately: Answer auditor questions promptly and accurately. If a question cannot be answered with certainty, say so and commit to providing a written response within a specified timeframe. Do not guess or speculate.

Document all queries and responses: Keep a log of all questions asked by auditors and the responses provided. This log is valuable for preparing the response to preliminary findings and for managing future audits.

Do not obstruct: Auditors have a legal right of access to all documentation relevant to their mandate. Obstructing or delaying access to documentation is a serious breach of the grant agreement and may itself become an audit finding.

9.7 Responding to Audit Findings and Financial Corrections

9.7.1 The Financial Correction Framework

A financial correction is the reduction of EU co-financing as a result of an audit finding. Financial corrections are the primary enforcement mechanism of the EU's financial management system — they are the consequence of non-compliance with the rules governing the use of EU funds. Understanding the financial correction framework is essential for managing audit risk and responding effectively to findings.

Financial corrections may be:

Transaction-specific: Applied to a specific cost item that has been found to be ineligible. The correction amount equals the ineligible cost multiplied by the EU co-financing rate. For example, if an auditor finds that a €10,000 invoice was ineligible and the EU co-financing rate is 100%, the financial correction is €10,000.

Flat-rate: Applied as a percentage of total eligible costs when a systemic deficiency is found that makes it impossible to calculate the precise amount of ineligible expenditure. Flat-rate corrections are typically applied for procurement irregularities (using the correction rates specified in the Commission's guidance on financial corrections for public procurement) and for systemic weaknesses in the management and control system.

Extrapolated: Applied to a broader population of costs based on a statistical extrapolation from the audited sample. Extrapolated corrections are used when a sample audit finds a significant error rate and the auditor projects that rate across the total population.

9.7.2 Responding to Preliminary Audit Findings

The preliminary findings stage is the most important opportunity to influence the outcome of an audit. Preliminary findings are typically communicated in a preliminary audit report or a "contradictory procedure" letter, which gives the beneficiary an opportunity to respond before the final report is issued.

The response to preliminary findings should:

Address each finding individually: Prepare a detailed response to each finding, addressing: the factual accuracy of the finding; the legal basis for the finding; and any mitigating factors or additional documentation that supports the beneficiary's position.

Provide additional documentation: If the finding is based on incomplete documentation, provide the missing documentation with the response. If the documentation was available at the time of the audit but was not presented, explain why and provide it now.

Challenge legally unsound findings: If a finding is based on a misinterpretation of the applicable rules, challenge it clearly and specifically, citing the relevant legal provisions and guidance documents. Do not accept findings that are legally incorrect — accepted findings become the basis for financial corrections that may be difficult to recover.

Accept well-founded findings: If a finding is factually accurate and legally sound, accept it. Attempting to defend indefensible findings wastes resources and damages the organisation's credibility with the granting authority.

9.7.3 Managing Financial Corrections

If a financial correction is confirmed in the final audit report, the following management steps are required:

Assess the correction: Verify that the correction is correctly calculated and that the legal basis is sound. If the correction is based on a flat rate, verify that the applicable rate has been correctly applied.

Challenge procedure: Most EU programmes provide a formal challenge procedure through which beneficiaries can contest financial corrections. The challenge procedure typically involves: a written challenge to the granting authority; a review by a higher-level body (e.g., the Commission's Legal Service or a formal review panel); and, ultimately, an appeal to the Court of Justice of the EU. Challenge procedures have strict deadlines — missing a deadline typically means the correction is final.

Recovery management: If the correction results in a recovery order (a demand for repayment), the beneficiary must repay the specified amount within the deadline. Failure to repay by the deadline results in the addition of interest. If the beneficiary cannot repay immediately, negotiate a repayment schedule with the granting authority.

Root cause analysis: After a financial correction, conduct a root cause analysis to identify why the non-compliance occurred and what systemic changes are needed to prevent recurrence. Document the root cause analysis and the corrective actions taken.

9.8 Irregularities Reporting

9.8.1 The Irregularities Reporting Obligation

An irregularity is defined in EU law as "any infringement of a provision of Union law or of national law relating to its application, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Union or budgets managed by it, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Union, or by an unjustified item of expenditure." The obligation to report irregularities is a fundamental compliance requirement for EU fund managers.

The irregularities reporting framework operates differently in different programme contexts:

ESIF: Managing authorities are required to report irregularities above €10,000 of EU contribution to the European Commission through the IMS (Irregularity Management System). Reporting is required within two months of the end of the quarter in which the irregularity was first identified. Suspected fraud must be reported immediately, regardless of the amount. Beneficiaries are required to report suspected irregularities to the managing authority, which then decides whether to report to the Commission.

Horizon Europe: There is no systematic irregularities reporting requirement analogous to the ESIF IMS. However, beneficiaries are required to report to the granting authority any circumstances that may affect the implementation of the project or the EU's financial interests. Suspected fraud should be reported to OLAF through OLAF's online reporting mechanism.

All programmes: Beneficiaries are entitled to report suspected fraud directly to OLAF through the OLAF Fraud Notification System (FNS), regardless of whether they have first reported through national channels.

9.8.2 The AFCOS System

The Anti-Fraud Coordination Service (AFCOS) is the national body responsible for coordinating anti-fraud activities and facilitating cooperation with OLAF. Every EU member state has an AFCOS, typically located within the ministry of finance or the national audit authority. The AFCOS:

- Coordinates the collection and transmission of irregularity reports to OLAF
- Facilitates OLAF investigations in the member state
- Coordinates anti-fraud training and awareness activities
- Advises managing authorities and beneficiaries on anti-fraud measures

Beneficiaries of ESIF funds should be familiar with their national AFCOS and its reporting procedures. In cases of suspected fraud, the AFCOS can provide guidance on the appropriate reporting channel and the information required.

9.9 Risk Management Framework

9.9.1 Risk Management in EU-Funded Projects

Risk management is the systematic process of identifying, assessing, responding to, and monitoring risks that may affect the achievement of project objectives. In the context of EU-funded projects, risk management has two dimensions: **project risk management** (managing risks to the delivery of project outputs and outcomes) and **compliance risk management** (managing risks to the organisation's compliance with grant agreement obligations and applicable regulations).

Domain 7 addressed project risk management from an implementation perspective; this domain focuses on compliance risk management — the identification and mitigation of risks that could result in audit findings, financial corrections, or reputational damage.

9.9.2 The Risk Management Process

The risk management process for compliance risks in EU-funded projects follows the standard risk management cycle:

Risk identification: Identify all compliance risks applicable to the project. Risk identification should be conducted at project start (as part of the financial management framework establishment described in Domain 8) and updated at each reporting period. Risk identification methods include: review of the compliance register; review of audit findings from previous projects; benchmarking against sector-specific risk profiles; and structured risk workshops with the project team.

Risk assessment: For each identified risk, assess: the likelihood of occurrence (high/medium/low); the potential impact if it occurs (high/medium/low); and the overall risk rating (the combination of likelihood and impact). The risk assessment should be documented in a risk register.

Risk response planning: For each risk rated medium or high, develop a risk response plan. Risk response strategies include: avoidance (eliminating the activity that creates the risk); mitigation (reducing the likelihood or impact of the risk); transfer (shifting the risk to another party, e.g., through insurance or contractual provisions); and acceptance (acknowledging the risk and monitoring it without active mitigation).

Risk monitoring: Review the risk register at each reporting period, updating risk ratings and response plans as the project evolves. Escalate newly identified high-rated risks to senior management immediately.

9.9.3 The Compliance Risk Register

The compliance risk register is a structured tool for documenting and managing compliance risks. It should include, for each risk:

Field	Description
Risk ID	Unique identifier
Risk description	Clear description of the risk event
Risk category	Financial / procurement / personnel / reporting / ethics / IPR / other
Likelihood	High / Medium / Low
Impact	High / Medium / Low

Overall rating	High / Medium / Low
Risk owner	Responsible person
Current controls	Existing controls that mitigate the risk
Additional response	Planned additional mitigation actions
Residual risk	Risk rating after controls and mitigation
Review date	Date of next review

The compliance risk register should be reviewed and updated at each reporting period and whenever a significant change in the project's risk profile occurs (e.g., a partner withdrawal, a major amendment, or an audit notification).

9.10 Internal Control Systems

9.10.1 The COSO Framework

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control — Integrated Framework is the internationally recognised standard for internal control design and evaluation. The EU's own internal control framework (the Internal Control Framework for the European Commission's services) is based on COSO principles. Professional grant managers should be familiar with the COSO framework and its application to EU-funded project management.

The COSO framework comprises five components:

Control environment: The foundation of the internal control system — the values, ethical standards, and management philosophy that set the tone for the organisation's approach to control. A strong control environment is characterised by: visible commitment to integrity and ethical values; clear accountability for internal control; competent and appropriately resourced finance and compliance functions; and effective oversight by governance bodies.

Risk assessment: The process of identifying and analysing risks relevant to the achievement of objectives. As described in Section 9.9, risk assessment is a core component of the compliance management framework.

Control activities: The policies and procedures that ensure management directives are carried out. Control activities relevant to EU-funded projects include: authorisation controls; documentation controls; reconciliation controls; segregation of duties; and IT general controls for financial management systems.

Information and communication: The systems and processes that ensure relevant information is identified, captured, and communicated in a form and timeframe that enables people to carry out their responsibilities. For EU-funded projects, this includes: financial reporting systems; compliance monitoring dashboards; audit trail systems; and communication protocols for the project team.

Monitoring activities: The processes that assess the quality of internal control performance over time. Monitoring activities include: ongoing monitoring (built into normal operations) and separate evaluations (periodic internal audits or compliance reviews).

9.10.2 Designing Internal Controls for EU-Funded Projects

Internal controls for EU-funded projects should be designed to address the specific compliance risks identified in the risk assessment. Key design principles include:

Proportionality: Controls should be proportionate to the risk they address. Over-controlling low-risk activities wastes resources; under-controlling high-risk activities creates compliance exposure. The control design should reflect the risk rating from the compliance risk register.

Preventive vs. detective controls: Preventive controls prevent errors or irregularities from occurring (e.g., authorisation requirements before expenditure is committed). Detective controls identify errors or irregularities after they have occurred (e.g., reconciliation of financial reports against accounting records). An effective internal control system uses both types.

Documentation of controls: Each control should be documented — including the control objective, the control procedure, the responsible person, the frequency, and the evidence generated. Undocumented controls cannot be evidenced to auditors.

Control testing: Periodically test whether controls are operating as designed. Control testing may be conducted by the internal audit function or by an external reviewer. Document the results of control testing and any corrective actions taken.

9.11 Compliance Culture and Institutional Capacity

9.11.1 Beyond Compliance: Building a Culture of Integrity

The most sophisticated compliance management system will fail if it is not supported by a culture of integrity — an organisational environment in which staff at all levels understand why compliance matters, are committed to meeting their obligations, and feel empowered to raise concerns when they observe potential non-compliance. Building this culture is a strategic leadership responsibility, not merely an administrative function.

The key elements of a compliance culture include:

Tone from the top: Senior leadership must visibly demonstrate commitment to compliance and integrity. This means: publicly endorsing compliance as a core organisational value; allocating adequate resources to compliance management; and holding staff accountable for compliance failures. A compliance culture cannot be built if senior leaders are perceived to prioritise project delivery over compliance.

Clear communication of expectations: Staff must understand what is expected of them in terms of compliance — not just the rules, but the reasoning behind the rules. Compliance training should explain why the rules exist (to protect the EU's financial interests and the organisation's reputation) as well as what the rules require.

Safe reporting channels: Staff must feel safe to raise compliance concerns without fear of retaliation. The organisation should have clear, accessible channels for raising concerns — including an anonymous reporting mechanism — and a policy that protects reporters from retaliation.

Learning from findings: When compliance failures occur, the organisation should treat them as learning opportunities rather than purely as problems to be managed. Root cause analysis, corrective action, and lessons-learned communication are the hallmarks of a learning compliance culture.

9.11.2 Compliance Training and Awareness

Compliance training is a core component of the compliance management framework. Effective compliance training for EU-funded projects includes:

Induction training: All new project staff should receive induction training covering: the grant agreement obligations relevant to their role; the financial management and documentation

requirements; the ethics and integrity standards; and the escalation procedures for compliance concerns.

Role-specific training: Financial officers, procurement officers, and project managers should receive role-specific training covering the detailed compliance requirements relevant to their functions. This training should be updated whenever programme rules change.

Refresher training: Annual refresher training for all project staff, covering any changes in programme rules, lessons learned from recent audits, and any compliance issues identified in the previous year.

Training documentation: All training should be documented — including the content, the date, and the names of participants. Training documentation is evidence of the organisation's commitment to compliance and may be reviewed by auditors.

9.11.3 Institutional Compliance Capacity

Building institutional compliance capacity — the organisation's sustained ability to manage compliance across multiple EU-funded projects — requires investment in people, processes, and systems:

Dedicated compliance function: Larger organisations managing significant EU funding portfolios should have a dedicated compliance function — either a compliance officer or a compliance team — responsible for: maintaining the compliance management framework; monitoring compliance across all projects; providing guidance to project teams; managing relationships with granting authorities and audit bodies; and leading compliance training.

Knowledge management: The organisation should maintain a knowledge management system that captures lessons learned from audits, compliance decisions, and programme rule changes. This system enables institutional knowledge to be retained and shared across the organisation, reducing the risk of repeated compliance failures.

Benchmarking and peer learning: Participation in professional networks (e.g., EARMA, NCURA, INORMS) enables organisations to benchmark their compliance practices against peers, learn from others' experiences, and stay current with developments in programme rules and audit practices.

DOMAIN 10

Dissemination, Exploitation and Communication

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Dissemination, Exploitation and Communication (DEC) is the domain that governs how the knowledge, results, and impacts generated by EU-funded projects are shared with the world. It is the domain through which the EU's investment in research, innovation, education, and regional development is translated into visible, lasting value for science, society, the economy, and the environment. Without effective DEC, even the most technically excellent project risks becoming an invisible contribution — its findings unread, its innovations unadopted, its potential unrealised.

The EU has progressively elevated DEC from a compliance obligation to a strategic priority. In the early years of the Framework Programmes, dissemination was largely treated as a reporting requirement — something to be documented rather than actively managed. The Horizon Europe programme represents a fundamental shift: DEC is now embedded in the project design from the proposal stage, is monitored throughout implementation, and is evaluated as a core dimension of project performance. The requirement to prepare a Data Management Plan, to publish open access, to develop an exploitation plan, and to communicate with non-specialist audiences are not peripheral obligations — they are central to the programme's theory of change.

This domain is organised around the three conceptually distinct but practically interconnected activities that comprise DEC:

Dissemination is the sharing of project results with the scientific and professional communities — through publications, conference presentations, datasets, software, and other outputs addressed primarily to peers and practitioners. Dissemination is knowledge-to-knowledge transfer: making the project's intellectual contributions available to those who can build on them.

Exploitation is the use of project results to create value — through commercialisation, policy uptake, standardisation, integration into practice, or other pathways through which results generate tangible benefits. Exploitation is knowledge-to-impact transfer: converting intellectual contributions into outcomes that matter.

Communication is the engagement of broader audiences — citizens, policymakers, media, and civil society — with the project's work and its significance. Communication is knowledge-to-society transfer: building public understanding of and support for EU-funded research and innovation.

These three activities are governed by distinct rules, require different skills, and target different audiences — but they are most effective when they are strategically integrated in a coherent DEC framework that is designed at project start and actively managed throughout implementation.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO10.1 — Design and implement a comprehensive Dissemination, Exploitation and Communication (DEC) plan that integrates all three activities in a coherent strategic framework aligned with the project's objectives and target audiences.
LO10.2 — Develop and execute a dissemination strategy that maximises the reach and impact of project outputs, including publications, datasets, software, and other intellectual contributions.
LO10.3 — Develop and implement an exploitation plan that identifies the exploitation potential of project results, maps exploitation pathways, and drives the uptake of results by target users.

LO10.4 — Design and execute a communication strategy that engages non-specialist audiences effectively, using appropriate channels, messages, and formats for each target audience.
LO10.5 — Apply open access and open science principles and requirements, including compliance with Horizon Europe open access mandates, FAIR data principles, and Data Management Plan requirements.
LO10.6 — Map and manage impact pathways from project outputs to societal, economic, and environmental outcomes, using theories of change and impact assessment frameworks.
LO10.7 — Engage stakeholders systematically throughout the project lifecycle, identifying stakeholder groups, managing relationships, and mobilising stakeholders as dissemination and exploitation partners.
LO10.8 — Manage knowledge transfer and technology transfer processes, including the identification of transferable knowledge, selection of transfer mechanisms, and management of transfer partnerships.
LO10.9 — Apply intellectual property management principles in the context of dissemination and exploitation, including the management of foreground IP, licensing strategies, and open innovation approaches.
LO10.10 — Apply programme-specific DEC requirements for Horizon Europe, ESIF, Erasmus+, LIFE, and external action grants, adapting the general DEC framework to programme-specific contexts.
LO10.11 — Measure and report on dissemination and exploitation performance, using appropriate indicators, evaluation frameworks, and reporting mechanisms.
LO10.12 — Plan for the post-project sustainability of project results, including the development of sustainability plans, the identification of sustainability pathways, and the management of post-project obligations.

CERTIFICATION LEVEL MAPPING

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO10.1	Awareness — describe DEC plan components and purpose	Applied — design and implement a comprehensive DEC plan	Strategic — advise on DEC strategy; design institutional DEC frameworks
LO10.2	Awareness — describe dissemination activities and channels	Applied — develop and execute a dissemination strategy	Strategic — advise on dissemination strategy; optimise dissemination reach and impact
LO10.3	Awareness — describe exploitation concepts and pathways	Applied — develop and implement an exploitation plan	Strategic — advise on exploitation strategy; manage complex commercialisation processes
LO10.4	Awareness — describe communication strategy components	Applied — design and execute a communication strategy	Strategic — advise on communication strategy; manage high-profile communication campaigns
LO10.5	Awareness — describe open access and open science requirements	Applied — implement open access mandates; prepare Data Management Plans	Strategic — advise on open science strategy; design institutional open science policies
LO10.6	Awareness — describe impact pathway concepts	Applied — map impact pathways; apply theory of change frameworks	Strategic — design impact assessment frameworks; advise on complex impact measurement
LO10.7	Awareness — describe stakeholder engagement principles	Applied — identify stakeholders; manage stakeholder relationships	Strategic — design stakeholder engagement strategies; manage complex stakeholder landscapes
LO10.8	Awareness — describe knowledge transfer mechanisms	Applied — manage knowledge and technology transfer processes	Strategic — advise on transfer strategy; manage complex transfer partnerships
LO10.9	Awareness — describe IP management in DEC context	Applied — apply IP management principles in dissemination and exploitation	Strategic — advise on IP strategy; manage complex licensing and open innovation situations

LO10.10	Awareness — identify programme-specific DEC requirements	Applied — apply programme-specific DEC rules	Strategic — advise on multi-programme DEC; develop programme-specific expertise
LO10.11	Awareness — describe DEC performance indicators	Applied — measure and report on DEC performance	Strategic — design DEC evaluation frameworks; advise on complex performance measurement
LO10.12	Awareness — describe post-project sustainability concepts	Applied — develop sustainability plans; manage post-project obligations	Strategic — advise on sustainability strategy; design institutional sustainability frameworks

10.1 The DEC Planning Framework

10.1.1 DEC as a Strategic Activity

The shift from treating DEC as a compliance obligation to treating it as a strategic activity is one of the most significant changes in EU grant management practice over the past decade. This shift reflects a deeper change in how the EU conceptualises the purpose of its funding: not merely to produce knowledge, but to ensure that knowledge generates impact. A project that produces excellent science but fails to disseminate, exploit, and communicate its results has, from the EU's perspective, only partially fulfilled its mandate.

Strategic DEC management begins at the proposal stage, where the DEC plan is first articulated, and continues through implementation, closeout, and beyond. It requires the same rigour, planning discipline, and resource allocation as the technical and financial dimensions of the project — and, in the most successful projects, it is treated as equally important.

The DEC planning framework comprises four elements:

Audience analysis: Who needs to know about this project's results? The audience analysis identifies all groups with a legitimate interest in the project's outputs — scientific peers, practitioners, policymakers, industry, civil society, media, and the general public. For each audience group, the analysis should characterise: their level of prior knowledge; their primary information channels; their motivations for engaging with the project's results; and the specific results that are most relevant to them.

Message development: What do we want each audience to know, believe, or do as a result of engaging with the project's results? Message development translates the project's technical outputs into audience-relevant communications — transforming scientific findings into policy implications, technical innovations into market opportunities, and research insights into public understanding.

Channel selection: Through which channels will we reach each audience? Channel selection should be driven by audience analysis — the channels that reach scientific peers (academic journals, conference presentations, preprint servers) are different from those that reach policymakers (policy briefs, parliamentary hearings, stakeholder workshops) and citizens (social media, science festivals, press releases).

Resource allocation: How much resource (time, money, personnel) will be allocated to DEC activities? DEC is often under-resourced in project budgets, leading to last-minute, low-quality dissemination and communication. Professional DEC management requires adequate resource allocation from the outset, with DEC activities planned as specific work package tasks with assigned personnel and dedicated budgets.

10.1.2 The PEDR Framework

A useful framework for structuring DEC planning is the PEDR framework, which distinguishes four dimensions of DEC activity:

Products: The tangible outputs of DEC activity — publications, datasets, software, policy briefs, videos, infographics, websites, training materials. Products are the vehicles through which knowledge is shared; their quality, accessibility, and relevance determine the effectiveness of the DEC effort.

Events: The interactive activities through which knowledge is shared — conferences, workshops, webinars, training events, public lectures, science festivals, stakeholder meetings. Events enable two-way exchange and are particularly effective for building relationships and mobilising exploitation partners.

Digital presence: The online platforms and channels through which the project communicates continuously — project website, social media accounts, newsletter, blog. Digital presence enables sustained engagement with audiences between events and publications.

Relationships: The partnerships and networks through which DEC is amplified — media contacts, policy networks, industry associations, civil society organisations, national contact points. Relationships are the multipliers of DEC effectiveness; a single well-placed media contact or policy network connection can reach audiences that no amount of direct DEC activity could achieve.

10.1.3 Integrating DEC into Project Management

DEC must be integrated into the project management framework, not treated as a separate activity that runs in parallel. Integration means:

- DEC activities are included in the work plan as specific tasks with assigned deliverables, milestones, and resources
- DEC progress is reported in each periodic report alongside technical and financial progress
- DEC risks are included in the project risk register
- DEC performance is discussed at project team meetings and steering committee meetings
- The DEC lead (typically a work package leader or dedicated communication officer) is a full member of the project management team

10.2 Dissemination Strategy

10.2.1 The Purpose and Scope of Dissemination

Dissemination is the sharing of project results with scientific and professional communities. Its primary purpose is to make the project's intellectual contributions available to peers and practitioners who can build on them — advancing the state of knowledge, informing professional practice, and enabling the scientific community to validate, replicate, and extend the project's findings.

Dissemination encompasses a wide range of activities and outputs:

Scientific publications: Peer-reviewed journal articles are the primary vehicle for scientific dissemination. They provide the rigorous, validated record of the project's scientific contributions and are the most credible form of dissemination for scientific audiences. The choice of journal — its impact factor, scope, open access policy, and readership — is a strategic decision that should be made in light of the target audience and the open access requirements of the programme.

Conference presentations: Presentations at scientific and professional conferences enable direct engagement with peer communities, provide early feedback on research findings, and build the project's profile within the relevant scientific community. Conference participation should be planned strategically — targeting the conferences most relevant to the project's scientific community and most likely to generate productive interactions.

Preprints and working papers: Preprint servers (arXiv, bioRxiv, SSRN, Zenodo) enable rapid sharing of research findings before peer review, reaching audiences that may not have access to subscription journals and establishing priority for discoveries. Preprints are increasingly accepted as legitimate dissemination vehicles in many scientific communities.

Datasets and research data: The sharing of research data — through data repositories, data papers, and data portals — is an increasingly important form of dissemination, enabling other researchers to validate findings, conduct secondary analyses, and build on the project's empirical contributions.

Software and code: Research software and code are increasingly recognised as primary research outputs. Sharing software through open repositories (GitHub, Zenodo, software heritage archives) enables replication, reuse, and further development by the scientific community.

Technical reports and deliverables: Project deliverables — the formal outputs required by the grant agreement — are themselves a form of dissemination, providing detailed documentation of the project's methods, findings, and tools that may not be fully captured in publications.

10.2.2 Publication Strategy

A publication strategy should be developed at project start, addressing:

Target journals: Identify the journals most relevant to each major research output. Consider: scope alignment (does the journal cover the relevant field?); quality and impact (what is the journal's standing in the field?); open access options (does the journal offer open access, and at what cost?); and turnaround time (how long does peer review typically take?).

Publication timeline: Map planned publications to the project timeline, ensuring that key findings are published within the project period where possible. Late publications (after the project end date) are eligible for open access compliance under Horizon Europe but may not be covered by the project budget.

Authorship and attribution: Establish clear authorship policies at project start, addressing: criteria for authorship (what contributions qualify an individual for authorship?); order of authorship; acknowledgement of funding (all publications must acknowledge EU funding); and attribution of contributions by partner organisations.

Open access compliance: All peer-reviewed publications resulting from Horizon Europe funding must be published open access. This is a mandatory requirement, not an option. The open access obligation can be met through: gold open access (publishing in an open access journal or paying an Article Processing Charge for open access in a hybrid journal); or green open access (depositing the accepted manuscript in an open repository immediately upon publication, with no embargo).

10.2.3 Managing the Publication Process

The publication process in multi-partner projects requires coordination and governance:

Internal review: Before submission, all publications should be subject to internal review by the project team, ensuring: scientific quality; consistency with the project's overall findings; compliance with the grant agreement's publication rules (including prior notification to partners for publications involving shared foreground IP); and correct acknowledgement of funding.

Embargo and prior notification: Horizon Europe requires that partners be notified of planned publications involving their foreground IP at least 45 days before submission, to enable them to assess the IP implications and request a delay if necessary to protect patentable results. This prior notification requirement must be built into the publication workflow.

Repository deposit: All open access publications must be deposited in an open repository (the project's own repository, an institutional repository, or a generalist repository such as Zenodo)

at the time of publication. The metadata for deposited publications must include the project's grant agreement number and the funding acknowledgement.

10.3 Exploitation of Results

10.3.1 What Is Exploitation?

Exploitation is the use of project results to create value beyond the project itself. It is the mechanism through which research and innovation investments generate the economic, societal, and environmental returns that justify the EU's expenditure. Exploitation is not synonymous with commercialisation — while commercialisation (bringing innovations to market) is an important exploitation pathway, it is only one of several. Other exploitation pathways include:

Policy uptake: Research findings are adopted by policymakers and incorporated into legislation, regulation, or policy guidance. This is the primary exploitation pathway for social science, public health, and environmental research.

Professional practice change: Research findings are adopted by practitioners — clinicians, engineers, educators, social workers — and incorporated into professional standards, guidelines, or practice protocols.

Standardisation: Technical innovations are incorporated into international, European, or national standards, enabling widespread adoption across an industry or sector.

Licensing: Intellectual property developed in the project is licensed to third parties for commercial exploitation. Licensing enables the beneficiary to generate revenue from its IP while enabling others to use and further develop the technology.

Spin-off creation: A new company is created to exploit the project's results, typically in cases where the innovation requires dedicated commercial development and the existing organisation is not well-positioned to undertake this.

Integration into existing products or services: A project partner (typically an industry partner) integrates the project's results into its existing products, services, or processes, improving their performance or enabling new capabilities.

Capacity building and training: The knowledge and tools developed in the project are incorporated into training programmes, curricula, or professional development activities, building capacity in the target community.

10.3.2 The Exploitation Plan

The exploitation plan is the strategic document that maps the project's exploitation potential and articulates how that potential will be realised. It should be developed at project start (as part of the proposal or grant preparation process) and updated throughout the project as results emerge and exploitation opportunities are identified.

A comprehensive exploitation plan addresses:

Results inventory: A systematic inventory of the project's planned outputs, distinguishing between: knowledge results (publications, datasets, models, methodologies); technology results (prototypes, software, processes, materials); and capacity results (trained people, networks, standards contributions).

Exploitation potential assessment: For each result, an assessment of its exploitation potential — who could use it, how, and to what effect. This assessment should be realistic: not all results have significant exploitation potential, and over-claiming exploitation potential in proposals is a common weakness that experienced evaluators will identify.

Exploitation pathway mapping: For each result with significant exploitation potential, a map of the exploitation pathway — the sequence of activities and decisions through which the result will move from project output to real-world use. Exploitation pathway mapping should identify: the target users; the barriers to adoption; the enablers that will facilitate adoption; and the key decision points at which the exploitation trajectory will be determined.

Exploitation responsibilities: Clear assignment of exploitation responsibilities to specific partners. In multi-partner projects, exploitation responsibilities should be specified in the Consortium Agreement (see Domain 6), addressing: who owns the IP; who has the right to exploit; what obligations exist to share exploitation revenues; and what happens if a partner fails to exploit results within a specified timeframe.

Exploitation timeline: A realistic timeline for exploitation activities, recognising that most exploitation pathways extend well beyond the project period. The exploitation plan should address both in-project exploitation activities (e.g., filing patents, engaging potential licensees, piloting innovations) and post-project exploitation plans.

10.3.3 Commercial Exploitation Pathways

For projects with commercially exploitable results, the exploitation plan should address the commercial exploitation pathway in detail:

Market analysis: Who are the potential customers or users of the innovation? What is the size of the addressable market? What are the competing solutions? What is the value proposition of the project's innovation relative to alternatives?

IP protection strategy: What IP protection is appropriate for the innovation? Options include: patents (for technical inventions); copyright (for software and creative works); trade secrets (for proprietary processes and know-how); and trademarks (for brands and product identities). IP protection decisions should be made in consultation with IP professionals and should be coordinated with the publication strategy (to avoid inadvertent disclosure before patent filing).

Go-to-market strategy: How will the innovation reach the market? Options include: direct commercialisation by the project partner; licensing to an existing company; creation of a spin-off; or partnership with a market leader. The choice of go-to-market strategy depends on: the nature of the innovation; the capabilities and resources of the project partners; the competitive landscape; and the investment required for commercialisation.

Investment and financing: What investment is required to bring the innovation to market, and how will it be financed? EU funding programmes (including Horizon Europe's EIC Accelerator and EIC Pathfinder) provide follow-on funding for commercially promising innovations. Other sources include venture capital, corporate investment, and national innovation funds.

10.4 Communication Strategy

10.4.1 Communication vs. Dissemination

Communication is distinct from dissemination in its target audience and its purpose. While dissemination addresses scientific and professional peers, communication addresses broader audiences — citizens, policymakers, media, and civil society — who may have no specialist knowledge of the project's field but who have a legitimate interest in its work and its implications.

The distinction matters because it requires different skills, different channels, and different messages. Scientific writing — precise, technical, qualified — is not effective communication for non-specialist audiences. Effective science communication requires the ability to translate complex ideas into accessible language, to find the human story in technical research, and to connect the project's work to the concerns and interests of non-specialist audiences.

10.4.2 Developing the Communication Strategy

A communication strategy for an EU-funded project should address:

Communication objectives: What do we want to achieve through communication? Possible objectives include: raising awareness of the project's existence and purpose; building public understanding of the research field; influencing policy; generating media coverage; recruiting participants or users; and building public trust in EU-funded research.

Target audience analysis: Who are the non-specialist audiences that matter for this project? Audience analysis for communication purposes should address: the audience's prior knowledge and attitudes; their primary information channels; their motivations for engaging with the project's work; and the specific messages that are most relevant to them.

Key messages: What are the three to five key messages that the project wants to communicate to non-specialist audiences? Key messages should be: simple (expressible in one sentence); relevant (connecting the project's work to the audience's concerns); credible (grounded in the project's actual findings); and memorable (using concrete language, analogies, and examples).

Communication channels: Which channels will be used to reach each target audience? The communication channel landscape for EU-funded projects includes: project website; social media (Twitter/X, LinkedIn, Instagram, YouTube, depending on the audience); press and media (press releases, media briefings, journalist relationships); public events (science festivals, public lectures, exhibitions); policy channels (policy briefs, parliamentary hearings, stakeholder workshops); and visual communication (infographics, videos, animations).

Communication timeline: When will communication activities take place? Communication should be planned throughout the project lifecycle, with peaks at key moments: project launch; major results announcements; policy-relevant findings; and project completion.

10.4.3 Science Communication Best Practices

Effective science communication for EU-funded projects draws on a well-developed body of practice:

The deficit model and its limits: The traditional "deficit model" of science communication assumes that public scepticism or disengagement with science results from a deficit of knowledge — that if people only knew more about the science, they would support it. Research has consistently shown that this model is inadequate: people's attitudes to science are shaped by values, identity, trust, and social context, not only by knowledge. Effective science communication engages with these dimensions rather than simply providing information.

Narrative and storytelling: Stories are more effective than facts in engaging non-specialist audiences. Effective science communication identifies the human story in the research — the

problem being solved, the people affected, the journey of discovery — and uses narrative structure to engage the audience emotionally as well as intellectually.

Visual communication: Infographics, videos, animations, and data visualisations are powerful tools for communicating complex ideas to non-specialist audiences. Visual communication should be planned as an integral part of the communication strategy, not an afterthought.

Two-way engagement: The most effective science communication is not one-way broadcasting but two-way dialogue — engaging audiences as active participants rather than passive recipients. Participatory approaches (citizen science, co-design, public consultation) build deeper engagement and more durable relationships between researchers and the public.

10.5 Open Access and Open Science

10.5.1 The Open Science Imperative

Open science — the practice of making scientific research, data, and methods freely accessible to all — is a foundational principle of Horizon Europe and an increasingly important requirement across EU funding programmes. The rationale for open science is both ethical (publicly funded research should be publicly accessible) and practical (open science accelerates discovery by enabling researchers worldwide to build on each other's work without barriers of cost or access).

Horizon Europe's open science requirements go beyond the open access mandate for publications. They encompass:

Open access to publications: All peer-reviewed publications must be made openly accessible immediately upon publication, with no embargo period. This is a mandatory requirement with no exceptions for Horizon Europe.

Open access to research data: Research data underlying publications must be made openly accessible where possible (under the FAIR principles), unless there are legitimate reasons for not doing so (privacy, confidentiality, IP protection, security). The default position is open data; restrictions require justification.

Data Management Plan (DMP): All Horizon Europe projects must produce a Data Management Plan describing how research data will be collected, processed, stored, shared, and preserved. The DMP must be submitted as a deliverable early in the project (typically within the first six months) and updated throughout the project.

Open source software: Software developed in the project should be made openly accessible where possible, through open source licensing and deposit in open repositories.

Open methods and protocols: Methods, protocols, and workflows developed in the project should be shared through open publications, protocol repositories (e.g., protocols.io), and other open channels.

10.5.2 The FAIR Data Principles

The FAIR data principles — Findable, Accessible, Interoperable, Reusable — provide the framework for open research data management in Horizon Europe and increasingly across the EU funding landscape.

Findable: Data should be easy to find, both by humans and by machines. This requires: assigning a persistent identifier (such as a DOI) to each dataset; providing rich metadata that describes the dataset; and registering the dataset in a searchable data catalogue or repository.

Accessible: Data should be accessible to users who need it, under clear and open conditions. This requires: depositing data in an accessible repository; providing clear information about

access conditions (open access, restricted access, or embargoed access); and ensuring that the access protocol is open and free (so that users do not need proprietary software to access the data).

Interoperable: Data should be expressed in formats and using vocabularies that enable it to be integrated with other datasets. This requires: using open, standard file formats; using standard vocabularies and ontologies for metadata; and providing sufficient contextual information to enable users to understand and use the data.

Reusable: Data should be sufficiently well-described and licensed to enable reuse by others. This requires: providing detailed metadata about the data's provenance, quality, and limitations; applying a clear open licence (such as Creative Commons) that specifies the conditions under which the data may be reused; and providing the contextual information (methods, protocols, calibration data) needed to interpret and reuse the data.

10.5.3 Data Management Planning

The Data Management Plan (DMP) is the operational document through which the project's open data commitments are translated into specific actions. A comprehensive DMP addresses:

Data description: What data will be generated or collected in the project? What types, formats, and volumes of data are anticipated?

Data collection and processing: How will data be collected and processed? What quality assurance measures will be applied? What metadata standards will be used?

Data storage and backup: Where will data be stored during the project? What backup and recovery procedures will be in place?

Data sharing and open access: Which data will be made openly accessible? When? Through which repository? Under which licence? What are the legitimate reasons for not sharing specific datasets (privacy, confidentiality, IP, security)?

Data preservation: How long will data be preserved after the project ends? In which repository? Who will be responsible for long-term preservation?

Responsibilities and resources: Who is responsible for data management? What resources (time, budget, infrastructure) are allocated to data management?

10.6 Impact Pathways

10.6.1 From Outputs to Outcomes to Impacts

The impact pathway framework provides a structured approach to understanding and managing how project outputs generate real-world change. It distinguishes three levels:

Outputs: The direct products of project activities — publications, datasets, prototypes, trained people, events, policy briefs. Outputs are fully within the project's control and are the primary focus of project management.

Outcomes: The changes in knowledge, behaviour, practice, or policy that result from engagement with project outputs — a researcher who reads a publication and changes their research direction; a policymaker who reads a policy brief and revises a regulation; an industry partner who adopts a new technology. Outcomes are influenced by the project but also depend on the choices and circumstances of the people and organisations who engage with the outputs.

Impacts: The broader, longer-term changes in society, the economy, or the environment that result from the project's outcomes — improved health outcomes, economic growth,

environmental restoration, social inclusion. Impacts are the ultimate justification for EU investment but are typically not fully visible during the project period.

