Project Implementation Handbook 2023-2025 – V 2.0

EIT Urban Mobility - Mobility for more liveable urban spaces

EIT Urban Mobility

Barcelona | February 2024

eiturbanmobility.eu

Version history

Version	Date	Comments
1.0	22 December 2022	First release of the Project Implementation Handbook 2023
2.0	28 February 2024	Second release of the Project Implementation Handbook 2023-2025 addressing minor updates.

Contents

List of abbreviations

CEO	Chief Executive Officer of EIT Urban Mobility
CfP	Call for Proposals
CFS	Certified Financial Statement
CFO	Chief Financial Officer of EIT Urban Mobility
DEL	Deliverable
DoH	Declaration of Honour
EIT	European Institute of Innovation & Technology
EIT UM	EIT Urban Mobility
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 Urban Mobility
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 Urban Mobility's 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 Urban Mobility must 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 Urban Mobility.

Together with this handbook, consortium partners should become familiar with the "EIT Urban Mobility Brand Book" and "EIT Urban Mobility Communication guidelines" (see Section 2 "Communication requirements"). Detailed hands-on guides will be produced for specific processes (Cost Eligibility, Interim Report, Final Report, etc.), where necessary.

Project partners can address any formal complaint about the implementation of EIT Urban Mobility's monitoring process through the Whisteblowing channel, available on the EIT Urban Mobility website at the following link: https://eitkicurbanmobility.whistle.qmpliance.io/en.

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[1] A Project Leader is the partner in the consortium, responsible for the whole coordination of the project.
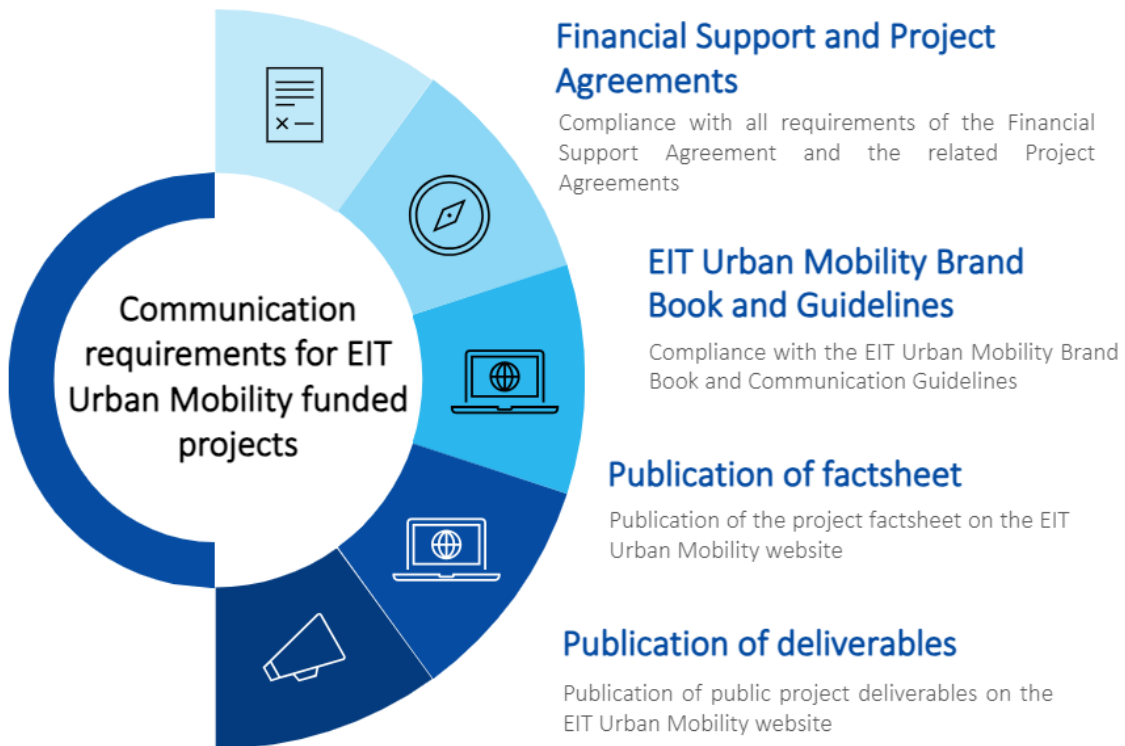
1. Project kick-off
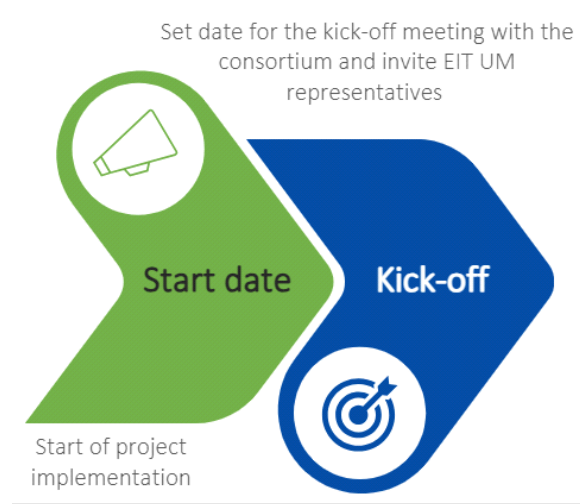
The Project Leader should arrange a kick-off meeting (either face-to-face or virtual) with all consortium partners. **The kick-off meeting should take place no later than one month after the actual start date of the project**. The Project Leader should invite the contact persons from EIT Urban Mobility (both their contact in the Thematic Area and in PMO – Programme Management Office) to their kick-off meeting, who will provide a short presentation and answer any questions from the consortium.

