EIT Community Project Implementation Handbook 2023

EIT Community:
EIT Urban Mobility
EIT Climate KIC
EIT Manufacturing
EIT Food

Barcelona| 5 July 2023

Version history

Date	Comments
05 July 2023	First release of the Project Implementation Handbook 2023

Disclaimer

The processes outlined in this document may differ slightly depending on the coordinating KIC of the selected projects. It's important to note that the processes specific to EIT Food, which is also a member of this EIT Community, are not covered in this document. Therefore, each project should reach out to their respective KIC to gain a comprehensive understanding of these specific processes.

Contents

List of abbreviations

CEO	Chief Executive Officer of EIT Community
CfP	Call for Proposals
CFS	Certified Financial Statement
COO	Chief Operations Officer of EIT Community
DEL	Deliverable
DEL0	Deliverable 0
DoH	Declaration of Honour
EIT	European Institute of Innovation & Technology
EIT Community	EIT Community in this document refers to EIT Urban Mobility, EIT Climate-KIC, EIT Manufacturing.
EIT Community Mentor	EIT Community Mentor will provide mentoring for the project owners, to enlarge the impact of the activity through NEB values/principles, to assist in designing business model/scale up within NEB values/principles.
Coordinating KIC	The KIC that coordinates the grant of a project
EU	European Union
FSA	Financial Support Agreement
FSM	Financial Sustainability Mechanism
IR	Interim Review
KPI	Key Performance Indicator
KIC	Knowledge Innovation Community
LEAR	Legal Entity Appointed Representative
PIC	Participant Identification Code
PMO	Programme Management Office of EIT Community
REA	Research Executive Agency of the European Commission
RIS	Regional Innovation Scheme
SME	Small and Medium-sized Enterprise

Introduction

The purpose of this document is to provide background information and guidance to Project Leaders[1] and the rest of their consortium partners on the implementation of projects included in EIT Community portfolio for the Business Plan 2023-2025. The document is also an annex to the Financial Support Agreement (FSA) that entities receiving funding from EIT Community have to sign. It describes the practical implementation rules of the framework outlined in the FSA.

This handbook covers the life cycle of the projects, including their kick-off, the completion of all contractual requirements, day-to-day implementation, management of any project changes and final reporting. An Interim Review (IR) system is used to assess the status of the projects and ensure that they are progressing in line with their work plans and are contributing to the strategic objectives of EIT Community.

NB In the context of EIT Manufacturing, certain processes are denoted by different names.
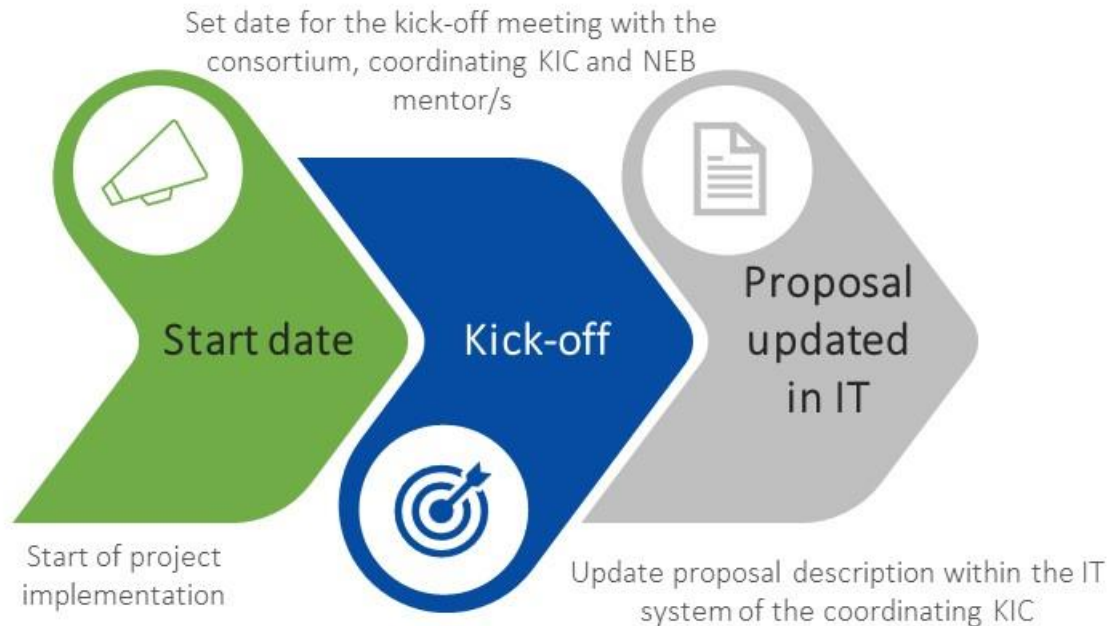
Specifically:

- The term "interim reviews" used in the main text is referred to as "Progress Review".
- The terms "project" and "project leader" are referred to as "activity" and "activity leader," respectively.
- The terms "partner" and "partner level" are often substituted with "entity/ies" and "entity/ies level" in many cases.

---

[1] A Project Leader is the partner in the consortium, responsible for the whole coordination of the project.

1.   Project kick-off

Set date for the kick-off meeting with the consortium, coordinating KIC and NEB mentor/s

Start date — Start of project implementation

Kick-off

Proposal updated in IT — Update proposal description within the IT system of the coordinating KIC

The Project Leader should arrange a kick-off meeting (either face-to-face, virtual or hybrid meeting) with all consortium partners (if applicable). **The kick-off meeting should take place no later than one month after the actual start date of the project**. The Project Leader should invite the contact persons from EIT Community (belonging to the KIC who is coordinating their grant) and their delegated mentors[2] to their kick-off meeting, who will provide a short presentation and answer any questions from the consortium.

Within one month of the start of the project, the Project Leader needs to complete their proposal within the IT system of the KIC who is coordinating their grant. If the coordinating KIC is EIT UM, project leader would only need to review the submitted proposal and timeline. If the coordinating KIC is another KIC, the project leader would need to register and describe the proposal within that KIC IT system, as follows:

EIT Urban Mobility PLAZA: https://plaza.eiturbanmobility.eu/SITE/PRIVATE/GO/login.aspx
EIT Climate KIC PLAZA: https://plaza.climate-kic.org/SITE/PRIVATE/GO/login.aspx
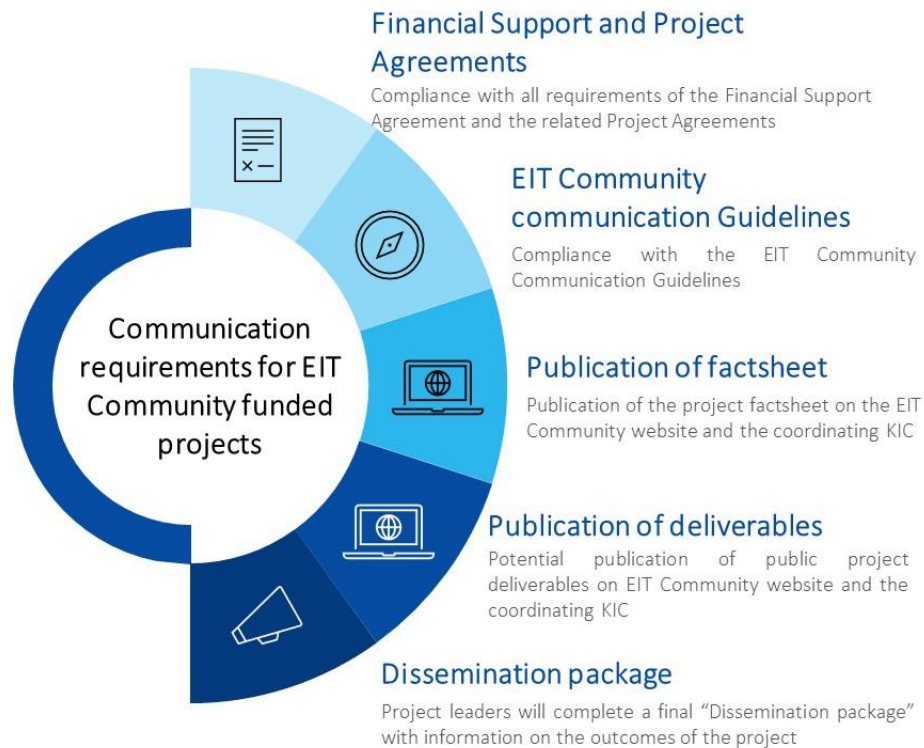EIT Manufacturing PLAZA: https://plaza.eitmanufacturing.eu/SITE/PRIVATE/GO/login.aspx