10.6.2 Theory of Change

A theory of change is a structured account of how the project's activities will generate the intended impacts — the causal logic that links inputs to activities to outputs to outcomes to impacts. Developing a theory of change at project start serves multiple purposes:

- It forces the project team to be explicit about their assumptions regarding how change happens
- It identifies the key assumptions that need to be tested or monitored
- It provides the framework for impact monitoring and evaluation
- It communicates the project's rationale to external audiences in a clear and compelling way

A theory of change for an EU-funded project should address:

The problem: What is the problem or opportunity that the project addresses? Who is affected, and how?

The intervention: What will the project do to address the problem? What activities will it undertake, and what outputs will it produce?

The causal logic: How will the project's outputs generate the intended outcomes and impacts? What are the key assumptions underlying this causal logic?

The enabling conditions: What external conditions need to be in place for the project's causal logic to hold? What risks could disrupt the pathway from outputs to impacts?

The evidence: What evidence will be collected to test whether the theory of change is working? How will the project know if it is on track to achieve its intended impacts?

10.6.3 Impact Monitoring

Impact monitoring is the ongoing process of tracking progress along the impact pathway and assessing whether the project is on track to achieve its intended impacts. It requires:

Impact indicators: Specific, measurable indicators for each level of the impact pathway — output indicators (number of publications, datasets, events), outcome indicators (number of citations, policy adoptions, practice changes), and impact indicators (economic value generated, environmental improvements, social outcomes).

Baseline data: For outcome and impact indicators, baseline data is needed to measure change. Baseline data should be collected at project start, before the project's activities have had time to generate outcomes.

Data collection methods: Systematic methods for collecting data on impact indicators — bibliometric analysis (for publication impact), policy monitoring (for policy uptake), user surveys (for practice change), economic analysis (for economic impact).

Reporting and learning: Impact monitoring data should be reported in project progress reports and used to inform project management decisions — adjusting DEC activities in response to what the monitoring data reveals about what is working and what is not.

10.7 Stakeholder Engagement

10.7.1 The Strategic Importance of Stakeholder Engagement

Stakeholder engagement is not merely a DEC activity — it is a strategic project management function that shapes the quality, relevance, and impact of the project's work. Projects that engage their stakeholders effectively throughout the lifecycle produce more relevant outputs,

encounter fewer barriers to exploitation, and generate more durable impacts than projects that treat stakeholder engagement as a peripheral communication activity.

Effective stakeholder engagement requires a systematic approach:

Stakeholder mapping: Identify all groups with a stake in the project — those who will be affected by the project's results; those who have the power to enable or block exploitation; those whose knowledge and experience can improve the project's work; and those who are needed as partners for dissemination and communication. Stakeholder mapping should be conducted at project start and updated throughout the project as the stakeholder landscape evolves.

Stakeholder analysis: For each stakeholder group, analyse: their interest in the project (what do they stand to gain or lose?); their influence over the project's success (how much power do they have to enable or block the project's objectives?); their current level of engagement (are they already engaged, or do they need to be mobilised?); and their preferred engagement channels and formats.

Engagement planning: Based on the stakeholder analysis, develop an engagement plan that specifies: the engagement objectives for each stakeholder group; the engagement activities (workshops, consultations, co-design sessions, advisory boards); the engagement timeline; and the resources allocated to engagement.

10.7.2 Engagement Mechanisms

A range of engagement mechanisms is available for different stakeholder groups and engagement objectives:

Advisory boards: A formal advisory board comprising representatives of key stakeholder groups provides structured input to the project throughout its lifecycle. Advisory boards are particularly effective for ensuring that the project's work remains relevant to practitioners and policymakers.

Stakeholder workshops: Workshops bring together stakeholders to provide input on specific aspects of the project — validating findings, identifying exploitation opportunities, co-designing tools and products. Workshops are effective for building relationships and generating buy-in for the project's results.

Co-design and co-creation: In projects where user needs are central to the research design, co-design approaches involve stakeholders as active participants in the research process, not merely as recipients of its outputs. Co-design is particularly effective in applied research, social innovation, and technology development projects.

User testing and piloting: Involving potential users in testing and piloting innovations enables the project to validate its results in real-world conditions, identify barriers to adoption, and refine the innovation before wider deployment.

Policy dialogues: For projects with policy-relevant results, structured policy dialogues — bringing together researchers and policymakers in a facilitated setting — are effective for translating research findings into policy implications and building relationships with policy communities.

10.8 Knowledge Transfer and Technology Transfer

10.8.1 Knowledge Transfer Mechanisms

Knowledge transfer is the process through which the knowledge generated in a project is transferred to organisations and individuals who can use it. It encompasses a wide range of mechanisms:

Publications and reports: The traditional mechanism for academic knowledge transfer, enabling researchers worldwide to access and build on the project's findings.

Training and education: Incorporating project findings into training programmes, curricula, and professional development activities transfers knowledge to practitioners who will apply it in their work.

Secondments and staff exchanges: The temporary placement of project staff in partner organisations — or the hosting of partner organisation staff in the project team — is one of the most effective knowledge transfer mechanisms, enabling tacit knowledge (know-how, skills, professional judgement) to be transferred alongside codified knowledge.

Communities of practice: Building or contributing to communities of practice — networks of practitioners who share knowledge and experience around a common domain — is an effective mechanism for sustained knowledge transfer beyond the project period.

Toolkits and practical guidance: Translating research findings into practical tools — decision support tools, assessment frameworks, implementation guides — makes knowledge directly actionable for practitioners.

10.8.2 Technology Transfer

Technology transfer is the process through which technologies developed in research projects are transferred to industry, government, or civil society organisations for practical application. It is a more structured and often more complex process than knowledge transfer, involving IP management, licensing negotiations, and sometimes the creation of new organisational entities.

The technology transfer process typically involves:

Technology readiness assessment: Assessing the readiness of the technology for transfer using the Technology Readiness Level (TRL) scale. Most EU-funded research projects operate at TRL 1–6; transfer to industry typically requires TRL 7–9. The gap between the project's TRL and the transfer-ready TRL defines the development work needed before transfer.

IP protection: Protecting the technology through patents, trade secrets, or other IP mechanisms before disclosure. IP protection is a prerequisite for commercial technology transfer — without IP protection, the technology cannot be licensed exclusively, reducing the commercial incentive for the transferee.

Partner identification: Identifying potential technology transfer partners — companies, government agencies, or other organisations with the capability and motivation to develop and deploy the technology. Partner identification may involve: industry liaison offices; technology transfer offices; innovation intermediaries; and direct outreach to potential partners identified through market analysis.

Licensing negotiation: Negotiating the terms of the technology transfer — the scope of the licence (exclusive or non-exclusive, field of use, territory); the financial terms (upfront payment, royalties, milestone payments); and the development obligations of the licensee.

10.9 IP Management for Dissemination and Exploitation

10.9.1 The IP-DEC Interface

Intellectual property management and DEC are intimately connected: the decisions made about IP protection directly affect the options available for dissemination and exploitation, and vice versa. The fundamental tension is between open dissemination (sharing results freely to maximise scientific impact) and IP protection (restricting access to results to enable commercial exploitation). Managing this tension requires strategic IP planning at project start.

The key IP-DEC interface decisions are:

Patent before publish: For patentable inventions, the patent application must be filed before the invention is publicly disclosed (through publication, presentation, or any other means). The prior notification requirement in Horizon Europe (45 days' notice to partners before publication) is designed to create a window for patent filing. IP managers and DEC managers must work together to ensure that publication plans do not inadvertently disclose patentable inventions before patent protection is secured.

Open access and IP: Open access publication of research findings does not prevent patenting of the underlying technology — patent applications protect the technology itself, not the scientific description of the technology. However, publication of enabling information (detailed methods, compositions, or processes) may affect the novelty of subsequent patent applications. IP advice should be sought before publishing detailed technical information.

Licensing and open science: Open licensing (Creative Commons, open source software licences) enables broad dissemination and reuse of project results while retaining attribution and, where desired, restricting commercial use. The choice of open licence should be made in light of the exploitation strategy — a permissive open licence (CC BY) maximises reuse but may reduce the commercial value of the IP; a restrictive licence (CC BY-NC) limits commercial use but may reduce uptake.

10.9.2 Open Innovation and Exploitation

Open innovation — the use of external knowledge and collaboration to accelerate innovation — is increasingly important in the context of EU-funded projects. Open innovation approaches include:

Open challenges and prize competitions: Inviting external parties to develop solutions to defined problems, with prizes for the best solutions. Open challenges can rapidly identify innovative approaches that the project team has not considered.

Innovation vouchers: Small grants that enable SMEs to access the knowledge and capabilities of research organisations, facilitating knowledge transfer and building the pipeline for future collaboration.

Living labs and test beds: Real-world environments in which innovations are tested and refined in collaboration with users and stakeholders, accelerating the transition from research to practice.

10.10 Measuring Dissemination and Exploitation Performance

10.10.1 DEC Performance Indicators

Measuring DEC performance requires a balanced set of indicators that capture the reach, quality, and impact of DEC activities across all three dimensions:

Dissemination indicators:

- Number of peer-reviewed publications (by open access status)
- Number of citations (as a measure of scientific impact)
- Altmetrics (social media mentions, news coverage, policy citations)
- Number of datasets and software packages deposited in open repositories
- Number of downloads of publications and datasets
- Number of conference presentations and invited talks

Exploitation indicators:

- Number of patent applications and grants
- Number of licensing agreements

- Number of spin-offs created
- Number of standards contributions
- Number of policy adoptions or regulatory changes attributable to project results
- Estimated economic value generated by exploitation activities

Communication indicators:

- Website traffic (visits, unique visitors, page views)
- Social media reach (followers, impressions, engagements)
- Media coverage (number of articles, estimated reach)
- Number of public events and participants
- Number of policy briefs produced and distributed
- Stakeholder satisfaction (measured through surveys)

10.11 Post-Project Sustainability

10.11.1 The Sustainability Challenge

One of the most persistent challenges in EU-funded project management is the sustainability of results after the project ends. Many projects produce excellent results during the funded period, only to see those results fade after funding ceases — websites go offline, networks dissolve, innovations are not maintained, and the knowledge generated is not applied. The EU increasingly requires projects to plan explicitly for post-project sustainability and to demonstrate that their results will continue to generate value beyond the funding period.

10.11.2 Sustainability Pathways

Sustainability can be achieved through multiple pathways:

Institutional integration: Project results are integrated into the mainstream activities of partner organisations — incorporated into standard procedures, embedded in organisational systems, or adopted as institutional policy. Institutional integration is the most durable form of sustainability because it does not depend on continued external funding.

Follow-on funding: Project results are sustained through follow-on funding — a new EU grant, national funding, or private investment that continues the work initiated in the original project. Follow-on funding is an important sustainability pathway but is not a substitute for genuine institutional integration.

Commercial sustainability: Project innovations are commercially exploited, generating revenues that sustain their further development and deployment. Commercial sustainability requires successful technology transfer or spin-off creation.

Community sustainability: Project networks and communities of practice continue to operate after the project ends, sustained by the shared interest of their members rather than by project funding. Community sustainability requires the development of governance structures and shared resources that can operate independently of the project.

Policy embedding: Project results are incorporated into policy frameworks, regulatory requirements, or public service delivery, ensuring their continued application through institutional mandates rather than voluntary adoption.

10.11.3 The Sustainability Plan

The sustainability plan is the document through which the project articulates its post-project sustainability strategy. It should be developed during the project (not as an afterthought at closeout) and should address:

- The specific results that will be sustained after the project ends
- The sustainability pathway for each result

- The organisations responsible for post-project sustainability
- The resources required for post-project sustainability and how they will be secured
- The risks to sustainability and how they will be managed
- The indicators by which sustainability will be measured

10.12 Digital Dissemination Tools

10.12.1 The Digital DEC Ecosystem

Digital tools have transformed the landscape of dissemination, exploitation, and communication for EU-funded projects. They have dramatically reduced the cost of reaching global audiences, enabled real-time engagement with stakeholders, and created new channels for the sharing and discovery of research outputs. Professional DEC management requires fluency with the key digital tools and platforms in this ecosystem.

Project website: The project website is the primary digital presence and the hub of the project's digital DEC activity. It should be: professionally designed and maintained; accessible (meeting WCAG 2.1 accessibility standards); multilingual where appropriate; regularly updated with project news and results; and optimised for search engines (SEO) to maximise discoverability.

Open repositories: Zenodo (operated by CERN and supported by the European Commission), PANGAEA (for earth and environmental science data), Figshare, and institutional repositories are the primary platforms for depositing and sharing open access publications, datasets, and software. All Horizon Europe projects should establish a Zenodo community for their project outputs.

ORCID and persistent identifiers: ORCID (Open Researcher and Contributor ID) provides persistent identifiers for researchers, enabling unambiguous attribution of publications and other outputs. DOIs (Digital Object Identifiers) provide persistent identifiers for publications and datasets. The use of persistent identifiers is increasingly required by open science policies and dramatically improves the discoverability and citability of project outputs.

10.12.2 Social Media for Research Communication

Social media platforms have become important channels for research communication, enabling researchers to share their work with broad audiences in real time. Key considerations for social media use in EU-funded projects include:

Platform selection: Different platforms reach different audiences. Twitter/X and LinkedIn are most effective for reaching scientific and professional audiences; Instagram and TikTok are more effective for reaching younger and general audiences; YouTube is the primary platform for video content. Platform selection should be driven by audience analysis.

Content strategy: Social media content should be planned as part of the overall communication strategy, not improvised. A content calendar should specify: what will be posted; when; on which platforms; by whom; and with what visual assets. Content should be varied — mixing news, results, behind-the-scenes content, and engagement prompts — and should be tailored to the conventions of each platform.

Community management: Social media is a two-way channel. Effective community management requires monitoring mentions and comments, responding to queries and feedback, and actively engaging with followers. Community management is time-consuming but is essential for building genuine engagement rather than a passive following.

10.12.3 Open Science Platforms and Infrastructure

The open science infrastructure provides a growing suite of digital tools that support DEC activities:

Open Science Framework (OSF): A free, open platform for research collaboration and sharing, enabling teams to share preprints, data, protocols, and other research materials openly and with version control.

ResearchGate and Academia.edu: Platforms for sharing publications and connecting with researchers in the same field. While these platforms do not provide true open access (access to some content requires registration), they significantly increase the discoverability and reach of publications.

EOSC (European Open Science Cloud): The EU's flagship open science infrastructure, providing a federated ecosystem of research data repositories, services, and tools across European research institutions. EOSC is increasingly important for Horizon Europe projects, which are expected to contribute to and benefit from the EOSC ecosystem.

Altmetric and PlumX: Tools that measure the broader impact of research outputs beyond traditional citations, tracking mentions in social media, news, policy documents, and other non-academic sources. Altmetric data is increasingly used to demonstrate the societal impact of research.

DOMAIN 11

Monitoring, Evaluation and Learning

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Monitoring, Evaluation and Learning (MEL) is the domain that governs how EU-funded projects and programmes measure their progress, assess their effectiveness, and generate knowledge that improves both current and future performance. It is the systematic, evidence-based practice through which the EU's investment in research, innovation, education, and regional development is held accountable to its stated objectives — and through which the lessons of experience are captured, shared, and applied.

MEL is not a single activity but a family of interconnected practices that operate at different timescales and levels of analysis. **Monitoring** is the continuous, systematic collection and analysis of data on project activities, outputs, and outcomes against a pre-defined performance framework. It is the operational heartbeat of project management — the ongoing process that tells project teams whether they are on track, where problems are emerging, and what corrective action may be needed. **Evaluation** is the periodic, structured assessment of a project's or programme's relevance, coherence, effectiveness, efficiency, impact, and sustainability. It is the analytical lens through which deeper questions are asked: not just whether targets were met, but whether the right targets were set; not just whether activities were delivered, but whether they made a difference. **Learning** is the process through which the knowledge generated by monitoring and evaluation is captured, synthesised, shared, and applied — to improve project performance, to inform institutional practice, and to contribute to the broader evidence base that shapes EU funding policy and programme design.

These three activities are conceptually distinct but practically interdependent. Monitoring without evaluation produces data without insight. Evaluation without monitoring lacks the evidence base to draw reliable conclusions. Both without learning produce knowledge that is never applied. The MEL framework that integrates all three — connecting data collection to analysis, analysis to reflection, and reflection to action — is the foundation of evidence-based project management and institutional learning. The EU has progressively strengthened MEL requirements across all major funding programmes.

This domain is organised around the full MEL lifecycle — from the design of the MEL framework at the project inception stage, through the implementation of monitoring systems and evaluation studies, to the capture and application of learning. It addresses both the technical dimensions of MEL (indicator design, data collection methods, evaluation methodologies, analytical techniques) and the organisational and cultural dimensions (building MEL capacity, fostering learning cultures, managing MEL in multi-partner consortia). It covers programme-specific MEL requirements in depth, and addresses the growing role of digital tools and data analytics in modern MEL practice.

Learning Outcomes

Upon completing this domain, the learner will be able to:

LO11.1 — Design a comprehensive MEL framework for an EU-funded project, integrating monitoring, evaluation, and learning components in a coherent system aligned with the project's theory of change and programme requirements.
LO11.2 — Develop a performance measurement system with appropriate indicators (output, result, and impact indicators), baselines, targets, and data collection protocols for an EU-funded project.
LO11.3 — Design and implement monitoring systems that provide timely, reliable, and actionable data on project progress, using appropriate data collection methods, tools, and reporting mechanisms.

LO11.4 — Design and commission evaluation studies using appropriate evaluation designs, methodologies, and data collection methods, and manage the evaluation process from inception to dissemination.
LO11.5 — Apply qualitative and quantitative data collection and analysis methods appropriate to the MEL needs of EU-funded projects, including surveys, interviews, case studies, statistical analysis, and contribution analysis.
LO11.6 — Establish and manage learning systems that capture, synthesise, and apply the knowledge generated by monitoring and evaluation, including after-action reviews, lessons-learned processes, and knowledge management systems.
LO11.7 — Apply adaptive management principles to EU-funded projects, using MEL evidence to inform real-time decision-making, work plan adjustments, and strategic pivots within the constraints of the grant agreement.
LO11.8 — Apply programme-specific MEL requirements for Horizon Europe, ESIF, Erasmus+, and LIFE, adapting the general MEL framework to programme-specific contexts, indicators, and reporting obligations.
LO11.9 — Manage MEL in multi-partner consortia, including the coordination of data collection across partners, the management of data quality, and the integration of partner-level MEL into project-level reporting.
LO11.10 — Communicate MEL findings effectively to diverse audiences, including project teams, granting authorities, policymakers, and the public, using appropriate formats, visualisations, and narratives.
LO11.11 — Use digital tools and data analytics to enhance MEL practice, including project management information systems, data visualisation tools, statistical software, and AI-assisted analysis.
LO11.12 — Build institutional MEL capacity, including the development of MEL policies, systems, and competencies that enable organisations to conduct high-quality MEL across their EU-funded project portfolio.

Certification Level Mapping

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO11.1	Awareness — describe MEL framework components and their purpose	Applied — design a MEL framework for a specific project	Strategic — advise on MEL framework design; develop institutional MEL standards
LO11.2	Awareness — describe indicator types and performance measurement concepts	Applied — develop a performance measurement system with indicators, baselines, and targets	Strategic — advise on indicator design; develop programme-level performance frameworks
LO11.3	Awareness — describe monitoring system components and data collection methods	Applied — implement a monitoring system; manage data collection and reporting	Strategic — design monitoring architectures; advise on monitoring system quality
LO11.4	Awareness — describe evaluation types, designs, and purposes	Applied — design and manage an evaluation study	Strategic — commission and oversee complex evaluations; advise on evaluation quality
LO11.5	Awareness — describe qualitative and quantitative data collection methods	Applied — apply appropriate data collection and analysis methods	Strategic — advise on mixed-methods approaches; assess data quality and analytical rigour
LO11.6	Awareness — describe learning system concepts and knowledge management principles	Applied — establish and manage a project-level learning system	Strategic — design institutional learning systems; foster organisational learning cultures
LO11.7	Awareness — describe adaptive management	Applied — apply adaptive management to project decision-making	Strategic — advise on adaptive management; design adaptive programme management systems

	principles and their application		
LO11.8	Awareness — describe programme-specific MEL requirements for major EU programmes	Applied — implement programme-specific MEL requirements	Strategic — advise on programme-specific MEL compliance; represent organisation in programme MEL processes
LO11.9	Awareness — describe MEL coordination challenges in multi-partner projects	Applied — coordinate MEL across consortium partners	Strategic — design consortium MEL systems; manage complex multi-partner MEL processes
LO11.10	Awareness — describe MEL communication principles and formats	Applied — communicate MEL findings to project stakeholders	Strategic — design MEL communication strategies; advise on evidence use and policy engagement
LO11.11	Awareness — describe digital MEL tools and their capabilities	Applied — use digital tools to support MEL activities	Strategic — select and implement MEL technology solutions; advise on digital MEL transformation
LO11.12	Awareness — describe institutional MEL capacity components	Applied — contribute to institutional MEL capacity building	Strategic — lead institutional MEL capacity development; design MEL governance frameworks

11.1 The MEL Framework: Foundations and Architecture

11.1.1 The Purpose and Value of MEL

Monitoring, Evaluation and Learning serves multiple, interconnected purposes in the context of EU-funded projects. Understanding these purposes is essential to designing MEL systems that are fit for purpose — neither so burdensome that they consume resources needed for project delivery, nor so superficial that they fail to generate the evidence needed for accountability and learning.

Accountability is the most visible purpose of MEL. EU funding is public money, and the EU institutions, member states, and ultimately EU citizens have a legitimate interest in knowing whether that money is being used effectively. MEL provides the evidence base for accountability — demonstrating that projects are delivering what they promised, that resources are being used efficiently, and that the EU's investment is generating the outcomes and impacts it was designed to achieve. This accountability function is reflected in the mandatory reporting requirements of all major EU funding programmes, which require beneficiaries to report regularly on their progress against agreed indicators and milestones.

Management is the operational purpose of MEL. Monitoring data provides project managers with the information they need to track progress, identify problems early, and make informed decisions about resource allocation, work plan adjustments, and corrective action. Without reliable monitoring data, project management becomes reactive rather than proactive — responding to crises rather than preventing them. A well-designed monitoring system is a management tool, not just a reporting obligation.

Learning is the developmental purpose of MEL. Projects generate knowledge — about what works, what does not work, why, and under what conditions. This knowledge has value beyond the individual project: it can inform the design of future projects, improve institutional practice, and contribute to the broader evidence base that shapes EU funding policy. Capturing and applying this knowledge is the learning function of MEL — the function that transforms individual project experience into institutional and sectoral knowledge.

Improvement is the adaptive purpose of MEL. Evaluation findings — whether from internal mid-term reviews or external evaluations — provide the evidence base for improving project design and implementation. Projects that use evaluation findings to adapt their approaches, refine their theories of change, and strengthen their interventions are more likely to achieve their intended

outcomes than projects that treat evaluation as a retrospective exercise with no implications for current practice.

11.1.2 The Theory of Change as MEL Foundation

The theory of change (ToC) is the conceptual foundation of the MEL framework. It is the explicit, evidence-based articulation of how a project's activities are expected to lead to its intended outcomes and impacts — the causal logic that connects what the project does to what it achieves.

A well-developed theory of change comprises several interconnected elements:

Inputs are the resources invested in the project — financial resources, human resources, equipment, data, and partnerships. They are the raw material of project delivery.

Activities are the actions the project undertakes — research activities, training sessions, policy dialogues, demonstration events, technology development, community engagement. Activities are what the project does with its inputs.

Outputs are the direct, tangible products of project activities — publications, training materials, prototypes, policy briefs, databases, events, trained participants. Outputs are what the project produces.

Outcomes are the changes in knowledge, attitudes, behaviours, capacities, or conditions that result from the use of project outputs by target groups. Outcomes are what happens as a result of what the project produces — the changes in the world that the project's outputs enable.

Impacts are the longer-term, broader changes in societal, economic, environmental, or scientific conditions to which the project contributes. Impacts are the ultimate purpose of the project — the reason the EU invested in it.

Assumptions are the conditions that must hold for the causal links in the theory of change to operate as expected. They are the external factors — policy environments, stakeholder behaviours, market conditions, institutional capacities — that the project cannot control but that affect its likelihood of success.

The theory of change serves as the foundation for the MEL framework in several ways. It defines the indicators that need to be monitored — one or more for each level of the results chain. It identifies the evaluation questions that need to be answered — about the validity of the causal assumptions, the effectiveness of the interventions, and the sustainability of the outcomes. It provides the analytical framework for interpreting monitoring data — situating individual data points within the broader logic of how change is expected to occur.

11.1.3 MEL Framework Architecture

A comprehensive MEL framework for an EU-funded project comprises the following components:

The Performance Measurement Framework (PMF) defines the indicators, baselines, targets, data sources, collection methods, frequency, and responsible parties for monitoring project performance. It is the operational core of the monitoring system.

The Evaluation Plan defines the evaluation questions, evaluation design, data collection methods, timeline, and responsible parties for periodic evaluation activities. It distinguishes between formative evaluation (conducted during implementation to improve the project) and summative evaluation (conducted at or after completion to assess overall effectiveness).

The Learning Plan defines the mechanisms through which learning will be captured, synthesised, and applied — including after-action reviews, lessons-learned workshops, knowledge management systems, and learning dissemination activities.

The MEL Budget allocates sufficient resources to MEL activities — typically 3–8% of the total project budget for projects with significant MEL requirements, though the appropriate level depends on project scale, complexity, and programme requirements.

The MEL Governance Structure defines the roles and responsibilities for MEL within the project — who collects data, who analyses it, who reviews findings, who makes decisions based on MEL evidence, and how MEL is integrated into project governance.

11.2 Monitoring Systems: Design and Implementation

11.2.1 Monitoring System Architecture

A monitoring system is the organised set of processes, tools, and responsibilities through which a project collects, processes, analyses, and reports data on its performance. A well-designed monitoring system is characterised by four qualities: it is **systematic** (data is collected regularly and consistently, not ad hoc); **reliable** (data is accurate, complete, and verifiable); **timely** (data is available when decisions need to be made); and **actionable** (data is presented in a form that enables informed decision-making).

The architecture of a monitoring system comprises three layers:

Data collection is the foundation — the processes through which raw data is gathered from primary sources (project activities, participants, partners) or secondary sources (administrative records, published statistics, external databases). Data collection processes must be designed to ensure data quality: clear definitions of what is being measured, standardised collection instruments, trained data collectors, and documented collection protocols.

Data management is the middle layer — the processes through which collected data is stored, organised, validated, and made accessible for analysis. Data management systems range from simple spreadsheets for small projects to sophisticated project management information systems (PMIS) for large, multi-partner projects. Whatever the system, it must ensure data integrity (data is not corrupted or lost), data security (data is protected from unauthorised access), and data accessibility (authorised users can access the data they need when they need it).

Data analysis and reporting is the top layer — the processes through which stored data is analysed to generate performance information, and through which that information is communicated to relevant audiences. Analysis transforms raw data into meaningful performance narratives; reporting communicates those narratives to decision-makers and accountability audiences.

11.2.2 Monitoring Frequency and Triggers

Monitoring operates at multiple frequencies, each serving different purposes:

Continuous monitoring tracks operational metrics in real time or near-real time — expenditure against budget, task completion against work plan, partner reporting compliance. Continuous monitoring is the operational dashboard of project management, providing early warning of emerging problems.

Periodic monitoring collects data on output and outcome indicators at regular intervals — typically monthly, quarterly, or semi-annually depending on the indicator and the programme's reporting cycle. Periodic monitoring provides the data for formal progress reports to the granting authority.

Milestone-triggered monitoring collects data at specific project milestones — the completion of a work package, the delivery of a major output, the conclusion of a pilot phase. Milestone-

triggered monitoring provides a structured opportunity to assess progress at natural project transition points.

Event-triggered monitoring collects data in response to specific events — a significant deviation from the work plan, an unexpected external development, a partner withdrawal. Event-triggered monitoring provides the evidence base for adaptive management decisions.

11.2.3 Data Quality Management

Data quality is the foundation of credible monitoring. Poor-quality data — inaccurate, incomplete, inconsistent, or untimely — undermines the reliability of performance reports, erodes the credibility of the project with the granting authority, and makes it impossible to draw valid conclusions from monitoring evidence.

Data quality has five dimensions that must be actively managed:

Accuracy — data correctly represents the phenomenon being measured. Accuracy is threatened by measurement error (imprecise instruments, untrained data collectors), recording error (transcription mistakes, data entry errors), and reporting error (deliberate or inadvertent misrepresentation).

Completeness — all required data has been collected. Completeness is threatened by non-response (participants who do not complete surveys), attrition (participants who drop out of the project), and data loss (records that are not captured or are subsequently lost).

Consistency — data is collected and recorded in the same way across time periods, partners, and data collectors. Consistency is threatened by changes in indicator definitions, data collection instruments, or collection protocols.

Timeliness — data is available when it is needed for reporting and decision-making. Timeliness is threatened by delays in data collection, processing, or transmission.

Validity — data measures what it is intended to measure. Validity is threatened by proxy indicators that do not adequately capture the underlying concept, by measurement instruments that are poorly designed, and by data collection contexts that introduce systematic bias.

11.3 Performance Indicators: Design and Management

11.3.1 Indicator Typology

Performance indicators are the quantitative or qualitative measures used to assess progress towards project objectives. A well-designed indicator system covers the full results chain — from inputs through activities and outputs to outcomes and impacts — and provides a balanced picture of project performance.

Input indicators measure the resources invested in the project — financial expenditure, staff time, equipment deployed. Input indicators are important for efficiency analysis but are not, by themselves, evidence of performance.

Process indicators measure the activities undertaken — number of meetings held, training sessions delivered, consultations conducted. Process indicators confirm that planned activities are being implemented but do not demonstrate that those activities are achieving their intended effects.

Output indicators measure the direct, tangible products of project activities — number of publications produced, number of participants trained, number of prototypes developed, number of policy briefs disseminated. Output indicators are the most commonly used indicators in EU project reporting because they are relatively easy to measure and verify. However, outputs are not outcomes: producing publications does not demonstrate that knowledge has

been transferred; training participants does not demonstrate that their capacities have improved.

Outcome indicators measure the changes in knowledge, attitudes, behaviours, capacities, or conditions that result from the use of project outputs. Outcome indicators are more difficult to measure than output indicators — they require data collection from target groups, often at multiple time points, and they raise attribution challenges (how much of the observed change is due to the project, as opposed to other factors?). Nevertheless, outcome indicators are essential to demonstrating that a project is achieving its intended effects.

Impact indicators measure the longer-term, broader changes in societal, economic, environmental, or scientific conditions to which the project contributes. Impact indicators are the most difficult to measure — they require long time horizons, sophisticated attribution methods, and data that is often not available within the project's lifetime. Many EU programmes address this challenge by defining programme-level impact indicators that are measured through programme evaluations rather than individual project reports.

11.3.2 SMART Indicator Design

Well-designed indicators are **SMART**: Specific, Measurable, Achievable, Relevant, and Time-bound.

Specific — the indicator clearly defines what is being measured, leaving no ambiguity about what counts and what does not. A specific indicator specifies the unit of measurement, the target group, and the geographic scope.

Measurable — the indicator can be quantified or systematically assessed using available data sources and collection methods. An indicator that cannot be measured is not an indicator — it is an aspiration.

Achievable — the target associated with the indicator is realistic given the project's resources, timeline, and context. Targets that are set too high create perverse incentives to game the system; targets that are set too low provide no meaningful challenge.

Relevant — the indicator measures something that matters for the project's objectives and theory of change. Relevant indicators are aligned with the programme's result framework and with the project's specific contribution to programme objectives.

Time-bound — the indicator specifies the time period over which it will be measured and the point at which the target is expected to be achieved. Time-bound indicators enable progress to be tracked against a defined timeline.

11.3.3 Baselines and Targets

Every outcome and impact indicator requires a baseline — a measurement of the indicator at the start of the project (or before the project's interventions begin) that provides the reference point against which progress will be measured. Without a baseline, it is impossible to determine how much change has occurred.

Establishing baselines requires investment: data must be collected from target groups before the project's interventions begin, which means that baseline data collection must be planned and budgeted at the proposal stage. For projects working in contexts where baseline data already exists (from national statistics, previous projects, or programme-level surveys), the challenge is to identify and access that data. For projects working in contexts where no baseline data exists, primary data collection is required.

Targets are the quantified values that the project commits to achieving by a specified point in time. Targets should be set on the basis of evidence — from the literature, from comparable projects, from expert judgement — and should be realistic given the project's resources and context. Targets that are set without evidence are arbitrary; targets that are set without realism are counterproductive.

11.3.4 Indicator Disaggregation

Disaggregation is the practice of breaking down aggregate indicator data by relevant sub-groups — by gender, age, geographic location, socioeconomic status, disability status, or other characteristics. Disaggregation is important for several reasons:

It reveals whether project benefits are being distributed equitably across different groups. An aggregate indicator showing that 500 participants were trained may conceal the fact that 450 were male and 50 were female — a distribution that may be inconsistent with the project's equity commitments.

It enables the identification of sub-groups that are being left behind — groups that are not benefiting from the project's interventions and that may require targeted attention.

It supports the project's compliance with EU cross-cutting principles — particularly gender equality, non-discrimination, and inclusion — by providing evidence that these principles are being actively implemented.

11.4 Evaluation Design and Management

11.4.1 Evaluation Criteria and Questions

Evaluation is the systematic assessment of a project's or programme's performance against defined criteria. The EU and its member states use a standard set of evaluation criteria derived from the OECD Development Assistance Committee (DAC) framework, adapted for the EU context:

Relevance assesses whether the project's objectives and design are aligned with the needs of the target groups, the priorities of the programme, and the broader policy context. A relevant project addresses real needs with appropriate interventions.

Coherence assesses the internal logic of the project (whether its components are mutually reinforcing) and its external coherence with other EU policies, programmes, and interventions in the same area.

Effectiveness assesses whether the project achieved its intended outputs, outcomes, and impacts. Effectiveness is the core accountability question: did the project do what it said it would do?

Efficiency assesses whether the project achieved its results at reasonable cost — whether the inputs invested were proportionate to the outputs and outcomes achieved. Efficiency analysis requires both performance data (what was achieved) and financial data (what it cost).

Impact assesses the broader, longer-term changes in societal, economic, environmental, or scientific conditions to which the project contributed — including unintended effects, both positive and negative.

Sustainability assesses whether the project's outcomes and impacts are likely to continue after the project ends — whether the changes it generated are durable, whether the capacities it built will be maintained, and whether the systems it established will continue to function.

EU Added Value (specific to EU evaluations) assesses the additional value generated by EU funding compared to what would have been achieved through national or other funding alone.

11.4.2 Evaluation Types and Timing

Evaluations can be classified by their timing and purpose:

Ex ante evaluation is conducted before the project begins, to assess the relevance and coherence of the project design, the validity of the theory of change, and the appropriateness of the proposed MEL framework. In the EU context, ex ante evaluation is most commonly

applied at the programme level (where it is mandatory under the Common Provisions Regulation for ESIF) rather than at the individual project level.

Formative evaluation (also called process evaluation or mid-term evaluation) is conducted during project implementation, to assess whether the project is on track, to identify implementation challenges, and to generate recommendations for improvement. Formative evaluation is oriented towards learning and improvement rather than accountability.

Summative evaluation (also called outcome evaluation or final evaluation) is conducted at or after project completion, to assess whether the project achieved its intended outcomes and impacts, and to draw lessons for future projects. Summative evaluation is oriented towards accountability and learning.

Impact evaluation is a specific type of summative evaluation that uses rigorous methods — randomised controlled trials, quasi-experimental designs, or contribution analysis — to assess the causal contribution of the project to observed changes. Impact evaluation addresses the counterfactual question: what would have happened in the absence of the project?

11.4.3 Evaluation Designs and Methodologies

The choice of evaluation design depends on the evaluation questions being asked, the available data, the resources available for evaluation, and the ethical constraints of the project context.

Experimental designs (randomised controlled trials) randomly assign participants or units to treatment and control groups, enabling the causal effect of the intervention to be estimated by comparing outcomes between groups. Experimental designs provide the strongest evidence of causal impact but are rarely feasible in EU-funded project contexts due to ethical, practical, and political constraints.

Quasi-experimental designs use statistical techniques to construct comparison groups from non-randomly assigned units — using methods such as propensity score matching, difference-in-differences, regression discontinuity, or instrumental variables. Quasi-experimental designs can provide credible causal estimates when experimental designs are not feasible, but they require careful attention to the assumptions underlying the comparison group construction.

Theory-based evaluation uses the project's theory of change as the framework for evaluation, testing whether the causal mechanisms and assumptions embedded in the theory of change operated as expected. Theory-based evaluation methods include contribution analysis, process tracing, and realist evaluation. These methods are particularly appropriate for complex interventions where experimental or quasi-experimental designs are not feasible.

Participatory evaluation involves project stakeholders — including beneficiaries, partners, and target groups — as active participants in the evaluation process, rather than as passive subjects of data collection. Participatory evaluation enhances the relevance and ownership of evaluation findings, and can generate insights that external evaluators might miss.

Mixed-methods evaluation combines quantitative and qualitative methods to generate a more complete and nuanced picture of project performance than either approach alone can provide. Mixed-methods designs are increasingly the norm in EU project evaluation, reflecting the recognition that numbers alone cannot capture the complexity of social change.

11.4.4 Managing the Evaluation Process

For projects that commission external evaluations, the evaluation management process comprises several stages:

Evaluation planning involves defining the evaluation questions, selecting the evaluation design, specifying the data requirements, and preparing the terms of reference (ToR) for the evaluation. The ToR is the key document that defines the scope, methodology, timeline, and deliverables of the evaluation.

Evaluator selection involves procuring the evaluation services — through competitive tender for larger evaluations, or through direct contracting for smaller ones. Evaluator selection should assess both technical competence (methodological expertise, sector knowledge) and independence (freedom from conflicts of interest that could bias the evaluation).

Evaluation management involves overseeing the evaluation process — providing the evaluator with access to data and stakeholders, reviewing draft reports, and ensuring that the evaluation is conducted in accordance with the ToR and professional evaluation standards.