To help Project Leaders in their task as coordinators, regular introduction webinars for Project Leaders will be held. During this webinar, EIT Urban Mobility staff will explain 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 Urban Mobility 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 Urban Mobility Brand Book and Guidelines

Compliance with the EIT Urban Mobility Brand Book and Communication Guidelines

Publication of factsheet

Publication of the project factsheet on the EIT Urban Mobility website

Publication of deliverables

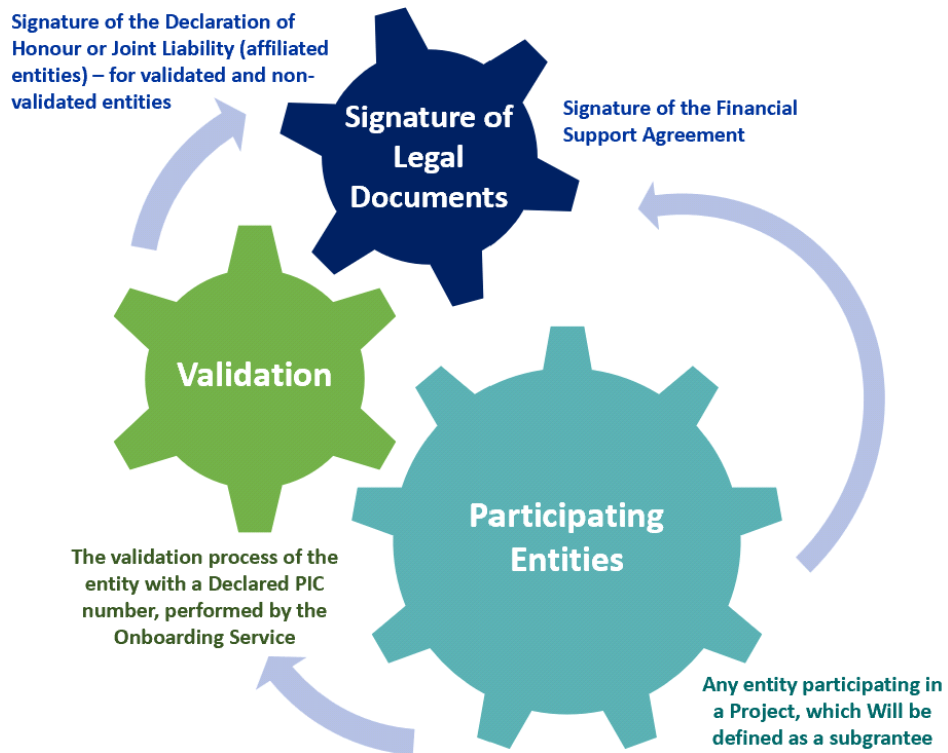Publication of public project deliverables on the EIT Urban Mobility website

All projects and activities funded by EIT Urban Mobility 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 11 and Section 2 of Annex 3). In accordance with the FSA, **if a beneficiary breaches any of its obligations, the grant may be reduced accordingly (see section 7).** Obligations include, amongst others:

- Funded projects are required to add EIT Urban Mobility/EU co-branding to their websites/webpages no later than 3 months after the beginning of the project. This includes websites/webpages of start-ups/scale-ups supported by Business Creation projects (Accelerators, Scale-up programme, etc.).

- EIT Urban Mobility/EU co-branding must be utilised in all external communications of projects carried out with EIT Urban Mobility funding/support or organised in collaboration between EIT Urban Mobility and its partners.

- Crucially, due to the three-year duration of the EIT Urban Mobility Business Plan, **it is mandatory that co-branding requirements are fulfilled until August 2026** (i.e., the duration of the Business Plan 2023-2025 plus the subsequent period during which reporting and assessment by the EIT takes place). <u>This obligation applies regardless of the end date of the project.</u>

<u>Full details of the branding guidelines</u> are available in the "EIT Urban Mobility 2023-2025 Brand Book" and <u>communication requirements</u> are outlined in the "EIT Urban Mobility 2023-2025 Communication Guidelines".

The public deliverables produced by the projects will be published on the EIT Urban Mobility website.