---

[2] EIT Community will provide mentoring for the project owners, to enlarge the impact of the activity through NEB values/principles, to assist in designing business model/scale up within NEB values/principles.

To help Project Leaders in their task as coordinators, an introduction webinar for Project Leaders can be reviewed in this link During this webinar, EIT Community staff explains the role and responsibilities of Project Leaders and the rest of the consortium partners, as well as provide information on the main milestones in the project implementation and reporting cycle.

Key responsibilities of Project Leaders include:

- Monitoring and controlling the project's work plan (deliverables (DELs), Key Performance Indicators (KPIs) and outputs) and ensuring that the project is implemented according to the agreed workplan.
- Communicating any changes/deviations from the project's work plan to EIT Community in a timely fashion.
- Arranging meetings with the project's partners and sharing relevant information with them.
- Ensuring that all partners meet all legal, financial, and administrative requirements for project implementation and reporting purposes according to the agreed workplan.

2. Communication requirements

Financial Support and Project Agreements
Compliance with all requirements of the Financial Support Agreement and the related Project Agreements

EIT Community communication Guidelines
Compliance with the EIT Community Communication Guidelines

Publication of factsheet
Publication of the project factsheet on the EIT Community website and the coordinating KIC

Publication of deliverables
Potential publication of public project deliverables on EIT Community website and the coordinating KIC

Dissemination package
Project leaders will complete a final "Dissemination package" with information on the outcomes of the project

Communication requirements for EIT Community funded projects

All projects and activities funded by EIT Community must comply with the communication, dissemination and visibility obligations included in the relevant Articles of the Financial Support Agreement (FSA) i.e., those referring to "Communication, Dissemination and Visibility" (Article 1 in case of EIT UM, Article 2 and Annex 4 – section 2 – Communication, dissemination, and visibility rules in case of Climate KIC)). In accordance with the FSA, **if a beneficiary breaches any of its obligations, the grant may be reduced accordingly.** Obligations include, amongst others:

- Funded projects are required to add EIT Community/EU co-branding to their websites/webpages. This includes websites/webpages of start-ups/scale-ups supported.
- EIT Community/EU co-branding must be utilised in all external communications of projects carried out with EIT Community funding/support or organised in collaboration between EIT Community and its partners.
- Crucially, due to the three-year duration of the EIT Community Business Plan, **it is mandatory that co-branding requirements are fulfilled until August 2026**

- As the EIT Community projects are part of the New European Bauhaus initiative, all communication activities and infrastructure, equipment of major results funded by the grant must display the special logo of the EIT Community with the following text: "EIT Community New European Bauhaus [project name] is supported by the European Institute of Innovation and Technology (EIT), a body of the European Union". Related materials should also include the official logo of the New European Bauhaus. So the projects' communication materials must include both official logos: EIT Community and New European Bauhaus logos. All logos can be found in Annex II, however all of them in a digital format [eg.: png, jpeg, AI] will be available after the project is granted.

In addition, the following communication inputs are required:

- Project leaders will complete a final "Dissemination package" with information on the outcomes of the project (template and guidance will be available following the project granted).
- The public deliverables produced by the projects will be published on the coordinating KIC website.

3.   Legal requirements
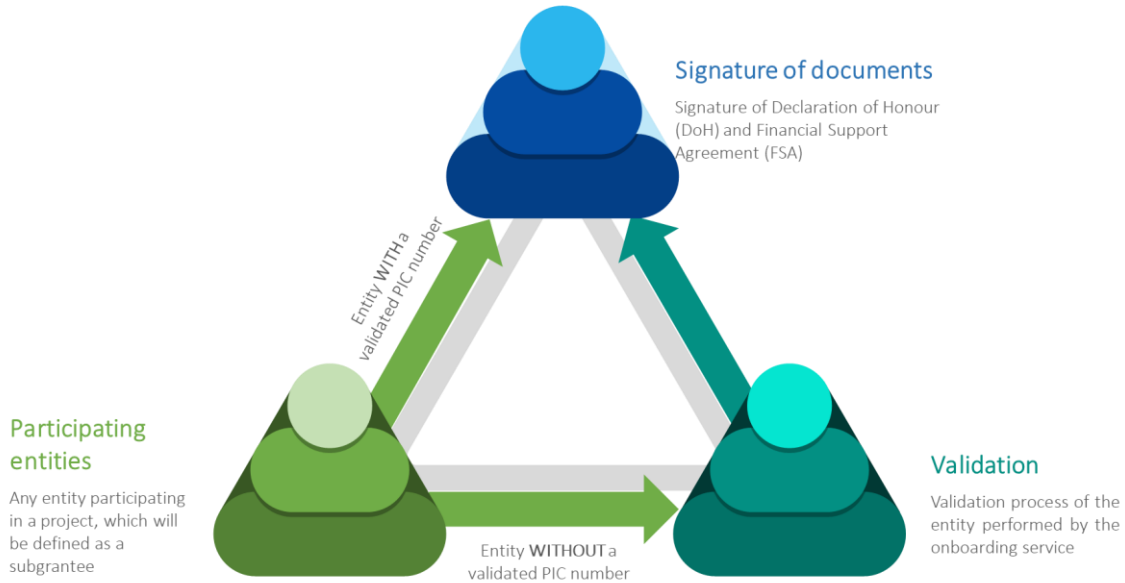
The members of the EIT Community, namely EIT Urban Mobility, EIT Climate KIC and EIT Manufacturing are Knowledge and Innovation Communities (KIC) created by the European Institute of Innovation and Technology (EIT). It has been set up as a legal entity and, as such, it signed a Partnership Agreement (covering a 7-year period, 2021-2027) and a Grant Agreement (covering a 3-year period, 2023-2025) with the EIT.

The Grant Agreement allows EIT Community to provide financial support to third parties (i.e. "subgrantees" or "recipients") for projects and actions that contribute to the objectives and targets of the EIT Community Business Plan 2023-2025. Entities receiving EIT Community funding for the implementation of projects will therefore become subgrantees of the Business Plan 2023-2025, committing themselves to perform towards the achievement of the related targets.