Quality assurance involves assessing the quality of evaluation products — checking that the evaluation questions have been answered, that the methodology is appropriate, that the evidence base is adequate, and that the conclusions are supported by the evidence.

Dissemination and use involves communicating evaluation findings to relevant audiences and ensuring that findings are used to inform decisions — about project implementation, institutional practice, and future project design.

11.5 Data Collection Methods

11.5.1 Quantitative Data Collection

Quantitative data collection methods generate numerical data that can be analysed statistically to describe patterns, test hypotheses, and estimate causal effects.

Surveys are the most widely used quantitative data collection method in EU project MEL. Surveys collect standardised data from large numbers of respondents using structured questionnaires — administered online, by telephone, or in person. Survey design requires careful attention to questionnaire structure, question wording, response scales, and sampling strategy. Common pitfalls include leading questions (that suggest a desired response), double-barrelled questions (that ask about two things at once), and social desirability bias (where respondents give answers they think are expected rather than their true views).

Administrative data — records generated as a by-product of project operations (registration records, attendance lists, financial records, website analytics) — provides a cost-effective source of output and process data. Administrative data is typically complete (covering all project participants) and inexpensive to collect, but may be limited in scope and may not capture the outcome-level changes that are most important for demonstrating project effectiveness.

Secondary data — existing datasets from national statistics offices, EU databases, research publications, or previous projects — can provide baseline data, contextual data, and comparison data that would be too expensive to collect through primary research. Secondary data must be assessed for relevance (does it measure what needs to be measured?), quality (is it accurate and reliable?), and timeliness (is it current enough to be useful?).

11.5.2 Qualitative Data Collection

Qualitative data collection methods generate non-numerical data — words, images, observations — that can be analysed to understand meanings, processes, and contexts.

In-depth interviews are structured or semi-structured conversations with key informants — project staff, partners, beneficiaries, policymakers — that explore their experiences, perceptions, and interpretations of the project and its effects. Interviews generate rich, contextualised data that surveys cannot capture, but they are resource-intensive and their findings are not statistically generalisable.

Focus groups are facilitated group discussions with 6–10 participants that explore shared experiences, attitudes, and perceptions. Focus groups are particularly useful for understanding

how target groups experience project interventions, and for generating hypotheses that can be tested through other methods.

Observation involves the systematic recording of project activities, interactions, and contexts by a trained observer. Observation can capture data that participants cannot or will not report — the actual dynamics of a training session, the quality of a stakeholder engagement process, the implementation fidelity of a project intervention.

Document analysis involves the systematic review of project documents — reports, minutes, correspondence, publications — to reconstruct the project's history, assess its outputs, and understand the context in which it operated.

Case studies are in-depth investigations of specific instances — a particular project site, a specific beneficiary group, a particular implementation challenge — that generate detailed understanding of how and why outcomes occurred in specific contexts.

11.5.3 Participatory Data Collection

Participatory data collection methods involve project stakeholders — particularly beneficiaries and target groups — as active participants in the data collection process, rather than as passive subjects of researcher-administered instruments.

Most Significant Change (MSC) is a participatory technique in which stakeholders are asked to identify and describe the most significant changes they have observed as a result of the project, and to explain why they consider those changes significant. MSC generates rich, stakeholder-defined evidence of project effects that complements indicator-based monitoring.

Outcome harvesting is a technique in which evaluators work backwards from observed outcomes — changes in the behaviour, relationships, activities, or actions of individuals, groups, communities, or institutions — to determine whether and how the project contributed to those outcomes. Outcome harvesting is particularly useful for complex projects where outcomes are difficult to predict in advance.

Participatory rural appraisal (PRA) and related techniques use visual tools — maps, matrices, timelines, diagrams — to facilitate data collection with communities that may have limited literacy or that are more comfortable with visual than verbal communication.

11.6 Data Analysis and Interpretation

11.6.1 Quantitative Analysis

Quantitative analysis transforms numerical data into performance information through statistical techniques that range from simple descriptive statistics to sophisticated causal inference methods.

Descriptive statistics — means, medians, frequencies, percentages, ranges — summarise the distribution of data and provide a basic picture of project performance. Descriptive statistics are the foundation of performance reporting: they answer questions like "how many participants were trained?" and "what percentage achieved the learning objectives?"

Comparative analysis compares performance data across time periods, geographic areas, partner organisations, or target groups to identify patterns, trends, and disparities. Comparative analysis can reveal whether project performance is improving over time, whether some partners are outperforming others, and whether project benefits are being distributed equitably.

Trend analysis tracks changes in indicator values over time to assess whether the project is on a trajectory towards its targets. Trend analysis requires data collected at multiple time points and is most useful for projects with long implementation periods.

Contribution analysis is a structured analytical approach for assessing the causal contribution of a project to observed outcomes in contexts where experimental or quasi-experimental designs are not feasible. Contribution analysis involves: (1) developing a theory of change; (2) assembling the evidence for and against each causal link in the theory of change; (3) assessing the strength of the contribution claim; and (4) identifying and addressing rival explanations.

11.6.2 Qualitative Analysis

Qualitative analysis transforms non-numerical data into analytical insights through systematic interpretation of words, images, and observations.

Thematic analysis involves identifying, analysing, and reporting patterns (themes) within qualitative data. Themes are identified through a process of coding — assigning labels to segments of data that capture their meaning — and then grouping codes into broader themes that address the evaluation questions.

Content analysis involves the systematic categorisation and quantification of qualitative data — counting the frequency of specific words, phrases, or themes in a body of text. Content analysis bridges the qualitative-quantitative divide, generating numerical data from qualitative sources.

Narrative analysis examines the stories that stakeholders tell about the project — how they make sense of their experiences, how they construct causal explanations, and what meanings they attach to project outcomes. Narrative analysis is particularly useful for understanding the subjective experience of project participation.

Process tracing is a qualitative method for testing causal claims by examining the sequence of events and mechanisms through which a cause is hypothesised to produce an effect. Process tracing is particularly useful for theory-based evaluation, where the goal is to test whether the causal mechanisms embedded in the theory of change operated as expected.

11.6.3 Mixed-Methods Integration

Mixed-methods analysis integrates quantitative and qualitative findings to generate a more complete and nuanced picture of project performance than either approach alone can provide.

Triangulation involves comparing findings from different data sources or methods to assess their convergence or divergence. Convergent findings strengthen confidence in the conclusions; divergent findings prompt deeper investigation of the reasons for the discrepancy.

Explanation building uses qualitative data to explain patterns identified in quantitative data — for example, using interview data to explain why a particular indicator fell short of its target, or why outcomes varied across different project sites.

Exploration uses qualitative data to generate hypotheses that are then tested through quantitative analysis — for example, using focus group data to identify potential outcome indicators that are then measured through a survey.

11.7 Learning Systems and Knowledge Management

11.7.1 The Learning Cycle

Learning in the context of EU-funded projects operates through a cycle that connects experience to reflection, reflection to conceptualisation, and conceptualisation to action. This learning cycle — based on Kolb's experiential learning model — has four stages:

Concrete experience — the project team has experiences through project implementation: activities are delivered, outputs are produced, outcomes are observed, problems are encountered.

Reflective observation — the project team reflects on those experiences, asking what happened, why it happened, and what it means. Reflection is facilitated by monitoring data, evaluation findings, and structured reflection processes.

Abstract conceptualisation — the project team draws lessons from its reflections, developing generalisable insights about what works, what does not work, and why. These lessons are the intellectual products of the learning cycle.

Active experimentation — the project team applies the lessons learned to modify its approach, test new interventions, and improve its performance. Active experimentation closes the loop between learning and action.

11.7.2 Structured Learning Mechanisms

Structured learning mechanisms are the organised processes through which the learning cycle is facilitated within a project:

After-action reviews (AARs) are brief, structured reflection sessions conducted immediately after a significant project event — a training session, a stakeholder consultation, a project milestone. AARs ask four questions: What was supposed to happen? What actually happened? Why was there a difference? What can we learn from this? AARs are most effective when they are conducted promptly (while memories are fresh), when they involve all relevant participants, and when their findings are documented and acted upon.

Lessons-learned workshops are more extended reflection sessions conducted at key project milestones — typically at the mid-term and at project completion. Lessons-learned workshops bring together project team members, partners, and sometimes external stakeholders to reflect systematically on project experience and to distil lessons that can inform future practice.

Peer learning exchanges bring together teams from different projects or organisations to share experiences, compare approaches, and learn from each other's successes and failures. Peer learning exchanges are particularly valuable in the EU context, where many projects are working on similar challenges in different national or sectoral contexts.

Communities of practice are ongoing networks of practitioners who share a common domain of expertise and who learn from each other through regular interaction. Communities of practice can be established within a project (bringing together staff with similar roles across partner organisations) or across projects (bringing together practitioners working on similar challenges in different projects).

11.7.3 Knowledge Management Systems

Knowledge management systems are the organisational infrastructure through which lessons learned are captured, stored, organised, and made accessible for future use.

Lessons-learned databases are structured repositories in which lessons are documented in a standardised format — typically including the context in which the lesson was learned, the lesson itself, the evidence base for the lesson, and recommendations for application. Effective lessons-learned databases are searchable, regularly updated, and actively used — not just repositories of documents that no one reads.

Project intranets and wikis provide shared digital workspaces in which project teams can document their experiences, share resources, and collaborate on knowledge products. Wikis are particularly useful for capturing tacit knowledge — the informal, experience-based knowledge that is difficult to document in formal reports.

After-project reviews are structured assessments conducted after project completion to capture the full range of lessons learned from the project experience. After-project reviews draw on monitoring data, evaluation findings, and the reflections of project team members to produce a comprehensive lessons-learned report that can inform future projects.

11.8 Adaptive Management

11.8.1 Principles of Adaptive Management

Adaptive management is the practice of using MEL evidence to inform real-time decision-making and to adjust project approaches in response to changing circumstances, emerging evidence, and unexpected challenges. It is the application of the learning cycle to project management — the process through which monitoring data and evaluation findings are translated into management action.

Adaptive management rests on several principles:

Evidence-based decision-making — management decisions are based on evidence from monitoring and evaluation, not on intuition, habit, or political pressure. Evidence does not eliminate the need for judgement, but it provides the factual foundation on which judgement is exercised.

Iterative learning — the project team continuously learns from its experience and uses that learning to improve its approach. Adaptive management is not a one-time adjustment but an ongoing process of learning and adaptation.

Flexibility within constraints — adaptive management operates within the constraints of the grant agreement, which defines the project's objectives, activities, budget, and timeline. Adaptation must be consistent with these constraints, or must be accompanied by a formal amendment process.

Transparency — adaptive management decisions are documented and communicated to relevant stakeholders, including the granting authority. Transparency builds trust and enables the granting authority to understand why the project's approach has evolved.

11.8.2 Adaptive Management in Practice

Adaptive management in EU-funded projects operates at three levels:

Operational adaptation involves day-to-day adjustments to project activities in response to implementation challenges — rescheduling a training session, adjusting the content of a workshop, reallocating staff time within a work package. Operational adaptation is within the discretion of the project manager and does not require formal approval.

Tactical adaptation involves more significant adjustments to the project's approach — modifying the design of an intervention, shifting resources between work packages, changing the target group for a particular activity. Tactical adaptation may require consultation with the project's steering committee and, if it involves changes to the Description of Action, may require a formal amendment.

Strategic adaptation involves fundamental changes to the project's theory of change — reconceiving the causal logic, redefining the target outcomes, or pivoting to a different intervention approach. Strategic adaptation is rare in EU-funded projects because it typically requires a formal amendment to the grant agreement, which the granting authority may or may not approve.

11.8.3 MEL-Management Integration

The effectiveness of adaptive management depends on the integration of MEL into project governance — ensuring that MEL findings are regularly reviewed by decision-makers and that there are clear processes for translating MEL evidence into management action.

Key integration mechanisms include:

Regular MEL review meetings at which the project team reviews monitoring data, discusses emerging findings, and identifies management implications. These meetings should be scheduled at regular intervals (monthly or quarterly) and should be attended by all key decision-makers.

MEL dashboards that provide real-time or near-real-time visibility of key performance indicators to project managers and steering committee members. Dashboards make monitoring data accessible and actionable, reducing the time between data collection and management response.

Decision logs that document the management decisions made in response to MEL evidence — what decision was made, what evidence it was based on, who made it, and what the expected outcome was. Decision logs create an audit trail of adaptive management that can be reviewed in evaluations and audits.

11.9 MEL Reporting and Communication

11.9.1 MEL Reporting Architecture

MEL reporting in EU-funded projects operates at multiple levels and serves multiple audiences:

Internal reporting provides project management and governance bodies with the performance information they need to make informed decisions. Internal reports are typically more frequent (monthly or quarterly), more detailed, and more candid than external reports — they include early warning signals, emerging problems, and management responses that may not be appropriate for external audiences.

Periodic reports to the granting authority are the formal accountability documents through which the project demonstrates its progress to the granting authority. Periodic reports typically include a technical progress report (describing activities, outputs, and outcomes) and a financial report (documenting expenditure against budget). The format and content of periodic reports are defined by the granting authority and must be submitted through the programme's reporting system (e.g., the Funding & Tenders Portal for Horizon Europe, the SFC2021 system for ESIF).

Evaluation reports present the findings of formal evaluation studies — formative evaluations, summative evaluations, or impact evaluations. Evaluation reports are typically produced by external evaluators and are addressed to the project's steering committee, the granting authority, and other relevant stakeholders.

Learning reports synthesise the lessons learned from monitoring and evaluation activities and communicate them to audiences that can apply those lessons — project teams, partner organisations, the broader professional community, and policymakers.

11.9.2 Writing Effective MEL Reports

Effective MEL reports share several characteristics:

Evidence-based — findings are supported by data, not by assertion. Every claim about project performance should be backed by evidence — quantitative data, qualitative findings, or both.

Balanced — reports present both achievements and challenges, both successes and failures. Reports that present only positive findings are not credible; reports that acknowledge challenges and explain how they are being addressed demonstrate management competence and build trust with the granting authority.

Analytical — reports go beyond description to analysis. They do not just report what happened; they explain why it happened, what it means, and what implications it has for future project management.

Actionable — reports include clear recommendations that can be acted upon by the relevant decision-makers. Recommendations should be specific, realistic, and prioritised.

Accessible — reports are written in clear, plain language that is accessible to non-specialist readers. Technical jargon should be avoided or explained; complex data should be presented through visualisations that make patterns and trends immediately apparent.

11.9.3 Data Visualisation for MEL Communication

Data visualisation is a powerful tool for communicating MEL findings to diverse audiences. Well-designed visualisations make complex data immediately comprehensible, highlight key patterns and trends, and enable comparisons that would be difficult to grasp from tables of numbers.

Progress charts — bar charts, line graphs, or gauge charts — show progress against targets for key indicators, making it immediately clear which indicators are on track and which are falling short.

Results chains — visual representations of the theory of change — show how project activities are connected to outputs, outcomes, and impacts, providing a framework for interpreting performance data.

Heat maps — colour-coded matrices — show the distribution of performance across multiple indicators and time periods, enabling rapid identification of areas of strength and weakness.

Geographic maps — showing the distribution of project activities, participants, or outcomes across geographic areas — are particularly useful for projects with a spatial dimension.

Dashboards — integrated displays of multiple performance indicators — provide a real-time overview of project performance that can be accessed by project managers and governance bodies at any time.

11.10 Institutional MEL Capacity

11.10.1 Dimensions of Institutional MEL Capacity

Institutional MEL capacity is the ability of an organisation to conduct high-quality MEL across its EU-funded project portfolio — not just in individual projects, but systematically and consistently. Institutional MEL capacity has several dimensions:

Human capacity — the MEL knowledge, skills, and competencies of the organisation's staff. Human capacity includes both specialist MEL expertise (held by dedicated MEL staff or consultants) and general MEL literacy (the ability of all project staff to understand and use MEL data in their work).

Systems capacity — the organisational systems and processes that support MEL practice. Systems capacity includes data management systems, reporting templates, quality assurance processes, and knowledge management systems.

Financial capacity — the resources allocated to MEL activities. Organisations that systematically underinvest in MEL — treating it as an overhead to be minimised rather than an investment in performance — will consistently produce low-quality MEL that fails to serve either accountability or learning purposes.

Organisational culture — the values, norms, and behaviours that shape how MEL is practised in the organisation. A learning culture — one that values evidence, encourages reflection, tolerates failure as a source of learning, and rewards the use of MEL evidence in decision-making — is the foundation of effective institutional MEL capacity.

Leadership commitment — the active support of senior leadership for MEL practice. Leaders who visibly value MEL, who use MEL evidence in their own decision-making, and who allocate adequate resources to MEL send a powerful signal about the organisation's commitment to evidence-based management.

11.10.2 Building MEL Capacity

Building institutional MEL capacity is a long-term investment that requires sustained commitment across multiple dimensions:

Staff development involves building MEL knowledge and skills through training, mentoring, and practical experience. MEL training should be tailored to different staff roles — project managers need different MEL skills than financial managers or communications staff — and should be reinforced through on-the-job application.

System development involves designing and implementing the organisational systems that support MEL practice — data management systems, reporting templates, quality assurance processes, and knowledge management systems. System development requires investment in both technology and process design.

Policy development involves establishing organisational policies that embed MEL in project management practice — requiring MEL frameworks in all project proposals, allocating minimum MEL budgets, mandating lessons-learned processes, and establishing quality standards for MEL products.

Culture change involves shifting organisational norms and behaviours to support a learning culture. Culture change is the most challenging dimension of MEL capacity building — it requires sustained leadership commitment, visible role modelling, and the creation of safe spaces for honest reflection on failure and underperformance.

11.10.3 MEL Governance

MEL governance refers to the organisational structures and processes through which MEL is managed, overseen, and integrated into decision-making at the institutional level.

MEL function — a dedicated MEL unit or team that provides specialist MEL expertise, develops and maintains MEL systems, supports project teams in MEL practice, and synthesises MEL findings across the organisation's project portfolio.

MEL policy — a formal organisational policy that defines MEL standards, requirements, and processes for all EU-funded projects. The MEL policy should specify minimum MEL requirements for projects of different sizes and types, quality standards for MEL products, and processes for capturing and applying lessons learned.

Portfolio-level MEL — the practice of synthesising MEL findings across multiple projects to generate insights about the organisation's overall performance, identify cross-cutting lessons, and inform strategic decisions about the organisation's EU funding portfolio.

External MEL review — the periodic commissioning of external reviews of the organisation's MEL practice, to assess quality, identify gaps, and generate recommendations for improvement. External MEL reviews provide an independent perspective that internal reviews cannot provide.

11.11 MEL in Multi-Partner Consortia

11.11.1 MEL Coordination Challenges

MEL in multi-partner consortia presents specific challenges that do not arise in single-organisation projects:

Data consistency — ensuring that all partners collect data using the same definitions, instruments, and protocols, so that data can be aggregated across the consortium. Without consistent data collection, it is impossible to produce reliable consortium-level performance reports.

Data quality variation — different partners may have different levels of MEL capacity, leading to variation in the quality of data they contribute to the consortium's monitoring system. Partners with limited MEL capacity may produce incomplete, inaccurate, or untimely data that undermines the quality of consortium-level reporting.

Attribution — in multi-partner projects, it can be difficult to attribute observed outcomes to the contributions of specific partners. This attribution challenge complicates both performance reporting (which partner is responsible for which results?) and learning (which partner's approach is most effective?).

Coordination overhead — coordinating MEL across multiple partners requires significant management effort — developing shared MEL frameworks, training partner staff, collecting and validating partner data, and integrating partner-level findings into consortium-level reports.

Confidentiality and data sharing — partners may have concerns about sharing sensitive data — particularly data about their own performance — with other consortium members. MEL coordination frameworks must address these concerns through clear data governance agreements.

11.11.2 MEL Coordination Framework

An effective MEL coordination framework for a multi-partner consortium comprises:

Shared MEL framework — a consortium-level MEL framework that defines the shared indicators, data collection protocols, reporting templates, and quality standards that all partners are required to follow. The shared MEL framework should be developed collaboratively at the project inception stage, with input from all partners.

Partner MEL responsibilities — a clear allocation of MEL responsibilities across consortium partners, specifying which partner is responsible for collecting which data, at what frequency, and in what format. MEL responsibilities should be documented in the Consortium Agreement and reflected in partner work plans.

Data collection templates — standardised templates for data collection that ensure consistency across partners. Templates should be designed to be as simple as possible while capturing the data needed for consortium-level reporting.

Data validation process — a process for validating partner-submitted data before it is incorporated into consortium-level reports. Data validation should check for completeness, consistency, and plausibility, and should include a feedback mechanism for resolving data quality issues with partners.

MEL reporting calendar — a shared calendar that defines the deadlines for partner data submission, consortium-level data aggregation, and report preparation. The MEL reporting calendar should be aligned with the programme's reporting cycle to ensure that consortium-level reports can be prepared on time.

Consortium MEL meetings — regular meetings of partner MEL focal points to review monitoring data, discuss emerging findings, share lessons learned, and coordinate adaptive management responses. Consortium MEL meetings should be scheduled at regular intervals and should be attended by all partners.

DOMAIN 12

Strategic Funding Management and Institutional Capacity

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

DOMAIN OVERVIEW

Strategic Funding Management and Institutional Capacity is the domain that elevates EU funding from a project-by-project activity to an organisational capability — a sustained, strategically directed competence through which institutions systematically access, manage, and leverage EU funding in pursuit of their long-term missions. It is the domain that distinguishes organisations that occasionally win EU grants from organisations that have built EU funding into the fabric of their strategic planning, operational systems, and professional culture.

The distinction matters profoundly. Organisations that approach EU funding reactively — responding to calls as they appear, assembling proposals under time pressure, managing projects in isolation from each other and from institutional strategy — consistently underperform relative to their potential. They win fewer grants than their capabilities warrant, manage those they win less effectively than they could, and fail to capture the full value — financial, reputational, relational, and intellectual — that EU funding can generate. Organisations that approach EU funding strategically — aligning their funding activities with institutional priorities, building systematic intelligence about the funding landscape, developing and maintaining a portfolio of projects, investing in the people and systems that support high-quality EU funding practice — consistently outperform their reactive peers.

This domain addresses the full range of capabilities that distinguish strategically capable EU funding organisations: the ability to develop and execute a coherent institutional funding strategy; to manage a portfolio of EU-funded projects as an integrated whole; to build and sustain the human, organisational, and technological capacities that underpin effective EU funding practice; to engage with EU policy processes and shape the funding landscape in which the organisation operates; to develop and maintain the partnerships and networks that are essential to success in collaborative EU funding programmes; and to lead the organisational change processes through which EU funding capabilities are built and sustained over time.

This domain is the capstone of the EFG BoK. It draws on and integrates knowledge from all preceding domains — the funding landscape (Domain 1), legal and regulatory frameworks (Domain 2), opportunity identification (Domain 3), proposal development (Domain 4), budget management (Domain 5), consortium building (Domain 6), grant management (Domain 7), financial management (Domain 8), compliance (Domain 9), dissemination and exploitation (Domain 10), and monitoring and evaluation (Domain 11) — and situates that knowledge within the strategic and institutional context that gives it meaning and direction. Practitioners who master this domain are equipped not merely to manage individual EU-funded projects, but to lead the development of their organisations' EU funding capabilities and to position their institutions as strategic actors in the European research, innovation, and development landscape.

LEARNING OUTCOMES

Upon completing this domain, the learner will be able to:

LO12.1 — Develop and implement a comprehensive institutional EU funding strategy that aligns funding activities with organisational mission, priorities, and capabilities, and that positions the institution for sustained success in the EU funding landscape.
LO12.2 — Manage a portfolio of EU-funded projects as a strategic asset, applying portfolio management principles to optimise resource allocation, manage interdependencies, balance risk and opportunity, and maximise the institutional value of the funding portfolio.

LO12.3 — Design and implement organisational capacity-building programmes that develop the human, systemic, and cultural capabilities required for high-quality EU funding practice across the institution.
LO12.4 — Develop and manage institutional knowledge management systems that capture, organise, and apply the knowledge generated by EU funding activities — including lessons learned, best practices, templates, and expertise directories.
LO12.5 — Design and execute stakeholder and relationship management strategies that build and sustain the institutional relationships — with EU institutions, national authorities, funding bodies, partner organisations, and professional networks — that are essential to strategic EU funding success.
LO12.6 — Engage strategically with EU policy processes — including consultations, expert groups, advisory bodies, and policy dialogues — to shape the funding landscape in which the institution operates and to position the institution as a thought leader in its domain.
LO12.7 — Design and implement funding intelligence systems that provide timely, accurate, and actionable intelligence about the EU funding landscape — including upcoming calls, programme priorities, policy developments, and competitor activities.
LO12.8 — Establish and manage institutional governance frameworks for EU funding — including policies, procedures, delegated authorities, quality assurance systems, and reporting mechanisms — that ensure effective oversight and accountability.
LO12.9 — Lead organisational change processes that build EU funding capabilities, overcome institutional barriers, and embed a culture of excellence in EU funding practice across the institution.
LO12.10 — Develop and manage strategic partnerships and networks that enhance the institution's EU funding capabilities, expand its access to opportunities, and strengthen its position in the European research and innovation ecosystem.
LO12.11 — Lead the digital transformation of EU funding management, identifying and implementing digital tools and systems that enhance efficiency, quality, and strategic intelligence across the full EU funding lifecycle.
LO12.12 — Design and implement professional development and Continuing Professional Development (CPD) frameworks that build and sustain EU funding competencies across the institution, and that support the career development of EU funding professionals.

Certification Level Mapping

LO	EFGAC (Associate)	EFGPC (Practitioner)	EFGProC (Professional)
LO12.1	Awareness — describe components of an institutional EU funding strategy	Applied — contribute to the development and implementation of a funding strategy	Strategic — lead the development and execution of a comprehensive institutional funding strategy
LO12.2	Awareness — describe portfolio management concepts and their application to EU funding	Applied — contribute to portfolio management; manage individual projects within a portfolio context	Strategic — design and lead portfolio management systems; advise on portfolio-level decisions
LO12.3	Awareness — describe organisational capacity-building approaches for EU funding	Applied — contribute to capacity-building initiatives; identify own development needs	Strategic — design and lead institutional capacity-building programmes
LO12.4	Awareness — describe knowledge management principles and their application to EU funding	Applied — contribute to knowledge management systems; document and share lessons learned	Strategic — design and implement institutional knowledge management systems
LO12.5	Awareness — describe stakeholder and relationship management principles	Applied — manage relationships with key stakeholders; represent the institution in external forums	Strategic — design and lead institutional stakeholder and relationship management strategies

LO12.6	Awareness — describe EU policy engagement mechanisms and their relevance to funding	Applied — participate in policy consultations; contribute to policy engagement activities	Strategic — lead EU policy engagement; represent the institution in EU policy processes
LO12.7	Awareness — describe funding intelligence concepts and information sources	Applied — use funding intelligence systems; contribute to intelligence gathering	Strategic — design and implement institutional funding intelligence systems
LO12.8	Awareness — describe institutional governance requirements for EU funding	Applied — operate within institutional governance frameworks; contribute to governance processes	Strategic — design and implement institutional governance frameworks for EU funding
LO12.9	Awareness — describe change management principles and their application to EU funding	Applied — contribute to change management initiatives; support colleagues through change	Strategic — lead organisational change processes to build EU funding capabilities
LO12.10	Awareness — describe strategic partnership and network development principles	Applied — contribute to partnership development; manage relationships with consortium partners	Strategic — develop and manage strategic partnerships and networks at institutional level
LO12.11	Awareness — describe digital transformation concepts and their application to EU funding	Applied — use digital tools effectively; contribute to digital transformation initiatives	Strategic — lead digital transformation of EU funding management; select and implement technology solutions
LO12.12	Awareness — describe CPD frameworks and their relevance to EU funding professionals	Applied — manage own CPD; contribute to team development activities	Strategic — design and implement institutional CPD frameworks for EU funding professionals

12.1 The Strategic Funding Management Framework

12.1.1 From Project Management to Strategic Funding Management

The evolution from project-level EU funding management to strategic funding management represents a fundamental shift in perspective, scope, and ambition. Project-level management focuses on the successful delivery of individual grants — winning proposals, managing implementation, achieving outputs, and complying with reporting requirements. Strategic funding management focuses on the institution's EU funding capability as a whole — its ability to access the right funding, at the right time, for the right purposes, and to manage that funding in a way that maximises institutional value.

This shift has several dimensions:

From reactive to proactive — strategic funding management anticipates the funding landscape rather than responding to it. It involves systematic intelligence gathering, long-term planning, and the deliberate positioning of the institution to be competitive for the opportunities that matter most.

From individual to portfolio — strategic funding management treats the institution's EU-funded projects as a portfolio to be managed as an integrated whole, not as a collection of independent activities. Portfolio management enables the institution to optimise resource allocation, manage interdependencies, balance risk and opportunity, and maximise the collective value of its funding activities.

From operational to strategic — strategic funding management connects EU funding activities to the institution's broader strategic priorities. It asks not just "can we win this grant?" but "should we pursue this grant, given our strategic priorities, our capabilities, and the opportunity cost of the resources required?"

From individual to institutional — strategic funding management is concerned with building institutional capabilities, not just individual competencies. It involves developing the systems, processes, policies, and culture that enable the institution to sustain high-quality EU funding practice over time, regardless of staff turnover or changes in the funding landscape.

12.1.2 The Strategic Funding Management Cycle

Strategic funding management operates through a continuous cycle of planning, implementation, monitoring, and review:

Strategic planning involves defining the institution's EU funding ambitions — what it wants to achieve through EU funding, which programmes and priorities it will target, what level of EU funding income it aims to generate, and what capabilities it needs to build to achieve its ambitions. Strategic planning produces the institutional funding strategy that guides all subsequent funding activities.

Intelligence and opportunity identification involves the systematic scanning of the EU funding landscape to identify opportunities that are aligned with the institution's strategic priorities and capabilities. Intelligence gathering feeds the strategic planning process and enables the institution to position itself for upcoming opportunities well in advance of call publication.

Portfolio development involves the active management of the institution's pipeline of EU funding opportunities — from early-stage intelligence through proposal development to grant award. Portfolio development ensures that the institution is pursuing the right mix of opportunities at any given time, and that resources are allocated to the proposals with the highest strategic value and probability of success.

Project implementation and management involves the delivery of funded projects in accordance with grant agreement requirements and institutional standards. At the strategic level, implementation management focuses on portfolio-level performance — ensuring that the institution's funded projects are collectively delivering the outcomes and impacts that justify the investment of institutional resources.

Learning and improvement involves the systematic capture and application of lessons from the institution's EU funding experience — what worked, what did not work, why, and what should be done differently in future. Learning and improvement close the strategic management cycle, feeding insights back into strategic planning and capability development.

12.1.3 Strategic Alignment

The foundation of strategic funding management is alignment — the coherent connection between the institution's EU funding activities and its broader strategic priorities. Without alignment, EU funding becomes an end in itself rather than a means to institutional mission — a source of income and activity that may or may not contribute to what the institution is trying to achieve.

Achieving strategic alignment requires:

Mission clarity — a clear articulation of what the institution exists to do, what it is trying to achieve, and what values guide its activities. Mission clarity provides the reference point against which funding opportunities are evaluated.

Strategic priority mapping — the identification of the institution's strategic priorities and their translation into EU funding terms. Which EU programmes and priorities are most relevant to the institution's mission? Which calls offer the best opportunities to advance institutional priorities? Which partnerships would most strengthen the institution's strategic position?

Opportunity filtering — the application of strategic criteria to funding opportunities, to distinguish between opportunities that are genuinely aligned with institutional priorities and those that are merely available. Not every fundable opportunity is worth pursuing; strategic

funding management involves the discipline to say no to opportunities that do not advance institutional priorities, even when they might be winnable.

Resource alignment — the allocation of institutional resources — staff time, financial contributions, infrastructure — to EU funding activities in proportion to their strategic importance. Resource alignment requires active management to prevent the most visible or most urgent opportunities from crowding out the most strategically important ones.

12.2 Institutional Funding Strategy

12.2.1 Components of an Institutional Funding Strategy

An institutional EU funding strategy is a formal document that articulates the institution's ambitions, priorities, and approach to EU funding over a defined time horizon — typically aligned with the EU's Multiannual Financial Framework (MFF) cycle of 7 years. A comprehensive institutional funding strategy comprises:

Strategic context — an analysis of the institution's mission, strategic priorities, and competitive position in the EU funding landscape. The strategic context section situates the funding strategy within the institution's broader strategic framework and explains why EU funding is important to the institution's mission.

Funding landscape analysis — an assessment of the EU funding programmes, priorities, and calls that are most relevant to the institution's strategic priorities. The landscape analysis identifies the opportunities that the institution will target, the competitors it will face, and the trends that will shape the funding environment over the strategy period.

Strategic objectives — the specific, measurable outcomes that the institution aims to achieve through EU funding over the strategy period. Strategic objectives might include targets for EU funding income, success rates, portfolio size, programme diversity, partnership development, or institutional capacity building.

Target programmes and priorities — the specific EU programmes, funding lines, and thematic priorities that the institution will focus its EU funding efforts on. Target programme selection should be based on strategic alignment, competitive advantage, and institutional capability.

Capability development plan — the investments in human, systemic, and cultural capabilities that the institution will make to achieve its strategic objectives. The capability development plan identifies current capability gaps, defines the investments needed to close them, and specifies the timeline and resources for capability development.

Governance and accountability — the institutional governance arrangements through which the funding strategy will be implemented, monitored, and reviewed. Governance arrangements should include clear accountability for strategy implementation, regular performance review, and a defined process for strategy revision.

12.2.2 Developing the Institutional Funding Strategy

Developing an effective institutional funding strategy requires a structured process that engages key stakeholders, draws on robust evidence, and produces a document that is both ambitious and realistic:

Stakeholder engagement — the strategy development process should engage the full range of institutional stakeholders who have a role in EU funding — researchers, project managers, finance staff, legal advisers, senior leadership, and external partners. Stakeholder engagement ensures that the strategy reflects the institution's actual capabilities and priorities, and builds the ownership needed for effective implementation.

Environmental scanning — the strategy should be grounded in a thorough analysis of the external environment — the EU funding landscape, programme priorities, policy trends, and competitive dynamics — and the internal environment — the institution's capabilities, track record, resources, and strategic priorities. Environmental scanning tools such as SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and PESTLE analysis (Political, Economic, Social, Technological, Legal, Environmental) can structure this analysis.

Gap analysis — the strategy development process should identify the gaps between the institution's current EU funding performance and its strategic ambitions, and between its current capabilities and the capabilities needed to achieve those ambitions. Gap analysis provides the foundation for the capability development plan.

Scenario planning — given the uncertainty of the EU funding landscape over a 7-year horizon, the strategy should be developed with reference to multiple scenarios — different assumptions about programme priorities, budget levels, policy directions, and competitive dynamics. Scenario planning enables the institution to develop a strategy that is robust across a range of possible futures, rather than optimised for a single assumed future.

12.2.3 Strategy Implementation and Review

A funding strategy that is developed but not implemented is a document, not a strategy. Effective strategy implementation requires:

Action planning — the translation of strategic objectives into specific, time-bound action plans that assign responsibilities, define milestones, and allocate resources. Action plans bridge the gap between strategic intent and operational activity.

Performance monitoring — the regular tracking of progress against strategic objectives, using a defined set of key performance indicators (KPIs) that measure both activity (proposals submitted, partnerships developed) and outcomes (grants awarded, funding income generated, strategic objectives achieved).

Regular review — the periodic reassessment of the strategy in light of performance data, changes in the funding landscape, and shifts in institutional priorities. Strategy review should be built into the institutional calendar — typically annually for operational review and every 3–4 years for strategic review.

Leadership commitment — the visible, sustained commitment of senior institutional leadership to the funding strategy. Leadership commitment signals to the institution that EU funding is a strategic priority, not just an administrative function, and creates the organisational conditions for effective strategy implementation.

12.3 Portfolio Management

12.3.1 The EU Funding Portfolio

A portfolio, in the EU funding context, is the institution's complete set of EU-funded projects at any given time — across all programmes, all thematic areas, all stages of the project lifecycle, and all partnership configurations. Portfolio management is the practice of managing this set of projects as an integrated whole, rather than as a collection of independent activities.

Portfolio management serves several purposes:

Resource optimisation — managing the portfolio as a whole enables the institution to allocate its limited resources (staff time, financial contributions, infrastructure) to the projects and opportunities that offer the greatest strategic value, rather than allowing resources to be absorbed by the most visible or most urgent demands.

Risk management — a well-managed portfolio balances risk across different programmes, thematic areas, partnership configurations, and project stages. Portfolio-level risk management identifies concentrations of risk — too many projects in a single programme, too many projects at the same stage of the lifecycle, too much dependence on a single partner — and takes action to diversify.

Interdependency management — projects within a portfolio are rarely independent. They may share staff, infrastructure, or data; they may be building on each other's results; they may be targeting the same stakeholders or policy processes. Portfolio management identifies and manages these interdependencies, ensuring that synergies are captured and conflicts are avoided.

Strategic coherence — portfolio management ensures that the institution's funded projects collectively advance its strategic priorities, rather than pulling in different directions. Strategic coherence requires active management to prevent the portfolio from drifting away from institutional priorities as individual projects respond to their own internal logic.

12.3.2 Portfolio Analysis Tools

Portfolio analysis tools provide structured frameworks for assessing the composition and performance of the institution's EU funding portfolio:

Portfolio mapping — the visual representation of the portfolio across two or more dimensions — programme, thematic area, project stage, strategic priority, risk level, resource intensity — that enables patterns, concentrations, and gaps to be identified at a glance. Portfolio maps are typically presented as bubble charts, matrices, or heat maps.

Portfolio balance analysis — the assessment of the portfolio's balance across key dimensions: balance between large and small projects, between established and new programmes, between high-risk/high-reward and lower-risk/lower-reward opportunities, between projects at different stages of the lifecycle. A well-balanced portfolio provides a mix of short-term income security and long-term strategic development.