3. Legal requirements

Signature of the Declaration of Honour or Joint Liability (affiliated entities) – for validated and non-validated entities

Signature of Legal Documents

Signature of the Financial Support Agreement

Validation

The validation process of the entity with a Declared PIC number, performed by the Onboarding Service

Participating Entities

Any entity participating in a Project, which Will be defined as a subgrantee

EIT Urban Mobility is a Knowledge and Innovation Community (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 Urban Mobility 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 Urban Mobility Business Plan 2023-2025. Entities receiving EIT Urban Mobility 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 Urban Mobility and that do not have a PIC (Participant Identification Code) validated by the Research Executive Agency (REA) of the European Commission will be subject to **PIC validation** process managed by the **EIT Community Onboarding Service**. The validation of the PIC is **mandatory** for all EIT Urban Mobility's subgrantees. Entities will be asked to provide a package of documentation to complete their validation (see table below) and become "EIT validated".

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.

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
• Ad-hoc declarations
   o Declaration of Honour (DoH)**
   o Declaration of Joint Liability (DoJL - for Affiliated Entities)
	• Legal entity identification form with supporting documents
	• Ad-hoc declarations
	   o Declaration of honour**
	   o Declaration of Joint Liability (DoJL - for Affiliated Entities)
	• Official VAT document proof (for non-EU Countries)
	• Certification of Registry
	• Copy of the Identity Card or Passport of the authorized person
	• Financial capacity assessment documents*

Table 1. Documentation needed to fulfil the legal requirements for entities without PIC or with the PIC status "declared".

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):
   o Declaration of Honour (DoH)**
   o Declaration of Joint Liability (DoJL - for Affiliated Entities)
	• Financial capacity assessment documents*
	• Ad-hoc declarations:
	   o Declaration of Honour (DoH)**
	   o Declaration of Joint Liability (DoJL - for 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 an EIT budget contribution of over 500,000 EUR).
*** Declaration of Honour (DoH) or Declaration of Joint Liability (DoJL) will be requested once a year if, throughout the duration of the Business Plan 2023-25, a partner is awarded an additional project under the framework of any EIT KIC for that give year. Entities will update the DoH whenever the content of the DoH is outdated. The Onboarding Service will manage its signature process.*

It should be noted that for business entities[2] requesting 60,000 EUR or more, the joint KICs Onboarding Service might perform a creditworthiness check.

While entities are under the validation process of the joint KICs Onboarding Service, they can proceed with the signature of the Financial Support Agreement (FSA)[3], which is expected to be valid until the end of 2025.

The **Financial Support Agreement** lays down the contractual arrangements between EIT Urban Mobility 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.

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[2] A business entity is an organisation created by an individual or individuals to conduct business, engage in a trade or partake in similar activities.
[3] Payments (pre-financing, interim and balance) can however be executed only once the onboarding and signature processes are concluded.

Entities receiving EIT Urban Mobility funding for the implementation of projects will also become part of the EIT Urban Mobility community. As partners of this community, entities should comply with the Terms and Conditions of the membership, according to their relevant category. Further details can be found at: https://www.eiturbanmobility.eu/become-a-partner/.

If partners wish to apply special provision with regard to the regulation of roles and responsibilities of the project partners, EIT Urban Mobility recommends having this defined in a **Consortium Agreement**[4] **(CA)**. In those cases, EIT Urban Mobility should receive a copy of the consortium agreement as soon as all partners have signed and, in any case, no later than by the end of the first reporting period.

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

4. Day-to-day implementation
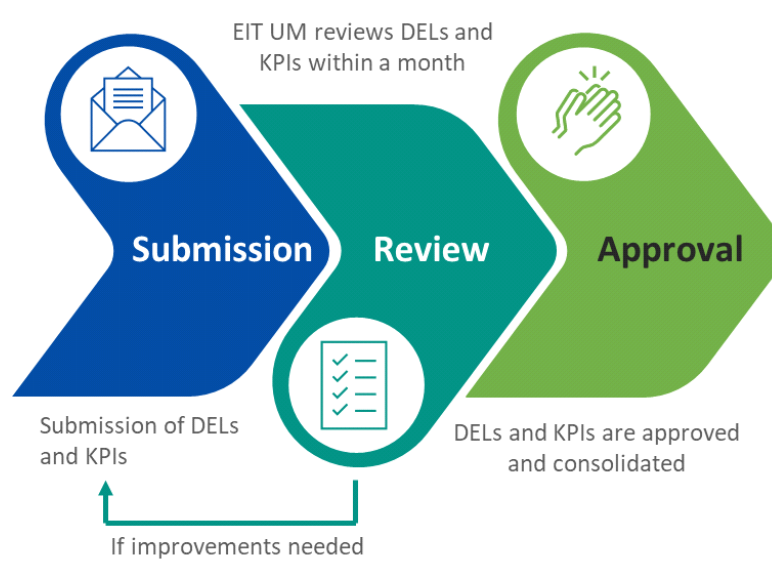
Throughout the project implementation cycle, Project Leaders should be in regular contact with their contact person from the relevant Thematic Area (Academy, Impact Ventures, Innovation, RIS, etc.) from EIT Urban Mobility to discuss progress, get support in successfully accomplishing project implementation and identify potential risks and improvements. During these regular interactions, EIT Urban Mobility will make sure that the Project Leaders are fully aware of the expected outcomes of the projects, in particular regarding Financial Sustainability 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 EIT Urban Mobility Thematic Area contact person for any technical (incl. administrative) and content-related questions.