Entities that have never been part of projects funded by EIT Community and that do not have a PIC (Participant Identification Code) validated by the Research Executive Agency (REA) of the European Commission will start the contracting phase only once they have a validated PIC. Entities without PIC number will be subject to full due diligence process. From the end of 2023 onwards, the validation of PIC numbers will be done by a joint KICs Onboarding Service. Entities will be asked to provide a package of documentation to complete their PIC validation (see table below). Meanwhile, each KIC will validate PIC numbers of the entities that are onboarding.

All entities that have previously participated in EIT Community funded projects, should already have a validated PIC. For those entities, some additional documentation may be required.

The following tables summarise the information needed for entities that do not have a validated PIC (i.e., entities without a PIC or when the PIC is only declared) and for entities with a validated PIC. The documentation to be provided is different depending on the amount of EIT funding requested.

Table 1. Documentation needed to fulfil the legal requirements for entities without PIC or with the PIC status "declared". *This check will be performed only in a limited number of cases (i.e., according to HE rules, for lead coordinators with a EIT budget contribution of over 500,000 EUR). ** Declaration of Honour (DoH) will be requested only once throughout the duration of the Business Plan 2023-25 and will be valid for any project under the framework of any EIT KIC. Entities will update the DoH whenever the content of the DoH is outdated.*

Entities without a PIC or a PIC with the status "Declared"	
Entities requesting less than 60,000 EUR	Entities requesting 60,000 EUR or more
▪ Legal entity identification form without supporting documents ▪ Legal Entity Appointed Representative (LEAR) Form ▪ Ad-hoc declarations (e.g. Affiliated Entities)	▪ Legal entity identification form with supported documents ▪ Legal Entity Appointed Representative (LEAR) Form ▪ Official VAT document and National Registration Number ▪ Financial capacity assessment documents* ▪ Declaration of Honour** ▪ Optional declarations (Affiliated Entities)

Table 2. Documentation needed to fulfil the legal requirements for entities with a validated PIC. *This check will be performed only in a limited number of cases (i.e., according to HE rules, for lead coordinators with a EIT budged contribution of over 500,000 EUR). ** Declaration of Honour (DoH) will be requested only once throughout the duration of the Business Plan 2023-25 and will be valid for any project under the framework of any EIT KIC. Entities will update the DoH whenever the content of the DoH is outdated.*

Entities with a validated PIC	
Entities requesting less than 60,000 EUR	Entities requesting 60,000 EUR or more
▪ Ad-hoc declarations (e.g. Affiliated Entities)	▪ Financial capacity assessment documents* ▪ Declaration of Honour** ▪ Optional declarations (Affiliated Entities)

It should be noted that for business entities[3] requesting 60,000 EUR or more, the joint KICs Onboarding Service might perform a creditworthiness check.

Once entities have been validated by the joint KICs Onboarding Service, or by the coordinating KIC (meanwhile the Onboarding Service is not yet in place) they can proceed with the signature of the Financial Support Agreement (FSA), which is expected to be valid until the end of 2025.

The **Financial Support Agreement** lays down the contractual arrangements between EIT Community and the subgrantee regarding the financial support to the third party (i.e. the subgrantee). As part of the FSA, all approved proposals in which the subgrantee is part, are annexed to it, as well as the provisions of this Project Implementation Handbook.

---

[3] A business entity is an organisation created by an individual or individuals to conduct business, engage in a trade or partake in similar activities.

4.   Day-to-day implementation

EIT Community reviews DELs and KPIs within a month

Submission — Submission of DELs and KPIs

Review

Approval — DELs and KPIs are approved and consolidated

If improvements needed

Throughout the project implementation cycle, Project Leaders should be in regular contact with their contact person from the relevant allocated coordinating KIC (EIT Urban Mobility, , EIT Climate KIC or EIT Manufacturing) and mentors[4] from EIT Community to discuss progress, get support in successfully accomplishing project implementation and identify potential risks and improvements. During these regular interactions, EIT Community will make sure that the Project Leaders are fully aware of the expected outcomes of the projects, in particular regarding deliverables and KPIs (their definition and the specific supporting documents that are required as proof of fulfilment). Project Leaders shall also ensure that consortium partners are aware of such expected outcomes. This is particularly important if a new person takes over the role of Project Leader halfway through the project implementation.

If questions arise, Project Leaders can contact:

- Their delegated EIT Community contact person for technical and content-related questions.
- Their delegated EIT Community PMO contact person for administrative and finance-related questions, and those related to grant processes (Amendment, Final Reporting, etc.).
- Their delegated Mentor for design or business related questions

---

[4] EIT Community will provide mentoring for the project owners, to enlarge the impact of the activity through NEB values/principles, to assist in designing business model/scale up within NEB values/principles.

As part of day-to-day implementation, Project Leaders are responsible for submitting the project's deliverables by the established due date stated in their approved project proposal. In case of delay, this is considered a minor change but should be discussed with the relevant EIT Community contact person (see Section 5). When submitting a deliverable (preferably in pdf), the process is as follows:

- The Project Leader uploads the deliverable in The grant management system
- Within one month, EIT Community will review the deliverable from a content and compliance point of view and either send it forward for consolidation or send it back to the Project Leader with a request for concrete improvements.

EIT Community template to prepare deliverables is available in grant management system. Projects can use the template of their choice if it complies with EIT/EU co-branding.

KPI achievements should be submitted according to the project work plan and will be reviewed by EIT Community in terms of completeness and compliance. Templates for the KPI reporting can be downloaded from grant management system..

5.   Project changes
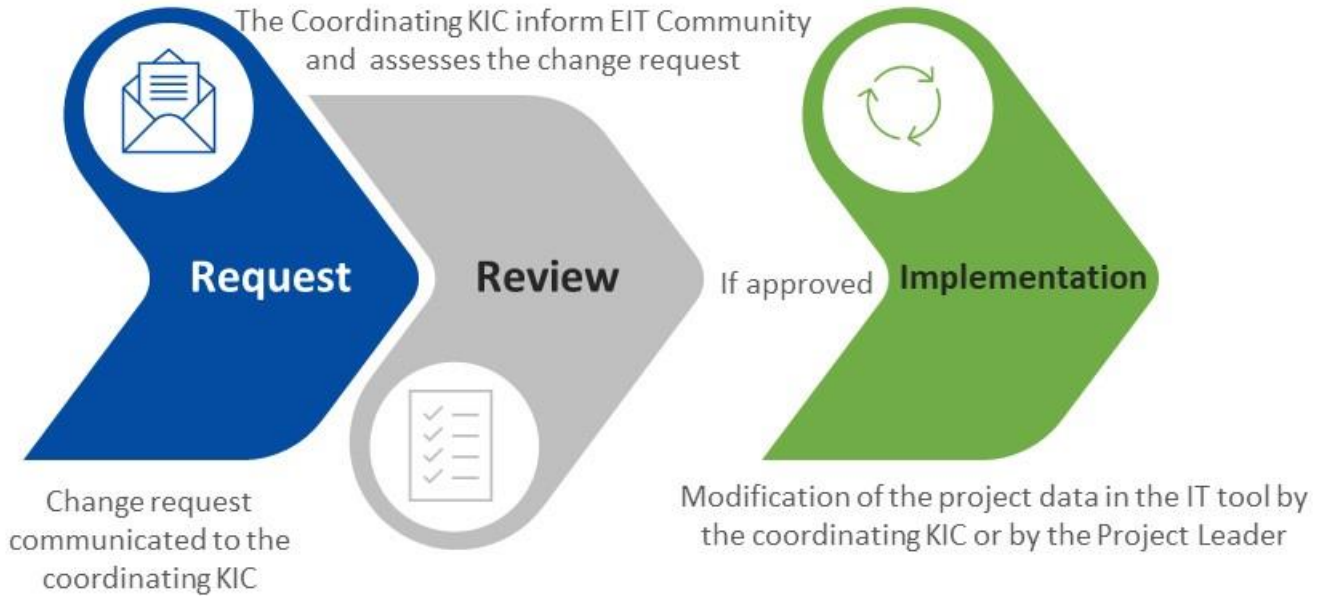
During the implementation phase, projects may need to make changes to their approved work plan. Change requests need to be communicated to EIT Community, who will assess and accept or reject the request. If accepted, next steps will depend on the type of change requested: major changes or minor changes. Whenever possible, requests for project changes should be submitted in an aggregated way, avoiding multiple requests.