Portfolio performance analysis — the assessment of the portfolio's collective performance against strategic objectives — total funding income, success rates by programme, average project size, portfolio growth rate, geographic and thematic diversity. Portfolio performance analysis identifies trends and patterns that are not visible at the individual project level.

Resource utilisation analysis — the assessment of how institutional resources are distributed across the portfolio — which projects are consuming the most staff time, which are generating the most income per unit of resource invested, which are creating the most strategic value. Resource utilisation analysis enables informed decisions about resource reallocation.

12.3.3 Pipeline Management

The funding pipeline is the institution's forward-looking view of its EU funding opportunities — from early-stage intelligence about upcoming calls, through proposals under development, to submitted proposals awaiting decision. Pipeline management is the practice of actively managing this pipeline to ensure a steady flow of high-quality proposals and a sustainable level of funded project activity.

Effective pipeline management involves:

Pipeline visibility — maintaining a comprehensive, up-to-date view of all opportunities in the pipeline, at all stages of development. Pipeline visibility requires a systematic approach to intelligence gathering, opportunity tracking, and proposal status monitoring.

Pipeline balance — ensuring that the pipeline contains an appropriate mix of opportunities at different stages of development — enough early-stage opportunities to sustain the pipeline over time, enough proposals under development to maintain submission activity, and enough submitted proposals to generate a steady flow of grant awards.

Go/no-go discipline — applying rigorous go/no-go criteria to opportunities at key decision points in the pipeline, to ensure that resources are concentrated on the proposals with the highest strategic value and probability of success. Go/no-go discipline requires the institutional courage to decline opportunities that are available but not strategically aligned or competitively viable.

Pipeline review — regular review of the pipeline by senior management to assess its health, identify bottlenecks, and make resource allocation decisions. Pipeline review should be a standing item on the agenda of the institution's EU funding governance body.

12.4 Organisational Capacity Building

12.4.1 Dimensions of EU Funding Capacity

Organisational capacity for EU funding comprises multiple, interconnected dimensions that must be developed in a coordinated way:

Human capacity is the knowledge, skills, and competencies of the institution's staff — not just specialist EU funding professionals, but all staff who play a role in EU funding activities, including researchers, project managers, finance staff, legal advisers, communications staff, and senior leaders. Human capacity is the foundation of all other capacity dimensions: systems and processes are only as effective as the people who use them.

Structural capacity is the organisational structures, roles, and responsibilities that support EU funding practice — the EU funding office or research office, the project management function, the financial management function, the legal and compliance function, and the governance bodies that oversee EU funding activities. Structural capacity provides the organisational framework within which human capacity is deployed.

Process capacity is the documented processes, procedures, and workflows that guide EU funding activities — from opportunity identification through proposal development, grant management, financial reporting, and project closeout. Process capacity ensures consistency, quality, and compliance across the institution's EU funding activities, regardless of which individuals are involved.

Technological capacity is the digital tools and systems that support EU funding practice — project management information systems, financial management systems, document management systems, data analytics tools, and communication platforms. Technological capacity amplifies human capacity by automating routine tasks, enabling data-driven decision-making, and facilitating collaboration across distributed teams.

Cultural capacity is the values, norms, and behaviours that shape how EU funding is approached across the institution — the degree to which EU funding is seen as a strategic priority, the extent to which a culture of excellence and continuous improvement pervades EU funding practice, and the degree to which learning from experience is valued and practised. Cultural capacity is the most difficult dimension to build and the most powerful when it is present.

12.4.2 Capacity Assessment

Before investing in capacity building, institutions need to understand their current capacity — its strengths, weaknesses, and gaps. Capacity assessment tools provide structured frameworks for this analysis:

Capability maturity models assess the institution's EU funding capabilities against a defined maturity scale — typically ranging from Level 1 (ad hoc, reactive) to Level 5 (optimised, continuously improving). Maturity models provide a structured framework for identifying capability gaps and prioritising capacity-building investments.

Skills audits assess the EU funding knowledge and skills of individual staff members, identifying gaps between current competencies and the competencies required for effective EU funding practice. Skills audits provide the foundation for targeted training and development plans.

Process audits assess the quality and consistency of the institution's EU funding processes — identifying processes that are missing, poorly documented, inconsistently applied, or ineffective. Process audits provide the foundation for process improvement initiatives.

Benchmarking compares the institution's EU funding performance and capabilities against peer institutions — similar organisations in the same sector, country, or programme area. Benchmarking identifies performance gaps and provides evidence of what is achievable, drawing on the experience of comparable organisations.

12.4.3 Capacity Building Strategies

Capacity building strategies should be tailored to the institution's specific capability gaps, resources, and context:

Training and development — formal training programmes, workshops, online courses, and coaching that build EU funding knowledge and skills. Training should be targeted at specific capability gaps, tailored to different staff roles, and reinforced through on-the-job application.

Mentoring and coaching — one-to-one or small-group support from experienced EU funding professionals that builds practical competencies through guided experience. Mentoring is particularly effective for developing the judgement and contextual knowledge that formal training cannot easily convey.

Process improvement — the redesign and documentation of EU funding processes to improve their quality, consistency, and efficiency. Process improvement initiatives should be based on evidence from process audits and should involve the staff who use the processes in their redesign.

System implementation — the selection and implementation of digital tools and systems that support EU funding practice. System implementation should be driven by identified capability gaps, not by technology availability, and should be accompanied by adequate training and change management support.

Organisational restructuring — changes to the institution's organisational structure, roles, and responsibilities to better support EU funding practice. Restructuring may involve creating a dedicated EU funding office, establishing a project management function, or reconfiguring the relationship between research and administrative functions.

12.5 Knowledge Management for EU Funding

12.5.1 The Knowledge Assets of EU Funding Practice

EU funding practice generates a rich body of knowledge — about the funding landscape, about effective proposal writing, about project management approaches, about compliance requirements, about partnership dynamics, and about what works and what does not in different programme and thematic contexts. This knowledge is a strategic asset: institutions that systematically capture, organise, and apply it have a significant competitive advantage over those that allow it to dissipate through staff turnover, project completion, and organisational forgetting.

EU funding knowledge assets include:

Explicit knowledge — documented knowledge that can be captured in written form: successful proposals, project reports, lessons-learned documents, process guides, templates, checklists, and training materials. Explicit knowledge is relatively easy to capture and share, but it requires active management to remain current, accessible, and useful.

Tacit knowledge — experiential knowledge that resides in the minds of experienced practitioners: the judgement to assess a funding opportunity's strategic fit, the skill to write a compelling impact narrative, the ability to navigate a complex consortium dynamic, the intuition to identify a compliance risk before it becomes a problem. Tacit knowledge is more difficult to capture and share than explicit knowledge, but it is often more valuable.

Relational knowledge — knowledge about people and relationships: who the key contacts are in EU institutions and national agencies, which partners are reliable and which are not, which evaluators are active in which programme areas, which policy actors are influential in which domains. Relational knowledge is embedded in the institution's networks and relationships, and is lost when key staff leave.

12.5.2 Knowledge Management Systems

A knowledge management system for EU funding is the organised set of processes, tools, and responsibilities through which the institution's EU funding knowledge assets are captured, organised, maintained, and made accessible:

Proposal library — a searchable repository of the institution's submitted proposals, organised by programme, thematic area, success/failure status, and key characteristics. The proposal library enables proposal writers to learn from previous submissions — drawing on successful sections, avoiding approaches that have been criticised by evaluators, and building on the institution's accumulated proposal-writing expertise.

Lessons-learned database — a structured repository of lessons learned from the institution's EU funding experience, organised by project stage, programme, thematic area, and lesson type. The lessons-learned database is only valuable if it is actively used — if lessons are consulted at the start of new projects and proposals, and if the database is regularly updated with new lessons.

Template and tool library — a repository of templates, checklists, and tools that support EU funding practice — proposal templates, budget templates, consortium agreement templates, reporting templates, risk registers, and quality checklists. Templates and tools reduce the time required for routine tasks and ensure consistency and quality across the institution's EU funding activities.

Expertise directory — a searchable directory of the institution's EU funding expertise — who has experience with which programmes, who has expertise in which thematic areas, who has managed which types of projects, who has relationships with which partners. The expertise directory enables the institution to identify and mobilise internal expertise quickly when new opportunities arise.

Contact management system — a structured database of the institution's EU funding contacts — EU institution staff, national agency staff, partner organisation contacts, policy actors, and professional network contacts. Contact management systems ensure that institutional relationships are not lost when individual staff members leave.

12.5.3 Knowledge Transfer and Succession Planning

Knowledge transfer is the process through which EU funding knowledge is transferred from experienced practitioners to less experienced colleagues — ensuring that institutional knowledge is not lost through staff turnover, retirement, or role changes. Knowledge transfer is a critical component of institutional resilience: organisations that depend on the knowledge of a small number of key individuals are vulnerable to sudden capability loss.

Knowledge transfer mechanisms include:

Structured handover processes — documented processes for transferring knowledge and responsibilities when staff members leave or change roles. Handover processes should include the transfer of explicit knowledge (documents, contacts, ongoing commitments) and tacit knowledge (contextual understanding, relationship history, institutional memory).

Shadowing and apprenticeship — the pairing of less experienced staff with experienced practitioners to enable knowledge transfer through observation and guided practice. Shadowing is particularly effective for transferring tacit knowledge that is difficult to document.

Documentation requirements — institutional policies that require staff to document their EU funding knowledge — in lessons-learned reports, process guides, contact records, and other knowledge products — as a routine part of their work, rather than as a special activity triggered by departure.

Communities of practice — ongoing networks of EU funding practitioners within the institution that provide a forum for knowledge sharing, peer learning, and collective problem-solving. Communities of practice are particularly effective for sustaining tacit knowledge transfer over time.

12.6 Stakeholder and Relationship Management

12.6.1 The EU Funding Stakeholder Landscape

Strategic EU funding management requires the active cultivation of relationships across a complex stakeholder landscape:

EU institutions — the European Commission (DGs, Executive Agencies, Project Officers), the European Parliament (relevant committees and MEPs), the European Council, and the Court of Auditors. Relationships with EU institutions provide intelligence about programme priorities and policy directions, access to consultation processes, and the credibility that comes from being known and respected by programme managers.

National and regional authorities — national contact points (NCPs), managing authorities, intermediate bodies, national funding agencies, and government ministries. Relationships with national authorities provide intelligence about national programme priorities, access to co-funding opportunities, and support for navigating national-level compliance requirements.

Partner organisations — universities, research institutes, companies, NGOs, public authorities, and other organisations that are current or potential consortium partners. Relationships with partner organisations are the foundation of the institution's consortium-building capability — the ability to assemble competitive, high-quality consortia quickly when opportunities arise.

Professional networks and associations — EU funding professional associations, thematic networks, programme-specific communities of practice, and sector associations. Professional networks provide intelligence, peer learning opportunities, and access to potential partners.

Policymakers and policy influencers — national and EU policymakers, think tanks, advocacy organisations, and other actors who shape the policy environment in which EU funding programmes operate. Relationships with policymakers enable the institution to engage in policy processes that shape the funding landscape.

12.6.2 Relationship Management Strategy

A relationship management strategy defines the institution's approach to developing and maintaining its key EU funding relationships:

Relationship mapping — the identification and prioritisation of the institution's key EU funding relationships, based on their strategic importance, current strength, and development potential. Relationship mapping provides the foundation for targeted relationship development activities.

Relationship development plans — for the institution's most strategically important relationships, specific plans that define the relationship objectives, the key contacts, the engagement activities, and the resources to be invested. Relationship development plans ensure that important relationships receive the attention they deserve.

Relationship maintenance — the ongoing activities through which existing relationships are sustained — regular communication, participation in shared events, collaborative activities, and the reciprocal exchange of value that keeps relationships alive. Relationship maintenance requires sustained effort: relationships that are not actively maintained tend to atrophy.

Relationship governance — the institutional arrangements through which relationships are managed — who is responsible for which relationships, how relationship activities are coordinated across the institution, and how relationship intelligence is captured and shared. Relationship governance prevents the fragmentation of institutional relationships across multiple individuals and departments.

12.6.3 Representing the Institution in External Forums

Senior EU funding professionals are frequently called upon to represent their institutions in external forums — programme committees, expert groups, advisory boards, professional associations, and policy dialogues. Effective institutional representation requires:

Preparation — thorough preparation for each external engagement, including understanding the forum's purpose and dynamics, the institution's interests and positions, and the positions of other participants.

Mandate clarity — a clear understanding of what the institution wants to achieve through the engagement, what positions it is authorised to take, and what commitments it is authorised to make.

Active participation — constructive, well-informed participation that advances the institution's interests while contributing to the collective work of the forum. Passive attendance at external forums generates no value; active, well-prepared participation builds reputation and influence.

Feedback and reporting — systematic reporting back to the institution on the outcomes of external engagements, including intelligence gathered, positions taken, commitments made, and follow-up actions required.

12.7 EU Policy Engagement

12.7.1 The Policy-Funding Nexus

EU funding programmes are instruments of EU policy — they are designed to advance specific policy objectives, and their priorities, rules, and evaluation criteria reflect the policy priorities of the EU institutions at any given time. Understanding the policy context of EU funding is therefore essential to strategic funding management: institutions that understand the policy landscape are better positioned to align their proposals with programme priorities, to anticipate changes in funding priorities, and to engage with the policy processes that shape the funding environment.

The policy-funding nexus operates at multiple levels:

Programme design — EU funding programmes are designed through legislative processes that involve the European Commission, the European Parliament, and the Council of the EU. The design of a programme — its objectives, priorities, budget, and rules — reflects the policy priorities of the EU institutions at the time of design. Institutions that engage in programme design processes can influence the priorities and rules that will govern funding for the next 7 years.

Work programme development — within the framework established by the programme regulation, the European Commission develops annual or multi-annual work programmes that define the specific calls, topics, and budgets for each funding cycle. Work programme development involves extensive consultation with stakeholders — through expert groups, advisory boards, and public consultations — that provide opportunities for institutional influence.

Call design — individual calls are designed by Commission officials and Executive Agency staff, drawing on the work programme and on input from expert groups and stakeholders. Institutions that have relationships with programme managers and that participate in relevant expert groups can provide input to call design that shapes the topics, eligibility criteria, and evaluation criteria of specific calls.

12.7.2 Policy Engagement Mechanisms

EU policy engagement mechanisms available to institutions include:

Public consultations — the European Commission regularly conducts public consultations on policy initiatives, programme evaluations, and work programme priorities. Responding to consultations is a low-cost, high-legitimacy form of policy engagement that enables institutions to put their views on record and to influence policy development.

Expert groups — the Commission maintains hundreds of expert groups that provide advice on policy development and programme management. Membership of relevant expert groups provides direct access to policy processes and programme management, and enables institutions to shape priorities and rules from the inside.

Advisory boards and programme committees — many EU funding programmes have advisory boards or programme committees that involve stakeholder representatives in programme governance. Membership of these bodies provides intelligence, influence, and credibility.

Policy dialogues and conferences — EU institutions regularly organise policy dialogues, conferences, and workshops that bring together policymakers, researchers, practitioners, and civil society to discuss policy challenges and priorities. Active participation in these events builds relationships, generates intelligence, and positions the institution as a thought leader.

Position papers and policy briefs — the publication of well-researched, well-argued position papers and policy briefs that address EU policy challenges and priorities. Position papers and

policy briefs build the institution's reputation as a credible policy voice and can directly influence policy development when they are well-timed and well-targeted.

12.7.3 Building Policy Influence

Building genuine policy influence — the ability to shape EU funding priorities and rules in ways that advance the institution's mission and the broader public interest — requires sustained investment over time:

Credibility — policy influence is built on credibility: the reputation for expertise, integrity, and constructive engagement that makes policymakers want to hear the institution's views. Credibility is built through consistent, high-quality engagement over time, not through one-off interventions.

Relationships — policy influence is mediated through relationships: the personal connections between institutional representatives and policy actors that enable informal dialogue, early intelligence, and mutual trust. Building policy relationships requires sustained investment in relationship development activities.

Evidence — policy influence is most effective when it is grounded in robust evidence. Institutions that can provide policymakers with high-quality evidence — from their own research, from their project experience, or from their synthesis of the broader evidence base — are more influential than those that offer only opinions.

Coalition building — policy influence is amplified when it is exercised in coalition with other organisations that share similar interests and positions. Coalition building — through professional associations, thematic networks, and ad hoc alliances — multiplies the institution's policy voice and increases its credibility with policymakers.

12.8 Funding Intelligence Systems

12.8.1 The Intelligence Imperative

In the competitive EU funding landscape, intelligence is a strategic asset. Institutions that have timely, accurate, and actionable intelligence about the funding landscape — upcoming calls, programme priorities, policy developments, competitor activities, and partner capabilities — are consistently better positioned than those that rely on reactive scanning of published information.

Funding intelligence has several dimensions:

Programme intelligence — knowledge of the EU funding programmes that are most relevant to the institution's strategic priorities: their objectives, priorities, budget cycles, evaluation criteria, and management arrangements. Programme intelligence enables the institution to align its proposals with programme priorities and to anticipate changes in funding directions.

Call intelligence — knowledge of upcoming calls: their topics, budgets, eligibility criteria, evaluation criteria, and timelines. Call intelligence enables the institution to prepare for calls well in advance of publication, to develop partnerships and concepts before the formal call opens, and to submit higher-quality proposals than competitors who start preparation only after call publication.

Policy intelligence — knowledge of the EU policy developments that are shaping the funding landscape: new policy initiatives, legislative changes, programme evaluations, and shifts in political priorities. Policy intelligence enables the institution to anticipate changes in funding priorities and to position itself for emerging opportunities.

Competitor intelligence — knowledge of the EU funding activities of peer institutions: which programmes they are active in, which calls they are pursuing, which partnerships they are

developing, and what their success rates are. Competitor intelligence enables the institution to identify gaps in the competitive landscape and to differentiate its proposals from those of its competitors.

Partner intelligence — knowledge of potential consortium partners: their capabilities, track records, EU funding experience, strategic priorities, and relationship with the institution. Partner intelligence enables the institution to identify and approach the best partners for specific opportunities quickly and confidently.

12.8.2 Intelligence Gathering Methods

Systematic scanning — the regular, structured review of EU funding information sources: the Funding & Tenders Portal, programme websites, Commission publications, Official Journal notices, and programme-specific newsletters. Systematic scanning should be assigned to specific staff members, conducted at defined intervals, and documented in a structured format.

Network intelligence — intelligence gathered through the institution's professional networks: information shared by colleagues at partner organisations, insights from participation in expert groups and advisory boards, intelligence from national contact points and programme managers. Network intelligence is often more timely and more nuanced than published information.

Event intelligence — intelligence gathered through participation in EU funding events: programme information days, brokerage events, stakeholder conferences, and policy dialogues. Events provide opportunities to gather intelligence directly from programme managers, to identify potential partners, and to assess the competitive landscape.

Digital intelligence tools — software tools that automate the monitoring of EU funding information sources: alert services that notify users of new calls and programme updates, database tools that track programme budgets and success rates, and analytics platforms that identify patterns and trends in EU funding data. Digital intelligence tools amplify the efficiency of intelligence gathering but do not replace the judgement needed to interpret and act on intelligence.

12.8.3 Intelligence Management

Raw intelligence is only valuable when it is processed, organised, and made accessible to the people who need it. Intelligence management involves:

Intelligence processing — the analysis and interpretation of raw intelligence to extract actionable insights. Processing transforms a notification of a new call into an assessment of its strategic relevance, competitive landscape, and resource requirements.

Intelligence storage — the organisation of processed intelligence in a structured, searchable format that enables it to be retrieved when needed. Intelligence storage systems range from simple shared spreadsheets to sophisticated CRM and knowledge management platforms.

Intelligence dissemination — the timely communication of relevant intelligence to the staff members who need it. Intelligence dissemination should be targeted — different staff members need different types of intelligence — and should be delivered through channels that are accessible and convenient.

Intelligence review — the regular review of the institution's intelligence systems to assess their coverage, quality, and usefulness. Intelligence review identifies gaps in coverage, outdated information, and opportunities to improve intelligence processes.

12.9 Institutional Governance for EU Funding

12.9.1 Governance Framework Components

Institutional governance for EU funding is the system of policies, procedures, delegated authorities, oversight mechanisms, and accountability arrangements through which the institution ensures that its EU funding activities are conducted effectively, efficiently, and in compliance with applicable requirements.

A comprehensive institutional governance framework for EU funding comprises:

EU funding policy — a formal institutional policy that defines the institution's approach to EU funding: its strategic priorities, eligibility criteria for pursuing opportunities, quality standards for proposals and project management, compliance requirements, and accountability arrangements. The EU funding policy provides the authoritative framework within which all EU funding activities are conducted.

Delegated authorities — a clear definition of who is authorised to make which decisions in relation to EU funding: who can approve the submission of a proposal, who can sign a grant agreement, who can authorise budget amendments, who can approve subcontracts. Delegated authorities prevent bottlenecks and ensure that decisions are made at the appropriate level.

Quality assurance system — a structured system for assuring the quality of EU funding outputs — proposals, reports, financial claims, and compliance documentation. Quality assurance systems typically include internal review processes, checklists, and sign-off requirements that ensure outputs meet institutional standards before they are submitted to the granting authority.

Risk management framework — a framework for identifying, assessing, and managing the risks associated with the institution's EU funding activities — at the individual project level, the portfolio level, and the institutional level. The risk management framework should be integrated with the institution's broader enterprise risk management system.

Reporting and accountability — a system for reporting on EU funding performance to institutional governance bodies — the board, the senior management team, and relevant committees. Reporting should cover both financial performance (funding income, expenditure, recovery rates) and strategic performance (success rates, portfolio composition, strategic objective achievement).

12.9.2 The EU Funding Office

The EU Funding Office (or Research Office, or Grants Office) is the institutional unit that provides specialist support for EU funding activities. The structure, size, and remit of the EU Funding Office vary widely across institutions, but its core functions typically include:

Strategic support — contributing to the development and implementation of the institutional funding strategy, providing intelligence about the funding landscape, and advising senior management on strategic funding decisions.

Pre-award support — supporting researchers and project teams in identifying opportunities, developing partnerships, preparing proposals, and managing the submission process. Pre-award support may include proposal writing assistance, budget development support, partner search services, and internal review processes.

Post-award support — supporting project teams in managing their funded projects — interpreting grant agreement requirements, advising on compliance issues, supporting financial reporting, and managing relationships with the granting authority. Post-award support may include project management training, financial management support, and compliance advisory services.

Capacity building — developing and delivering training, guidance, and tools that build EU funding competencies across the institution. Capacity building activities may include training workshops, online resources, mentoring programmes, and communities of practice.

Intelligence and knowledge management — gathering and disseminating intelligence about the EU funding landscape, and managing the institution's EU funding knowledge assets — proposal library, lessons-learned database, template library, and expertise directory.

12.9.3 Governance of Large and Complex Projects

Large and complex EU-funded projects — particularly those involving large consortia, significant budgets, or high-profile policy relevance — require enhanced governance arrangements that go beyond standard project management:

Project Board — a senior governance body that provides strategic oversight of the project, makes high-level decisions, and ensures alignment with institutional strategy. The Project Board typically includes senior institutional leaders, key partner representatives, and external advisers.

Independent advisory panel — an external advisory body that provides independent scientific, technical, or policy advice to the project. Independent advisory panels enhance the credibility and quality of the project's work and provide an early warning mechanism for emerging problems.

Internal audit — periodic internal audit of the project's financial management, compliance, and governance arrangements. Internal audit provides assurance to institutional leadership and to the granting authority that the project is being managed in accordance with applicable requirements.

12.10 Change Management for EU Funding Capability Development

12.10.1 Change Management Principles

Building EU funding capabilities requires organisational change — changes to structures, processes, systems, behaviours, and culture. Change management is the practice of planning, implementing, and sustaining these changes in a way that achieves the intended outcomes while minimising disruption and resistance.

Effective change management for EU funding capability development rests on several principles:

Leadership commitment — change is most effective when it is visibly championed by senior institutional leaders. Leaders who articulate a compelling vision for the institution's EU funding ambitions, who allocate resources to capability development, and who model the behaviours they want to see create the conditions for successful change.

Stakeholder engagement — change is more likely to succeed when the people affected by it are engaged in its design and implementation. Stakeholder engagement builds ownership, surfaces concerns, and generates the insights needed to design changes that work in practice.

Incremental implementation — large-scale capability development is best achieved through a series of incremental changes rather than a single big-bang transformation. Incremental implementation reduces risk, enables learning and adjustment, and generates early wins that build momentum.

Communication — clear, consistent, and honest communication about the rationale for change, the changes being made, and the expected benefits. Communication reduces uncertainty, addresses concerns, and builds the understanding needed for effective adoption.

Measurement and feedback — the regular measurement of change progress and outcomes, and the use of that measurement to adjust the change approach. Measurement and feedback enable the institution to learn from its change experience and to course-correct when changes are not producing the intended results.

12.10.2 Overcoming Resistance to Change

Resistance to change is a normal and predictable response to organisational change. In the EU funding context, common sources of resistance include:

Workload concerns — staff who are already stretched may resist additional demands associated with new processes, systems, or reporting requirements. Addressing workload concerns requires honest assessment of the additional burden imposed by changes, and active management of workload to create space for new activities.

Competency anxiety — staff who lack confidence in their EU funding competencies may resist changes that expose their knowledge gaps. Addressing competency anxiety requires a supportive approach to capacity building — one that treats learning as a positive opportunity rather than a remediation of deficiency.

Institutional inertia — established institutions often have strong cultures of "the way we do things here" that resist change. Overcoming institutional inertia requires sustained leadership commitment, visible early wins, and the patient cultivation of champions who model new behaviours.

Scepticism about value — staff who do not see the value of EU funding for the institution's mission may resist investments in EU funding capability. Addressing scepticism requires clear communication of the strategic rationale for EU funding, and the demonstration of tangible benefits — successful projects, mission-advancing outcomes, institutional reputation.

12.11 Partnership and Network Development

12.11.1 Strategic Partnership Development

Strategic partnerships are the long-term, mutually beneficial relationships between institutions that provide the foundation for sustained success in collaborative EU funding programmes. Unlike transactional partnerships — assembled for a specific proposal and dissolved after project completion — strategic partnerships are built over time, deepened through multiple collaborations, and maintained even between funded projects.

Strategic partnership development involves:

Partner identification — the systematic identification of organisations that have complementary capabilities, aligned strategic priorities, and a track record of effective collaboration. Partner identification should be based on strategic criteria — what capabilities does the institution need to complement its own? — not just on familiarity or convenience.

Partnership cultivation — the deliberate investment in building relationships with potential strategic partners, through joint activities, information sharing, co-authorship, joint events, and other forms of collaboration that build mutual understanding and trust. Partnership cultivation takes time and requires sustained investment before it generates returns in the form of successful joint proposals.

Partnership formalisation — the establishment of formal partnership agreements — Memoranda of Understanding, Framework Partnership Agreements, or Letters of Intent — that define the basis for collaboration and signal mutual commitment. Formal agreements are not a substitute for genuine relationship, but they provide a useful framework for managing the partnership and for demonstrating commitment to granting authorities.

Partnership maintenance — the ongoing investment in sustaining strategic partnerships through regular communication, joint activities, and the reciprocal exchange of value. Partnerships that are not actively maintained tend to atrophy; strategic partners who feel neglected may redirect their collaboration efforts to other institutions.

12.11.2 Network Development and Management

Professional networks — the broader web of relationships within which the institution operates — are a critical source of intelligence, opportunity, and support for EU funding activities. Network development involves:

Network mapping — the identification and assessment of the institution's current professional networks — their composition, strength, and strategic value. Network mapping provides the foundation for targeted network development activities.

Network participation — active participation in relevant professional networks — thematic networks, programme-specific communities of practice, sector associations, and EU funding professional associations. Active participation builds relationships, generates intelligence, and positions the institution as a valued network member.

Network leadership — taking leadership roles in relevant professional networks — organising events, chairing working groups, contributing to publications, and representing the network in external forums. Network leadership amplifies the institution's visibility and influence, and generates goodwill that can be drawn on when opportunities arise.

Network reciprocity — the principle that network relationships are sustained by the reciprocal exchange of value. Institutions that take from their networks without contributing — that seek information, introductions, and support without offering anything in return — erode their network relationships over time. Effective network management involves conscious attention to reciprocity: what value is the institution contributing to its networks, and is that contribution proportionate to what it is receiving?

12.12 Digital Transformation of EU Funding Management

12.12.1 The Digital Transformation Imperative

Digital transformation — the integration of digital technologies into all aspects of EU funding management — is no longer optional for institutions that aspire to strategic EU funding capability. The volume and complexity of EU funding information, the pace of the funding cycle, the geographic distribution of consortium partners, and the sophistication of the EU's own digital infrastructure all demand digital solutions that were not available or necessary a decade ago.

Digital transformation in EU funding management encompasses:

Process digitalisation — the replacement of paper-based and manual processes with digital workflows that are faster, more consistent, and more auditable. Process digitalisation includes electronic proposal submission, digital signature of grant agreements, online financial reporting, and digital document management.

Data integration — the integration of data from multiple sources — project management systems, financial systems, HR systems, and external databases — into a unified data environment that enables comprehensive performance analysis and reporting. Data integration eliminates the manual data reconciliation that consumes significant staff time in many institutions.

Analytics and intelligence — the use of data analytics tools to generate insights from the institution's EU funding data — performance trends, resource utilisation patterns, success rate analysis, and portfolio composition. Analytics transforms raw data into strategic intelligence that supports informed decision-making.

Collaboration technology — the use of digital collaboration tools — video conferencing, shared workspaces, document collaboration platforms, and project management tools — to support effective collaboration across geographically distributed consortium partners. Collaboration technology is essential for managing the complex, multi-partner projects that characterise many EU funding programmes.

12.12.2 Digital Tool Selection and Implementation

Selecting and implementing digital tools for EU funding management requires a structured approach:

Needs assessment — a systematic assessment of the institution's digital tool needs, based on identified capability gaps, process inefficiencies, and strategic priorities. Needs assessment should involve the staff who will use the tools, not just IT and management.

Market analysis — a review of the available tools that address the identified needs, assessing their functionality, usability, integration capabilities, cost, and vendor support. Market analysis should include demonstrations, reference checks, and pilot testing where feasible.

Implementation planning — a detailed plan for implementing the selected tools, including data migration, system integration, user training, change management, and go-live support. Implementation planning should be realistic about the time and resources required for effective implementation.

Change management — the management of the organisational change associated with new digital tools — addressing resistance, building competencies, and embedding new ways of working. Digital tool implementation fails most often not because of technical problems but because of inadequate change management.

Continuous improvement — the ongoing assessment and improvement of digital tools and their use, based on user feedback, performance data, and evolving needs. Digital transformation is not a one-time project but a continuous process of improvement and adaptation.

12.12.3 Data Governance and Security

Digital transformation generates significant volumes of data about the institution's EU funding activities — project data, financial data, partner data, and performance data. Managing this data responsibly requires:

Data governance — policies and procedures that define how data is collected, stored, used, and shared. Data governance ensures that data is accurate, consistent, and accessible to authorised users, while protecting it from unauthorised access or misuse.

Data security — technical and organisational measures that protect EU funding data from unauthorised access, loss, or corruption. Data security is particularly important for data that is subject to GDPR — personal data of project participants, staff, and partners — and for commercially sensitive data such as IPR and financial information.

Data retention — policies that define how long EU funding data is retained and when it is deleted. Data retention policies must comply with the retention requirements of EU funding programmes — typically 5–10 years after project completion — and with national data protection legislation.

PART II

Cross-Cutting Competencies

EU Funding and Grants Body of Knowledge · EFG BoK First Edition · 2026

Overview

The twelve core domains of the EFG Body of Knowledge define the specialised knowledge required to manage the EU funding lifecycle — from landscape awareness and opportunity identification through proposal development, project implementation, financial management, compliance, dissemination, monitoring, and strategic institutional leadership. But domain knowledge alone does not make an exceptional EU funding professional. What distinguishes professionals who merely know the rules from those who apply them with skill, judgement, and integrity in complex, ambiguous, and high-stakes situations is a set of foundational competencies that operate across every domain, every phase of the lifecycle, and every professional context.

These are the **Cross-Cutting Competencies** — seven areas of professional capability that underpin, amplify, and integrate domain-specific knowledge:

1. **Project Management** — the disciplined application of planning, scheduling, risk management, and quality control to EU-funded projects within the specific constraints of the grant agreement
2. **Financial Literacy** — the ability to understand, interpret, and apply EU financial rules, construct compliant budgets, monitor expenditure, and manage financial risk throughout the project lifecycle
3. **Communication and Stakeholder Engagement** — the ability to communicate with precision and impact across written, oral, and digital channels, and to engage stakeholders systematically in support of project and institutional objectives
4. **Digital Competencies** — proficiency with the EU's digital funding infrastructure, data management tools, open science platforms, and emerging technologies that are reshaping EU funding practice
5. **Ethics and Integrity** — the commitment to the highest standards of professional conduct, research ethics, conflict of interest management, anti-fraud awareness, and public accountability in the stewardship of EU public funds
6. **Leadership and Management** — the capacity to lead teams, manage organisations, exercise strategic influence, and drive institutional change in the complex, multi-stakeholder environments of EU funding
7. **Intercultural Competence** — the ability to work effectively, respectfully, and productively across the cultural, linguistic, and institutional boundaries that characterise EU-funded collaboration

Each competency is presented with a detailed overview, deep subsections covering all critical dimensions of practice, and practical guidance for development at each certification level. The unified Learning Outcomes table below maps all competency outcomes to the three EFG certification levels.

Unified Learning Outcomes and Certification Level Mapping

The following table presents all Cross-Cutting Competency learning outcomes and their corresponding expectations at each certification level. This consolidated view enables professionals to assess their current level, identify development priorities, and plan their progression across the full competency framework.