The EIT Urban Mobility Service Desk (ServiceDesk@eiturbanmobility.eu) can be contacted for any other type of queries (technical issues with Partner site, communication and branding, etc.).

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 Urban Mobility Thematic Area contact person (see Section 5). When submitting a deliverable (preferably in pdf), the process is as follows:
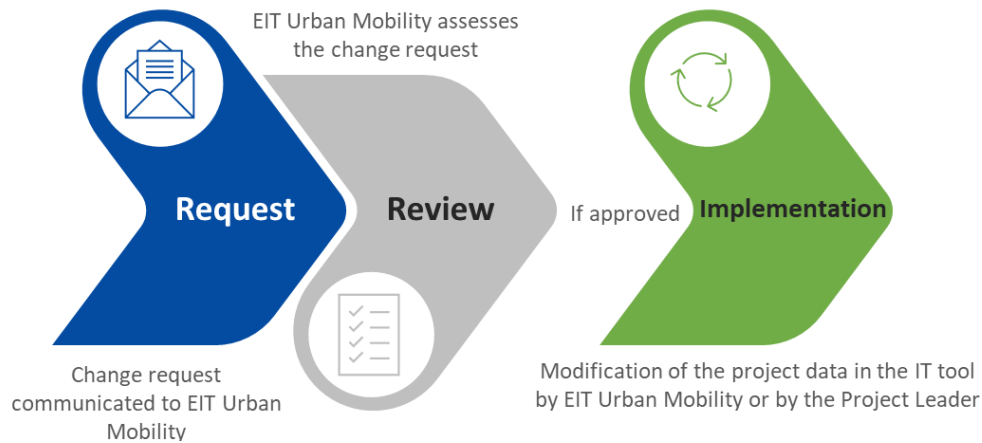
- The Project Leader uploads the deliverable in PLAZA.
- Within one month, EIT Urban Mobility will review the deliverable from a content and compliance point of view and either send it forward for consolidation or send it back to the Project Leader with a request for concrete improvements.

Importantly, projects should use the **EIT Urban Mobility template to prepare their deliverables** (template available in PLAZA/Current Activities/General Information). If a deliverable does not follow the template,

another format can be used as long as it complies with EIT/EU co-branding (see EIT Urban Mobility Brand Book available in PLAZA).

KPI achievements should be submitted according to the project work plan and will be reviewed by EIT Urban Mobility in terms of completeness and compliance. Templates for the KPI reporting can be downloaded from PLAZA (PLAZA/Current Activities/General information).

5. Project changes

EIT Urban Mobility assesses the change request

Request — Review — If approved **Implementation**

Change request communicated to EIT Urban Mobility

Modification of the project data in the IT tool by EIT Urban Mobility or by the Project Leader

During the implementation phase, projects may need to make changes to their approved work plan. Change requests need to be communicated to EIT Urban Mobility, 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.

5.1 Minor changes

The Project Leader can request minor changes at any time. The proposed change should be discussed with the relevant EIT Urban Mobility Thematic Area, who will assess its impact. If the change is accepted, the steps in the current PLAZA system are:

- **Changes in the contact person of the Project Leader/partners, tasks, or milestones**: Communicate to the PMO contact person for the Project, who will implement the change in PLAZA.
- **Changes in due dates of deliverables (postponement for up to 2 months)**: The Project Leader can delay the due date for a deliverable in the deliverable submission form in PLAZA (To Do list "Submit Deliverables, KPI and Milestones") by clicking on "Report Delay" and setting a new date. The Thematic Area contact person for the Project will receive an automatic notification from PLAZA.
- **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 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.

5.2 Major changes:

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

The Project Leader can request major changes when they are needed. The Project Leader will need to complete a change request form in PLAZA, which will be assessed and approved/rejected by EIT Urban Mobility.

- **Changes in the consortium**
  The Project Leader will need to communicate any changes in the consortium to EIT Urban Mobility as soon as possible so the onboarding/contracting of any new partner can start (see Section 3). EIT Urban Mobility 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.
    - **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.
    - **New partner(s) being added to the consortium**[6]. The new partner needs to have a specific role in the project and add value to the consortium.
    - **Change in the legal status of partners**. EIT Urban Mobility will assess these changes on a case-by-case basis.

- **Changes in due dates of deliverables (postponement of the deadline by more than 2 months)**: The Project Leader can delay the due date for a deliverable in the deliverable submission form in PLAZA (To Do list "Submit Deliverables, KPI and Milestones") by clicking on "Report Delay" and setting a new date. The Thematic Area contact person for the Project will receive an automatic notification from PLAZA and will review and approve/reject the change.

- **Changes in the content and number of deliverables, outputs and KPIs, or changes to the description of the project**
  Please note that:
    - Any reduction in the scope of the project will need to be associated with a reduction in financial support.
    - Reductions of KPI targets or removal of KPIs are unlikely to be approved and therefore will require a strong justification.