Minor changes

The Project Leader can request minor changes at any time. The proposed change should be discussed with the relevant EIT Community contact person, who will assess its impact. If the change is accepted, the steps in the grant management system are:

- **Changes in Project Leader and members, tasks, or milestones**: Communicate to the PMO contact person for the Project. who will implement the change in grant management system
- **Changes in due dates of deliverables**: The Project Leader can delay the due date for a deliverable in the deliverable submission form in grant management system. The EIT Community contact person for the Project will receive an automatic notification from grant management system.
- **Small changes in budget distribution between cost categories[5] at partner level lower than +/- 30%.** For example, an individual partner shifting 30% of their own travel budget to personnel. These

---

[5] Any change in subcontracting costs should be agreed with EIT Community before being incurred.

deviations are generally accepted and can be reported and justified at the time of the final reporting.

There is no need to submit a change request form for minor changes.

Major changes:

The Project Leader can request major changes when they are needed. The Project Leader will need to complete a change request form[6] provided by coordinating KIC which will be assessed and approved/rejected by EIT Community.

1) **Changes in the consortium**

The Project Leader will need to communicate any changes in the consortium to EIT Community as soon as possible, including the revised Deliverable 0 (DEL0)[7], so the onboarding/contracting of any new partner can start (see Section 3). EIT Community will assess the eligibility of the project with regards to the conditions of the respective call, as well as the potential impact on the project results and KPIs.

   o **Partner(s) leaving the consortium.** The Project Leader should either replace the leaving partner with a new one (with similar expertise), redistribute the task(s) and budget to existing partners, or delete the budget and task(s) associated with this partner from the project.
   o **New partner(s) being added to the consortium.** The new partner needs to have a specific role in the project and add value to the consortium.
   o **Change in the legal status of partners**. EIT Community will assess these changes on a case-by-case basis.

2) **Changes in the content and number of deliverables, outputs and KPIs, or changes to the description of the project**

Please note that:

   o **Any reduction in the scope of the project will need to be associated with a reduction in financial support.**
   o **Reductions of KPI targets or removal of KPIs are unlikely to be approved and therefore will require a strong justification.**

3) **Changes in budget**

---

[6] Annex 1 includes an overview of the change request form, which is accessible in the IT system
[7] This Deliverable (DEL0) has been prepared by all projects during the conditions clearing phase.
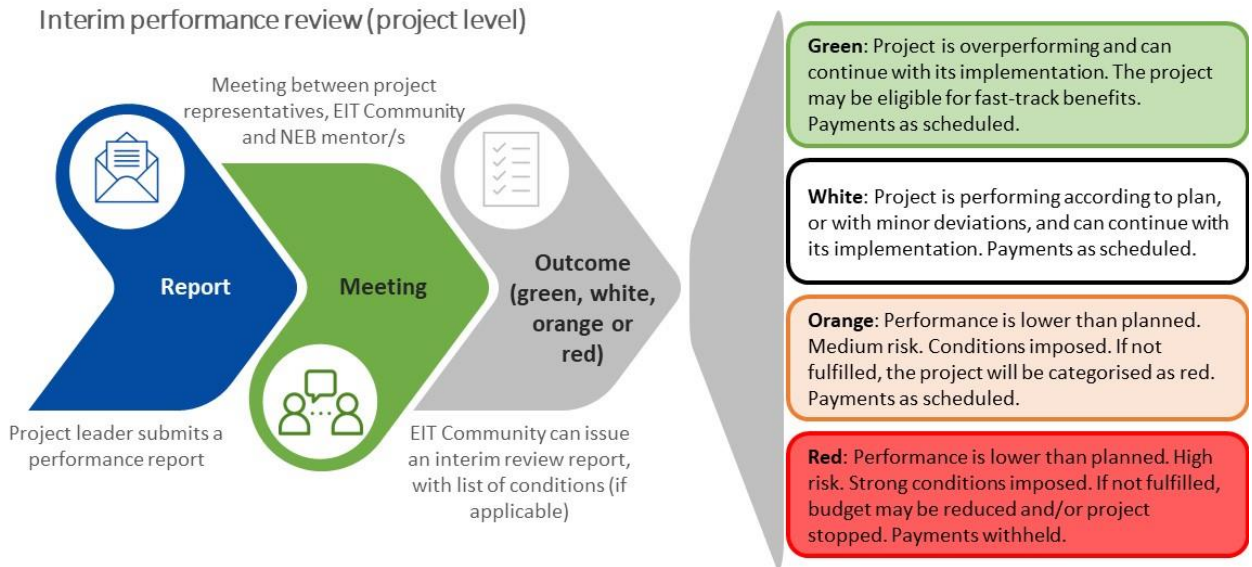
There are four groups of budget changes:

- o   Decrease of the overall project budget. These changes will be **generally accepted**.
- o   Increase of the overall project budget that results in an increase of financial support and/or decrease the project's own co-funding percentage. This change is **unlikely to be approved and therefore will require a strong justification**.
- o   Redistributions of budget between partners. **These changes will be generally accepted**.
- o   **Major changes in budget distribution** between cost categories at partner level higher than +/- 30%. **These changes will need to be approved by EIT Community.**
- o   **Increase budget of the "subcontracting" category or adding a new subcontract.**

4) Changes to the project duration

In case the project requires additional time to complete its workplan and/or achieve the KPIs, the Project Leader will have to request a project extension to EIT Community. This request should be sent at least 2 months before the end of the project. If the extension is approved, the project will be allowed to continue with the implementation and report costs incurred during that extension, as long as they are not higher than the original approved budget. Some projects may have a limit to the length of the extension they can request, according to the original call guidelines. In all cases, no extension can be granted beyond 31 December 2024.

6.   Interim reviews[8]

Interim performance review (project level)

Report — Project leader submits a performance report

Meeting between project representatives, EIT Community and NEB mentor/s

Meeting — EIT Community can issue an interim review report, with list of conditions (if applicable)

Outcome (green, white, orange or red)

Green: Project is overperforming and can continue with its implementation. The project may be eligible for fast-track benefits. Payments as scheduled.

White: Project is performing according to plan, or with minor deviations, and can continue with its implementation. Payments as scheduled.

Orange: Performance is lower than planned. Medium risk. Conditions imposed. If not fulfilled, the project will be categorised as red. Payments as scheduled.