Code	Learning Outcome	EFGAC — Associate	EFGPC — Practitioner	EFGProC — Professional
CC1 — Project Management				
CC1.1	Apply project management methodologies to EU-funded projects,	Describe PM methodologies and their EU application;	Apply PM frameworks to manage assigned	Select and adapt PM frameworks strategically; advise on PM approach

	adapting general PM frameworks to the specific constraints of the grant agreement	identify key tools and techniques	workstreams and project tasks	for complex multi-partner projects
CC1.2	Develop and maintain comprehensive work plans including WBS, Gantt charts, resource plans, and risk registers	Describe project planning tools and their purpose; read and interpret a project work plan	Develop and maintain work plans for assigned workstreams; identify deviations and escalate	Lead project-level work planning; design WBS and scheduling systems for large consortia
CC1.3	Lead and manage project teams, including role assignment, performance management, conflict resolution, and team motivation	Describe team management principles and the coordinator/partner role distinction	Manage a project team or workstream; resolve day-to-day team issues	Lead multi-partner project teams; develop team leadership capability across the consortium
CC1.4	Apply monitoring and control techniques to track progress, identify deviations, assess impact, and implement corrective actions	Describe monitoring and control concepts; identify key project milestones and deliverables	Monitor progress against plan; prepare progress reports; identify and report deviations	Design project monitoring systems; lead adaptive management decisions; manage escalations
CC1.5	Manage project scope, schedule, and budget, including formal amendment requests and change management	Describe scope, schedule, and budget management concepts; identify when amendments are needed	Manage changes within a workstream; contribute to amendment documentation	Lead project-level change management; negotiate amendments with granting authority
CC1.6	Apply project closeout practices including final reporting, post-project obligations, and lessons learned	Describe project closeout requirements and post-project obligations	Contribute to closeout activities; document lessons learned for assigned workstreams	Lead project closeout; design institutional closeout processes and knowledge capture systems
CC2 — Financial Literacy				
CC2.1	Interpret and apply EU financial rules, cost eligibility principles, cost categories, and payment mechanisms across major programmes	Describe EU financial rules and cost eligibility principles at a conceptual level	Apply programme-specific financial rules to project budgets and cost claims	Advise on complex financial eligibility questions; develop institutional financial management frameworks
CC2.2	Develop realistic, compliant, and well-justified project budgets reflecting the work plan and demonstrating value for money	Describe budget structure and cost categories; read and interpret a project budget	Develop and justify budgets for assigned workstreams; apply co-financing rules	Lead budget development for complex multi-partner projects; design institutional budget templates
CC2.3	Monitor project financial performance, manage cash flow, and implement financial controls to	Describe financial monitoring concepts and the role of financial controls	Monitor expenditure against budget; prepare financial reports for	Design financial monitoring systems; lead financial risk management and corrective action

	ensure compliance and prevent irregularities		assigned workstreams	
CC2.4	Prepare and certify financial reports, manage audit documentation, and support external audits and verifications	Describe financial reporting requirements and audit processes	Prepare financial reports; compile audit documentation for assigned workstreams	Lead financial reporting and audit management; certify financial statements; manage audit findings
CC2.5	Apply simplified cost options (SCOs), lump sum funding models, and other alternative cost reporting mechanisms	Describe SCO types and their application context	Apply SCOs in project budgets and financial reports	Select and design SCO frameworks; advise on lump sum model implementation
CC3 — Communication and Stakeholder Engagement				
CC3.1	Write clearly, concisely, and persuasively for EU funding audiences, including proposals, reports, and policy documents	Describe EU funding writing conventions; identify characteristics of high-quality proposals	Draft sections of proposals, reports, and other EU funding documents	Lead proposal writing; develop institutional writing standards and quality review processes
CC3.2	Map, analyse, and engage stakeholders systematically throughout the funding lifecycle	Describe stakeholder mapping concepts and the role of stakeholder engagement in EU projects	Conduct stakeholder mapping; develop and implement engagement plans for assigned projects	Design stakeholder engagement strategies for complex, multi-stakeholder projects and programmes
CC3.3	Communicate project results, impacts, and messages effectively to non-specialist audiences through appropriate channels	Describe science communication and public engagement principles	Develop and deliver project communication materials for general audiences	Design communication strategies; lead institutional science communication and public engagement
CC3.4	Facilitate productive meetings, workshops, and consortium communication processes	Describe meeting facilitation principles; identify common meeting failure modes	Facilitate project meetings and workshops; manage consortium communication channels	Design consortium communication frameworks; lead complex multi-stakeholder facilitation processes
CC3.5	Negotiate effectively in the EU funding context, including with partners, granting authorities, and institutional stakeholders	Describe negotiation principles and the EU funding negotiation context	Negotiate within project teams and with partners on operational matters	Lead high-stakes negotiations with granting authorities, partners, and institutional stakeholders
CC4 — Digital Competencies				
CC4.1	Navigate the EU digital funding infrastructure, including FTOP,	Describe the EU digital funding ecosystem; register on FTOP and	Use FTOP and programme portals to manage proposals, grant	Lead institutional digital strategy for EU funding; train and support

	SEDIA, programme portals, and electronic submission systems	navigate its key functions	agreements, and reports	colleagues in digital tools
CC4.2	Use digital tools for project management, collaboration, financial management, and reporting	Describe key digital tools for EU project management; use basic collaboration platforms	Use project management, financial, and collaboration tools for assigned workstreams	Select and implement digital tool ecosystems for EU funding management at institutional level
CC4.3	Implement open science requirements, including open access mandates, data management plans, and FAIR data principles	Describe open science principles and EU open access mandates	Develop data management plans; implement open access for project publications and data	Design institutional open science frameworks; advise on complex open science compliance questions
CC4.4	Apply cybersecurity principles and data protection requirements in EU-funded project contexts	Describe cybersecurity risks and GDPR requirements in EU project contexts	Apply data protection measures; manage cybersecurity risks in assigned project activities	Lead institutional cybersecurity and data protection governance for EU-funded activities
CC4.5	Leverage emerging technologies — including AI, automation, and data analytics — to enhance EU funding practice	Describe emerging technology applications in EU funding management	Use AI and automation tools to support proposal development, reporting, and compliance	Lead digital transformation of EU funding management; evaluate and implement emerging technologies
CC5 — Ethics and Integrity				
CC5.1	Identify and navigate ethical dimensions of EU-funded research and project activities, including research ethics, dual-use, and societal impact	Describe research ethics principles and EU ethics requirements	Conduct ethics self-assessment; implement ethics safeguards in assigned project activities	Lead ethics governance for complex projects; advise on sensitive ethics cases; design ethics frameworks
CC5.2	Identify, declare, and manage conflicts of interest in the EU funding context	Describe conflict of interest concepts and EU requirements	Identify and declare conflicts of interest; implement COI management procedures	Design institutional COI management frameworks; advise on complex COI situations
CC5.3	Recognise and prevent fraud, corruption, and other irregularities in EU-funded activities	Describe fraud indicators and OLAF's role; identify common fraud typologies in EU funding	Implement anti-fraud controls; report suspected irregularities through appropriate channels	Lead anti-fraud governance; design institutional integrity frameworks; manage OLAF investigations
CC5.4	Uphold professional standards and promote a culture of integrity, transparency, and accountability	Describe professional standards in EU funding practice	Model professional standards in own practice; challenge unethical behaviour	Champion integrity culture; develop institutional codes of conduct; lead ethics training

CC5.5	Apply the EU's fundamental rights framework, including non-discrimination, gender equality, and accessibility requirements	Describe EU fundamental rights requirements and their application in funded projects	Apply fundamental rights safeguards in project design and implementation	Lead fundamental rights impact assessments; design inclusive project frameworks
CC6 — Leadership and Management				
CC6.1	Lead and motivate diverse, geographically distributed project teams in the EU funding context	Describe leadership styles and their application to EU project teams	Lead an assigned team or workstream; adapt leadership style to team needs	Lead large, multi-partner project teams; develop leadership capability across the consortium
CC6.2	Manage organisational change and drive institutional capacity building for EU funding	Describe change management principles and the role of EU funding in institutional development	Contribute to change initiatives; support colleagues through organisational transitions	Lead institutional change management; design capacity building programmes for EU funding
CC6.3	Exercise strategic thinking and make high-quality decisions under uncertainty and complexity	Describe strategic thinking frameworks and decision-making tools	Apply strategic thinking to project-level decisions; use structured decision-making tools	Lead strategic planning for EU funding; make high-stakes decisions with incomplete information
CC6.4	Build and manage strategic partnerships and institutional networks in the EU funding ecosystem	Describe the role of partnerships and networks in EU funding strategy	Manage assigned partner relationships; contribute to network activities	Lead institutional partnership strategy; build and maintain high-value networks at EU level
CC6.5	Manage organisational performance, resources, and talent in EU funding teams	Describe performance management principles and resource allocation concepts	Manage performance and resources for assigned workstreams	Design performance management frameworks; lead talent development for EU funding professionals
CC7 — Intercultural Competence				
CC7.1	Understand and navigate cultural dimensions of professional behaviour, communication, and collaboration	Describe cultural dimension frameworks (Hofstede, Trompenaars, etc.) and their relevance to EU projects	Recognise cultural differences in own project context; adapt communication style accordingly	Lead intercultural capacity building; design culturally sensitive project frameworks
CC7.2	Build trust and productive working relationships across cultural and institutional boundaries	Describe trust-building mechanisms in cross-cultural contexts	Build effective working relationships with partners from diverse cultural backgrounds	Lead trust-building processes in large, culturally diverse consortia; manage intercultural conflict
CC7.3	Manage multilingual communication in	Describe multilingual communication	Manage language logistics for	Design institutional language strategies

	EU-funded projects, including language strategy, translation, and interpretation	challenges and strategies in EU projects	assigned project activities; support multilingual communication	for EU-funded activities; lead multilingual communication governance
CC7.4	Navigate institutional culture differences between academic, public sector, private sector, and civil society partners	Describe institutional culture differences and their impact on EU project collaboration	Bridge institutional culture gaps in assigned project teams	Lead institutional culture integration in complex consortia; advise on multi-sector partnership design

Competency 1: Project Management

Overview and Professional Context

Project management is the disciplined application of knowledge, skills, tools, and techniques to project activities to meet project requirements within defined constraints of scope, time, cost, and quality. In the EU funding context, project management operates within a specific regulatory and contractual framework — the grant agreement and its annexes — that imposes requirements fundamentally different from those of commercial, governmental, or internal project management. EU project management is therefore both a general professional competency and a domain-specific practice that demands adaptation of general principles to the EU funding context.

The EU project manager must simultaneously balance multiple, often competing demands: the technical requirements of the project's scientific or operational objectives; the administrative and compliance requirements of the grant agreement; the relational requirements of managing a geographically distributed, culturally diverse consortium; the financial requirements of managing a complex, multi-partner budget within strict eligibility rules; and the strategic requirements of delivering outcomes and impacts that justify the EU's public investment. Mastery of project management in this context requires not only technical competence in planning and control but also the interpersonal skills, cultural sensitivity, financial literacy, and strategic judgement that enable effective leadership of complex collaborative endeavours.

CC1.1 EU Project Management Frameworks

General project management frameworks — PRINCE2, PMI/PMBOK, IPMA, and agile methodologies — provide valuable conceptual tools and practical techniques for EU project managers. However, they must be adapted to the specific context of EU-funded projects, which differs from other project management environments in several critical respects.

Contractual rigidity and the Description of Action. EU grant agreements define the project's scope, activities, deliverables, timeline, and budget in binding legal terms through the Description of Action (DoA, Annex 1). Unlike commercial projects where scope changes can be negotiated relatively freely, changes to EU-funded projects require formal amendment processes that may take months and that the granting authority may decline. This contractual rigidity demands exceptional precision in project planning at the proposal stage — the DoA must be realistic, internally consistent, and achievable — and a disciplined approach to scope management during implementation. Project managers who discover mid-project that the DoA contains unrealistic commitments face difficult choices: under-deliver against contractual obligations, request an amendment (with associated risk and delay), or absorb the additional work within existing resources.

Multi-principal governance. EU projects typically involve multiple principals with different interests, priorities, and levels of authority: the granting authority (European Commission or

Executive Agency), the consortium coordinator, the partner organisations, and (for projects with advisory boards or steering committees) external governance bodies. The granting authority holds ultimate contractual authority but typically exercises it at a distance, through reporting cycles and monitoring visits rather than day-to-day involvement. The coordinator holds operational authority within the consortium but must exercise it through consensus rather than command, since partners are independent legal entities with their own governance obligations. Managing these multiple principals — building alignment, managing expectations, and navigating conflicts — requires sophisticated stakeholder management skills that go well beyond the single-client relationships of most commercial project management.

Distributed delivery. EU projects are typically delivered by geographically distributed consortia whose members work in different time zones, languages, legal systems, and organisational cultures. Distributed delivery requires purpose-built communication and collaboration infrastructure, governance structures designed for remote coordination, and management approaches that accommodate cultural and institutional differences. The project manager who attempts to manage a 15-partner, 10-country consortium using the same approaches they would use for a co-located team will encounter predictable and avoidable failures.

Public accountability and transparency. EU projects are funded with public money and are subject to public accountability requirements — mandatory publication of results, open access to publications and data, transparency in financial management, and potential audit by EU audit bodies and national authorities. Public accountability imposes additional administrative burdens and reputational risks that are not present in private-sector project management. A financial irregularity in a €5 million EU project can trigger an OLAF investigation, financial corrections, and reputational damage that far exceeds the financial value of the irregularity itself.

The PMBOK/PRINCE2 adaptation challenge. The most effective EU project managers draw on general PM frameworks selectively — using PRINCE2's structured governance model, PMI's work breakdown structure methodology, or agile's iterative delivery approach as appropriate — while adapting these frameworks to the demands of the EU funding context. PRINCE2's stage-gate model maps reasonably well onto Horizon Europe's periodic reporting structure, but its assumption of a single client and a defined change control process requires significant adaptation for multi-principal, multi-partner projects. PMI/PMBOK's comprehensive knowledge area framework is valuable as a checklist but must be filtered for EU-specific requirements. Agile approaches — Scrum, Kanban, SAFe — are increasingly used in EU research and innovation projects, particularly in digital and software-intensive domains, but their iterative, adaptive logic can conflict with the contractual rigidity of the DoA.

CC1.2 Work Planning and Scheduling

Effective work planning is the foundation of EU project management. The work plan — typically structured around work packages (WPs), tasks, deliverables, and milestones — is not only the operational guide for project implementation but also a contractual commitment: it forms part of the grant agreement's Description of Action and deviations from it must be managed within the amendment framework.

Work Breakdown Structure. The Work Breakdown Structure (WBS) is the hierarchical decomposition of the project's total scope into manageable components — work packages, tasks, and activities. In EU projects, the WBS is typically structured around functional work packages (management, dissemination/exploitation, technical WPs by research area or development phase) rather than deliverable-based or phase-based structures. A well-designed WBS has several characteristics: it is complete (covers all project work, with no gaps); it is non-overlapping (each activity belongs to exactly one WP/task, preventing double-counting); it is at an appropriate level of granularity (detailed enough to enable planning and control, but not so detailed that it creates unmanageable complexity); and it is aligned with the budget structure (each WP has a corresponding budget allocation).

Gantt Charts and Network Diagrams. Gantt charts are the standard scheduling tool for EU projects — providing a visual representation of tasks, durations, dependencies, and milestones over the project timeline. Well-constructed Gantt charts show: task start and end dates; dependencies between tasks (finish-to-start, start-to-start, finish-to-finish); milestones (key decision points or deliverable due dates); the critical path (the sequence of dependent tasks that determines the minimum project duration); and resource assignments (which partner is responsible for each task). Network diagrams (PERT/CPM) provide a more analytical view of task dependencies and are particularly useful for identifying the critical path and quantifying schedule risk.

Resource Planning. Resource planning integrates the work plan with the budget to ensure that the human and financial resources allocated to each work package are sufficient to deliver its outputs. In EU projects, resource planning must account for: the part-time nature of most EU project contributions (researchers and project managers who split their time between the EU project and other activities); the variability of partner capacities (some partners have more administrative infrastructure than others); seasonal constraints (academic calendars, national holidays, procurement cycles); and the inherent uncertainty of research and innovation activities (which may take longer or shorter than planned). Resource planning reveals potential bottlenecks — periods when a key individual or team is overcommitted — and enables proactive management of resource constraints before they become project crises.

Contingency Planning. Realistic work plans include contingency time and budget for the unexpected challenges that inevitably arise in complex, multi-partner projects. Research projects face technical risks — experiments that don't work, technologies that don't mature as expected, datasets that prove unavailable. Innovation projects face market and adoption risks. All EU projects face organisational risks — partner withdrawals, key personnel changes, procurement delays. Contingency planning is not pessimism; it is professional realism. The project manager who claims to have no contingency is either working with an unrealistic plan or planning to absorb all risks through overwork.

Milestone and Deliverable Management. Milestones and deliverables are the primary control points in EU project management. Milestones are key events in the project timeline — typically linked to the achievement of a significant result, the completion of a phase, or the submission of a report. Deliverables are tangible outputs — reports, datasets, prototypes, publications, software, training materials — that are submitted to the granting authority as evidence of project progress. Effective milestone and deliverable management requires: clear definition of what constitutes successful achievement (what does "done" look like for each milestone and deliverable?); advance planning for deliverable production (who will write the report? who will review it? when must the draft be ready?); tracking systems that provide early warning of delays; and escalation processes for milestones at risk.

CC1.3 Risk Management in EU Projects

Risk management is a core project management competency that has particular importance in the EU funding context, where the consequences of project failure extend beyond the immediate project team to include the granting authority, consortium partners, and ultimately the EU taxpayer. The EU expects project teams to manage risks proactively — identifying them early, assessing their significance, implementing responses, and monitoring their evolution throughout the project lifecycle.

Risk Identification. Systematic risk identification should cover all categories of project risk: technical risks (will the technology work? will the experiments produce the expected results?); financial risks (will costs stay within budget? will partners manage their finances compliantly?); organisational risks (will partners deliver on their commitments? will key personnel remain available?); legal and compliance risks (will the project remain compliant with grant conditions? are there IP, ethics, or regulatory issues?); external risks (will the policy environment remain supportive? will market conditions allow exploitation of results?); and reputational risks (could any project activity damage the consortium's or the EU's reputation?). Risk identification should be a collaborative process involving all key stakeholders — the coordinator alone cannot anticipate all risks in a complex multi-partner project.

Risk Assessment and Prioritisation. Each identified risk should be assessed in terms of its probability (how likely is it to occur?) and impact (how significant would its consequences be?). The combination of probability and impact produces a risk score that enables prioritisation — focusing management attention on high-probability, high-impact risks while accepting or monitoring low-priority risks. Risk assessment should be updated regularly throughout the project lifecycle, as the probability and impact of risks change as the project evolves.

Risk Response Strategies. Risk responses fall into four categories: avoidance (changing the project plan to eliminate the risk — e.g., dropping a high-risk technical approach in favour of a more proven alternative); mitigation (taking action to reduce the probability or impact of the risk — e.g., building in additional testing time, securing backup partners, or obtaining insurance); transfer (shifting the risk to another party — e.g., through subcontracting, insurance, or contractual provisions); and acceptance (acknowledging the risk and preparing contingency plans for its management if it materialises). The choice of risk response should be proportionate to the risk's significance and the cost of the response.

Risk Monitoring and Reporting. Risk management is not a one-time exercise at project inception but an ongoing process throughout the project lifecycle. Risk registers should be reviewed at every project management meeting, with updates to probability, impact, and response status. New risks should be identified as they emerge. Risk status should be reported to the project's steering committee and (for significant risks) to the granting authority. Transparent risk reporting — acknowledging problems early rather than concealing them until they become crises — builds trust with the granting authority and enables early intervention.

CC1.4 Quality Management

Quality management in EU-funded projects encompasses the processes through which the quality of project outputs, deliverables, and processes is planned, assured, and controlled. Quality management is often neglected in EU project planning — teams focus on what they will do and when, but not on how they will ensure that what they do is of sufficient quality. This neglect is a significant source of project failure: deliverables that fail to meet quality standards must be revised (at additional cost and delay) or accepted with reservations (damaging the project's evaluation scores and the consortium's reputation).

Quality Planning. Quality planning defines the quality standards that project outputs and processes must meet, and the processes through which quality will be assured and controlled. Quality planning should be conducted at the project inception stage, with reference to the programme's quality requirements (e.g., Horizon Europe's open access requirements, ESIF's

audit standards) and the consortium's own quality standards. The quality plan should specify: what quality standards apply to each type of deliverable; who is responsible for quality assurance and quality control; what review and approval processes will be used; and how quality issues will be escalated and resolved.

Peer Review and Expert Review. Peer review is the standard quality control mechanism for research outputs in EU-funded projects. All publications arising from Horizon Europe projects are subject to the programme's open access requirements, and the quality of publications is a key indicator of project excellence. Beyond publications, expert review — the assessment of technical deliverables, prototypes, or datasets by qualified experts — is a valuable quality control tool that should be built into the project plan for all high-stakes outputs.

Internal Audit and Process Review. Quality assurance — the systematic review of project processes to ensure they are designed and implemented in a way that will produce outputs of the required quality — is a proactive activity that prevents quality problems from arising. Internal audits, process reviews, and management reviews are the standard tools of quality assurance. In EU projects, internal financial audits — conducted by the coordinator or by an independent internal auditor — are a particularly important quality assurance tool, identifying financial management weaknesses before they are discovered by external auditors.

CC1.5 Project Closeout

Project closeout is the final phase of the EU project lifecycle — the systematic process of completing all project activities, fulfilling all contractual obligations, and transitioning the project from active implementation to post-project sustainability. Closeout is often underestimated and under-resourced: teams that have worked intensively for three to five years on a project are eager to move on, and the administrative demands of closeout can feel burdensome after the excitement of the implementation phase.

Final Reporting. The final report is the most important document produced during project closeout — a comprehensive account of the project's activities, achievements, outputs, outcomes, and impacts. Final reports in Horizon Europe projects include both a technical/scientific report and a financial report, and are assessed by the Project Officer and (in some cases) by an independent expert panel. Final reports that are incomplete, poorly written, or inconsistent with the project's contractual commitments can result in reduced final payments, negative performance assessments, and reputational damage.

Financial Closeout. Financial closeout involves the preparation and certification of the final financial report, the reconciliation of all expenditure against the budget, the return of any unspent funds, and the management of any audit or verification processes that arise after project end. Financial closeout requires careful attention to the eligibility of all costs claimed, the completeness of supporting documentation, and the accuracy of the financial report. Errors or omissions discovered during post-project audit can result in financial corrections — the recovery of ineligible costs — that may be significantly larger than the cost of careful financial management during the project.

Lessons Learned and Knowledge Capture. Systematic capture of lessons learned — what worked well, what could be improved, and what should be done differently next time — is a valuable output of project closeout that benefits the consortium, the institution, and the broader EU funding community. Lessons learned processes should cover all aspects of the project: technical approaches, project management practices, financial management, consortium governance, communication and dissemination, and stakeholder engagement. Lessons learned should be documented in a structured format and shared with relevant colleagues and networks.

Competency 2: Financial Literacy

Overview and Professional Context

Financial literacy — the ability to understand, interpret, and apply financial concepts, instruments, and controls — is a foundational competency for all EU funding professionals, not just those with specialist financial roles. Every aspect of the EU funding lifecycle has a financial dimension: proposals must include realistic, compliant budgets; grant agreements define complex financial rules; project implementation requires ongoing financial monitoring; reports must include accurate financial claims; and audits test the compliance of financial management with grant conditions. A project manager who does not understand the financial rules of their programme, a proposal writer who cannot construct a credible budget, or a coordinator who fails to monitor partner expenditure is a liability to their organisation and their consortium.

EU funding financial literacy goes beyond general financial management to encompass the specific financial rules, instruments, and controls of the EU funding context: the eligibility principles of the EU Financial Regulation; the cost categories and reporting requirements of major EU programmes; the payment mechanisms and cash flow dynamics of EU grants; the simplified cost options that reduce administrative burden; and the audit and verification processes through which financial compliance is assessed.

CC2.1 EU Financial Rules and Cost Eligibility

The EU Financial Regulation (EU) 2018/1046 establishes the overarching principles that govern all EU expenditure — including grants. These principles — economy, efficiency, effectiveness, transparency, accountability, and sound financial management — are not abstract values but operational requirements that shape how EU grants are managed and how compliance is assessed.

Cost Eligibility Principles. For a cost to be eligible for EU grant reimbursement, it must meet a set of cumulative conditions: it must be **actually incurred** by the beneficiary (not estimated or budgeted, but actually spent); it must be **incurred during the project duration** (costs incurred before the project start date or after the end date are generally ineligible, with limited exceptions); it must be **necessary for the project** (there must be a direct link between the cost and the project's activities); it must be **identifiable and verifiable** (it must be recorded in the beneficiary's accounts and supported by documentary evidence); it must be **reasonable** (consistent with market rates and the principle of sound financial management); and it must be **compliant with applicable law** (national tax law, labour law, procurement law, and EU grant conditions).

Cost Categories. EU programme regulations typically define a standard set of cost categories, each with its own eligibility rules:

Personnel costs are typically the largest cost category in EU projects, covering the salaries, wages, and social charges of staff working on the project. Personnel cost eligibility is complex: it depends on the employment relationship (employed vs. self-employed), the method used to calculate the hourly rate (actual salary, standard scales, or unit costs), the documentation of time worked (timesheets or alternative methods), and the programme-specific rules on eligible personnel costs. Errors in personnel cost calculation and documentation are among the most common audit findings in EU projects.

Subcontracting costs cover work entrusted to third parties that is not part of the beneficiary's core activities or cannot be performed in-house. Subcontracting is subject to specific eligibility conditions: the subcontract must be necessary for the project, the subcontractor must be selected through a competitive process (or the non-competitive selection must be justified), the subcontract must be at arm's length (no artificial inflation of costs), and the subcontractor's costs must be actually incurred and verifiable.

Travel and subsistence costs cover the travel and accommodation costs of project staff participating in project activities. Eligibility depends on the necessity of the travel for the project, the reasonableness of the costs (economy class for flights, standard hotel rates), and the completeness of supporting documentation (travel tickets, boarding passes, hotel invoices, conference programmes).

Equipment costs cover the purchase, rental, or depreciation of equipment needed for the project. In most EU programmes, only the depreciation of equipment (not its full purchase price) is eligible, calculated on the basis of the equipment's useful life, its purchase cost, and the proportion of its use attributable to the project.

Other direct costs cover a wide range of project-specific costs not captured in the above categories: consumables, materials, publication costs, conference registration fees, subcontracting of specific tasks, and other directly attributable costs.

Indirect costs (overheads) cover the general administrative and infrastructure costs of the beneficiary organisation that cannot be directly attributed to the project but are necessary for its implementation. Indirect costs are typically calculated as a flat rate percentage of direct personnel costs (25% in Horizon Europe, varying rates in other programmes).

CC2.2 Budget Construction and Financial Planning

Budget construction is both a technical exercise — applying the programme's financial rules to produce a compliant budget — and a strategic exercise — developing a financial plan that is realistic, well-justified, and competitive. A poorly constructed budget is a significant weakness in an EU funding application: evaluators assess whether the budget is proportionate to the project's objectives, whether the costs are well-justified, and whether the project demonstrates value for money.

Budget Architecture. The budget of a multi-partner EU project is typically structured as a matrix: rows represent cost categories (personnel, subcontracting, travel, equipment, other direct costs, indirect costs); columns represent beneficiaries (each partner has its own budget column); cells contain the estimated cost for each category for each partner. The total budget is the sum of all cells, and the EU contribution is the total budget multiplied by the applicable reimbursement rate (e.g., 100% for non-profit research organisations in Horizon Europe, 70% for profit-making entities in some Horizon Europe instruments).

Budget Justification. Every significant budget line must be justified — explained in terms of its necessity for the project, its basis of calculation, and its reasonableness. Budget justifications are scrutinised by evaluators during proposal assessment and by auditors during post-project verification. Weak justifications — vague statements like "travel costs for project meetings" — invite scrutiny and challenge. Strong justifications — "travel costs for 4 consortium meetings × 8 participants × average €500 per participant = €16,000" — demonstrate that the budget has been carefully calculated and is proportionate to the project's needs.

Co-financing and National Contributions. Many EU programmes require beneficiaries to contribute a share of project costs from non-EU sources — co-financing. Co-financing rules vary by programme, fund, and region: in Horizon Europe, most project types have a 100% reimbursement rate for non-profit organisations (no co-financing required); in ESIF, co-financing rates range from 40% to 85% depending on the fund, the region, and the type of activity. Co-financing can come from national public funds, private sources, or in-kind contributions (subject to programme-specific eligibility rules). Understanding co-financing requirements and identifying eligible co-financing sources is a critical budget planning skill.

Financial Risk Assessment. A well-constructed budget includes an assessment of financial risks — areas where actual costs may exceed or fall short of estimates. Financial risks include: personnel cost uncertainty (staff salaries may change during the project due to promotions, collective agreements, or turnover); exchange rate risk (for multi-currency projects); inflation

risk (for multi-year projects); partner financial capacity risk (a partner may lack the financial reserves to pre-finance their project activities); and eligibility risk (costs that are planned but may prove ineligible under audit). Financial risk assessment informs contingency planning and helps the project team anticipate and manage financial problems before they become crises.

CC2.3 Financial Monitoring and Cash Flow Management

Financial monitoring is the ongoing process of tracking actual expenditure against the budget, identifying variances, assessing their causes and implications, and taking corrective action where necessary. Effective financial monitoring is a continuous activity — not a periodic exercise conducted just before reporting deadlines — and requires both robust financial management systems and active engagement by project management.

Financial Reporting Cycles. EU grants are typically managed through periodic reporting cycles — usually every 12–18 months for Horizon Europe projects — during which beneficiaries submit financial reports (cost statements) alongside technical progress reports. Financial reports are reviewed by the granting authority and, in some cases, by an independent financial auditor (for large grants or projects with specific audit requirements). Payment is conditional on the acceptance of the financial report: errors or queries can delay payment by months, creating cash flow problems for beneficiaries.

Internal Financial Controls. Internal financial controls are the policies, procedures, and systems that an organisation uses to ensure that financial transactions are authorised, recorded accurately, and compliant with applicable rules. In the EU funding context, key internal controls include: segregation of duties (the person who authorises expenditure is not the same as the person who records it); supporting documentation requirements (all expenditure must be supported by original invoices, contracts, or other evidence); cost allocation procedures (a clear, consistent method for allocating shared costs between projects and other activities); and management review (regular review of financial reports by project management and institutional management).

Cash Flow Management. EU grants are typically paid in advance (pre-financing) at the start of the project, with subsequent payments triggered by the acceptance of periodic reports. The pre-financing amount (typically 20–40% of the EU contribution) is designed to cover the beneficiary's initial costs, but it may be insufficient if the project incurs large costs early in its lifetime or if reporting cycles are long. Cash flow management — forecasting income and expenditure, identifying periods of cash shortfall, and taking action to address them — is a critical financial management skill for EU project coordinators and financial managers.

CC2.4 Audit Readiness and Financial Documentation

EU grants are subject to audit — by the granting authority, by national audit bodies, by the European Court of Auditors, and (for Horizon Europe) by independent auditors appointed by the Commission. Audits may occur during the project or up to five years after its end. The prospect of audit should shape financial management practices throughout the project: documentation that would be difficult to produce at audit time should be created and maintained from the beginning.

Audit Trail. An audit trail is the complete chain of documentary evidence linking a financial claim to the underlying transaction — from the grant agreement and work plan, through the purchase order and contract, to the invoice and payment confirmation. A complete, well-organised audit trail is the primary defence against audit findings. Audit trails should be maintained for all project expenditure, stored securely, and accessible for the full retention period (typically five years after the final payment).

Certificate on Financial Statements (CFS). For large Horizon Europe grants (EU contribution above €325,000), beneficiaries are required to submit a Certificate on Financial Statements (CFS) — an independent audit opinion certifying that the costs claimed are compliant with the

grant agreement and applicable accounting standards. The CFS is prepared by an independent auditor (typically a certified public accountant or audit firm) and submitted with the final financial report. Preparing for a CFS audit — ensuring that all costs are well-documented, that the accounting system is fit for purpose, and that staff can explain the basis of all cost calculations — is a significant undertaking that should be planned well in advance.

CC2.5 Simplified Cost Options and Lump Sum Funding

Simplified Cost Options (SCOs) are mechanisms that replace actual cost reimbursement with pre-agreed standard amounts, reducing the administrative burden of financial reporting and audit. SCOs are increasingly used across EU programmes as a simplification measure, and EU funding professionals must understand their types, their application conditions, and their implications for project management.

Unit Costs. Unit costs are pre-agreed amounts for specific types of activity or output — for example, a standard daily rate for a researcher's time, a standard cost per participant in a training event, or a standard cost per kilometre of travel. Unit costs eliminate the need to report actual costs for the relevant category: the beneficiary claims the number of units (days, participants, kilometres) and the agreed unit cost is applied automatically.

Flat Rates. Flat rates are pre-agreed percentages applied to a base amount to calculate the eligible cost for a category — for example, the 25% flat rate for indirect costs in Horizon Europe (applied to direct personnel costs) or the flat rate for travel costs in some ESIF programmes. Flat rates are the simplest form of SCO: once the base amount is established, the flat rate cost is calculated automatically.

Lump Sums. Lump sum funding is the most radical form of simplification — replacing all cost reporting with a fixed grant amount linked to the achievement of specified results. In Horizon Europe's lump sum pilot (introduced for some project types from 2021), the grant amount is agreed at the outset and paid in full upon satisfactory completion of the project's work packages, regardless of actual costs incurred. Lump sum funding eliminates financial audit risk (there are no eligible costs to audit) but shifts the focus entirely to results: if the work package is not satisfactorily completed, the corresponding lump sum amount is not paid.

Competency 3: Communication and Stakeholder Engagement

Overview and Professional Context

Communication is not a peripheral activity in EU funding practice — it is central to every phase of the funding lifecycle. Proposals must communicate complex ideas clearly and persuasively to evaluators who may not be specialists in the applicant's field. Reports must communicate project progress accurately and compellingly to granting authorities who are accountable for the public funds they manage. Dissemination activities must communicate project results to target audiences in ways that drive uptake and impact. And the ongoing management of a multi-partner consortium requires continuous, skilled communication across linguistic, cultural, and institutional boundaries.

The most technically excellent project will fail to achieve its potential if its results are not communicated effectively. The most innovative proposal will not be funded if its ideas are not presented clearly and persuasively. And the most well-managed project will encounter avoidable conflicts and misunderstandings if its communication processes are not designed with care. Communication competence is therefore not a "soft skill" that can be developed informally — it is a professional capability that requires deliberate development and systematic application.

CC3.1 Writing for EU Funding Audiences

Writing for EU funding audiences — evaluators, project officers, granting authorities, and policy makers — requires a specific set of skills that differ from academic writing, journalistic writing, or business writing. EU funding writing must be: precise (every claim must be supportable and every term must be used consistently); structured (information must be organised in a way that matches the evaluation criteria and the reader's expectations); evidence-based (assertions must be supported by data, references, or examples); impact-oriented (the "so what?" question must be answered throughout); and accessible (complex ideas must be explained clearly without sacrificing accuracy).

Proposal Writing. Proposal writing is the most demanding and highest-stakes writing task in EU funding practice. A competitive EU proposal must simultaneously satisfy multiple audiences — scientific evaluators (who assess Excellence), impact evaluators (who assess Impact), and implementation evaluators (who assess Implementation) — while remaining coherent as a whole. Effective proposal writing requires: deep understanding of the call topic and evaluation criteria; a clear, compelling narrative that connects the project's objectives to the call's expected outcomes and impacts; a logical, well-structured argument that builds from the problem statement through the proposed approach to the expected results and impacts; and a writing style that is professional, precise, and engaging.

Report Writing. Project reports — periodic progress reports, final reports, and special reports — must accurately and compellingly document the project's activities, achievements, and challenges. Good project reports are not merely administrative exercises: they are the primary evidence base for the granting authority's assessment of project performance and the primary record of the project's contribution to the programme's objectives. Reports should be structured to match the granting authority's evaluation framework, use consistent terminology and metrics, and be supported by clear evidence (data, publications, user testimonials, case studies).

Policy Communication. Senior EU funding professionals are increasingly called upon to communicate project results and institutional positions to policy audiences — Commission officials, Members of the European Parliament, national ministry representatives, and other policy makers. Policy communication requires a different register from academic or technical writing: it must be concise (policy makers have limited time), actionable (it must identify specific policy implications or recommendations), and politically aware (it must acknowledge the political context and the interests of different stakeholders).

CC3.2 Stakeholder Mapping and Engagement

Stakeholder engagement is the systematic process of identifying, analysing, and engaging the individuals, groups, and organisations that have an interest in or influence over a project's activities and outcomes. Effective stakeholder engagement is not a communication activity — it is a strategic management activity that shapes project design, implementation, and impact.

Stakeholder Mapping. Stakeholder mapping is the foundation of stakeholder engagement — the systematic identification of all relevant stakeholders and the analysis of their interests, influence, attitudes, and relationships. A stakeholder map for a complex EU project may include hundreds of stakeholders across multiple categories: scientific peers (who will assess the quality of the project's research); policy makers (who may use the project's results to inform legislation or regulation); industry actors (who may adopt or commercialise the project's innovations); civil society organisations (who represent the interests of affected communities); media (who may amplify or distort the project's messages); and funders (who have a direct interest in the project's success). Stakeholder mapping should be updated regularly throughout the project lifecycle, as stakeholder interests and influence evolve.

Engagement Planning. An engagement plan translates the stakeholder map into a structured programme of engagement activities — specifying what engagement is needed with each

stakeholder group, through which channels, at what frequency, and with what objectives. Engagement activities range from passive information provision (website, newsletter, social media) through active consultation (workshops, surveys, advisory boards) to deep co-creation (participatory design, living labs, citizen science). The level and intensity of engagement should be proportionate to the stakeholder's interest and influence: high-influence, high-interest stakeholders warrant intensive, personalised engagement; low-influence, low-interest stakeholders may be adequately served by passive information provision.

Advisory Boards and Expert Groups. Many EU-funded projects establish advisory boards or expert groups — panels of external experts who provide independent guidance on project direction, methodology, and impact. Advisory boards serve multiple functions: they provide scientific quality assurance; they connect the project to relevant networks and communities; they enhance the project's credibility with evaluators and stakeholders; and they provide a mechanism for early identification of problems and opportunities. Effective advisory board management requires careful selection of members (balancing disciplinary expertise, sectoral representation, and geographical diversity), clear terms of reference, regular and well-prepared meetings, and genuine responsiveness to advisory board recommendations.

CC3.3 Science Communication and Public Engagement

Science communication — the translation of complex scientific and technical content into accessible, engaging, and accurate messages for non-specialist audiences — is an increasingly important competency for EU funding professionals. Horizon Europe requires all projects to develop and implement communication strategies targeting the general public and policy makers; LIFE requires projects to demonstrate public awareness and engagement; and virtually all EU programmes include dissemination requirements that extend beyond academic publication to broader public communication.

Message Development. Effective science communication begins with message development — the process of identifying the key messages that the project wants to communicate to each target audience. Key messages should be: simple (expressible in a single sentence); surprising (they should tell the audience something they didn't know or challenge a misconception); significant (they should explain why the project's work matters); and specific (they should be grounded in the project's actual results, not generic claims about the importance of the research area). Message development is a collaborative process — it should involve scientists, communication professionals, and representatives of target audiences.

Digital Communication. Digital channels — websites, social media, podcasts, videos, webinars, and online events — are the primary channels for science communication in contemporary EU projects. Effective digital communication requires: a clear digital strategy (which channels, which audiences, which content, at what frequency); professional-quality content (well-written, well-designed, and visually engaging); active community management (responding to comments, engaging with followers, building relationships with key influencers); and systematic measurement (tracking reach, engagement, and impact against defined targets).

CC3.4 Meeting Facilitation and Consortium Communication

Consortium meetings — kick-off meetings, general assemblies, work package meetings, steering committee meetings, and review meetings with the granting authority — are the primary forums for project governance, decision-making, and relationship-building. The quality of consortium meetings has a direct impact on project performance: well-facilitated meetings build trust, resolve conflicts, align expectations, and generate the collective intelligence needed to navigate complex challenges. Poorly facilitated meetings waste time, generate frustration, and leave critical issues unresolved.

Kick-Off Meeting Management. The kick-off meeting — typically held within the first three months of the project — is the most important single meeting in the project lifecycle. It is the first opportunity for the full consortium to come together, to build relationships, to align on the

project's objectives and approach, and to establish the governance and communication processes that will guide the project. A well-designed kick-off meeting: introduces all partners and their roles; reviews the work plan and budget in detail; establishes governance structures and decision-making processes; agrees communication protocols and tools; identifies key risks and mitigation strategies; and builds the interpersonal relationships that will sustain the consortium through challenges ahead.

Conflict Management in Consortia. Conflicts are inevitable in complex, multi-partner projects — conflicts over resource allocation, authorship, intellectual property, technical approach, timeline, and consortium governance. The project coordinator's ability to manage conflicts effectively — identifying them early, facilitating constructive dialogue, finding solutions that preserve relationships and project performance — is one of the most important determinants of project success. Conflict management in EU consortia requires: an understanding of the sources of conflict (task conflict, process conflict, relationship conflict); a repertoire of conflict resolution techniques (negotiation, mediation, arbitration); and the emotional intelligence to manage difficult conversations with empathy and professionalism.

CC3.5 Negotiation in the EU Funding Context

Negotiation is a pervasive activity in EU funding practice: negotiating the terms of a consortium agreement; negotiating the allocation of tasks and budget between partners; negotiating with the granting authority on grant agreement conditions; negotiating with subcontractors on contracts and deliverables; and negotiating with institutional management on resources and priorities. EU funding professionals who develop strong negotiation skills can secure better outcomes for their projects and their organisations in all of these contexts.