- **Changes in budget**
  There are five groups of budget changes:
    - Decrease of the overall project budget. These changes will be **generally accepted**.
    - 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**.
    - Redistributions of budget between partners. **These changes will be generally accepted**.
    - **Major changes in budget distribution** between cost categories at partner level higher than +/- 30%. **These changes will need to be approved by EIT Urban Mobility.**
    - **Increase budget of the "subcontracting" category or adding a new subcontract.**
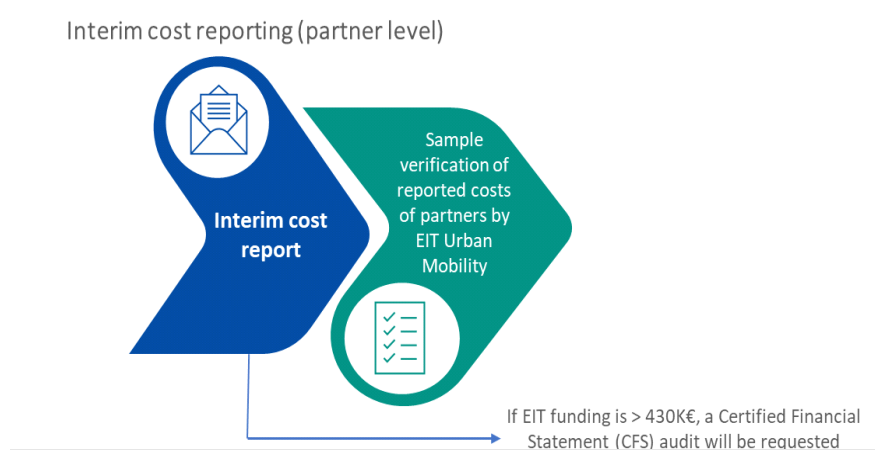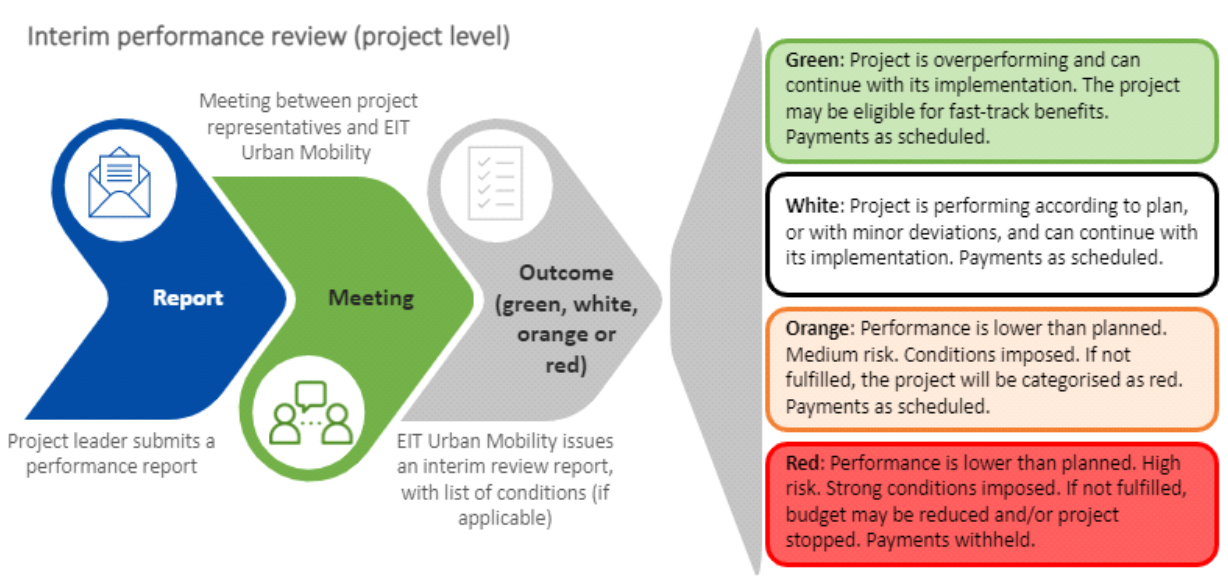
- **Changes to the project duration**
  In case the project requires additional time to complete its workplan and/or achieve the KPIs, the Project Leader will have to request a project extension to EIT Urban Mobility. **This request should**

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[6] The new partner must meet the eligibility requirements of the original call for proposal. Additionally, only partners with a registered PIC number can be officially included in a project (see also Section 3 – Legal Requirements).

be sent at the latest 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 2025.

6. Interim reviews

Interim performance review (project level)

Report — Project leader submits a performance report

Meeting — Meeting between project representatives and EIT Urban Mobility

Outcome (green, white, orange or red) — EIT Urban Mobility issues an interim review report, with list of conditions (if applicable)

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 cost reporting (partner level)

Interim cost report

Sample verification of reported costs of partners by EIT Urban Mobility

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

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 Urban Mobility to evaluate the risk of underperformance and/or underspending, and to provide support to projects by identifying mitigation measures. **Ultimately, it allows EIT Urban Mobility 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.

