



Framework for monitoring and control activities under the Union Values Call

Citizens, Equality, Rights and Values Programme

European Education and Culture Executive Agency
DG Justice and Consumers

Please note that the aim of this document is to provide information, examples, and good practices in the area of risk management and control of third-party project selection and monitoring. The document is shared for information purposes and does not establish any binding procedure.

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Glossary

Term	Meaning
CERV	Citizens, Equality, Rights and Values programme
Conflict of Interest	Situation where the impartial and objective implementation of the Agreement could be compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect interest
DG JUST	European Commission's Directorate-General for Justice and Consumers
EACEA	European Education and Culture Executive Agency, managing the Union Values call
EU values	Values as enshrined in Article 2 of the Treaty on European Union (TEU) and in Article 21 of the Charter of Fundamental Rights of the EU ¹
EWP	Early Warning Protocol
FSTP	Financial support to third parties
Fraud	Any act or omission relating to the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds or assets from the Union budget or budgets managed by the Union, or on its behalf., non-disclosure of information in violation of a specific obligation, with the same effect, the misapplication of such funds or assets for purposes other than those for which they were originally granted.
GA	Grant Agreement
Intermediary	Beneficiary(ies) selected for funding under the Union values call, signatory(ies) of a Grant Agreement with the EACEA
Third party project	Project of a civil society organisation (CSO) active at local, regional and/or national level awarded by the intermediary in the framework of financial support to third parties
End-beneficiary/ Third party	Beneficiary selected by the intermediary under calls for proposals in the framework of the financial support to third parties
Union values call	Call for proposals on protecting and promoting Union values (CERV-2022-CITIZENS-VALUES) within the CERV programme

¹ According to Article 2 of the Treaty “the Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail”. Amongst others, the Charter prohibits “any discrimination based on sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation”.

Preface

The ultimate aim of the Union Values (UV) call is to support civil society organisations, which are engaged in the promotion and protection of EU values across the Member States at local, regional and national level. To this end, intermediaries have been carefully selected as the result of the UV call. These intermediaries will be crucial partners in helping the EU to create a supportive environment for civil society organisations. They are entrusted with two key tasks: to carry out capacity building activities for a large number of smaller civil society organisations and to provide them with financial support to third parties (FSTP).

The intermediaries have been designated thanks to their vision, their experience and also because of the quality of their proposed management and control system, which is a must to render the complex financial support to third parties effective.

Since FSTP is expected to reach a large number of civil society organisations, it is important to make sure that the EU support is properly administered, it goes to those which are active in the fields covered by the CERV programme and which adhere to and promote EU values. At the same time, the financial support must not be awarded to organisations that do not share EU values or engage in activities contradictory to EU values.

As foreseen in the UV call document, the intermediaries apply their own procedures to fund their end-beneficiaries, including risk-management procedures, as appropriate to the specificity of their organisation and their calls. However, every individual management and control system of intermediaries must ensure that their project is implemented in full respect of the above outlined conditions.

Therefore, to manage the risks associated with the implementation of the UV call, intermediaries were required to put in place a solid management and control system aiming to prevent, detect, mitigate, report on and remedy conflict of interests in the selection procedures, cases of irregularities and fraud, risks to the effective implementation of projects and reputational risks for the European Commission, the intermediaries and the third party projects.

Despite differences in monitoring and control solutions adopted by different organisations, certain principles, including on timely communication (because some incurred or suspected risks require immediate alert within 24 hours at the latest) are applicable for all UV call intermediaries across the EU.

To this end, this *Framework for monitoring and control activities under the Union Values Call* summarises in its part A roles and responsibilities of various actors with particular focus on intermediaries' obligations, including on communication, in the management of risk in the context of third party project selection and implementation stemming from the UV Call's requirements and the Grant Agreement (GA) provisions.

Being selected as an intermediary under the UV call indicates overall good quality and reliability of proposed risk management and control set-up outlined by organisations in their proposal. Nevertheless, **DG JUST and EACEA in part B of this document propose examples and best practices in the area of risk management and control coming from their own implementation practice for inspiration. Intermediaries are encouraged to carefully screen them and reflect on whether they wish to incorporate (some of) these principles/measures/tools to further reinforce existing intermediaries' risk management and control systems.**

A. Responsibility of intermediaries in the management of Financial Support to Third Parties (FSTP) under the Union Values call

1. Actors in the Union Values Call and their responsibilities

DG JUST

- DG JUST is responsible for the CERV programme's design, preparation of work programmes and other programming activities, strategic management and supervision of the CERV programme, including reporting and learning at programme level. Through funding, DG JUST supports implementation of concrete policy initiatives/objectives in line with the Commission priorities.
- DG JUST gathers/provides policy expertise and supports EACEA in the organisation of and participates in activities of the Online Community of Intermediaries, notably as far as top-down/bottom-up policy feedback is concerned and may attend other meetings with intermediaries and end-beneficiaries, as needed.
- DG JUST informs EACEA of any situation it may become aware of, which may lead to reputational risks linked to the non-respect of EU values by the CSOs/third parties. On need-to-know basis, this information may be cascaded to the intermediaries concerned.
- Contact: Online community of intermediaries.