Principled Negotiation. The principled negotiation framework — developed by Fisher and Ury in "Getting to Yes" — provides a robust foundation for EU funding negotiation. Principled negotiation focuses on interests rather than positions (understanding what each party actually needs, rather than what they say they want); invents options for mutual gain (developing creative solutions that satisfy the interests of all parties); uses objective criteria (grounding agreements in facts, standards, and precedents rather than power or pressure); and separates the people from the problem (maintaining constructive relationships while addressing substantive disagreements). These principles are particularly valuable in EU consortium negotiations, where long-term relationships must be preserved even when short-term interests conflict.

Competency 4: Digital Competencies

Overview and Professional Context

The EU funding landscape is undergoing a profound digital transformation. The EU Funding and Tenders Portal (FTOP) has replaced paper-based processes with electronic grant management; open science mandates require digital data management and publication; project management tools enable distributed collaboration across multi-partner consortia; and emerging technologies — artificial intelligence, automation, data analytics — are beginning to reshape how proposals are developed, grants are managed, and results are reported. EU funding professionals who are not digitally competent are increasingly at a disadvantage — unable to navigate the EU's digital infrastructure efficiently, unable to meet open science obligations, and unable to leverage digital tools to improve their productivity and effectiveness.

Digital competence in the EU funding context is not simply about technical proficiency with specific tools. It encompasses: understanding of the EU's digital funding infrastructure and its logic; ability to select, implement, and use digital tools effectively for EU funding purposes; knowledge of open science principles and their practical implementation; awareness of

cybersecurity and data protection requirements; and the capacity to adapt to and leverage emerging technologies as they become available.

CC4.1 The EU Digital Funding Infrastructure

The EU Funding and Tenders Portal (FTOP) is the single entry point for all EU directly managed grants — the platform through which organisations register, submit proposals, manage grant agreements, submit reports, and receive payments. FTOP proficiency is a basic operational competency for EU funding professionals, analogous to word processing proficiency for administrative professionals.

Organisation Registration and PIC Management. Every organisation participating in EU directly managed programmes must be registered in FTOP and must obtain a Participant Identification Code (PIC). The registration process involves: creating an organisation profile; uploading legal and financial documentation; designating a Legal Entity Appointed Representative (LEAR) — the person responsible for maintaining the organisation's FTOP profile and managing its legal and financial data. PIC management — keeping the organisation's profile up to date, managing the LEAR role, and responding to Commission validation requests — is an ongoing administrative responsibility that requires designated ownership within the organisation.

Proposal Submission Systems. Different EU programmes use different electronic submission systems within FTOP. Horizon Europe uses the SEP (Submission and Evaluation Platform); Erasmus+ uses the Beneficiary Module; LIFE uses the eProposal system. Each system has its own interface, requirements, and technical specifications. EU funding professionals must be familiar with the submission system for their target programme and must plan the submission process carefully — technical problems with electronic submission are a common source of last-minute crises that can result in missed deadlines.

Grant Management in FTOP. Following grant agreement signature, FTOP becomes the primary platform for grant management — the place where project data is maintained, reports are submitted, payment requests are processed, and communications with the granting authority are managed. Effective FTOP grant management requires: understanding of the grant management workflow (what happens when, who does what, and what the consequences of missed deadlines are); proficiency with the reporting and payment request functions; and awareness of the audit trail that FTOP generates — every action in FTOP is timestamped and logged, creating a permanent record of project management activities.

CC4.2 Digital Tools for EU Funding Practice

Beyond FTOP, EU funding professionals use a wide range of digital tools to support their work — project management platforms, collaboration tools, financial management systems, reference management software, and communication tools. The selection and implementation of an appropriate digital tool ecosystem is a significant management decision that has a direct impact on team productivity and project performance.

Project Management Platforms. Project management platforms — such as Microsoft Project, Asana, Monday.com, Basecamp, or Jira — provide tools for work plan management, task assignment, progress tracking, and team communication. For EU projects, the ideal project management platform should: support the EU work package/task/deliverable/milestone structure; enable role-based access (so that partners can see their own tasks and deliverables without accessing the full project); integrate with document management and communication tools; and generate reports that can be used as the basis for periodic progress reports.

Collaboration and Communication Tools. Distributed EU project teams rely heavily on digital collaboration tools — video conferencing (Zoom, Teams, Webex), document sharing (SharePoint, Google Drive, Nextcloud), instant messaging (Slack, Teams), and virtual whiteboarding (Miro, MURAL). The selection of collaboration tools should take account of: partner preferences and existing infrastructure; data protection requirements (GDPR

compliance of cloud-based tools); accessibility (tools that work reliably on low-bandwidth connections for partners in less developed regions); and security (particularly for projects involving sensitive or dual-use research).

Financial Management Systems. Financial management in EU projects requires robust accounting systems that can: track expenditure by project, work package, and cost category; generate financial reports in the format required by the granting authority; support time recording for personnel costs; manage supporting documentation; and produce audit trails. Many organisations use general-purpose accounting software (SAP, Oracle, Sage) supplemented by EU-specific modules or spreadsheet tools. Dedicated EU project financial management platforms — such as Sievert, Forschungsmanager, or custom-built systems — offer more specialised functionality but require significant investment in implementation and training.

CC4.3 Open Science and Research Data Management

Open science — the practice of making scientific research, data, and publications freely accessible to all — is a core requirement of Horizon Europe and an increasingly important expectation across all EU research and innovation programmes. Open science encompasses open access to publications, open research data, open methodologies, and open source software, as well as broader practices such as citizen science, open peer review, and pre-registration of research protocols.

Open Access to Publications. Horizon Europe requires immediate open access to all peer-reviewed publications arising from the project — either through publication in an open access journal (Gold OA) or through deposit of the accepted manuscript in an open access repository (Green OA) within the embargo periods specified by the publisher. EU funding professionals must understand the open access requirements of their programme, the open access policies of target journals, the costs of Gold OA publication, and the procedures for depositing manuscripts in repositories such as Zenodo (the EU's preferred repository for Horizon Europe).

Data Management Plans. A Data Management Plan (DMP) is a document that describes how research data generated or collected during a project will be managed — how it will be documented, stored, shared, and preserved. Horizon Europe requires all projects to develop a DMP within the first six months of the project and to update it as the project evolves. A good DMP addresses: what data will be generated; what data standards and formats will be used; how data will be stored and backed up during the project; which data will be made openly available and when; what restrictions apply to data sharing (personal data, commercial confidentiality, national security); and how data will be preserved after the project ends.

FAIR Data Principles. The FAIR data principles — Findable, Accessible, Interoperable, and Reusable — provide a framework for ensuring that research data is managed in a way that maximises its value and impact. FAIR data is: Findable (assigned a persistent identifier, described with rich metadata, registered in a searchable resource); Accessible (retrievable via a standard protocol, with clear access conditions); Interoperable (using community standards for data formats and vocabularies); and Reusable (clearly licensed, well-documented, and meeting community standards for data quality). Implementing FAIR data principles requires investment in data management infrastructure, training, and cultural change — but it is increasingly a condition of EU funding and a marker of research excellence.

CC4.4 Cybersecurity and Data Protection

EU-funded projects handle significant volumes of sensitive data — personal data of participants, confidential business information, sensitive research data, and financial information. The protection of this data is both a legal obligation (under GDPR and programme-specific rules) and a professional responsibility. Cybersecurity breaches in EU-funded projects can result in: data protection violations and regulatory penalties; loss of intellectual property; reputational

damage to the consortium and the EU; and, in extreme cases, compromise of safety-critical systems or dual-use research.

GDPR Compliance in EU Projects. The General Data Protection Regulation (GDPR) applies to all processing of personal data by EU-based organisations, including data processing in EU-funded projects. Key GDPR requirements for EU projects include: identifying the legal basis for personal data processing (consent, legitimate interest, contractual necessity, etc.); providing data subjects with transparent information about how their data will be used; implementing appropriate technical and organisational security measures; managing data subject rights (access, rectification, erasure, portability); and documenting data processing activities in a Record of Processing Activities (RoPA). Projects involving personal data processing should conduct a Data Protection Impact Assessment (DPIA) at the design stage.

CC4.5 Emerging Technologies in EU Funding Practice

Artificial intelligence, automation, and data analytics are beginning to transform EU funding practice — from proposal development and evaluation through grant management and reporting to impact assessment and knowledge synthesis. EU funding professionals who understand and leverage these technologies will have a significant productivity and quality advantage over those who do not.

AI in Proposal Development. AI writing assistants — including large language models such as GPT-4 and its successors — can support proposal development by: generating first drafts of proposal sections; identifying gaps in the proposal narrative; checking consistency between different sections; suggesting relevant literature and evidence; and improving the clarity and readability of complex technical text. AI tools should be used as assistants, not as authors — the proposal must reflect the genuine intellectual contribution of the project team, and AI-generated text must be carefully reviewed, edited, and verified for accuracy and compliance with programme requirements.

AI in Grant Management. AI tools are increasingly available for grant management tasks — automated compliance checking, intelligent document management, predictive analytics for project risk, and AI-assisted reporting. The European Commission is itself investing in AI tools for grant evaluation and management, including tools that assist evaluators in assessing proposals and tools that monitor project performance against contractual commitments. EU funding professionals should track the development of these tools and be prepared to adapt their practices as AI capabilities evolve.

Competency 5: Ethics and Integrity

Overview and Professional Context

Ethics and integrity are not optional extras in EU funding practice — they are foundational requirements that define the legitimacy of the entire EU funding system. EU grants are funded by European taxpayers, and the professionals who manage them are stewards of public trust. A single case of fraud, a conflict of interest that is not properly managed, a research ethics violation that damages participants or misrepresents results, or a professional conduct failure that brings the EU's funding system into disrepute can have consequences that far exceed the financial value of the grant involved.

The EU's commitment to ethics and integrity is expressed through a comprehensive regulatory framework — the EU Financial Regulation, the Horizon Europe grant conditions, the OLAF regulation, the research ethics requirements of the European Commission's ethics review process, and the fundamental rights framework of the EU Charter. But regulatory compliance is a floor, not a ceiling. True professional ethics requires not just compliance with rules but a genuine commitment to the values that underlie them: honesty, transparency, accountability, fairness, respect for persons, and responsibility to the public.

CC5.1 Research Ethics in EU-Funded Projects

Research ethics — the application of ethical principles to the design, conduct, and reporting of research — is a specific requirement of Horizon Europe and other EU research programmes. All Horizon Europe projects must conduct an ethics self-assessment at the proposal stage, and projects involving certain types of research (involving human participants, personal data, animals, dual-use technologies, or other sensitive areas) are subject to ethics review by the European Commission.

Ethics Self-Assessment. The ethics self-assessment is a structured process through which project teams identify the ethical issues raised by their research and describe the measures they will take to address them. The self-assessment covers: involvement of human participants (informed consent, data protection, vulnerability considerations); use of human biological samples or personal data; animal research (3Rs principles — replacement, reduction, refinement); dual-use research (research that could be misused for harmful purposes); environmental and safety risks; and other ethical issues specific to the research domain. A thorough, honest ethics self-assessment is not only a regulatory requirement but a mark of professional maturity — it demonstrates that the project team has thought carefully about the ethical dimensions of their work.

Ethics Review Process. Projects that are flagged for ethics review during evaluation are subject to a more detailed assessment by an independent ethics panel appointed by the Commission. Ethics reviews assess whether the project's ethical safeguards are adequate and whether the project can proceed as planned. Ethics reviews can result in: clearance (the project can proceed as planned); clearance with conditions (the project can proceed subject to specific additional safeguards); or rejection (in extreme cases, where the ethical risks cannot be adequately mitigated). EU funding professionals must understand the ethics review process, prepare ethics deliverables in a timely and thorough manner, and implement ethics conditions with genuine commitment.

Dual-Use Research of Concern. Dual-use research of concern (DURC) is research that, while conducted for legitimate scientific purposes, could be misused to pose a threat to public health, safety, security, or the environment. DURC is a growing concern in EU-funded research, particularly in areas such as biosecurity, cybersecurity, advanced materials, and artificial intelligence. EU funding professionals working in DURC-relevant areas must: understand the DURC framework and its application to their research; implement appropriate safeguards (access controls, publication review, engagement with biosecurity experts); and engage proactively with the granting authority and ethics reviewers on DURC issues.

CC5.2 Conflict of Interest Management

A conflict of interest (COI) arises when a person's private interests — financial, personal, professional, or political — could improperly influence their professional judgement or actions in their role as an EU funding professional. COIs are not inherently unethical — they are a normal feature of professional life — but they must be declared and managed appropriately to prevent them from compromising the integrity of EU funding decisions.

Types of Conflict of Interest. COIs in the EU funding context include: financial COIs (a person has a financial interest in an organisation that is applying for or has received EU funding); personal COIs (a person has a personal relationship with an applicant, beneficiary, or evaluator that could influence their judgement); professional COIs (a person has a professional relationship — current or recent employment, advisory role, co-authorship — with an applicant or beneficiary); and institutional COIs (an organisation has an institutional interest that conflicts with its role in the EU funding process — e.g., a National Contact Point that is also an applicant to the programme it advises on).

Declaration and Management. The management of COIs follows a standard process: declaration (the person with a potential COI declares it to the relevant authority — their institution, the granting authority, or the evaluation panel); assessment (the relevant authority assesses whether the COI is material — whether it could actually influence the person's judgement); and management (appropriate measures are taken to manage the COI — recusal from relevant decisions, additional oversight, or, in extreme cases, removal from the role). Declaration and management of COIs must be documented and the documentation retained as part of the project's audit trail.

CC5.3 Anti-Fraud and Integrity

Fraud in the EU funding context encompasses a wide range of intentional misconduct: falsification of financial claims (claiming costs that were not incurred, or inflating the value of costs claimed); misrepresentation of project activities or results (reporting activities that did not occur, or overstating the significance of results); procurement fraud (rigging tender processes to favour a preferred supplier); conflict of interest fraud (using a COI to improperly direct EU funds to a related party); and corruption (offering or accepting improper advantages in connection with EU funding decisions).

OLAF and the Anti-Fraud Framework. The European Anti-Fraud Office (OLAF) is the EU body responsible for investigating fraud, corruption, and other irregularities affecting the EU's financial interests. OLAF has the power to conduct administrative investigations — accessing documents, interviewing witnesses, and cooperating with national law enforcement authorities — in all EU institutions, bodies, and agencies, and in Member States and third countries in connection with EU-funded activities. OLAF investigations can result in: financial corrections (recovery of ineligible or fraudulent expenditure); criminal referrals (to national prosecution authorities); and administrative sanctions (exclusion from EU funding for a period of time).

Irregularities and Reporting Obligations. Not all financial errors in EU projects are fraud — many are genuine mistakes resulting from misunderstanding of the rules, inadequate accounting systems, or poor documentation practices. The EU distinguishes between irregularities (unintentional errors that result in ineligible expenditure) and fraud (intentional misconduct). Both must be reported: irregularities are reported to the granting authority through the standard financial reporting process; suspected fraud must be reported to OLAF. EU funding professionals have a professional and legal obligation to report suspected fraud — failure to do so can constitute complicity.

Building an Integrity Culture. Fraud prevention is not only about controls and procedures — it is about culture. Organisations with a strong integrity culture — where ethical behaviour is modelled by leadership, where staff feel safe to raise concerns, where controls are seen as enabling rather than obstructive, and where compliance is valued as a professional standard

rather than resented as a bureaucratic burden — are significantly less vulnerable to fraud than those where integrity is treated as a compliance exercise. Building an integrity culture requires sustained leadership commitment, investment in training and awareness, effective whistleblowing mechanisms, and consistent, proportionate responses to integrity violations.

CC5.4 Professional Standards and Accountability

EU funding professionals have a responsibility not only to comply with legal and regulatory requirements but to uphold the highest standards of professional conduct — honesty, transparency, competence, diligence, and respect for all stakeholders. Professional standards in EU funding practice are not yet codified in a single professional code of conduct (unlike, for example, the legal or medical professions), but they are implicit in the EU's regulatory framework and in the expectations of granting authorities, institutional employers, and professional peers.

Accountability to Stakeholders. EU funding professionals are accountable to multiple stakeholders: the granting authority (for compliance with grant conditions and delivery of contracted outputs); their employing organisation (for professional performance and institutional reputation); their consortium partners (for fair dealing, transparency, and delivery of commitments); the project's target beneficiaries (for genuine effort to achieve the project's stated objectives); and the European public (for responsible stewardship of public funds). Managing these multiple accountability relationships — particularly when they conflict — requires professional judgement, integrity, and the courage to make difficult decisions.

CC5.5 Fundamental Rights and Inclusive Practice

The EU's fundamental rights framework — enshrined in the EU Charter of Fundamental Rights — requires that EU-funded activities respect and promote fundamental rights: dignity, freedom, equality, solidarity, citizenship, and justice. This requirement is not merely symbolic: EU grant conditions include specific obligations relating to non-discrimination, gender equality, accessibility, and the protection of vulnerable groups, and compliance with these obligations is assessed during project monitoring and audit.

Gender Equality in EU-Funded Research. Horizon Europe requires all projects to implement a Gender Equality Plan (GEP) — a formal commitment to gender equality in the organisation's research and innovation activities. GEPs must address: work-life balance and organisational culture; gender balance in leadership and decision-making; gender equality in recruitment and career progression; and the integration of the gender dimension in research and innovation content. The gender dimension in research — the analysis of how sex and gender influence research questions, methodologies, and results — is a scientific quality issue, not only an equity issue: research that ignores the gender dimension may produce results that are less accurate, less generalisable, and less useful.

Competency 6: Leadership and Management

Overview and Professional Context

Leadership and management in the EU funding context encompasses a distinctive set of challenges that differ from leadership in most other professional settings. EU project leaders must exercise authority without formal hierarchy — in a consortium of independent organisations, the coordinator cannot command; they can only influence, persuade, and facilitate. They must manage performance without direct employment relationships — partners cannot be fired, only encouraged, supported, or (in extremis) excluded through legal processes. They must drive institutional change in organisations that may be resistant to new practices — building the administrative capacity, cultural change, and strategic commitment needed to sustain EU funding engagement over the long term. And they must navigate the complex

political dynamics of multi-stakeholder environments — managing relationships with granting authorities, institutional management, political stakeholders, and professional peers simultaneously.

These challenges require a distinctive leadership repertoire: strong interpersonal skills, political awareness, strategic thinking, change management capability, and the resilience to maintain performance under sustained pressure. Leadership in the EU funding context is not a role reserved for senior professionals — it is a competency that operates at every level, from the early-career researcher leading a work package to the institutional director shaping a multi-million-euro funding strategy.

CC6.1 Leadership Styles and Adaptive Leadership

Leadership effectiveness in the EU funding context depends not on the adoption of a single leadership style but on the ability to adapt leadership approach to the situation — the nature of the task, the characteristics of the team, the stage of the project lifecycle, and the cultural context.

Situational Leadership. Situational leadership theory (Hersey and Blanchard) proposes that effective leaders adapt their style — the balance between task-oriented direction and relationship-oriented support — to the development level of their team members. In the EU funding context, this means: providing more direction and structure to early-career staff or new consortium partners who are unfamiliar with EU funding processes; providing more support and coaching to experienced staff who are working on novel or challenging tasks; and delegating with confidence to highly competent, highly motivated team members who need autonomy to perform at their best.

Transformational Leadership. Transformational leadership — inspiring followers to achieve more than they thought possible by connecting their work to a compelling vision and to their own values and aspirations — is particularly relevant in the EU funding context, where projects often address important societal challenges and where the intrinsic motivation of project team members is a key driver of performance. Transformational leaders in EU projects: articulate a compelling vision of the project's potential impact; connect individual contributions to the project's broader significance; challenge team members to think creatively and ambitiously; model the values of excellence, integrity, and collaboration; and celebrate achievements in ways that build team identity and commitment.

Servant Leadership. Servant leadership — the philosophy that the leader's primary role is to serve the needs of their team, removing obstacles, providing resources, and creating conditions for high performance — is particularly relevant for EU project coordinators, whose primary function is to enable their consortium partners to deliver their commitments. The servant leader coordinator: anticipates and addresses partner needs before they become problems; protects partners from unnecessary administrative burden; provides clear, timely information and guidance; advocates for the consortium's interests with the granting authority; and shares credit generously while accepting responsibility for failures.

CC6.2 Team Development and Performance Management

Building and developing high-performing EU project teams is one of the most important and most challenging leadership tasks in the EU funding context. EU project teams are typically assembled at the proposal stage — often before the team members have worked together — and must reach high performance quickly in order to deliver results within the project's compressed timeline.

Team Formation and Norming. Tuckman's team development model — Forming, Storming, Norming, Performing — provides a useful framework for understanding the dynamics of new EU project teams. The Forming stage (team members are polite, cautious, and uncertain) typically corresponds to the project kick-off period; the Storming stage (conflicts emerge as team members assert their perspectives and compete for influence) often occurs in the first few months of implementation; the Norming stage (the team develops shared norms, processes, and relationships) is the critical transition that enables high performance; and the Performing stage (the team operates with high autonomy, mutual trust, and collective commitment) is the goal. The project coordinator's role is to facilitate this development process — accelerating the transition from Forming to Performing through deliberate team-building activities, clear governance structures, and active conflict management.

Performance Management Without Authority. Managing the performance of consortium partners — who are independent organisations with their own governance, priorities, and constraints — requires a fundamentally different approach from managing direct employees. Performance management in EU consortia relies on: clear contractual commitments (the consortium agreement and grant agreement define what each partner is expected to deliver); regular monitoring and reporting (progress reports, financial reports, and bilateral conversations provide early warning of performance problems); constructive challenge (raising concerns early, in a spirit of problem-solving rather than blame); escalation processes (clear procedures for escalating performance problems to the consortium's governance bodies); and, as a last resort, contractual remedies (financial penalties, task reallocation, or partner replacement under the consortium agreement).

CC6.3 Strategic Thinking and Institutional Leadership

Strategic thinking — the ability to see the big picture, to anticipate future developments, to identify opportunities and threats, and to make decisions that create long-term value — is the defining competency of senior EU funding professionals. Strategic thinkers in the EU funding context: understand the EU policy landscape and its implications for their organisation's funding strategy; anticipate changes in programme priorities and design their projects to capitalise on emerging opportunities; build the institutional capacity and partnerships needed to compete successfully for major EU grants; and align their organisation's EU funding strategy with its broader institutional mission and strategic plan.

Institutional Funding Strategy. A well-designed institutional funding strategy for EU grants addresses: which programmes and instruments are most relevant to the organisation's mission and competitive strengths; what level of EU funding income is realistic and sustainable given the organisation's capacity; how EU funding will be integrated with other funding sources (national, private, philanthropic) in a diversified portfolio; what capacity building investments are needed to improve the organisation's competitiveness; and how EU funding activity will be governed, coordinated, and evaluated at institutional level.

Building Institutional Capacity. Institutional capacity for EU funding encompasses: human resources (staff with the skills to develop competitive proposals, manage complex grants, and navigate the EU regulatory framework); administrative systems (financial management, project management, and reporting systems that meet EU requirements); knowledge management (systems for capturing, sharing, and applying lessons learned from EU funding experience); and strategic relationships (partnerships, networks, and institutional relationships that provide access to intelligence, collaboration opportunities, and policy influence). Building institutional

capacity is a long-term investment — it requires sustained leadership commitment, adequate resourcing, and a culture that values EU funding expertise as a professional specialism.

CC6.4 Partnership Strategy and Network Development

Strategic partnerships and professional networks are among the most valuable assets of an EU funding professional and their organisation. Partnerships provide access to complementary expertise, shared infrastructure, and collaborative opportunities that would not be available to any single organisation acting alone. Networks provide access to intelligence, influence, and opportunities that are not visible through formal channels.

Partnership Strategy. A strategic approach to partnership development in the EU funding context involves: identifying the types of partners needed for competitive EU funding applications (complementary expertise, geographical coverage, sectoral diversity, track record); building relationships with potential partners before specific calls are announced (through joint publications, conference participation, thematic networks, and bilateral engagement); assessing partner suitability through structured due diligence (financial capacity, management quality, scientific excellence, cultural fit); and managing partner relationships as long-term strategic assets rather than transactional arrangements for specific projects.

European and International Networks. Active participation in European and international professional networks — thematic research networks, European associations, National Contact Point networks, alumni communities, and professional bodies — provides EU funding professionals with access to: early intelligence about programme priorities and call topics; potential partners for future projects; informal guidance and peer support; policy influence opportunities; and career development pathways. Network participation should be strategic — focused on the networks that provide the greatest value — and active — contributing as well as consuming.

CC6.5 Change Management and Organisational Development

EU funding is not only a source of project income — it is a driver of organisational change and development. EU-funded projects introduce new knowledge, new practices, new partnerships, and new capabilities into the organisations that implement them. The most effective EU funding professionals leverage this change potential deliberately — using EU projects as vehicles for institutional learning, capacity building, and strategic repositioning.

Managing Resistance to Change. Organisational change — including the changes required to build EU funding capacity — typically encounters resistance from staff who are comfortable with existing practices, from managers who are sceptical about the value of EU funding, and from institutional cultures that prioritise short-term performance over long-term capacity building. Managing resistance to change requires: understanding the sources of resistance (fear of failure, lack of understanding, competing priorities, cultural norms); communicating the case for change clearly and compellingly; involving resisters in the change process (giving them a voice and a stake in the outcome); demonstrating early wins (showing that the new approach works); and sustaining commitment over the long term (change takes time, and momentum can be lost if leadership attention wavers).

Competency 7: Intercultural Competence

Overview and Professional Context

EU-funded collaboration is inherently intercultural. Horizon Europe consortia routinely bring together researchers from 10–20 countries; ESIF projects involve partnerships between national ministries, regional authorities, universities, NGOs, and private companies from across the EU; and Erasmus+ partnerships connect educational institutions from multiple Member States and partner countries. These collaborations create extraordinary opportunities — for knowledge exchange, innovation, and the development of genuinely European solutions to shared challenges — but they also create predictable challenges rooted in cultural, linguistic, and institutional differences.

Intercultural competence — the ability to work effectively, respectfully, and productively across cultural boundaries — is not a "nice to have" in EU funding practice. It is a professional necessity. Projects that fail to manage cultural differences effectively suffer from: miscommunication and misunderstanding; conflict rooted in different expectations about professional behaviour; unequal participation (some partners dominate, others disengage); and failure to leverage the full diversity of the consortium's knowledge and perspectives. Projects that manage cultural differences well, by contrast, benefit from: richer problem-solving (diverse perspectives generate more creative solutions); stronger relationships (partners who feel respected and valued are more committed); and greater impact (results that are relevant to multiple cultural contexts have broader applicability).

CC7.1 Cultural Dimensions and Their Professional Implications

Cultural dimensions frameworks — Hofstede's six dimensions, Trompenaars and Hampden-Turner's seven dimensions, Meyer's Culture Map — provide systematic tools for understanding how national and organisational cultures differ and how these differences affect professional behaviour in EU-funded collaborations.

Hofstede's Cultural Dimensions. Geert Hofstede's research identified six dimensions along which national cultures vary: Power Distance (the degree to which less powerful members of society accept and expect unequal power distribution); Individualism vs. Collectivism (the degree to which individuals are integrated into groups); Masculinity vs. Femininity (the degree to which society values achievement, competition, and material success vs. caring, quality of life, and cooperation); Uncertainty Avoidance (the degree to which members of society feel uncomfortable with uncertainty and ambiguity); Long-Term vs. Short-Term Orientation (the degree to which society values perseverance and thrift vs. respect for tradition and fulfilling social obligations); and Indulgence vs. Restraint (the degree to which society allows gratification of basic human drives).

These dimensions have direct implications for EU project management. High power distance cultures (many Southern and Eastern European countries, as well as many non-EU partner countries) may expect more hierarchical decision-making and may be reluctant to challenge senior colleagues or the project coordinator. High uncertainty avoidance cultures (many Southern European countries) may be more risk-averse, more rule-oriented, and more resistant to ambiguity in project planning. Individualistic cultures (Northern and Western European countries) may prioritise individual achievement and autonomy, while collectivist cultures may prioritise group harmony and consensus. Understanding these differences — and designing project governance and communication processes that accommodate them — is a mark of intercultural competence.

Meyer's Culture Map. Erin Meyer's Culture Map provides a more practically oriented framework for understanding cultural differences in professional contexts, organised around eight scales: Communicating (low-context vs. high-context communication); Evaluating (direct vs. indirect negative feedback); Persuading (principles-first vs. applications-first reasoning); Leading (egalitarian vs. hierarchical leadership); Deciding (consensual vs. top-down decision-

making); Trusting (task-based vs. relationship-based trust); Disagreeing (confrontational vs. avoids confrontation); and Scheduling (linear-time vs. flexible-time orientation). The Culture Map is particularly useful for EU project coordinators because it focuses on the specific professional behaviours — communication, decision-making, feedback, trust-building — that are most relevant to project management.

CC7.2 Building Trust Across Cultural Boundaries

Trust is the foundation of effective collaboration in EU-funded consortia — and it is harder to build across cultural and institutional boundaries than within a single organisation or cultural community. Trust-building in cross-cultural contexts requires understanding of how trust is conceptualised and developed in different cultures, and deliberate investment in trust-building activities.

Cognitive vs. Affective Trust. Research on cross-cultural trust distinguishes between cognitive trust (trust based on evidence of competence, reliability, and integrity — "I trust you because you have demonstrated that you are competent and will do what you say") and affective trust (trust based on emotional bonds and personal relationships — "I trust you because I know you and care about your wellbeing"). Northern European and Anglo-Saxon cultures tend to be more task-based (cognitive trust is sufficient for effective collaboration); Southern and Eastern European cultures, and many non-European cultures, tend to be more relationship-based (affective trust must be established before effective collaboration is possible). In practice, EU consortia need both types of trust — and the coordinator must invest in relationship-building activities (social events, bilateral conversations, informal communication) as well as in demonstrating competence and reliability.

Virtual Trust-Building. The shift to virtual collaboration — accelerated by the COVID-19 pandemic and now embedded in EU project practice — has made trust-building more challenging. Research consistently shows that trust develops more slowly in virtual teams than in co-located teams, and that the absence of informal, face-to-face interaction reduces the quality of interpersonal relationships. EU project coordinators must compensate for the limitations of virtual collaboration by: investing in face-to-face meetings at critical junctures (kick-off, mid-term, and closeout); using video rather than audio for virtual meetings (visual cues are important for relationship-building); creating informal virtual spaces (virtual coffee breaks, social channels) alongside formal project communication; and being attentive to signs of disengagement or conflict that may be less visible in virtual settings.

CC7.3 Multilingual Communication in EU Projects

EU-funded projects are multilingual by definition — consortium members work in different national languages, and the project's working language (almost always English) is a second, third, or fourth language for most participants. Multilingual communication creates challenges of comprehension, expression, and equity that must be actively managed.

Language Accessibility and Inclusion. Non-native English speakers in EU consortia often experience systematic disadvantages: they may find it harder to articulate complex ideas in English, to follow rapid discussions in meetings, to write fluent reports and publications, and to advocate effectively for their perspectives in negotiations. These disadvantages can lead to unequal participation — dominant English speakers (from the UK, Ireland, and the Netherlands) may disproportionately shape project decisions, while less fluent participants disengage or defer. Addressing language accessibility requires: using plain, clear English in all project communication (avoiding idioms, jargon, and complex sentence structures); allowing adequate time for non-native speakers to contribute in meetings; providing written summaries of verbal discussions; and being attentive to signs of language-related exclusion.

Translation and Interpretation. For projects with significant public-facing activities — events, publications, training materials, websites — translation and interpretation are important quality and inclusivity considerations. Professional translation and interpretation is expensive but often

essential for reaching non-English-speaking audiences. EU funding professionals should: budget adequately for translation and interpretation in the project budget; use professional translators and interpreters (not machine translation for public-facing materials); and develop a language strategy that specifies which materials will be translated into which languages and at what quality level.

CC7.4 Navigating Institutional Culture Differences

EU consortia typically bring together organisations from different institutional sectors — universities, research institutes, government agencies, private companies, NGOs, and local authorities — each with its own institutional culture, governance structures, decision-making processes, and professional norms. Navigating these institutional culture differences is as important as navigating national cultural differences — and is often more practically challenging.

Academic vs. Industry Culture. The cultural differences between academic and industry partners are among the most common sources of tension in EU research and innovation projects. Academic partners typically prioritise: scientific excellence and publication; academic freedom and autonomy; long-term, exploratory research; and peer recognition. Industry partners typically prioritise: commercial applicability and market readiness; intellectual property protection; short-term, targeted development; and business return on investment. These differences can create conflicts over: the balance between fundamental and applied research; the timing and scope of publications (academics want to publish; industry may want to delay for IP reasons); the definition of project success (academic partners measure success in publications and citations; industry partners measure it in prototypes, market opportunities, and revenue); and the pace and flexibility of project management (industry partners are often more demanding about deadlines and deliverables than academic partners). Effective management of academic-industry tensions requires: explicit discussion of these differences at the project outset; clear agreements on IP, publication, and exploitation (typically in the consortium agreement); and ongoing attention to the balance of interests throughout the project.

Public Sector and Civil Society Partners. Public sector partners (government agencies, regional authorities, municipalities) and civil society partners (NGOs, community organisations, advocacy groups) bring distinctive institutional cultures and constraints to EU consortia. Public sector partners operate within political and administrative frameworks that can limit their flexibility, slow their decision-making, and create procurement obligations that affect how they can engage with project activities. Civil society partners may have limited administrative capacity, making it difficult for them to manage complex EU grant requirements. Understanding and accommodating these institutional constraints — designing project governance and administrative processes that work for all types of partners, not just for universities and research organisations — is a mark of experienced EU consortium management.

Managing Institutional Hierarchies. In many EU consortia, there are significant differences in institutional size, prestige, and resource between partners — a large, well-resourced research university may be partnered with a small NGO or a regional authority with limited administrative capacity. These power asymmetries can create dynamics of dependence, resentment, and disengagement that undermine consortium cohesion. Effective consortium management requires: acknowledging and respecting the different contributions that partners of different sizes and types bring to the consortium; designing governance processes that give all partners a meaningful voice; providing support to less resourced partners to help them meet their project obligations; and being attentive to signs of marginalisation or disengagement among smaller or less powerful partners.

APPENDIX

SECTION 1 — COMPREHENSIVE GLOSSARY

A

Abstract A concise summary of a project proposal or report, typically 200-500 words, that describes the objectives, methodology, expected outcomes, and impact of the project. The abstract must be self-contained and understandable without reference to the full document. In EU funding applications, abstracts are often published publicly and used for initial screening and dissemination purposes.

Accreditation The formal recognition by a competent authority that an organisation or body meets specific standards and requirements to perform designated functions within EU funding programmes. Accreditation may apply to audit firms, certifying authorities, managing authorities, or other entities involved in programme implementation. The process typically involves assessment against established criteria and may require periodic renewal.

Action A specific project, activity, or set of activities funded under an EU programme to achieve defined objectives. In Horizon Europe and other directly managed programmes, "action" is the preferred term for what was previously called a "project." Actions are implemented through grant agreements and must deliver specified outputs, results, and impacts within agreed timeframes and budgets.

Action Grant A type of EU grant that finances specific actions or projects designed to help achieve an objective of an EU policy or programme. Action grants typically cover a percentage of eligible costs (co-financing principle) and are awarded following competitive calls for proposals. They differ from operating grants, which support the general functioning of organisations.

Addendum A supplementary document that modifies or adds to an existing grant agreement or contract without replacing it entirely. Addenda are used for minor changes that do not warrant a full amendment and must be signed by all parties. They become integral parts of the original agreement and carry the same legal weight.

Affiliated Entity An organisation that has a legal or capital link with a beneficiary that is neither limited to the action nor established for the sole purpose of its implementation. Affiliated entities may participate in actions and declare eligible costs under specific conditions defined in the grant agreement. They must be identified at the proposal stage and are subject to the same eligibility and compliance requirements as beneficiaries.

Amendment A formal modification to a grant agreement that changes one or more of its terms, such as budget allocation, consortium composition, project duration, or deliverable specifications. Amendments require written agreement from both the granting authority and the beneficiaries. They must be justified, documented, and approved before the changes are implemented to ensure continued eligibility of costs.

Annual Activity Report (AAR) A management accountability document produced by each Directorate-General and service of the European Commission, providing information on the achievement of policy objectives and the use of resources. AARs include declarations of assurance from authorising officers regarding the legality and regularity of transactions under their responsibility.

Annual Work Programme (AWP) A detailed planning document adopted by the European Commission or other granting authority that specifies the calls for proposals, procurement procedures, and other funding activities to be launched during a given

year under a specific programme. The AWP includes indicative budgets, eligibility criteria, evaluation procedures, and expected outcomes for each call. It translates the strategic objectives of multiannual programmes into concrete annual actions.

Applicant An organisation or entity that submits a proposal in response to a call for proposals, seeking EU funding for a project or action. Applicants may be single entities or consortia of multiple organisations. If the proposal is successful, applicants become beneficiaries under the grant agreement. Applicants must meet eligibility criteria specified in the call and comply with all submission requirements.

Appropriation A budgetary allocation authorised by the EU budget that allows the Commission or other EU institutions to enter into legal commitments and make payments. Appropriations are divided into commitment appropriations (for legal obligations) and payment appropriations (for actual disbursements). The distinction reflects the multiannual nature of many EU programmes and ensures sound financial management.

Article 185 Initiative A funding mechanism under the EU Treaties (formerly Article 169 TFEU, now Article 185 TFEU) that enables the EU to participate in research and innovation programmes undertaken jointly by several Member States. These initiatives pool national and EU resources to address common challenges. Examples include the Ambient Assisted Living Joint Programme and the European and Developing Countries Clinical Trials Partnership.