Red: Performance is lower than planned. High risk. Strong conditions imposed. If not fulfilled, budget may be reduced and/or project stopped. Payments withheld.

Interim reviews are a key milestone of the implementation cycle. The objective of the interim reviews is to assess the status of the projects implementation (performance, budget, and impact) and ensure that they are progressing in line with their work plan and are contributing to the targets of the Business Plan 2023-2025.

The interim reviews allow EIT Community to evaluate the risk of underperformance and/or underspending, and to provide support to projects by identifying mitigation measures. **Ultimately, it allows EIT Community to re-orient activities, withhold payments, reduce the funding, or stop projects that are clearly underperforming.** Underperformance can be defined as a failure to implement the planned activities according to the terms of the approved project and/or failure to reach the planned objectives/outputs/KPI.

Interim reviews will take place in around at midpoint of the implementation period, to review the half-way progress. The coordinating KIC will organise the interim review with the project leader and the assigned NEB mentors. Each project has assigned a NEB mentor and/or a NEB business mentor. They advise the project owners specific actions towards enlarging the impact of the activity through NEB values and principles and/or assisting on developing business models/scale ups within NEB values/principles.

The number of interim reviews will depend on the project duration (see examples in the table below). When a project finishes, no interim review is held: the project will go straight to final reporting and review (see section 7)[9].

---

[8] In the case of EIT Manufacturing, the term "interim reviews" mentioned in the main text is referred to as "Progress Review".

[9] Projects that are renewed on an annual basis will have a continuation assessment in Q4 of each year. Examples: RIS Hubs and Accelerators/SME-Hub selected in the 2022-24 call.

Table 3. Number of interim reviews according to the project duration.

Project duration	Number of interim reviews
Projects up to 12 months	One interim review at midpoint of implementation.
Projects up to 18 months	Two interim reviews, one in the first part of the project and one in the second part of the project.

Importantly, in case of concerns about the performance of a project, EIT Community can trigger an *Ad-Hoc* performance review at any time during the year.

The interim review is usually comprised of two or three main elements[10]:

- **1a. A performance report submitted in grant management system by the Project Leader** providing an overview of project implementation, covering outputs, deliverables, KPIs, risks, communication and dissemination actions, etc.
  - o **1b. (optional) An assessment report produced by the relevant EIT Community contact point**(e.g., as outcome of a site visit, demo, technical review, etc.) shared with the Project Leader ahead of the interim review.
- **2. A meeting between representatives of the project consortium and representatives of EIT Community** (through a monitoring panel) to discuss the content of the performance report prepared by the Project Leader. The EIT Community monitoring panel is usually comprised of representatives from the relevant Contact person and NEB mentors. In some instances, representatives from other Thematic Areas and/or external experts might participate.
- **3 Interim cost reporting is applicable only if the Call manual defines it.**

Performance review

Before submitting the performance report, Project Leaders need to ensure they submit in grant management system all deliverables that have been produced and all KPIs that have been achieved since the start of the project (in case of the first interim review) or since the previous interim review (for subsequent reviews).

In line with EIT Guidelines, the EIT Community monitoring panel will assess projects as Green, White, Orange or Red:

- **Green projects** are overperforming and can continue with their implementation. The project may be eligible for fast-track benefits.

---

[10] In the case of EIT Manufacturing, the Progress Review is usually comprised of 4 elements: Performance Report, Cost Report, Online meeting, and Assessment Report.

- **White projects** are performing according to plan, or have a low risk, and can continue with their implementation.
- **Orange projects** have a medium risk and need mitigation actions to overcome challenges. The monitoring panel will impose conditions on the project, which will need to be fulfilled within a given period of time (it may range between 2 weeks and 2 months). If the conditions are not fulfilled satisfactorily, the project will be categorised as red. If the conditions are fulfilled, the project may be moved to white.
- **Red projects have a high risk for EIT Community and payments will be withheld** (see section 8 "Payment schedule"). The EIT Community monitoring panel will impose strong conditions on the project, to be fulfilled within two weeks. If the conditions are fulfilled, the project may be moved to orange or white. If the conditions are not fulfilled satisfactorily, this will lead to a reduction in financial support for the project, or a recommendation that the project is stopped. If the recommendation is to stop the project, the issue will be escalated to the EIT Community CEO and COO, who will take the final decision based on the report produced by the monitoring panel. EIT Community may commission an independent review by an external expert to inform this decision. If the project is stopped, it will undergo final reporting and review (see section 7) to determine the final balance payment (amount of funding to be paid to/reimbursed by the project partners).

In line with EIT Guidelines, the four colour categories are defined as:
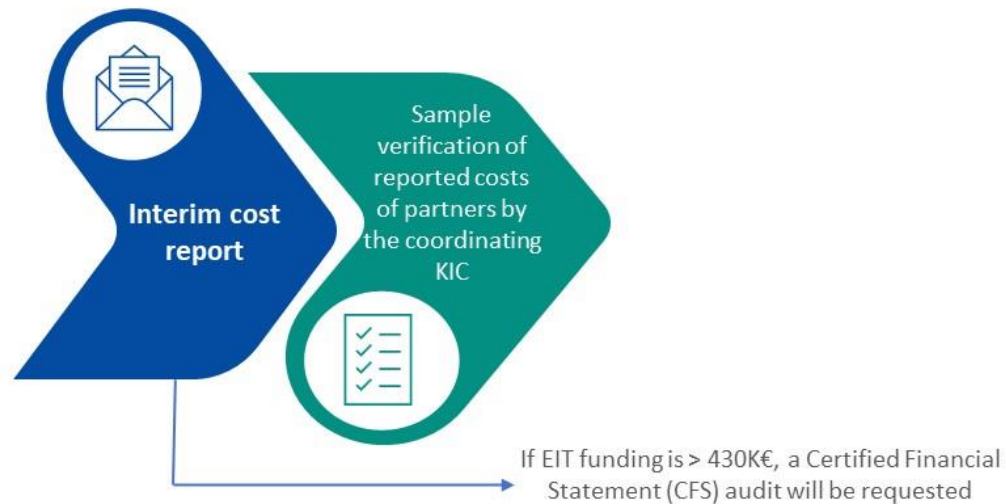
Table 4. Assessment colour categories.

Indicators	Performance	Colour
Deliverables, Outputs, and KPIs have been overachieved or are on track for overachievement. Project is compliant with other obligations as described in the Financial Support Agreement (e.g., EIT/EU co-branding). The financial situation of the project is good, with resources being used according to financial forecast. All partners in the project have fulfilled all legal requirements (see section 3)	The performance of the project is higher than expected.	GREEN
Deliverables, Outputs, and KPIs have been achieved, are on track, or have minor deviations. Any shortcomings are minor or only a small number of shortcomings are present.	The project is implemented adequately.	WHITE

Project is compliant with other obligations as described in the Financial Support Agreement (e.g., EIT/EU co-branding). The financial situation of the project is good, with resources being used according to financial forecast or with small deviations. All partners in the project have fulfilled all legal requirements (see section 3).		
Some Deliverables, Outputs, and/or KPIs are not on track, requiring mitigation measures to ensure achievement by the end of the implementation period. There are significant weaknesses in implementation as compared to the plan. Additional aggravating factors such as not respecting EIT/EU co-branding. Small to medium deviations in budget realisation compared to the financial forecast, affecting the performance of the project. One or more partners in the project have not yet fulfilled all legal requirements (see section 3).	The performance of the project is lower than planned. The EIT Community monitoring panel will impose conditions on the project, to be fulfilled within a given period of time (it may range between 2 weeks and 2 months).	ORANGE
Some Deliverables, Outputs, and/or KPIs are off track and will not be achieved or are not expected to be achieved. There are serious weaknesses in implementation as compared to the plan. Additional aggravating factors such as not respecting EIT/EU co-branding. Medium to large deviations in budget realisation compared to the financial forecast, affecting the performance of the project.	The performance of the project is lower than planned. The EIT Community monitoring panel may impose strong conditions on the project (to be fulfilled within two weeks), re-orient activities, reduce the grant for the project, and/or recommend that the project is stopped (final decision to be taken by CEO and COO).	RED

Interim cost reporting

Interim cost reporting is applicable only if the Call manual defines it.