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

Project duration	Number of interim reviews
Projects up to 9 months	No interim review foreseen. Exception may apply.
Projects of 10 months	One interim review covering months 1 to 6.
Projects of 16 months	Two interim reviews covering months 1 to 6 and 7 to 12.

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

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

The interim review is usually comprised of three or four main elements:

- **1a. A performance report submitted in PLAZA by the Project Leader** providing an overview of project implementation, covering outputs, deliverables, KPIs, risks, communication and dissemination actions, etc.
  - **1b. (optional) An assessment report produced by the relevant EIT Urban Mobility Thematic Area** (e.g., as outcome of a site visit, demo, technical review, etc.) shared with the Project Leader ahead of the interim review.
- **2. A cost report produced by each individual partner** (to be submitted by the Partner Finance Contact in PLAZA) reporting on the actual costs incurred during the interim review period..
- **3. A meeting between representatives of the project consortium and representatives of EIT Urban Mobility** (through a monitoring panel) to discuss the content of the performance report prepared by the Project Leader. The EIT Urban Mobility monitoring panel is usually comprised of representatives from the relevant Thematic Area and PMO. In some instances, representatives from other Thematic Areas and/or external experts might participate.[8]

6.1 Interim performance review

Before submitting the performance report, Project Leaders need to ensure they submit in PLAZA 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 Urban Mobility 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.
- **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

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[7] 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.
[8] For projects whose activities are all on track and for which a meeting with the EIT Urban Mobility Thematic Area has taken place recently before the interim review, the meeting may not take place.

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 Urban Mobility and payments will be withheld** (see section 8 "Payment schedule"). The EIT Urban Mobility monitoring panel will impose strong conditions on the project, to be fulfilled within two weeks (or a so called "freeze period" may be foreseen)[9]. 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 Urban Mobility CEO and CFO, who will take the final decision based on the report produced by the monitoring panel. EIT Urban Mobility 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:

Indicators	Performance	Colour
o Deliverables, Outputs, and KPIs have been overachieved or are on track for overachievement. o Project is compliant with other obligations as described in the Financial Support Agreement (e.g., EIT/EU co-branding). o The financial situation of the project is good, with resources being used according to financial forecast. o All partners in the project have fulfilled all legal requirements (see section 3)	o The performance of the project is higher than expected.	GREEN
o Deliverables, Outputs, and KPIs have been achieved, are on track, or have minor deviations. o Any shortcomings are minor or only a small number of shortcomings are present. o Project is compliant with other obligations as described in the Financial Support Agreement (e.g., EIT/EU co-branding). o The financial situation of the project is good, with resources being used according to financial forecast or with small deviations. o All partners in the project have fulfilled all legal requirements (see section 3).	o The project is implemented adequately.	WHITE
o Some Deliverables, Outputs, and/or KPIs are not on track, requiring mitigation measures to ensure achievement by the end of the implementation period.	o The performance of the project is lower than planned. o The EIT Urban Mobility monitoring panel will impose conditions on the project, to be	ORANGE

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[9] During the freeze period, the project's action will be temporarily stopped and no eligible costs can be incurred.

o There are significant weaknesses in implementation as compared to the plan. o Additional aggravating factors such as not respecting EIT/EU co-branding. o Small to medium deviations in budget realisation compared to the financial forecast, affecting the performance of the project. o One or more partners in the project have not yet fulfilled all legal requirements (see section 3).	fulfilled within a given period of time (it may range between 2 weeks and 2 months).	
o Some Deliverables, Outputs, and/or KPIs are off track and will not be achieved or are not expected to be achieved. o There are serious weaknesses in implementation as compared to the plan. o Additional aggravating factors such as not respecting EIT/EU co-branding. o Medium to large deviations in budget realisation compared to the financial forecast, affecting the performance of the project. o One or more partners in the project have not yet fulfilled all legal requirements (see section 3).	o The performance of the project is lower than planned. o The EIT Urban Mobility monitoring panel may impose strong conditions on the project (to be fulfilled within two weeks), re-orient activities, freeze the project for a specific amount of time, reduce the grant for the project, and/or recommend that the project is stopped (final decision to be taken by CEO and COO).	RED

Table 4. Assessment colour categories.

6.2 Interim cost reporting

Cost reporting at partner level take place during the interim review/s and the final reporting periods. Cost reporting during the interim review is not mandatory. Partners do not need to submit documentation to EIT Urban Mobility 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: EIT Urban Mobility 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.