Article 187 Initiative A legal instrument (formerly Article 171 TFEU, now Article 187 TFEU) that allows the EU to establish Joint Undertakings—public-private partnerships that combine EU, national, and private sector resources to support research and innovation in strategic areas. Examples include the Clean Hydrogen Partnership, the European High Performance Computing Joint Undertaking, and the Innovative Health Initiative.

Associated Country A non-EU country that participates in EU programmes through an international agreement, contributing financially and enjoying rights similar to those of Member States. Associated countries to Horizon Europe include Norway, Iceland, Israel, Switzerland (partially), and others. Entities from associated countries can participate in calls on equal footing with EU Member State entities and are eligible for the same funding rates.

Associated Partner An organisation that participates in a project action but does not sign the grant agreement and cannot charge costs to the project. Associated partners contribute in-kind resources, expertise, or other support and may benefit from project results. They are listed in the proposal and must be approved by the granting authority. Their role is advisory or supportive rather than implementation-focused.

Audit A systematic, independent examination of financial statements, accounts, operations, and compliance with applicable rules and regulations. In EU funding, audits may be conducted by the European Court of Auditors, the European Commission, national audit authorities, or independent external auditors. Audits verify the legality, regularity, and sound financial management of EU funds and may result in financial corrections if irregularities are detected.

Audit Authority A national public authority or body designated by a Member State to verify the effective functioning of management and control systems in programmes under shared management (such as Cohesion Policy). The audit authority is functionally independent from the managing authority and certifying authority and reports directly to the European Commission on the legality and regularity of expenditure.

Audit Certificate A formal statement issued by an independent qualified auditor certifying that the financial statements of a beneficiary are accurate, complete, and comply with the grant agreement requirements. Audit certificates may be required for certain types of grants, particularly those exceeding specified thresholds or involving complex financial arrangements. They provide assurance to the granting authority regarding the proper use of EU funds.
Audit Trail A complete, chronological record of all transactions, decisions, and supporting documentation that allows an auditor to trace financial and operational information from source documents through to final reports and vice versa. A clear audit trail is essential for demonstrating compliance with EU funding rules, ensuring transparency, and facilitating verification. It must be maintained throughout the project and for the required retention period after project closure.
Authorising Officer A Commission official responsible for implementing the EU budget by entering into legal commitments, validating expenditure, issuing payment and recovery orders, and keeping accounts. The authorising officer must ensure that funds are used in accordance with the principles of sound financial management and is personally accountable for the legality and regularity of transactions under their responsibility.

B

Background IP (Intellectual Property) Pre-existing knowledge, information, or intellectual property that a beneficiary brings to a project and that is needed for implementing the action or exploiting the results. Background IP remains the property of the beneficiary that owns it but may need to be made available to other consortium members under access rights provisions defined in the grant agreement. Proper identification and management of background IP is crucial for avoiding disputes and ensuring project success.
Balance Payment The final payment made by the granting authority at the end of a project, calculated as the difference between the total amount of eligible costs accepted and the pre-financing and interim payments already made. The balance payment may be positive (additional funds paid to beneficiaries) or negative (requiring beneficiaries to reimburse excess pre-financing). It is made after approval of the final report and financial statement.
Beneficiary An organisation or entity that signs a grant agreement with the EU and is responsible for implementing the action and complying with all grant agreement obligations. Beneficiaries may charge eligible costs to the project, receive EU funding, and have rights to project results. In multi-beneficiary grants, one beneficiary typically serves as the coordinator. All beneficiaries are jointly and severally liable for the proper implementation of the action.
Best Value for Money A procurement principle requiring that purchasing decisions consider not only price but also quality, sustainability, innovation, and total lifecycle costs. In EU-funded projects, beneficiaries must demonstrate that procurement procedures achieve best value for money while complying with applicable national and EU rules. This principle supports efficient use of public funds and encourages strategic purchasing decisions.
Blended Finance A financing approach that combines EU grants with loans, equity, guarantees, or other financial instruments to mobilise additional public and private

investment. Blended finance is increasingly used in EU programmes to leverage limited grant resources and support projects that are not fully commercially viable but have significant public benefits. It is particularly prominent in development cooperation, infrastructure, and innovation financing.

Budget Category A classification of costs in a project budget according to their nature or purpose, such as personnel costs, subcontracting, travel, equipment, or other direct costs. EU grant agreements specify which budget categories are applicable and define rules for cost eligibility, calculation methods, and maximum amounts for each category. Budget transfers between categories may be subject to restrictions and approval requirements.

Budget Heading A line in the EU budget that groups appropriations according to policy areas and programmes. The EU budget is structured into headings corresponding to the Multiannual Financial Framework, such as "Single Market, Innovation and Digital," "Cohesion, Resilience and Values," and "Natural Resources and Environment." Budget headings provide the framework for allocating resources to specific programmes and actions.

Budget Line A specific item in the EU budget identified by a numerical code that corresponds to a particular programme, action, or type of expenditure. Budget lines provide detailed allocation of appropriations and enable tracking of spending against planned activities. Each grant agreement is financed from one or more specific budget lines, which determine the legal basis and applicable rules for the funding.

Budget Transfer The reallocation of funds between different budget categories, work packages, or beneficiaries within a grant agreement. Budget transfers may be subject to thresholds and approval requirements depending on the programme rules and the magnitude of the change. Minor transfers within defined limits may be allowed without formal amendment, while significant reallocations require prior written approval from the granting authority.

Business Plan A strategic document that outlines the commercial exploitation strategy for project results, including market analysis, revenue models, investment requirements, and growth projections. In EU innovation funding (such as EIC Accelerator), a robust business plan is essential for demonstrating the viability and scalability of proposed innovations. Business plans are evaluated for feasibility, market potential, and alignment with EU policy objectives.

C

Call for Proposals A public invitation issued by a granting authority for organisations to submit project proposals for EU funding. Calls specify the objectives, scope, eligibility criteria, budget available, evaluation procedures, and submission deadlines. They may be open (accepting proposals continuously) or closed (with fixed deadlines), single-stage or two-stage. Calls are published on the EU Funding and Tenders Portal and programme-specific websites.

Capacity Building Activities designed to strengthen the abilities, skills, processes, and resources of organisations or individuals to perform functions, solve problems, and achieve objectives effectively. In EU funding, capacity building is a priority in development cooperation, research infrastructure, and widening participation programmes. It may include training, institutional development, knowledge transfer, and networking activities.

Cascading Grants A funding mechanism where a beneficiary of an EU grant redistributes part of the funding to third parties through a competitive process. Cascading grants (also called financial support to third parties) enable broader participation and support for smaller entities, particularly in innovation ecosystems and capacity-building programmes. They must be explicitly provided for in the grant agreement and are subject to specific rules regarding amounts, procedures, and accountability.

Certificate on Financial Statements (CFS) A formal document issued by an independent qualified auditor that certifies the accuracy and completeness of a beneficiary's financial statement for an EU-funded project. The CFS is required for certain grant agreements, typically those exceeding €325,000 in EU contribution. It provides assurance to the granting authority that declared costs are real, accurately recorded, eligible, and comply with the grant agreement.

Certifying Authority A national public authority or body designated by a Member State in programmes under shared management to certify the completeness, accuracy, and veracity of accounts and payment applications submitted to the European Commission. The certifying authority must be functionally independent from the managing authority and is responsible for ensuring that expenditure declarations are based on reliable accounting systems and adequate verification procedures.

Circular Economy An economic model that aims to eliminate waste and maximise resource efficiency by keeping products, materials, and resources in use for as long as possible through reuse, repair, refurbishment, remanufacturing, and recycling. The circular economy is a key priority in EU funding programmes, particularly Horizon Europe, LIFE, and Cohesion Policy. Projects demonstrating circular economy principles receive favourable consideration in evaluations.

Co-financing The principle that EU grants typically cover only a percentage of eligible project costs, with beneficiaries required to provide the remaining funding from their own resources or other sources. Co-financing rates vary by programme, action type, and beneficiary category, ranging from 50% to 100%. Co-financing ensures beneficiary commitment, leverages additional resources, and promotes sound financial management. It may consist of financial contributions or in-kind contributions, depending on programme rules.

Co-financing Rate The percentage of eligible costs that the EU grant covers, expressed as a proportion of the total eligible costs. Co-financing rates are specified in programme regulations and call documents and may vary based on action type, beneficiary category, or policy priorities. For example, Horizon Europe typically funds research actions at 100% for non-profit entities and 70% for for-profit entities, while Cohesion Policy programmes have varying rates depending on regional development levels.

Cohesion Fund An EU financial instrument that supports Member States with a gross national income per capita below 90% of the EU average in projects related to trans-European transport networks and environmental infrastructure. The Cohesion Fund aims to reduce economic and social disparities and promote sustainable development. It operates under shared management and is part of the broader Cohesion Policy framework for the 2021-2027 programming period.

Cohesion Policy The EU's main investment policy aimed at reducing regional disparities and promoting balanced development across Member States and regions. Cohesion Policy is implemented through the European Regional Development Fund (ERDF), European Social Fund Plus (ESF+), Cohesion Fund, Just Transition Fund (JTF), and other

instruments. It operates under shared management with national and regional authorities and accounts for approximately one-third of the EU budget.

Commitment A legal obligation entered into by the EU that creates or may create a charge against EU budget appropriations. Commitments are recorded as commitment appropriations and represent the maximum amount that can be paid for a specific action or programme. In grant agreements, the commitment is the total EU contribution specified in the agreement, regardless of when actual payments are made.

Commitment Appropriation Budget allocation that covers the total cost of legal obligations (commitments) that can be entered into during a given financial year. Commitment appropriations represent the EU's promise to fund specific actions and may be implemented through payments over several years. They are distinct from payment appropriations, which cover actual cash disbursements in a given year. The difference between the two reflects the multiannual nature of EU programmes.

Common Provisions Regulation (CPR) Regulation (EU) 2021/1060 that establishes common rules and principles for the European Regional Development Fund (ERDF), European Social Fund Plus (ESF+), Cohesion Fund, Just Transition Fund (JTF), and European Maritime, Fisheries and Aquaculture Fund (EMFAF). The CPR defines the policy framework, management and control systems, financial management rules, and monitoring and evaluation requirements for these shared management funds in the 2021-2027 programming period.

Competitive Dialogue A procurement procedure used for particularly complex contracts where the contracting authority conducts a dialogue with selected candidates to develop solutions that meet its needs before inviting final tenders. This procedure is permitted under EU public procurement rules when the contracting authority cannot define technical specifications or legal/financial arrangements in advance. It must be conducted in a transparent and non-discriminatory manner.

Conflict of Interest A situation where the impartiality and objectivity of a decision, opinion, or action is compromised by personal, family, financial, political, or other interests. In EU funding, conflicts of interest must be declared and managed at all stages, including proposal evaluation, grant management, procurement, and audit. Failure to properly address conflicts of interest may result in exclusion, contract termination, or financial penalties.

Consortium A group of two or more independent organisations that jointly submit a proposal and, if successful, implement a project under a multi-beneficiary grant agreement. Consortium members share responsibilities, resources, and risks according to their roles and contributions. The consortium is typically governed by a consortium agreement that defines internal arrangements, decision-making procedures, intellectual property rights, and liability allocation.

Consortium Agreement A legally binding contract among consortium members that governs their internal relationships, rights, and obligations in implementing an EU-funded project. While not required by the grant agreement, consortium agreements are strongly recommended and often mandatory in practice. They typically address governance structures, decision-making procedures, financial arrangements, intellectual property management, liability, and dispute resolution mechanisms. The DESCA model consortium agreement is widely used in Horizon Europe projects.

Continuous Professional Development (CPD) Ongoing learning activities that professionals undertake to maintain, enhance, and broaden their knowledge, skills, and competencies throughout their careers. In EU funding management, CPD is essential for keeping current with evolving regulations, procedures, and best practices.

Professional certifications such as EFGAC, EFGPC, and EFGProC require documented CPD activities for maintaining certification status.

Coordinator The beneficiary in a multi-beneficiary grant agreement that serves as the main point of contact with the granting authority and is responsible for coordinating the project implementation, managing communication, submitting reports, and distributing payments to other beneficiaries. The coordinator has additional administrative responsibilities and liabilities but does not have hierarchical authority over other beneficiaries, who remain independently responsible for their own obligations under the grant agreement.

CORDIS The Community Research and Development Information Service, the European Commission's primary public repository and portal for information on EU-funded research projects and results. CORDIS provides access to project summaries, deliverables, publications, and outcomes from Framework Programmes dating back to the 1990s. It is an essential resource for identifying potential partners, avoiding duplication, and disseminating research results.

Cost Category See Budget Category. A classification of expenditure according to its nature, such as personnel, equipment, travel, subcontracting, or other costs. Cost categories are defined in grant agreements and programme rules, with specific eligibility criteria and calculation methods for each category.

Cost Eligibility The set of conditions that costs must meet to be charged to an EU-funded project and reimbursed by the granting authority. Eligible costs must be actual (except for unit costs, lump sums, and flat rates), incurred during the project period, necessary for the action, identifiable and verifiable, recorded in the beneficiary's accounts, compliant with applicable tax and social legislation, and reasonable and justified. Costs that do not meet these criteria are ineligible and must be borne by the beneficiary.

Cost-Benefit Analysis (CBA) A systematic evaluation method that compares the total expected costs of a project or policy with its total expected benefits to determine whether it represents a sound investment. CBA is required for major infrastructure projects funded under Cohesion Policy and other EU programmes. It must consider economic, social, and environmental impacts over the project lifecycle and demonstrate that benefits exceed costs, typically using net present value or benefit-cost ratio metrics.

Cost Statement See Financial Statement. A detailed declaration of costs incurred by a beneficiary during a reporting period, prepared according to the grant agreement requirements and supported by appropriate documentation. Cost statements are submitted as part of periodic and final reports and form the basis for payment calculations.

Court of Auditors The European Court of Auditors (ECA), an independent EU institution responsible for auditing the EU's finances. The Court examines whether EU funds are correctly raised and spent in accordance with relevant rules and regulations, and whether they achieve value for money. It produces annual reports, special reports on specific topics, and opinions on new or revised financial legislation. The Court's findings may lead to recommendations for improving financial management and may trigger recovery procedures for irregular expenditure.

Cross-cutting Issue A thematic priority or principle that must be integrated across all activities and projects within an EU programme, regardless of their specific focus. Common cross-cutting issues include gender equality, sustainable development, climate action, digitalization, and social inclusion. Proposals are evaluated on how

effectively they address relevant cross-cutting issues, and projects must report on their contribution to these priorities.
Cross-cutting Objective See Cross-cutting Issue. A horizontal policy priority that applies across multiple programmes and actions, such as climate mainstreaming, gender equality, or digital transformation. Cross-cutting objectives ensure that EU funding contributes to multiple policy goals simultaneously and promotes integrated approaches to complex challenges.

D

Data Management Plan (DMP) A document that describes how research data will be collected, processed, stored, shared, and preserved during and after a project. DMPs are mandatory for Horizon Europe projects and must address data types, formats, standards, access procedures, intellectual property considerations, and long-term preservation strategies. DMPs should follow the FAIR principles (Findable, Accessible, Interoperable, Reusable) and be treated as living documents that are updated throughout the project lifecycle.
De Minimis Aid Small amounts of state aid that are exempt from the normal notification and approval requirements under EU state aid rules because they are considered to have minimal impact on competition and trade. The current de minimis threshold is €300,000 per undertaking over three fiscal years (€30,000 for road transport). De minimis aid must still be transparent and monitored, and beneficiaries must declare all de minimis aid received to avoid exceeding the threshold.
Declaration of Honour A formal statement signed by an applicant or beneficiary certifying that the information provided is accurate and complete, that the organisation meets eligibility criteria, and that it is not in an exclusion situation (such as bankruptcy, fraud, or serious professional misconduct). Declarations of honour are legally binding and false declarations may result in exclusion, contract termination, financial penalties, and criminal prosecution.
Deliverable A tangible output produced during a project that must be submitted to the granting authority by a specified deadline. Deliverables may include reports, prototypes, datasets, software, publications, training materials, or other concrete results. They are defined in the grant agreement with clear descriptions, responsible parties, and due dates. Deliverables are used to monitor project progress and assess whether objectives are being achieved.
DESCA The Development of a Simplified Consortium Agreement, a model consortium agreement developed for use in EU-funded research projects. DESCA provides a balanced framework for governing multi-partner collaborations, addressing governance, financial management, intellectual property rights, access rights, liability, and dispute resolution. While not mandatory, DESCA is widely adopted and recognized as best practice in Horizon Europe and other collaborative research programmes.
Desk Officer See Project Officer. A Commission official or agency staff member responsible for the day-to-day management of grant agreements, including monitoring project progress, reviewing reports, processing amendments, and serving as the primary contact point for beneficiaries.
Digital Europe Programme An EU funding programme (2021-2027) with a budget of €7.5 billion dedicated to bringing digital technology to businesses, citizens, and public administrations. The programme focuses on five key areas: supercomputing, artificial intelligence, cybersecurity, advanced digital skills, and ensuring the wide use of digital

technologies across the economy and society. It complements Horizon Europe by focusing on deployment and large-scale adoption of digital solutions.

Direct Costs Costs that can be directly attributed to a specific project and are identifiable as such in the beneficiary's accounting system. Direct costs include personnel costs for staff working on the project, travel and subsistence for project-related trips, equipment purchased for the project, subcontracting, and other goods and services specifically acquired for the action. Direct costs must be supported by appropriate documentation and must meet all eligibility criteria.

Direct Management A mode of EU budget implementation where the European Commission or an EU executive agency directly manages programmes, issues calls for proposals, signs grant agreements, and makes payments to beneficiaries. Direct management is used for programmes such as Horizon Europe, Erasmus+, LIFE, and Creative Europe. It contrasts with shared management (where Member States implement programmes) and indirect management (where international organisations or other bodies implement programmes).

Directorate-General (DG) A department of the European Commission responsible for a specific policy area, such as DG Research and Innovation (RTD), DG Regional and Urban Policy (REGIO), or DG Employment, Social Affairs and Inclusion (EMPL). Each DG is headed by a Director-General and is responsible for developing policy, drafting legislation, managing programmes, and implementing the EU budget in its area of competence.

Dissemination The public disclosure of project results through various channels such as publications, conferences, websites, social media, press releases, or other means. Dissemination is a contractual obligation in most EU grant agreements and aims to maximize the impact and uptake of EU-funded research and innovation. It must be distinguished from exploitation (commercial use of results) and communication (promoting the project and EU funding).

Do No Significant Harm (DNSH) A principle introduced in the Recovery and Resilience Facility and increasingly applied across EU funding programmes that requires all supported activities to avoid causing significant harm to environmental objectives: climate change mitigation, climate change adaptation, sustainable use of water and marine resources, circular economy, pollution prevention and control, and protection of biodiversity and ecosystems. Projects must demonstrate DNSH compliance through self-assessment or more detailed analysis depending on the risk level.

Double Funding A situation where the same costs are charged to more than one funding source, resulting in the beneficiary receiving more than 100% reimbursement for those costs. Double funding is strictly prohibited in EU grants and constitutes a serious irregularity that may result in recovery of funds, financial penalties, and exclusion from future funding. Beneficiaries must have systems in place to prevent double funding, particularly when receiving multiple grants or combining EU and national funding.

Due Diligence A comprehensive assessment of a potential partner, supplier, or investment to verify their legal status, financial viability, technical capacity, reputation, and compliance with applicable laws and regulations. In EU-funded projects, coordinators should conduct due diligence on consortium partners before submitting proposals to minimize risks of non-performance, financial irregularities, or reputational damage. Due diligence is also required for financial instruments and blended finance operations.

E

EARMA The European Association of Research Managers and Administrators, a professional association that supports individuals and organisations involved in research management and administration across Europe. EARMA provides training, networking opportunities, advocacy, and resources for research managers working with EU and national funding programmes. It promotes professional development and the exchange of best practices in research administration.

Economically Most Advantageous Tender (EMAT) A procurement award criterion that considers both price and qualitative factors such as technical merit, quality, environmental characteristics, social aspects, innovation, and lifecycle costs. EMAT (now often referred to as "best price-quality ratio") allows contracting authorities to select tenders that provide the best overall value rather than simply the lowest price. It must be applied using transparent, objective, and non-discriminatory criteria specified in the tender documents.

EIC Accelerator A funding instrument under the European Innovation Council that provides grants and equity investment to support high-risk, high-impact innovations with significant market potential. The EIC Accelerator targets individual companies (primarily SMEs and startups) developing breakthrough innovations. It offers blended finance combining grants (up to €2.5 million) with equity investments (up to €15 million) and provides business acceleration support to help companies scale up.

EIC Pathfinder A funding instrument under the European Innovation Council that supports early-stage research on radically new, high-risk technologies. EIC Pathfinder funds collaborative projects exploring emerging ideas and technologies that could lead to breakthrough innovations. It bridges the gap between basic research (funded by the European Research Council) and innovation development (funded by the EIC Accelerator), focusing on proof-of-concept and feasibility studies.

Eligibility Criteria The conditions that applicants, beneficiaries, costs, or activities must meet to be eligible for EU funding. Eligibility criteria are specified in programme regulations, work programmes, and call documents and may relate to legal status, location, type of organisation, financial viability, technical capacity, or other factors. Failure to meet eligibility criteria results in rejection of proposals or ineligibility of costs.

Eligible Costs Costs that meet all the conditions specified in the grant agreement and programme rules and can therefore be charged to the project and reimbursed by the EU. Eligible costs must be actual (unless simplified cost options are used), incurred during the project period, necessary for the action, identifiable and verifiable, recorded in the beneficiary's accounts, compliant with applicable laws, and reasonable. Specific eligibility rules vary by programme and cost category.

Erasmus+ The EU programme for education, training, youth, and sport for the period 2021-2027, with a budget of €26.2 billion. Erasmus+ supports mobility opportunities for students, staff, and youth workers; partnerships between educational institutions and organisations; and policy development in education and training systems. It aims to promote social inclusion, digital and green transitions, and active participation in democratic life.

ERDF The European Regional Development Fund, one of the main instruments of EU Cohesion Policy that supports economic development and reduces disparities between regions. ERDF invests in innovation, research, digital agenda, support for small and medium-sized enterprises (SMEs), and low-carbon economy. It operates under shared

management with national and regional authorities and is governed by the Common Provisions Regulation and the ERDF-specific regulation (EU) 2021/1058.

ERA The European Research Area, a unified research area in which researchers, scientific knowledge, and technology circulate freely. ERA aims to create a single, competitive research area by removing barriers to researcher mobility, improving coordination of national research policies, and optimizing research infrastructures. ERA is a key policy framework for EU research and innovation funding and is supported by various initiatives under Horizon Europe.

ERC The European Research Council, an EU funding body that supports frontier research based solely on scientific excellence. ERC grants are awarded through competitive calls to individual researchers (principal investigators) for projects in any field of research. ERC offers Starting Grants, Consolidator Grants, Advanced Grants, Synergy Grants, and Proof of Concept Grants. ERC operates as part of Horizon Europe with a budget of over €16 billion for 2021-2027.

ESF+ The European Social Fund Plus, the EU's main instrument for investing in people and supporting employment, social inclusion, education, and skills development. ESF+ has a budget of €99.3 billion for 2021-2027 and operates under shared management. It integrates the former European Social Fund, Youth Employment Initiative, Fund for European Aid to the Most Deprived, and EU Programme for Employment and Social Innovation. ESF+ is governed by Regulation (EU) 2021/1057.

Ethics Appraisal A review process conducted by the granting authority to assess whether a proposed project raises ethical issues and whether adequate measures are in place to address them. Ethics appraisal is mandatory for projects involving human participants, personal data, human tissues or cells, animals, or potentially harmful technologies. It may result in requirements for ethics clearances, protocol modifications, or additional safeguards before the grant agreement can be signed.

Ethics Review See Ethics Appraisal. An assessment of the ethical implications of research activities and the adequacy of proposed safeguards and procedures. Ethics review may be conducted by institutional ethics committees, national authorities, or the granting authority and must be completed before ethically sensitive research activities commence.

Ethics Self-Assessment A process where applicants identify and describe ethical issues raised by their proposed project and explain how they will be addressed. The ethics self-assessment is part of the proposal submission and covers issues such as informed consent, data protection, animal welfare, dual-use research, environmental impact, and research in non-EU countries. It forms the basis for the granting authority's ethics appraisal.

EU Funding and Tenders Portal The single entry point for finding and applying for EU funding opportunities across all directly managed programmes. The portal (ec.europa.eu/info/funding-tenders) provides information on calls for proposals, submission tools, grant management functions, and guidance documents. It replaced multiple programme-specific portals and aims to simplify access to EU funding through a unified interface and harmonized procedures.

European Added Value The benefit resulting from an EU intervention that is additional to the value that would have been created by Member State action alone. European added value may arise from economies of scale, cross-border cooperation, harmonization, knowledge sharing, or addressing challenges that transcend national boundaries. Demonstrating European added value is essential for justifying EU funding and is a key evaluation criterion in many programmes.

European Green Deal The EU's comprehensive strategy to make Europe climate-neutral by 2050 while transforming the economy, improving health and quality of life, and protecting nature. The European Green Deal encompasses policies on climate, energy, transport, agriculture, buildings, industry, and biodiversity. It is a major priority for EU funding programmes, with at least 30% of the EU budget contributing to climate objectives.

European Semester An annual cycle of economic and fiscal policy coordination among EU Member States. The European Semester involves monitoring national economic policies, identifying challenges, and issuing country-specific recommendations. It influences the allocation and priorities of EU funding, particularly Cohesion Policy and the Recovery and Resilience Facility, which must align with country-specific recommendations and support structural reforms.

Evaluation The systematic assessment of proposals, projects, or programmes against defined criteria to determine their quality, merit, or performance. In EU funding, evaluation occurs at multiple stages: ex-ante evaluation of proposals to select projects for funding; ongoing evaluation of project progress through monitoring and reporting; and ex-post evaluation of completed projects and programmes to assess results, impacts, and lessons learned. Evaluations must be transparent, objective, and based on clear criteria.

Evaluation Criteria The standards against which proposals are assessed to determine their quality and suitability for funding. Common evaluation criteria include excellence (quality of the concept, methodology, and team), impact (expected outcomes, dissemination, and exploitation), and implementation (work plan, resources, and risk management). Each criterion is typically scored on a scale (e.g., 0-5), and proposals must achieve minimum thresholds for each criterion and overall to be eligible for funding.

Evaluator An independent expert appointed by the granting authority to assess proposals submitted in response to a call for proposals. Evaluators must have relevant expertise, be free from conflicts of interest, and maintain confidentiality. They assess proposals against published evaluation criteria, provide scores and comments, and may participate in consensus meetings to agree on final rankings. Evaluators are bound by codes of conduct and may face sanctions for breaches of their obligations.

Ex-Ante Conditionality A prerequisite that must be fulfilled before EU funds can be effectively used in programmes under shared management. Ex-ante conditionalities (now called "enabling conditions" in the 2021-2027 period) relate to strategic policy frameworks, administrative capacity, and legal requirements in areas such as public procurement, state aid, environmental assessment, and anti-discrimination. Member States must demonstrate compliance or adopt action plans to address deficiencies.

Ex-Post Evaluation An assessment conducted after a project or programme has been completed to determine whether objectives were achieved, what impacts were generated, and what lessons can be learned for future initiatives. Ex-post evaluations examine effectiveness, efficiency, relevance, coherence, and EU added value. They inform policy development, programme design, and accountability to stakeholders and citizens.

Excellence A fundamental principle and evaluation criterion in EU research and innovation funding that emphasizes the quality, originality, and scientific or technological merit of proposals. Excellence is assessed based on the soundness of the concept, the rigor of the methodology, the credibility of the approach, and the quality of the research team. In ERC grants, excellence is the sole evaluation criterion.

Exclusion The prohibition of an entity from participating in EU funding programmes or procurement procedures due to serious violations such as fraud, corruption, money laundering, terrorism financing, child labor, or other criminal offenses. Exclusion may be mandatory (for certain serious offenses) or discretionary (for professional misconduct or significant contract breaches). Excluded entities are registered in the Early Detection and Exclusion System (EDES) and may be barred from EU funding for up to five years.
Executive Agency An EU body created by the European Commission to manage specific programmes or parts of programmes under direct management. Executive agencies handle operational tasks such as issuing calls, evaluating proposals, managing grants, and organizing events, allowing the Commission to focus on policy and strategy. Examples include the European Research Executive Agency (REA), European Innovation Council and SMEs Executive Agency (EISMEA), and European Climate, Infrastructure and Environment Executive Agency (CINEA).
Exploitation The utilization of project results in further research activities, or the development, creation, and marketing of products, processes, or services, or the creation and provision of public policies or social services. Exploitation is a key objective of EU-funded innovation projects and is assessed as part of the impact criterion. Beneficiaries must develop exploitation plans and report on exploitation activities during and after the project.

F

FAIR Data Data that is Findable, Accessible, Interoperable, and Reusable, following principles established to maximize the value and impact of research data. FAIR data should have persistent identifiers, rich metadata, be retrievable through standardized protocols, use common formats and vocabularies, and have clear usage licenses. FAIR principles are mandatory for research data in Horizon Europe and are promoted across EU research programmes through open science policies.
Financial Capacity The ability of an applicant or beneficiary to maintain financial viability and meet its financial obligations throughout the project period. Financial capacity is assessed during proposal evaluation and grant preparation based on financial statements, balance sheets, and other indicators. Applicants with insufficient financial capacity may be required to provide financial guarantees, accept pre-financing limits, or be rejected. Financial capacity checks aim to minimize the risk of project failure due to beneficiary insolvency.
Financial Correction A reduction in EU funding applied by the granting authority when irregularities, non-compliance, or ineligible costs are detected. Financial corrections may be flat-rate (a standard percentage reduction for specific types of errors) or extrapolated (projecting detected errors across a larger population of costs). They may result from audits, control findings, or beneficiary self-declarations. Financial corrections must be proportionate to the severity and extent of the irregularity.
Financial Engineering Instrument See Financial Instrument. A funding mechanism that provides loans, guarantees, equity, or other repayable or risk-sharing support rather than non-repayable grants. Financial engineering instruments aim to leverage private investment and create revolving funds that can support multiple projects over time.
Financial Instrument A funding mechanism that provides repayable or contingent support such as loans, guarantees, equity investments, or quasi-equity rather than traditional grants. Financial instruments are used in EU programmes to leverage private investment, support commercially viable projects, and create sustainable funding

sources. They are particularly prominent in Cohesion Policy, InvestEU, and innovation funding. Financial instruments must comply with specific rules on state aid, governance, and reporting.

Financial Regulation Regulation (EU, Euratom) 2018/1046, the primary legal framework governing the implementation of the EU budget. The Financial Regulation establishes principles of sound financial management, defines budget implementation modes, sets rules for grants and procurement, specifies control and audit requirements, and establishes accountability mechanisms. It applies to all EU institutions and bodies and to all beneficiaries of EU funds. The Financial Regulation is supplemented by detailed implementing rules and programme-specific regulations.

Financial Statement A detailed declaration of costs incurred by a beneficiary during a reporting period, prepared according to the grant agreement template and supported by appropriate documentation. Financial statements itemize costs by budget category and beneficiary, demonstrate compliance with eligibility rules, and form the basis for calculating payments. They must be certified by an authorized representative and, for certain grants, by an independent auditor.

Flat Rate A simplified cost option where certain costs are calculated as a fixed percentage of other eligible costs rather than based on actual expenditure. Common flat rates in EU grants include 25% for indirect costs (calculated on direct costs excluding subcontracting and financial support to third parties) and 40% for personnel costs of SME owners without salary. Flat rates simplify budgeting and reporting and reduce the administrative burden of documenting actual costs.

Force Majeure Unforeseeable, exceptional circumstances beyond the control of the parties that prevent them from fulfilling their contractual obligations. Force majeure may include natural disasters, war, terrorism, epidemics, or government actions. In EU grant agreements, force majeure may justify delays, suspension, or termination without penalties. Parties must notify the granting authority promptly and provide evidence of the force majeure event and its impact on project implementation.

Foreground IP (Intellectual Property) Knowledge, information, or intellectual property generated or developed during the implementation of an EU-funded project. Foreground IP (also called "results") is owned by the beneficiary that generated it, subject to the grant agreement provisions. Beneficiaries must protect foreground IP appropriately, grant access rights to other consortium members as specified in the grant agreement, and exploit the results. Ownership and access rights to foreground IP are key issues in consortium agreements.

Fraud Intentional deception or misrepresentation to obtain an unjust or illegal advantage, particularly financial gain from EU funds. Fraud may include false declarations, forged documents, phantom projects, conflicts of interest, bid-rigging, or corruption. Fraud is a criminal offense under EU and national law and is investigated by OLAF and prosecuted by the EPPO. Detected fraud results in recovery of funds, financial penalties, exclusion, and criminal sanctions.

Full Cost Model An accounting approach where all costs (direct and indirect) associated with an activity are identified, calculated, and allocated. In EU funding, the full cost model is used to determine the total eligible costs of a project, including direct costs (personnel, travel, equipment, etc.) and indirect costs (overheads). The full cost model ensures that beneficiaries can recover all legitimate costs of implementing EU-funded actions and promotes sound financial management.

Full Economic Cost (FEC) A costing methodology used primarily in the UK higher education sector that calculates the total cost of research activities, including direct

costs, indirect costs, and estates costs. FEC aims to ensure that research grants cover the full cost of research and that institutions do not subsidize externally funded projects. While EU grants may not always cover 100% of FEC, the methodology provides a transparent basis for calculating eligible costs.

Funding Rate See Co-financing Rate. The percentage of eligible costs that the EU grant covers, which varies by programme, action type, and beneficiary category. Funding rates reflect policy priorities, the nature of activities, and the need to ensure beneficiary commitment and leverage additional resources.

G

General Block Exemption Regulation (GBER) Regulation (EU) 651/2014, which declares certain categories of state aid compatible with the internal market and exempt from the requirement to notify the European Commission for approval. GBER covers aid for regional development, SMEs, research and innovation, environmental protection, training, disadvantaged workers, and other purposes, subject to specific conditions and thresholds. GBER simplifies and accelerates the provision of state aid while ensuring compliance with EU competition rules.

Grant Agreement A legally binding contract between the granting authority (European Commission or executive agency) and one or more beneficiaries that defines the rights and obligations of the parties regarding the implementation of an EU-funded action. The grant agreement specifies the action description, budget, duration, deliverables, reporting requirements, payment arrangements, intellectual property rights, and other terms and conditions. It is based on standard model grant agreements (MGAs) with limited possibilities for negotiation.

Grant Agreement Amendment See Amendment. A formal modification to a grant agreement that changes one or more of its terms, requiring written agreement from both the granting authority and the beneficiaries. Amendments must be justified, documented, and approved before changes are implemented.

Grant Agreement Number (GAN) A unique identifier assigned to each grant agreement by the granting authority. The GAN is used for all communications, reports, payments, and administrative procedures related to the grant. It typically includes information about the programme, year, and sequential number. Beneficiaries must reference the GAN in all project-related documents and financial records.

Grant Agreement Preparation The process following proposal approval where the granting authority and selected applicants finalize the terms of the grant agreement before signature. Grant preparation may involve clarifications, adjustments to the budget or work plan, legal and financial checks, ethics review, security scrutiny, and negotiation of specific provisions. It typically takes 3-8 months depending on the complexity of the project and the number of beneficiaries.

Granting Authority The EU institution, body, or agency responsible for managing a funding programme, issuing calls for proposals, evaluating applications, signing grant agreements, and making payments to beneficiaries. The granting authority is typically the European Commission (represented by a Directorate-General) or an executive agency acting on behalf of the Commission. The granting authority has the power to interpret grant agreement provisions, approve amendments, conduct audits, and impose financial corrections or other sanctions.

Green Transition The transformation of the economy and society toward environmental sustainability, climate neutrality, and circular economy principles. The

green transition is a top priority for EU funding programmes, with at least 30% of the EU budget contributing to climate objectives. Projects supporting the green transition through clean energy, sustainable transport, circular economy, biodiversity protection, or climate adaptation receive favorable consideration in evaluations and may benefit from higher funding rates.

H

Horizon Europe The EU's framework programme for research and innovation for 2021-2027, with a budget of €95.5 billion. Horizon Europe is structured around three pillars: Excellent Science (including ERC and Marie Skłodowska-Curie Actions), Global Challenges and European Industrial Competitiveness (including clusters and missions), and Innovative Europe (including the European Innovation Council). It aims to strengthen the EU's scientific and technological base, boost competitiveness, and address global challenges. Horizon Europe is governed by Regulation (EU) 2021/695.
Horizontal Principle See Cross-cutting Issue. A policy priority or principle that applies across all EU funding programmes and must be integrated into all supported activities, such as gender equality, sustainable development, or non-discrimination.

I

Impact The broader, longer-term effects of a project or programme on society, the economy, the environment, or scientific knowledge beyond the immediate results and outcomes. Impact may include changes in policy, practice, behavior, or systems; economic benefits; social improvements; or environmental protection. Impact is a key evaluation criterion in EU funding and must be planned, monitored, and reported. Impact assessment requires defining pathways to impact, identifying target audiences, and measuring changes over time.
Impact Assessment A systematic analysis of the potential economic, social, environmental, and other consequences of a proposed policy, programme, or project. Impact assessments are required for major EU legislative proposals and large-scale funding programmes. They examine the problem to be addressed, policy options, expected impacts, stakeholder views, and implementation considerations. Impact assessments support evidence-based decision-making and ensure that EU interventions are effective, efficient, and proportionate.
Impact Pathway A logical framework that describes how project activities lead to outputs, outcomes, and ultimately impacts. Impact pathways identify the causal links between actions and effects, the assumptions underlying these links, and the external factors that may influence success. They are used in project planning, monitoring, and evaluation to ensure that activities are aligned with objectives and to track progress toward desired impacts.
Implementation The execution of a project or programme according to the approved plan, budget, and timeline. Implementation encompasses all activities, deliverables, and milestones specified in the grant agreement. It requires effective project management, coordination, communication, risk management, and quality assurance. Implementation is assessed as an evaluation criterion based on the quality of the work plan, the adequacy of resources, and the credibility of the management approach.