Interim cost reporting (partner level)

Interim cost report

Sample verification of reported costs of partners by the coordinating KIC

If EIT funding is > 430K€, a Certified Financial Statement (CFS) audit will be requested

Cost reporting at partner level should normally take place during the interim review and the final reporting periods. Partners do not need to submit documentation to EIT Community justifying costs (timesheets, invoices, contracts, etc.) as part of their interim cost report. However, partners must keep appropriate and sufficient evidence to prove the eligibility of all the costs declared, implementation of the action according to the approved project and compliance with all the other obligations under the Financial Support Agreement (FSA). If costs are not supported by appropriate and sufficient evidence, they will be rejected. The evidence must be verifiable, auditable and available. It must be correctly archived for the duration indicated in the FSA. Conditions for cost eligibility are set out in the Horizon Europe Model Grant Agreement and transposed in the document Eligibility of Expenditure, which is also part of the call package.

Following the submission of the cost report and prior to payment (see chapter 9 for details on the payment scheme), two types of financial checks will be performed:

- Internal eligibility check[11]: EIT Community reserves the right to verify the eligibility of costs by checking the supporting documents. These checks will be performed on a sample basis.
- CFS eligibility check: Partners reaching a cumulative EIT funding level, for all projects they are involved with, of 430,000€ or higher, at any point between 1 January 2023 until 31 December 2025 will have to provide a Certificate of Financial Statement (CFS), issued by an independent auditor commissioned by the EIT. No costs for the audit service will be requested from project partners. See section 9 for further details on the CFS audit.

If any cost is considered as ineligible during the internal eligibility check, or as a final result of a CFS audit (see chapter 9), the finance contact will be asked to correct its cost reporting accordingly. The corresponding payment will be based on the corrected cost reporting.

---

[11] In the case of EIT Manufacturing, the term "Internal eligibility check" mentioned in the main text is referred to as "Sample Check".

7. Final reporting and review
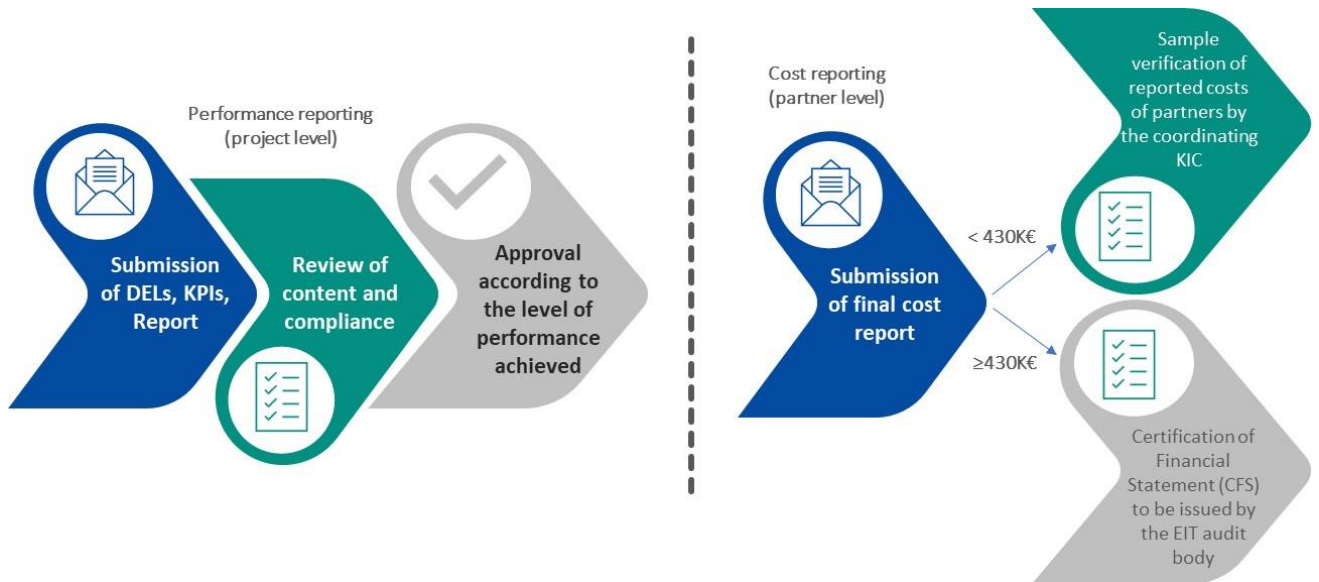
Once the implementation of the project has finished, Project Leaders and Partner Finance Contacts need to report respectively on performance and costs within one month of the end of the project.

Performance reporting[12]

Project Leaders need to submit the items detailed below, which will be reviewed by EIT Community for content and compliance.

- **Deliverables:** Project Leaders need to submit deliverables according to the work plan and due dates. Project Leaders should use the deliverable templates available in grant management system to ensure compliance with EIT/EU branding requirements.
- **KPIs:** Although KPIs may be achieved throughout the year, Project Leaders need to ensure they report KPI achievements before each interim review and at the end of the project implementation. KPI achievements need to be submitted together with related supporting documents.
- **Outputs:** There is no need to submit the achievements of the project outputs in grant management system. Outputs are reported in the Project Final Performance Report (see bullet point below).
- **Project Final Performance Report:** The Project Final Performance Report is submitted in grant management system by the Project Leader via an online form. The report assesses different

---

[12] In the case of EIT Manufacturing, "Performance reporting" needs to be complemented by "Deliverables", "KPIs", and "Activity Performance Report of Cost (ARP-C)."

aspects of the project, including explaining achievements, deviations, and corresponding justifications. The report covers Outputs, KPIs, Deliverables, FSM, etc.

- **Use of Resources Report:** The Use of Resources Report is submitted in grant management system by the Project Leader via an online form as a preparation for the performance review. The report provides for justifications for cost deviations (overspending or underspending) at project level, and also explaining any changes of cost category if applicable, according to the provisions outlined in Section 5. The report is based on the total project budget (i.e. 100% of the incurred costs must be reported, not only the part covered by the EIT funding).

Cost reporting[13]

Cost reporting in the final report is done in grant management system at partner level (i.e., not at project level as performance reporting). Each partner reports all costs incurred since the last interim report (if applicable) and until the end of the project. Here the same conditions related to reviews applies, as explained in interim cost reporting (see section 6).