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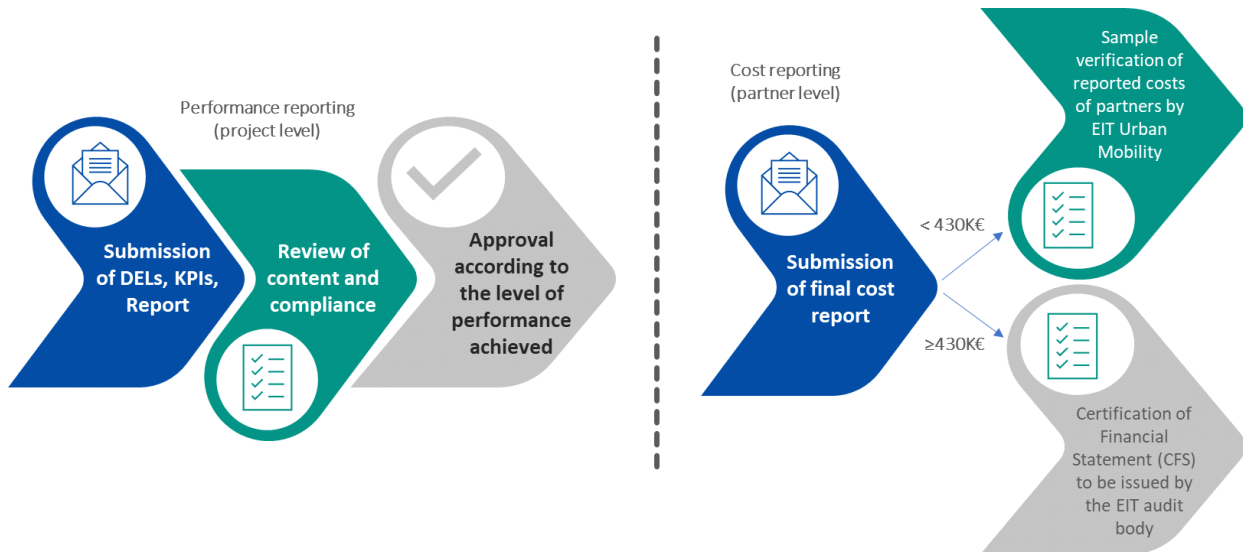
Once the implementation of the project has finished, Project Leaders and Partner Finance Contacts must report respectively on performance and costs within one month of the end of the project.

7.1 Final performance reporting

Project Leaders need to submit the items detailed below, which will be reviewed by EIT Urban Mobility 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 PLAZA 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 PLAZA. 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 PLAZA by the Project Leader via an online form. The report assesses different 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 PLAZA 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).

7.2 Final cost reporting

Cost reporting in the final report is done in PLAZA 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:

- 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>.
- If the total costs reported are <u>lower</u> than the latest approved budget, <u>the original partner co-funding amount is maintained, and the financial support is reduced accordingly.</u>

7.3 Final Review

EIT Urban Mobility 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 and/or underspending, the balance payment will be aligned accordingly (i.e., % of underperformance equals % of budget reduction – and the amount of underspending equals a corresponding budget reduction). Any reduction will be applied solely to the EIT funding part.

Example 1:
A project that has 70% EIT funding and 30% co-funding in its budget (total budget of 100€), receives an underperformance of 25%. 100% of that reduction is applied to the EIT funding. Result: 45€ EIT funding (70-25) and 30€ co-funding.

Example 2:
A project that has 70% EIT funding and 30% co-funding in its budget (total budget of 100€), realises an underspending of 10€. 100% of that reduction is applied to the EIT funding. Result 60€ EIT funding (70-10) and 30€ co-funding.

If 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 Urban Mobility recommends having this already defined in a **Consortium Agreement**[10]. In those cases, EIT Urban Mobility should receive a copy of the consortium agreement as soon as all partners have signed and, in any case, **no later than by the end of the first reporting period**, when the first interim payment will be executed.

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

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.

Indicator	Weight (%)
KPIs • **EIT KPIs: 35%** • All KPIs achieved: no reduction. • No KPIs achieved: 35% reduction. • Some EIT KPIs achieved: reduction proportional to underachievement. • **EIT Urban Mobility specific KPIs: 5%.** • All KPIs achieved: no reduction. • No KPIs achieved: 5% reduction. • Some EIT Urban Mobility specific KPIs achieved: reduction proportional to underachievement	Up to 40%
Financial Sustainability Mechanism (FSM)/Commercial Agreement • **Projects with the requirement to have a Commercial Agreement:** • Agreement is signed: no reduction. • Agreement not signed: 30% reduction. • **Projects with other FS mechanisms:** • Achieved: no reduction. • Not achieved: 30% reduction. • Partial achievement: reduction proportional to underachievement of targets.	Up to 30%
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 Urban Mobility 2023-2025 Brand Book" and "EIT Urban Mobility 2023-2025 Communication guidelines".	Up to 10%

Table 5. Performance rate calculation methodology.