Ineligible Costs Costs that do not meet the eligibility criteria specified in the grant agreement and programme rules and therefore cannot be charged to the project or reimbursed by the EU. Common ineligible costs include costs incurred outside the project period, costs not necessary for the action, costs not recorded in the beneficiary's accounts, excessive or unreasonable costs, and costs specifically excluded by programme rules (such as certain taxes, interest, or provisions for losses). Ineligible costs must be borne entirely by the beneficiary.

Innovation Action (IA) A type of action in Horizon Europe that primarily consists of activities directly aiming at producing plans and arrangements or designs for new, altered, or improved products, processes, or services. Innovation actions may include prototyping, testing, demonstrating, piloting, large-scale product validation, and market replication. They are closer to market than research actions and typically involve higher technology readiness levels (TRL 6-8). The EU funding rate for innovation actions is 70% for for-profit entities and 100% for non-profit entities.

Intellectual Property (IP) Creations of the mind, such as inventions, designs, software, databases, artistic works, or trade secrets, that are protected by law through patents, copyrights, trademarks, or other mechanisms. In EU-funded projects, IP management is crucial for protecting results, enabling exploitation, and ensuring appropriate access rights. Grant agreements and consortium agreements define ownership, protection obligations, and access rights for background and foreground IP.

Intellectual Property Rights (IPR) Legal rights that protect intellectual property, including patents, copyrights, trademarks, design rights, database rights, and trade secrets. IPR enable owners to control the use of their intellectual property and derive economic benefits from it. In EU-funded projects, IPR must be managed according to grant agreement provisions, which typically require beneficiaries to protect results appropriately and grant access rights to other consortium members and, in some cases, to the EU or third parties.

Intereg The EU's instrument for supporting cooperation between regions across borders, known as European Territorial Cooperation. Interreg programmes bring together regional and local authorities from different countries to work on common challenges and opportunities. Interreg operates under Cohesion Policy with a budget of €10 billion for 2021-2027 and includes cross-border, transnational, and interregional cooperation programmes.

Interim Payment A payment made by the granting authority during project implementation, based on approved periodic reports and financial statements. Interim payments reimburse eligible costs incurred and declared by beneficiaries, minus pre-financing already paid and any retentions. They provide cash flow to support ongoing project activities and are typically made within 90 days of receiving and approving the periodic report.

Interim Report See Periodic Report. A report submitted by beneficiaries at defined intervals during project implementation, describing progress, achievements, deviations, and plans for the next period. Interim reports include technical and financial components and form the basis for interim payments.

Intervention Logic A structured framework that describes how a programme or project is expected to achieve its objectives by linking inputs, activities, outputs, outcomes, and impacts in a logical sequence. The intervention logic (also called "logic model" or "theory of change") makes explicit the assumptions about how and why the intervention will work and identifies indicators for monitoring and evaluation. It is a key tool for programme design, management, and assessment.

InvestEU The EU's investment support programme for 2021-2027, with a budget of €26.2 billion that aims to mobilize over €372 billion in additional investment. InvestEU provides guarantees to financial intermediaries to support projects in sustainable infrastructure, research and innovation, SMEs, and social investment. It consolidates multiple previous financial instruments into a single programme with simplified procedures and greater flexibility.
IPCEIs Important Projects of Common European Interest, a mechanism that allows Member States to jointly support large-scale, cross-border projects in strategic areas such as microelectronics, batteries, hydrogen, cloud infrastructure, or health. IPCEIs can receive state aid that would normally be prohibited, provided they meet strict criteria regarding innovation, European added value, spillover effects, and private co-financing. IPCEIs are approved by the European Commission under Article 107(3)(b) TFEU.
Irregularity Any breach of EU or national law resulting from an act or omission by an economic operator that has or would have the effect of prejudicing the EU budget by charging an unjustified item of expenditure. Irregularities may be intentional (fraud) or unintentional (errors). They must be reported to the European Commission through the Irregularity Management System (IMS) and may result in financial corrections, recovery procedures, and, in serious cases, exclusion or criminal prosecution.

J

Joint Technology Initiative (JTI) See Article 187 Initiative. A public-private partnership established as a Joint Undertaking under EU law to support research and innovation in strategic technology areas. JTIs combine EU, national, and private sector resources and are governed by representatives of the European Commission, Member States, and industry associations.
Joint Undertaking (JU) A legal entity established under EU law to implement public-private or public-public partnerships in research and innovation. Joint Undertakings operate under Article 187 TFEU and combine resources from the EU, Member States, and/or private partners. Examples in Horizon Europe include the Clean Hydrogen Partnership, the European High Performance Computing Joint Undertaking, and the Innovative Health Initiative. Joint Undertakings have their own governance structures, work programmes, and grant management procedures.
JTF The Just Transition Fund, an EU instrument with a budget of €19.3 billion for 2021-2027 that supports regions most affected by the transition to climate neutrality. JTF provides grants for economic diversification, reskilling workers, environmental rehabilitation, and clean energy investments in carbon-intensive regions. It operates under shared management and is part of the broader Just Transition Mechanism, which also includes a dedicated scheme under InvestEU and a public sector loan facility.

K

Key Action A main area of activity within an EU programme that groups related types of projects or interventions. For example, Erasmus+ is structured around three Key Actions: mobility of individuals (KA1), cooperation among organisations and institutions (KA2), and support for policy development and cooperation (KA3). Key Actions provide a framework for organizing calls for proposals and allocating budgets within programmes.

Key Exploitable Result (KER) A project output with significant potential for commercial exploitation, policy impact, or further research use. KERs are identified during project implementation and require specific exploitation strategies, including intellectual property protection, market analysis, and dissemination to target audiences. In Horizon Europe, beneficiaries must report on KERs and their exploitation plans in periodic and final reports.
Key Performance Indicator (KPI) A measurable value that demonstrates how effectively a project or programme is achieving its objectives. KPIs are defined at the outset and tracked throughout implementation to monitor progress, identify problems, and support decision-making. Common KPIs in EU-funded projects include number of publications, patents filed, jobs created, CO2 emissions reduced, or people trained. KPIs should be SMART: Specific, Measurable, Achievable, Relevant, and Time-bound.
KIC Knowledge and Innovation Community, a partnership of leading universities, research institutions, companies, and other organisations that work together to address major societal challenges through innovation. KICs are the operational arms of the European Institute of Innovation and Technology (EIT) and focus on specific themes such as climate change, digital transformation, urban mobility, food systems, health, manufacturing, or raw materials. KICs integrate education, research, and business to create innovation ecosystems.
Knowledge and Innovation Community See KIC. A large-scale partnership within the European Institute of Innovation and Technology that brings together education, research, and business to drive innovation in a specific thematic area.
Knowledge Transfer The process of transferring knowledge, skills, technologies, or methods from one organisation or context to another to enable their application and exploitation. Knowledge transfer is a key objective of EU research and innovation funding and may occur through publications, training, licensing, spin-offs, collaborative projects, or other mechanisms. Effective knowledge transfer requires active engagement with target audiences and appropriate intellectual property management.

L

LEAR Legal Entity Appointed Representative, a person designated by an organisation to act as its official representative in interactions with the European Commission regarding EU funding. The LEAR is responsible for managing the organisation's legal entity data in the Participant Register, validating financial and legal information, and appointing other representatives (such as Account Administrators or Legal Signatories). Each organisation can have only one LEAR, who must be authorized by the organisation's legal representative.
Legal Commitment A legally binding obligation entered into by the EU that creates a charge against the EU budget. Legal commitments are formalized through grant agreements, contracts, or other legal instruments and are recorded as commitment appropriations. They represent the maximum amount that can be paid for a specific action, regardless of when actual payments are made.
Legal Entity An organisation or individual that has legal personality and can enter into contracts, own property, and be held liable for obligations. In EU funding, legal entities must be registered in the Participant Register and provide documentation proving their legal status, such as company registration certificates, statutes, or official gazettes. Legal entity validation is required before grant agreements can be signed.

Legal Signatory A person authorized to sign grant agreements and other legally binding documents on behalf of a beneficiary organisation. Legal signatories must be appointed by the LEAR in the Participant Register and must have the legal authority to commit the organisation. Their signature on the grant agreement creates binding obligations for the organisation.
Lump Sum A simplified cost option where the grant is a fixed total amount that does not depend on the actual costs incurred by the beneficiaries. Lump sum grants are increasingly used in EU programmes to reduce administrative burden and focus on results rather than inputs. The lump sum is determined based on the estimated budget in the proposal and is paid based on achievement of milestones or deliverables rather than cost reporting. Beneficiaries do not need to report actual costs but must demonstrate that the action has been properly implemented.

M

Managing Authority A national, regional, or local public authority designated by a Member State to manage an operational programme under shared management (such as Cohesion Policy programmes). The managing authority is responsible for programme implementation, including selecting projects, verifying expenditure, monitoring progress, reporting to the Commission, and ensuring compliance with EU and national rules. It must establish effective management and control systems and work with the certifying authority and audit authority.
Marie Skłodowska-Curie Actions (MSCA) A flagship programme within Horizon Europe that supports researcher mobility, training, and career development across all scientific disciplines. MSCA provides fellowships for individual researchers, funding for doctoral networks, staff exchanges, and co-funding of regional, national, and international programmes. With a budget of €6.6 billion for 2021-2027, MSCA aims to train a new generation of creative, entrepreneurial, and innovative researchers and promote brain circulation across Europe and beyond.
Materiality The threshold above which errors, omissions, or irregularities are considered significant enough to affect decisions or assessments. In auditing, materiality determines the level of detail required in testing and the significance of detected errors. In EU funding, materiality thresholds are used to determine when financial corrections should be applied, when audit certificates are required, and when irregularities must be reported. Materiality is typically expressed as a percentage of total costs or as an absolute amount.
Member State A country that is a member of the European Union. As of 2026, the EU has 27 Member States following the withdrawal of the United Kingdom. Member States participate in EU decision-making, contribute to the EU budget, implement EU law, and benefit from EU funding programmes. Entities from Member States are generally eligible for EU funding, subject to specific programme rules.
MFF The Multiannual Financial Framework, the EU's long-term budget that sets the maximum amounts that can be spent on different policy areas over a period of seven years. The current MFF covers 2021-2027 with a total of €1,211 billion (in 2018 prices), supplemented by €806.9 billion from the Next Generation EU recovery instrument. The MFF is agreed by the European Parliament and Council and provides the framework for annual EU budgets and programme regulations.
Milestone A significant event or achievement in a project that marks the completion of a major phase or the achievement of a key objective. Milestones are defined in the grant

agreement with clear descriptions and target dates. They are used to monitor project progress and may trigger payments in lump sum or milestone-based grants. Milestones differ from deliverables in that they represent achievements or decision points rather than tangible outputs.

Mission A portfolio of research and innovation actions intended to achieve a bold, inspirational, and measurable goal within a set timeframe that addresses a major societal challenge. Horizon Europe includes five missions: Adaptation to Climate Change, Cancer, Restore our Ocean and Waters, Climate-Neutral and Smart Cities, and A Soil Deal for Europe. Missions bring together multiple funding instruments, policy initiatives, and stakeholders to achieve transformative impact.

Model Grant Agreement (MGA) A standardized template for grant agreements used in EU programmes to ensure consistency, transparency, and legal certainty. MGAs define the rights and obligations of beneficiaries and the granting authority, including action description, budget, reporting requirements, payment arrangements, intellectual property rights, and liability provisions. Programme-specific MGAs exist for different types of actions and programmes, with limited possibilities for negotiation or deviation.

Monitoring The systematic and continuous collection, analysis, and use of information to track project or programme progress against planned objectives, activities, and indicators. Monitoring enables timely identification of problems, informed decision-making, and accountability. In EU funding, monitoring occurs at multiple levels: beneficiaries monitor their own activities, coordinators monitor consortium performance, granting authorities monitor grant implementation, and Member States and the Commission monitor programme performance.

Monitoring Committee A body established for each operational programme under shared management that monitors programme implementation and progress toward objectives. Monitoring committees include representatives of the managing authority, intermediate bodies, beneficiaries, economic and social partners, civil society, and the European Commission (in an advisory capacity). They review programme performance, approve evaluation plans and annual reports, and propose modifications to programmes.

MSCA See Marie Skłodowska-Curie Actions. The EU's flagship programme for researcher training, mobility, and career development within Horizon Europe.

Multi-beneficiary Grant A grant agreement with two or more beneficiaries who jointly implement an action and share responsibilities, resources, and risks. Multi-beneficiary grants are common in collaborative research and innovation projects and require effective coordination, clear governance structures, and typically a consortium agreement. All beneficiaries are jointly and severally liable for the proper implementation of the action, though each is primarily responsible for its own tasks and costs.

Multiannual Financial Framework See MFF. The EU's long-term budget that sets maximum spending amounts for different policy areas over a seven-year period.

N

National Contact Point (NCP) An organisation or individual designated by national authorities to provide information, guidance, and support to potential applicants and beneficiaries of EU funding programmes in their country. NCPs offer services such as explaining programme rules, helping identify partners, reviewing draft proposals, and organizing information events. They are particularly important for Horizon Europe and

other directly managed programmes. NCP services are free of charge and aim to increase participation and success rates, especially for newcomers and underrepresented groups.

Negotiation The process of discussing and agreeing on the terms of a grant agreement between the granting authority and selected applicants following proposal approval. In EU funding, negotiation is limited in scope, as grant agreements are based on standardized templates (Model Grant Agreements) with little room for modification. Negotiation typically focuses on clarifying the action description, adjusting the budget, addressing ethics or security issues, and resolving legal or financial concerns. It must be completed before the grant agreement can be signed.

NGEU Next Generation EU, a temporary recovery instrument with €806.9 billion (in current prices) to support the EU's recovery from the COVID-19 pandemic and build a greener, more digital, and more resilient Europe. NGEU supplements the 2021-2027 Multiannual Financial Framework and includes the Recovery and Resilience Facility (€723.8 billion), REACT-EU (€50.6 billion), and reinforcements to existing programmes such as Horizon Europe, InvestEU, and the Just Transition Fund. NGEU is financed through borrowing on financial markets and will be repaid by 2058.

Non-compliance Failure to fulfill obligations specified in a grant agreement, programme regulations, or applicable laws. Non-compliance may relate to implementation (not delivering agreed activities or outputs), reporting (not submitting reports on time or with required content), financial management (not maintaining adequate records or controls), or other obligations. Non-compliance may result in payment suspensions, financial corrections, termination of the grant agreement, or exclusion from future funding.

O

OLAF The European Anti-Fraud Office (Office Européen de Lutte Antifraude), an independent EU body responsible for investigating fraud, corruption, and other irregularities affecting the EU budget. OLAF conducts administrative investigations, provides support to Member States, develops anti-fraud policy, and cooperates with law enforcement authorities. OLAF investigations may result in recommendations for financial recovery, disciplinary action, or criminal prosecution. OLAF operates under Regulation (EU, Euratom) 883/2013.

Open Access The practice of making research publications freely available online to anyone without subscription or payment barriers. Open access is mandatory for peer-reviewed publications from Horizon Europe projects, which must be made immediately available in open access repositories or journals. Open access increases the visibility, accessibility, and impact of research and supports the principle that publicly funded research should be publicly available.

Open Science An approach to research that makes scientific processes, data, and outputs openly accessible, transparent, and reusable to accelerate discovery, increase collaboration, and enhance societal impact. Open science encompasses open access to publications, FAIR research data management, open source software, citizen science, open peer review, and open educational resources. Open science is a core principle of Horizon Europe and is promoted through mandatory requirements and incentives.

Operational Capacity The ability of an applicant or beneficiary to successfully implement the proposed action based on its human resources, technical expertise, infrastructure, and track record. Operational capacity is assessed during proposal

evaluation and grant preparation to ensure that beneficiaries can deliver the planned activities and outputs. Applicants with insufficient operational capacity may be required to strengthen their teams, establish partnerships, or be rejected.

Operational Programme (OP) A strategic planning document that defines how a Member State or region will use EU funding from Cohesion Policy funds (ERDF, ESF+, Cohesion Fund, JTF) over the 2021-2027 programming period. Operational programmes specify priorities, objectives, expected results, financial allocations, implementation arrangements, and performance indicators. They are prepared by Member States in partnership with regional and local authorities, economic and social partners, and civil society, and must be approved by the European Commission.

Output The direct, tangible products or services produced by project activities, such as publications, prototypes, trained people, events organized, or policies developed. Outputs are distinguished from outcomes (changes in behavior, practice, or conditions) and impacts (broader, longer-term effects). Outputs are typically easier to measure and attribute to the project than outcomes or impacts and are used for monitoring project progress.

Overhead See Indirect Costs. The general administrative and operational costs of an organisation that cannot be directly attributed to a specific project but are necessary for its functioning, such as management, accounting, human resources, IT, utilities, and office space. In EU grants, overheads are typically reimbursed using a flat rate of 25% of eligible direct costs.

Own Resources The revenues that finance the EU budget, consisting of customs duties, sugar levies, a percentage of VAT collected by Member States, and a contribution based on gross national income (GNI). Own resources are the EU's independent revenue sources and distinguish the EU budget from international organisations that rely on voluntary contributions. The own resources system is defined by Council decisions and must be ratified by all Member States.

P

Participant Identification Code (PIC) A unique nine-digit number assigned to each organisation registered in the Participant Register of the EU Funding and Tenders Portal. The PIC is used to identify organisations in proposals, grant agreements, and all communications with the granting authority. It links to the organisation's legal entity and financial data and must be validated before the organisation can participate in EU-funded projects.

Participant Register The central database of organisations and individuals participating in EU funding programmes, accessible through the EU Funding and Tenders Portal. The Participant Register stores legal entity data, bank account information, and appointed representatives (LEAR, legal signatories, financial signatories). Organisations must register and validate their data before submitting proposals or signing grant agreements. The register aims to simplify participation by allowing organisations to register once and participate in multiple programmes.

Partnership Agreement A strategic document agreed between the European Commission and each Member State that sets out the strategy, priorities, and arrangements for using EU Cohesion Policy funds during the 2021-2027 programming period. Partnership agreements translate EU and national policy objectives into investment priorities, identify operational programmes, allocate resources, and define

coordination mechanisms. They are prepared through a partnership process involving national, regional, and local authorities, economic and social partners, and civil society.
Payment Appropriation Budget allocation that covers actual cash disbursements (payments) made in a given financial year to honor legal commitments entered into in the current or previous years. Payment appropriations are distinct from commitment appropriations, which cover the total cost of legal obligations. The difference between the two reflects the multiannual nature of EU programmes and the time lag between commitments and payments.
Performance Framework A system for monitoring and evaluating the achievement of programme objectives through indicators, milestones, and targets. In Cohesion Policy, the performance framework links funding to results and may trigger performance reserves or corrective actions if programmes fail to achieve milestones. The performance framework promotes results-orientation, accountability, and continuous improvement in programme management.
Periodic Report A report submitted by beneficiaries at defined intervals during project implementation (typically annually or every 18 months) that describes technical progress, financial expenditure, and plans for the next period. Periodic reports include a technical report (describing activities, deliverables, deviations, and risks) and a financial statement (declaring costs incurred). They are reviewed and approved by the granting authority and form the basis for interim payments.
Personnel Costs Costs related to employees working on an EU-funded project, including salaries, social security contributions, taxes, and other employment-related costs. Personnel costs are typically the largest cost category in research and innovation projects. They must be calculated based on actual costs recorded in the beneficiary's accounts, using documented hourly rates and time records. Alternatively, simplified cost options such as unit costs or flat rates may be used if provided for in the grant agreement.
PIF Directive Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law. The PIF Directive harmonizes the definition of fraud and other offenses affecting the EU budget across Member States and establishes minimum rules for penalties and limitation periods. It requires Member States to ensure effective investigation and prosecution of fraud against EU funds and provides the legal basis for the European Public Prosecutor's Office (EPPO).
Pre-financing An advance payment made by the granting authority at the beginning of a project to provide beneficiaries with initial working capital. Pre-financing is not linked to actual costs incurred but is intended to facilitate project start-up. It is typically 40-50% of the total EU contribution for research and innovation grants and is deducted from subsequent interim and final payments. Pre-financing must be covered by a financial guarantee if the beneficiary's financial capacity is insufficient.
Procurement The process of acquiring goods, services, or works through a competitive procedure that ensures transparency, equal treatment, and value for money. In EU-funded projects, beneficiaries must follow applicable procurement rules (EU public procurement directives for public bodies, or best value for money principles for private entities) when purchasing goods or services charged to the project. Procurement costs are eligible only if procedures comply with applicable rules and are properly documented.
Productive Hours The hours that an employee spends on productive work, excluding holidays, sick leave, training, and other non-productive time. Productive hours are used to calculate hourly rates for personnel costs in EU-funded projects. The number of

annual productive hours varies by organisation and country but typically ranges from 1,500 to 1,800 hours per year for full-time employees. Accurate calculation of productive hours is essential for determining eligible personnel costs.

Programme A multiannual funding instrument established by EU legislation to achieve specific policy objectives through grants, financial instruments, procurement, or other means. Examples include Horizon Europe, Erasmus+, LIFE, Creative Europe, and Cohesion Policy programmes. Each programme has its own legal basis, budget, objectives, priorities, implementation arrangements, and rules for participation and funding.

Programme Committee A body composed of representatives of Member States that assists the European Commission in implementing EU programmes. Programme committees provide opinions on work programmes, calls for proposals, evaluation procedures, and other implementing measures. They operate according to comitology procedures defined in EU law and ensure that Member States have input into programme implementation while respecting the Commission's implementing powers.

Project Officer A Commission official or agency staff member responsible for the day-to-day management of one or more grant agreements. The project officer monitors project progress, reviews reports and deliverables, processes amendments, addresses questions from beneficiaries, organizes reviews, and serves as the primary contact point for the consortium. Project officers ensure that projects are implemented according to the grant agreement and that any problems are identified and addressed promptly.

Proposal A detailed document submitted by applicants in response to a call for proposals, describing the planned action, objectives, methodology, work plan, consortium, budget, expected impacts, and other information required by the call. Proposals are evaluated by independent experts against published criteria, and the highest-ranked proposals are selected for funding. Proposals must follow specified templates and page limits and be submitted electronically by the deadline.

Public Procurement The process by which public authorities and entities purchase goods, services, or works. EU public procurement is governed by Directives 2014/24/EU (public sector), 2014/25/EU (utilities), and 2014/23/EU (concessions), which establish procedures, thresholds, and principles to ensure transparency, competition, and value for money. Public beneficiaries of EU grants must comply with these directives when procuring goods or services charged to projects.

R

Reasonableness A principle requiring that costs charged to EU-funded projects are appropriate, justified, and proportionate to the activities and objectives. Reasonableness is assessed by comparing costs to market prices, standard rates, or costs for similar activities. Unreasonable costs (such as excessive travel expenses, inflated consultancy fees, or luxury purchases) are ineligible even if they meet other eligibility criteria. Beneficiaries must be able to justify the reasonableness of all costs.

Recovery The process of reclaiming EU funds that were paid but are found to be ineligible, irregular, or fraudulent. Recovery may result from audits, control findings, financial corrections, or beneficiary self-declarations. The granting authority issues a recovery order specifying the amount to be repaid, and beneficiaries must reimburse the funds within the specified deadline. Failure to repay may result in offsetting against other EU payments, bank guarantees being called, or legal action.

Recovery and Resilience Facility (RRF) The centerpiece of Next Generation EU, with €723.8 billion in loans and grants to support Member States' recovery from the COVID-19 pandemic and promote green and digital transitions. The RRF is governed by Regulation (EU) 2021/241 and operates through national Recovery and Resilience Plans that define reforms and investments to be implemented by 2026. Unlike traditional EU funding, the RRF disburses funds based on achievement of milestones and targets rather than reimbursement of costs.

Reimbursement A payment method where the EU grant covers a percentage of eligible costs actually incurred and paid by beneficiaries. Reimbursement is the traditional funding model for EU grants and requires beneficiaries to report actual costs supported by appropriate documentation. It contrasts with simplified cost options (unit costs, lump sums, flat rates) where payments are not based on actual costs. Reimbursement rates vary by programme and action type.

Reporting Period A defined time interval during project implementation for which beneficiaries must submit a periodic report describing progress and declaring costs. Reporting periods are specified in the grant agreement and typically last 12-18 months. The final reporting period ends on the project end date. Periodic reports must be submitted within 60 days of the end of the reporting period and are the basis for interim payments.

Research and Innovation Action (RIA) A type of action in Horizon Europe that primarily consists of activities aiming to establish new knowledge or explore the feasibility of new or improved technologies, products, processes, or services. RIAs may include basic and applied research, technology development, and integration, but focus on lower technology readiness levels (TRL 1-5) than innovation actions. The EU funding rate for RIAs is 100% of eligible costs for all beneficiaries.

Research Data Management The organization, storage, preservation, and sharing of data generated or collected during research. Effective research data management ensures that data is secure, accessible, and reusable, maximizing its value and impact. In Horizon Europe, beneficiaries must develop Data Management Plans describing how research data will be managed according to FAIR principles, including what data will be open and what data will remain restricted for legitimate reasons.

Retention An amount withheld from payments to beneficiaries as a guarantee until certain conditions are met or risks are mitigated. Retention may be applied when a beneficiary's financial capacity is insufficient, when there are concerns about project implementation, or when audit findings are pending. The retained amount is typically 5-10% of the EU contribution and is released when the conditions are satisfied or at project closure if no issues are identified.

Results See Foreground IP. The knowledge, information, or intellectual property generated or developed during the implementation of an EU-funded project. Results are owned by the beneficiary that generated them and must be protected, exploited, and disseminated according to grant agreement provisions.

Risk Management The systematic process of identifying, assessing, prioritizing, and mitigating risks that could affect project success. Risk management involves analyzing potential threats (technical, financial, organizational, external), evaluating their likelihood and impact, developing mitigation strategies, and monitoring risks throughout the project. Effective risk management is essential for project success and is assessed as part of the implementation criterion in proposal evaluations.

RRF See Recovery and Resilience Facility. The EU's main recovery instrument providing €723.8 billion in loans and grants to support Member States' recovery from COVID-19 and promote green and digital transitions.

S

Secondment The temporary assignment of a staff member from one organisation to another for a specific period and purpose. Secondments are common in Marie Skłodowska-Curie Actions and other mobility programmes and enable knowledge exchange, skills development, and collaboration. Seconded staff typically remain employed by their home organisation but work under the supervision of the host organisation. Costs of secondments may be eligible under specific conditions defined in the grant agreement.

Shared Management A mode of EU budget implementation where the European Commission delegates implementation responsibilities to Member States, which manage programmes through designated authorities (managing authorities, certifying authorities, audit authorities). Shared management is used for Cohesion Policy, agricultural funds, and fisheries funds, which together account for about 70% of the EU budget. The Commission retains oversight responsibilities and may apply financial corrections if management and control systems are inadequate.

Simplified Cost Option (SCO) A funding method that calculates eligible costs using unit costs, lump sums, or flat rates rather than actual costs incurred. Simplified cost options reduce administrative burden by eliminating the need to collect and verify supporting documents for every cost item. They are increasingly used in EU programmes and may be mandatory for certain cost categories (such as the 25% flat rate for indirect costs in Horizon Europe) or optional (such as unit costs for personnel or travel).

Single Market The EU's internal market in which goods, services, capital, and people can move freely without barriers. The single market is a fundamental achievement of European integration and a key driver of economic growth and competitiveness. EU funding programmes support single market objectives by promoting innovation, reducing regional disparities, harmonizing standards, and removing obstacles to cross-border activity.

Smart Specialisation Strategy (RIS3) A place-based approach to economic development that focuses regional resources on a limited number of priority areas where regions have competitive advantages or potential for excellence. Smart specialisation strategies are required for regions receiving ERDF funding and must be based on analysis of regional strengths, entrepreneurial discovery processes, and stakeholder engagement. They aim to avoid duplication, achieve critical mass, and maximize the impact of limited resources.

Sound Financial Management A fundamental principle of EU budget implementation requiring that funds be used in accordance with the principles of economy (minimizing costs), efficiency (maximizing outputs for given inputs), and effectiveness (achieving objectives). Sound financial management also encompasses transparency, accountability, and compliance with applicable rules. All actors involved in implementing the EU budget must ensure sound financial management and may be held accountable for failures.

State Aid Any advantage granted by public authorities using public resources on a selective basis that could distort competition and affect trade between Member States. State aid is generally prohibited under Article 107 TFEU unless it falls within

exemptions or is approved by the European Commission. EU grants may constitute state aid if they provide selective advantages to undertakings. Compliance with state aid rules is essential for EU funding, and beneficiaries must declare any state aid received.

Subcontracting The practice of outsourcing specific tasks or activities to third parties (subcontractors) who are not beneficiaries of the grant agreement. Subcontracting is allowed for limited parts of the action that cannot be performed by beneficiaries themselves, such as specialized services, equipment manufacturing, or large-scale surveys. Subcontracting costs are eligible if the work is necessary, the subcontractor is selected through competitive procedures ensuring best value for money, and the costs are reasonable. Subcontracting of core tasks is generally not allowed.

Subsistence Daily living expenses incurred during project-related travel, such as meals, local transport, and incidental expenses. Subsistence costs are eligible as travel costs if they are necessary for the action, reasonable, and comply with the beneficiary's usual practices. Many organisations use per diem rates (daily allowances) to simplify calculation and reimbursement of subsistence costs.

Suspension A temporary halt to project implementation or payments ordered by the granting authority when there are concerns about project progress, compliance, or financial management. Suspension may be imposed if beneficiaries fail to submit required reports, if serious irregularities are detected, if there are doubts about the beneficiary's financial viability, or if force majeure prevents implementation. During suspension, beneficiaries may not incur new costs, and payments are withheld. Suspension is lifted when the issues are resolved or may lead to termination if problems persist.

Sustainability The ability of project results, benefits, or structures to continue after EU funding ends. Sustainability is a key consideration in project design and evaluation and requires planning for financial sustainability (securing ongoing funding), institutional sustainability (embedding results in organizations or policies), and technical sustainability (ensuring continued functionality and maintenance). Projects must describe sustainability strategies in proposals and report on sustainability in final reports.

T

Technology Readiness Level (TRL) A scale from 1 to 9 that measures the maturity of a technology, from basic research (TRL 1) through proof of concept, prototype development, and demonstration, to full commercial deployment (TRL 9). TRLs are used in Horizon Europe and other innovation programmes to classify projects, define appropriate funding instruments, and assess progress. Research and Innovation Actions typically target TRL 1-5, Innovation Actions target TRL 6-8, and market deployment instruments target TRL 8-9.

Theory of Change A comprehensive description of how and why a desired change is expected to happen in a particular context, including the causal pathways from activities through outputs and outcomes to impacts, the assumptions underlying these pathways, and the external factors that may influence success. Theories of change are used in programme design, monitoring, and evaluation to make explicit the logic of interventions and to identify indicators for measuring progress. They are similar to intervention logic but typically more detailed and context-specific.

Third Country A country that is not a member of the European Union. Entities from third countries may participate in EU funding programmes under specific conditions, which vary by programme. Associated countries have participation rights similar to Member States, while other third countries may participate with restrictions (such as lower funding rates, limited eligibility for coordination, or requirements for EU added value). Some programmes are open worldwide, while others are limited to EU Member States and associated countries.
Third Party An entity that is not a beneficiary of the grant agreement but has a relationship with the project, such as an affiliated entity, associated partner, subcontractor, or recipient of financial support. Third parties may contribute to the action or benefit from it but have different rights and obligations than beneficiaries. The grant agreement specifies which types of third parties are allowed and under what conditions.
Time Recording The systematic documentation of time spent by personnel on project activities, typically through timesheets, time tracking systems, or other records. Time recording is essential for calculating eligible personnel costs in EU-funded projects and must be reliable, accurate, and verifiable. It should record hours worked on the project separately from other activities and be signed by the employee and supervisor. Time recording requirements vary by programme and beneficiary type.
Time-to-Grant The period between the call deadline and the signature of the grant agreement. Time-to-grant includes proposal evaluation, grant agreement preparation, legal and financial checks, ethics review, and negotiation. The European Commission aims to reduce time-to-grant to improve efficiency and responsiveness. In Horizon Europe, the target time-to-grant is 8 months for research and innovation actions, though actual times vary depending on project complexity.
Training Activities designed to develop knowledge, skills, or competencies of project staff, target groups, or other stakeholders. Training may include courses, workshops, seminars, on-the-job training, mentoring, or e-learning. Training costs are eligible in EU-funded projects if the training is necessary for the action, reasonable, and properly documented. Training is a key component of capacity building, researcher development, and skills enhancement programmes.
Transnational Cooperation Collaboration between organisations from different countries to address common challenges, share knowledge, or develop joint solutions. Transnational cooperation is a core principle of many EU funding programmes and is required in most Horizon Europe projects. It generates European added value by enabling knowledge exchange, avoiding duplication, achieving critical mass, and addressing challenges that transcend national boundaries.
Transparency A fundamental principle of EU funding requiring that information about programmes, calls, evaluation procedures, selection decisions, and use of funds be publicly available and accessible. Transparency promotes accountability, equal treatment, and public trust. It is implemented through publication of calls, evaluation criteria, and results; public databases of beneficiaries and projects; and open access to research outputs. Transparency must be balanced with confidentiality requirements for commercial information, personal data, and security-sensitive matters.

U

Unit Cost A simplified cost option where specific cost categories are calculated by multiplying the number of units (such as person-months, kilometers, or participants) by

a fixed rate per unit. Unit costs simplify budgeting and reporting by eliminating the need to document actual costs for each item. They must be based on fair, equitable, and verifiable calculation methods and may be established by the granting authority, by beneficiaries using their usual cost accounting practices, or by reference to existing unit costs used for similar actions.

Uptake The adoption and use of project results, innovations, or best practices by target audiences beyond the project consortium. Uptake is a key measure of project impact and requires active dissemination, engagement with stakeholders, and removal of barriers to adoption. Uptake may be measured through indicators such as number of users, sales, policy adoptions, or citations. Projects must plan for uptake through exploitation strategies and dissemination activities.

V

Validation The process of verifying that information provided by applicants or beneficiaries is accurate, complete, and supported by appropriate documentation. Validation occurs at multiple stages: legal entity and financial data are validated during registration in the Participant Register; proposal information is validated during evaluation and grant preparation; and cost declarations are validated during financial reporting and audits. Validation ensures the reliability of information used for decision-making and payment calculations.

Value for Money The optimal balance between cost and quality in achieving objectives, considering economy (minimizing costs), efficiency (maximizing outputs for given inputs), and effectiveness (achieving objectives). Value for money is a core principle of sound financial management and must be demonstrated in procurement, project implementation, and programme management. It requires comparing alternatives, considering total lifecycle costs, and assessing qualitative factors alongside price.

Verification The process of checking that costs declared by beneficiaries are real, accurately recorded, eligible, and comply with the grant agreement. Verification may be conducted by the beneficiary's internal controllers, the coordinator, the granting authority, external auditors, or national authorities depending on the programme and management mode. Verification involves examining supporting documents, checking calculations, assessing eligibility, and confirming compliance with applicable rules. Verification findings may result in cost rejections, financial corrections, or recovery procedures.

Visibility The extent to which a project, its results, and EU funding are known and recognized by target audiences and the general public. Visibility is promoted through communication and dissemination activities such as websites, publications, events, media coverage, and social media. Beneficiaries are contractually obliged to acknowledge EU funding in all communications and to display the EU emblem according to specified guidelines. Visibility enhances the impact and legitimacy of EU funding.

Viva Voce An oral examination or interview used in some EU funding programmes (particularly ERC grants and doctoral programmes) to assess applicants' knowledge, competence, and suitability. Viva voce examinations allow evaluators to probe deeper into proposals, clarify ambiguities, assess the applicant's understanding and commitment, and evaluate communication skills. They complement written evaluations and may be decisive in borderline cases.

W

Widening Countries EU Member States and associated countries with lower research and innovation performance that are targeted by specific measures to reduce disparities and strengthen their participation in Horizon Europe. Widening countries include Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia, plus associated countries with similar performance levels. Widening measures include Teaming, Twinning, ERA Chairs, and enhanced access to the European Research Council and Marie Skłodowska-Curie Actions.

Work Package A major subdivision of a project that groups related activities, deliverables, and milestones under a common theme or objective. Work packages provide structure for project planning, implementation, and monitoring. Each work package typically has a leader (a beneficiary responsible for coordinating the work package), defined tasks, allocated resources, and specific outputs. Work packages may be organized by theme (e.g., research, demonstration, dissemination), by discipline, or by project phase.

Work Plan A detailed description of how a project will be implemented, including the structure of work packages, tasks, deliverables, milestones, timelines, resource allocation, and dependencies. The work plan is a core component of proposals and grant agreements and provides the basis for project management and monitoring. It must be realistic, coherent, and aligned with objectives. Changes to the work plan may require grant agreement amendments.

Work Programme See Annual Work Programme. A detailed planning document that specifies the calls for proposals, topics, budgets, and implementation arrangements for an EU funding programme in a given year or period. Work programmes translate strategic objectives into concrete funding opportunities and provide essential information for potential applicants.

Y

Youth Guarantee An EU initiative that ensures all young people under 25 (or under 30 in some countries) receive a good-quality offer of employment, continued education, apprenticeship, or traineeship within four months of becoming unemployed or leaving formal education. The Youth Guarantee is supported by the European Social Fund Plus and the Youth Employment Initiative and aims to combat youth unemployment and facilitate school-to-work transitions.

Z

Zero-Tolerance Policy An approach to fraud and irregularities in EU funding that emphasizes prevention, detection, and strict enforcement of consequences for violations. The zero-tolerance policy is reflected in comprehensive control systems, mandatory reporting of irregularities, financial corrections, exclusion of fraudulent actors, and criminal prosecution. It aims to protect the EU budget, maintain public trust, and ensure that EU funds are used for their intended purposes.