Please note that:

1) If the total costs reported are <u>higher</u> than the latest approved budget, <u>the excess is covered by the partner's co-funding</u>.
2) If the total costs reported are <u>lower</u> than the latest approved budget, <u>the original partner co-funding is maintained, and the financial support is reduced accordingly.</u>

Final Review

EIT Community will review the Deliverables, KPIs and Final Reports submitted by Project Leaders and assess the overall project performance.

Regular monitoring and any mitigation actions taken during previous interim reviews should ensure that projects deliver on all their results and KPIs. However, in cases where performance at project closure is not satisfactory, any shortcomings will be assessed, and their weight calculated according to the performance rate methodology outlined below (see table 5).

In case of underperformance, the balance payment will be aligned accordingly (i.e., % of underperformance equals % of reduction). Any reduction will be applied to the project and therefore to its total budget, applied to both EIT grant and co-funding proportionally to the initial amounts.

---

[13] In the case of the EIT Manufacturing, during the "Cost reporting" phase, the entity must provide "Invoice and proof of payment for purchases of goods and services above 5.000 €," and "Pay slips and timesheets of the personnel working on the activity".

> *Example:*
>
> *A project that has 70% EIT funding and 30% co-funding in its budget (total budget of 100€), receives an underperformance of 25%. A 70% of that reduction is applied to the EIT funding and 30% to the co-funding. Result: 52.5€ EIT funding (70-(25*0.70) and 22.5€ co-funding (30-(25*0.30).*
>
> *In case a project is funded 100% by EIT funding, then the reduction is solely applied to the EIT funding.*

By default, any grant reduction due to underperformance is transposed at project and, therefore, at consortia level, affecting all partners equally according to their budget distribution. If partners wish to absorb the grant reduction differently, EIT Community recommends having this already defined in a consortium agreement[14]. In those cases, EIT Community should receive a copy of the consortium agreement as soon as all partners have signed.

Importantly, an exception for indicator FSM/Commercial agreements applies: any potential reduction is applied to the commercialisation partner(s) only. In case the budget reduction is higher than the budget of the commercial partner(s) responsible for the signature of the FS agreement, the consortium shall assume the remaining reduction, unless otherwise agreed in a separate consortium agreement. This will not be enforced to cities/municipalities/regions which cannot be liable for commercial targets.

The following table outlines the methodology to calculate the level of underperformance in the context of EIT Urban Mobility.

Table 5. Performance rate methodology by EIT Urban Mobility.

Indicator	Weight (%)

KPIs
o **EIT KPIs: 35%**
  ▪ All KPIs achieved: no reduction.
  ▪ No KPIs achieved: 35% reduction.
  ▪ Some EIT KPIs achieved: reduction proportional to underachievement.
 	
o **EIT Community specific KPIs: 5%.**
  ▪ All KPIs achieved: no reduction.
  ▪ No KPIs achieved: 5% reduction.
  ▪ Some EIT Community specific KPIs achieved: reduction proportional to underachievement
	Up to 40%

Financial Sustainability Mechanism (FSM)/Commercial Agreement
o **Projects with the requirement to have a Commercial Agreement:**
  ▪ Agreement is signed: no reduction.
  ▪ Agreement not signed: 30% reduction.
 	
o **Projects with other FS mechanisms:**
  ▪ Achieved: no reduction.
  ▪ Not achieved: 30% reduction.
	Up to 30%

[14] The model of Consortium Agreement of Horizon Europe can be downloaded: https://www.desca-agreement.eu/desca-model-consortium-agreement/

▪ Partial achievement: reduction proportional to underachievement of targets.	
Deliverables and Outputs **Factors to be considered:** Achievement/not achievement of outputs, submission/no submission of deliverables, quality of deliverables.	Up to 20%
Branding **Factors to be considered:** Please refer to Section 2 communication requirements and to documents "EIT Community 2023-2025 Brand Book" and "EIT Community 2023-2025 Communication guidelines".	Up to 10%

In the context of EIT Manufacturing, the extent of funding reduction varies based on the specific type of underperformance, as outlined below:

Type of underperformance	Funding reduction
Missing Core EIT KPI	20%
Missing DEL	10%
Missing FS contract	20%
Missing EITM KIC KPI	5%

8. Payment scheme
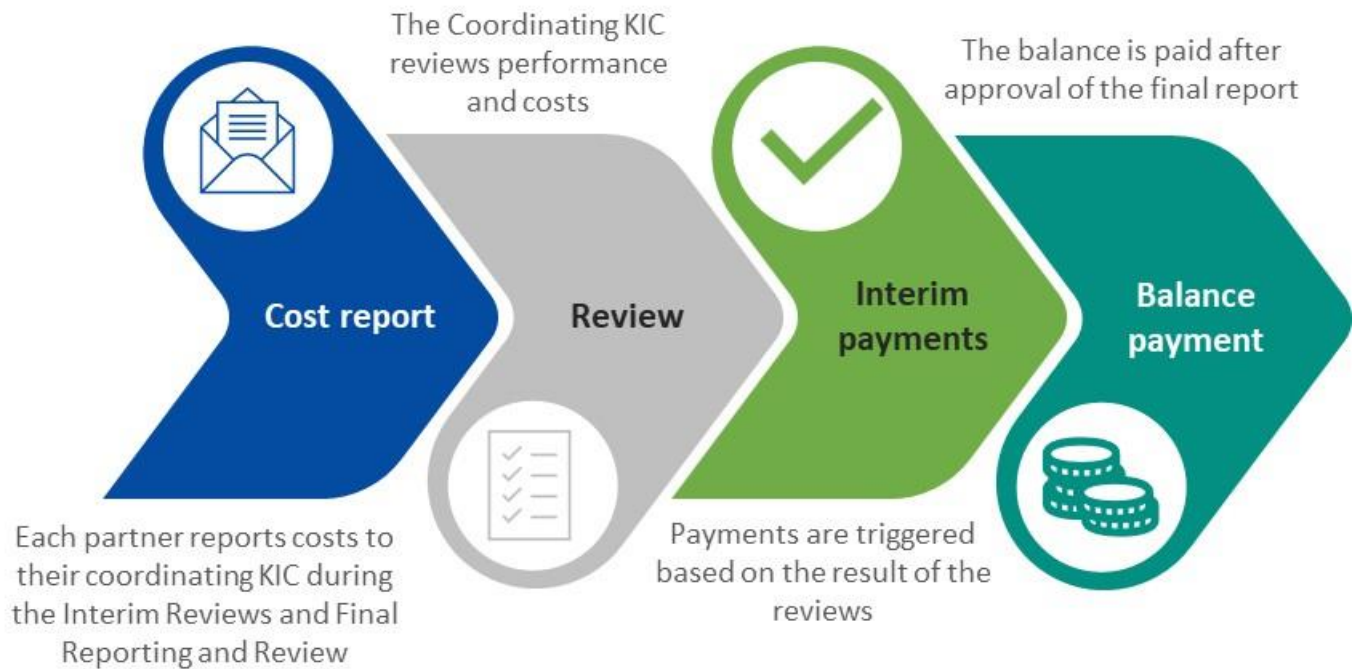
Please note that **this payment scheme is applicable to 2023, updates might be applicable in 2024 or 2025.**

Each coordinating KIC distributes the EIT funding directly to each of the entities participating in the approved projects. The details related to the instalments and final payment conditions (payment structure, etc) are defined in handbook for EIT UM and EIT Manufacturing and as defined in Annex 2 of FSA for Climate KIC.