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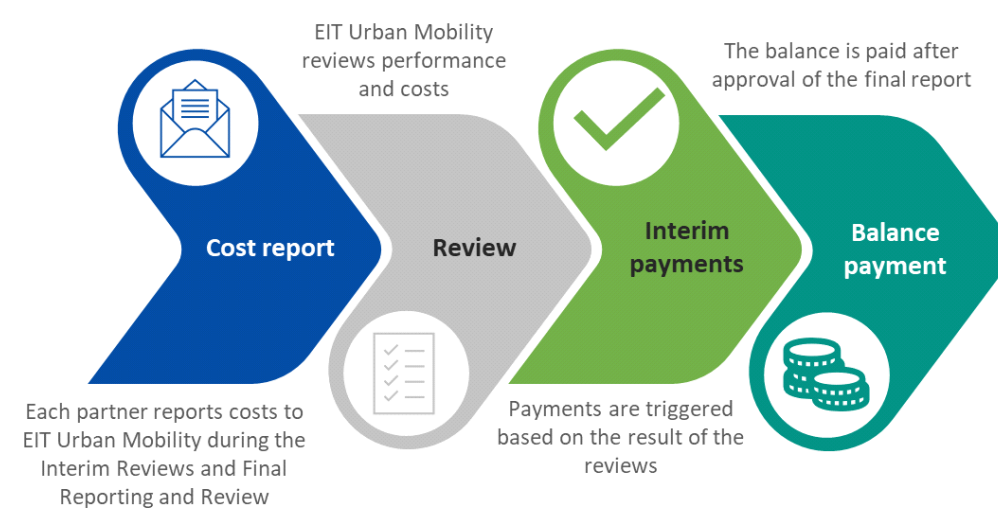
Please note that **updates to this payment scheme might be applicable in 2024 or 2025.**

EIT Urban Mobility 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 this handbook. Based on these provisions, different payment percentages are foreseen for partners involved in projects starting from January 2023.

Type of entities	Payment scheme
SMEs	**SMEs not part of EIT Urban Mobility's equity portfolio** • First instalment, corresponding usually to 20% of the EIT funding, at the beginning of the project, after completion of contractual position (signature of the FSA and acceptance 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. **SMEs part of EIT Urban Mobility's equity portfolio** • First instalment, corresponding to 50% of the EIT funding, at the beginning of the project, after completion of contractual position (signature of the FAIA and acceptance of the project proposal). • 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.

Table 6. Payment scheme for EIT Urban Mobility funded projects.

Important disclaimer: The **payments** will be subject to the availability of funds transferred by 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 Urban Mobility 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 Urban Mobility 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 Urban Mobility. 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.

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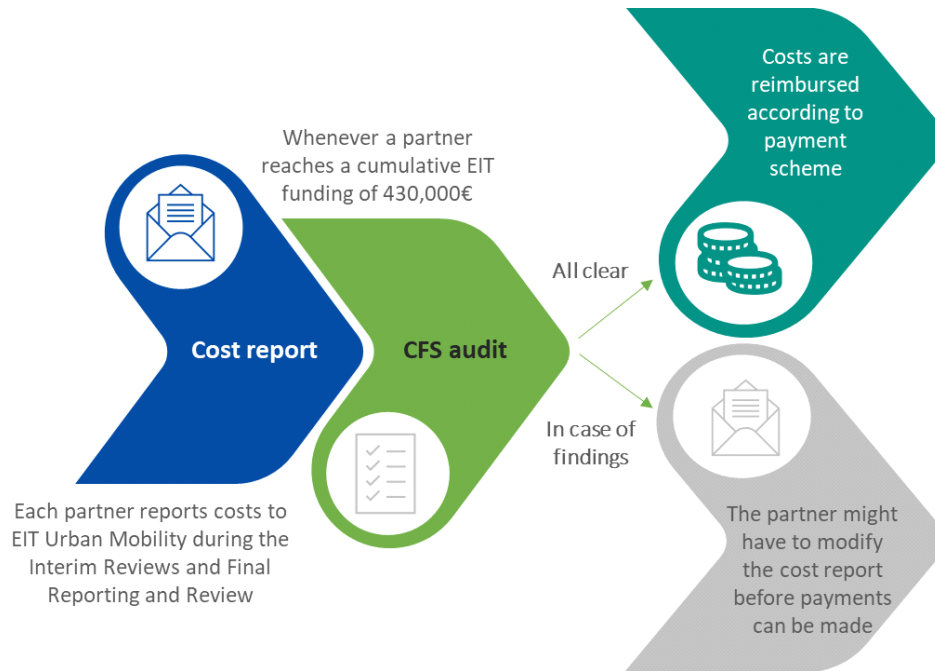
After each interim or final cost reporting, EIT Urban Mobility will proceed with the payment, as described in Section 8 of this document.

Prior to the payment, the cumulative funding **received by an individual partner** in the Business Plan 2023-2025 for all EIT Urban Mobility 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[11]. The CFS audit will be performed by an external auditor appointed by EIT Urban Mobility. 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 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:

- **Clear, no findings are detected**. All costs are reimbursed according to payment description in Section 8.
- **The auditor report lists findings:** EIT Urban Mobility (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*

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

Expenditure", which is part of EIT Urban Mobility Call for Proposals (CfP) packages. In the case that EIT Urban Mobility 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 Urban Mobility, the process of payment as described in Section 8 starts.