EIT Urban Mobility

This process came into force from January 2023.

Table 6. Payment scheme for EIT Community funded projects.

Type of entities	Payment scheme
SMEs	• First instalment, corresponding to 20% of the EIT funding, at the beginning of the project, after completion of contractual position (signature of the FSA and approval of the project proposal). • At interim review stage, 100% of the costs claimed are reimbursed **up to 50%** of the total financial support initially allocated to the partner for a particular project. The number of instalments will depend on the number of interim

	reviews a project has. All preceding payments (first instalment and/or previous reimbursements) will be deducted. • Balance payment at the end of the project implementation.
Non-SMEs	• At interim review stage, 50% of the costs claimed are reimbursed **up to 25%** of the total EIT funding initially allocated to the partner for a particular project. The number of instalments will depend on the number of interim reviews a project has. All preceding payments (pre-financing and/or previous reimbursements) will be deducted. • Balance payment at the end of the project implementation.

Important disclaimer: The **payments** will be subject to the availability of funds stemming from EIT.

As described in the table above, the pre-financing is paid upon completion of the relevant contractual package. This payment is a percentage, based on the budget of the approved project. This first instalment is only paid to SMEs participating in EIT Community projects.

The second or subsequent instalments take the form of cost reimbursements, paid after the successful completion of the interim reviews. The reimbursements are up to the maximum described in the above scheme (see table 6), based on the budget of the approved project. The payment is triggered when the project is classified as green, white, or orange at the end of the interim performance review. If the project is classified as red, the payment is withheld until conditions are fulfilled. If conditions are not fulfilled and EIT Community decides to stop a project, the project will undergo a Final Reporting and Review (see section 7) to determine the final balance payment (amount of funding to be paid to/reimbursed by the project partners).

The balance is paid upon the completion of the Final Reporting and Review. It covers the remaining EIT funding according to the last approved performance review, and it is based on the costs reported in the Final Report and approved by EIT Community. At this stage, **EIT funding for a project may be reduced in case of underperformance assessed during the Final Reporting phase**. The methodology for grant reduction is outlined in Section 7.

EIT Manufacturing

In the context of EIT Manufacturing, the payment scheme for EIT Community funded projects will be as outlined below:

Via instalments:

- 50% at interim review stage
- 50% after completion of the project and after approval of the final reporting.

A first instalment, corresponding to 20% of the EIT funding, at the beginning of the project, will be considered for projects with financial support above EUR40,000.

9. Eligibility control: Certified Financial Statement audits
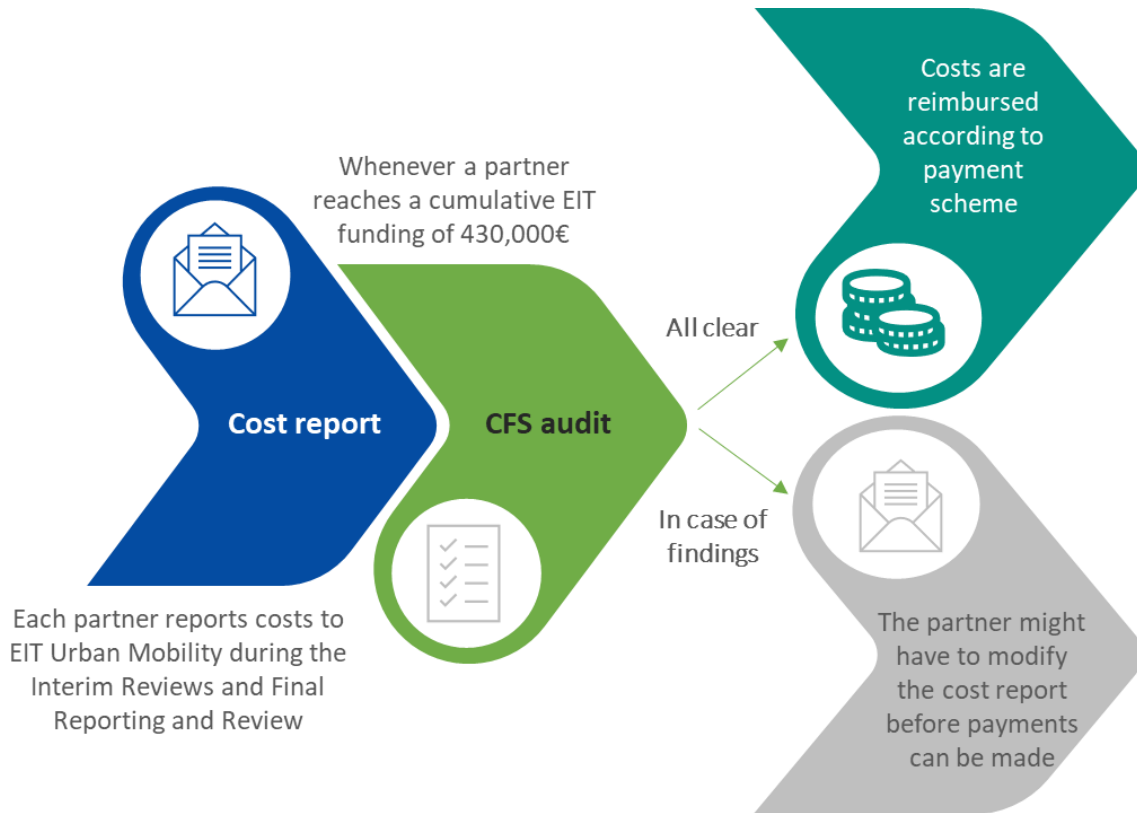
After each interim or final cost reporting, EIT Community will proceed with the payment, as described in Section 8 of this document.

Prior to the payment, the cumulative funding **received by an individual partner** in the Business Plan 2023-2025 for all EIT Community projects they participate in will be checked. Whenever a partner reaches a cumulative EIT funding of 430,000€, a Certified Financial Statement (CFS) audit will be requested prior to the payment[15]. The CFS audit will be performed by an external auditor appointed by EIT Community. The CFS review is independent from the internal audit check described in chapter 6 (Interim reviews).

The scope of the CFS audit is to check the eligibility of the costs reported so far by a specific partner for all projects where they participate, cumulatively. The first CFS audit will check costs reported up to a specific

---

[15] According to Art 24.2 of the Horizon Europe EURATOM MGA.

date "D". A second CFS audit (meaning a partner reaches again a cumulative EIT funding of 430,000€) would check the costs reported from date "D+1 day" to date "D2", and so on.

The result of each CFS audit can be either:

1. **Clear, no findings are detected**. All costs are reimbursed according to payment description in Section 8.
2. **The auditor report lists findings:** EIT Community (Finance department) will decide if the findings correspond to ineligible costs. The decision will be based on conditions for cost eligibility set out in the Horizon Europe Model Grant Agreement and transposed in the document "*Eligibility of Expenditure*", which is part of EIT Community Call for Proposals (CfP) packages. In the case that EIT Community determines that the CFS findings are ineligible costs, the partner will have to correct its cost report excluding those ineligible costs. Once the report is reformulated and approved by EIT Community, the process of payment as described in Section 8 starts.

Annex 1 Change request form

Project no.		Project Acronym	
Activity Leader			
Type of project modification			
Date of approval of the change by the partnership			

Description of the project change	
Justification of the project change	

Annex 2 EIT Community and NEB logos