EACEA

- EACEA ensures selection of the intermediaries with the support of external experts.
- EACEA ensures overall management of the grants awarded to intermediaries and follow-up on the corresponding projects using relevant monitoring and risk-management measures.
- EACEA moderates and steers activities of the Online Community of Intermediaries, a support platform for learning (incl. mutual and peer learning), sharing best practices and troubleshooting of common issues.
- EACEA is in regular contact with intermediaries to monitor and support them during project implementation.
- EACEA regularly reports on the risks linked to / arising from the UV Call and projects to DG JUST.
- Contact: The assigned Project Officer at EACEA through the communication centre of the Funding and Tenders Portal; Online community of intermediaries.

Intermediaries

In line with the capacity-building activities and management and control system described in their grant application,

- Intermediaries (in multi-beneficiary projects all participating organisations of the consortium are to be considered as intermediaries) provide technical and methodological support for the preparation and implementation of activities of CSOs.
- Intermediaries evaluate and select projects for financial support to third parties based on their own selection procedures and criteria, including verification of adherence to EU values. Their

selection procedures must comply with the principles of proportionality, sound financial management, equal treatment and non-discrimination.

- After the selection process is finished, intermediaries apply procedures foreseen in their application to prevent, mitigate, detect, report on and remedy risks jeopardising successful realisation of third party projects (conflict of interest, risks of irregularities and fraud, risks to effective implementation and reputational risks, etc.).
- Intermediaries carry out grant management for third party projects, including technical and financial management. Intermediaries monitor progress in the implementation of third party projects using their risk-management measures. Intermediaries also provide capacity-building and other support to end-beneficiaries.
- Intermediaries report the results of their actions to EACEA. Their reports are based on end-beneficiaries' reports and other information sources.
- Intermediaries regularly report also on the risks linked to / arising in their actions to EACEA through the portal's continuous reporting module. Their reports are informed by end-beneficiaries' reports and other information sources. Some (suspected) risks, as described in section Early Warning Protocol (EWP) below, require immediate alert. **See section A2ii for further details.**

End-beneficiaries

- End-beneficiaries report on the implementation of their projects to their intermediary. Frequency of reporting may depend on level of risk and their nature (reputational, financial, implementation). Some (suspected) risks, as described in section Early Warning Protocol below, require immediate alert.

2. Reporting and communication responsibilities of intermediaries

i. Continuous and Periodic Reporting

Intermediaries are expected to report project implementation issues to their Project Officer at EACEA through means available in the Portal (i.e., communication centre, meetings with their Project officer, continuous reporting module in the portal, periodic reports, etc.). Such reporting must be done by the coordinating organisation who is the main contact point for EACEA, also in case of multi beneficiary projects.

In this framework, intermediaries must regularly monitor **critical risks** identified in their project/activities and communicate all relevant information to their Project Coordinator. It is very important that the Project Coordinator updates the Critical Risks tab in the Continuous reporting module in the Portal, including for the risks linked to the projects of the third parties, whenever the **identified risks change during project implementation**.

A discussion on risks in third party projects can also be on the agenda of (ad-hoc) meetings between EACEA and the intermediary. On a more general level, a topic of risks in third party projects can be debated at the Online Community of intermediaries.

ii. Ad-hoc reporting / Early Warning Protocol

In line with the grant agreement (art.19.3), any event or circumstances likely to affect significantly or delay substantially project implementation should be reported immediately as

they require fast response, potentially in forms of additional measures. This is especially the case when intermediaries (or third parties) identify and/or suspect for instance:

- any potential breach to EU values (GA art. 14.2), either on the side of the project activities, on the side of any consortium member, or on the side of the third parties or of their third party projects;
- any fraud affecting EU funds (GA art.2);
- any reputational risk for themselves, for their third parties, for EACEA or for the Commission (e.g.: if an intermediary or a third party risks to be/is the subject of negative media coverage related to their project or activities).
- any situation constituting or potentially leading to conflicts of interest (GA art.12.1).

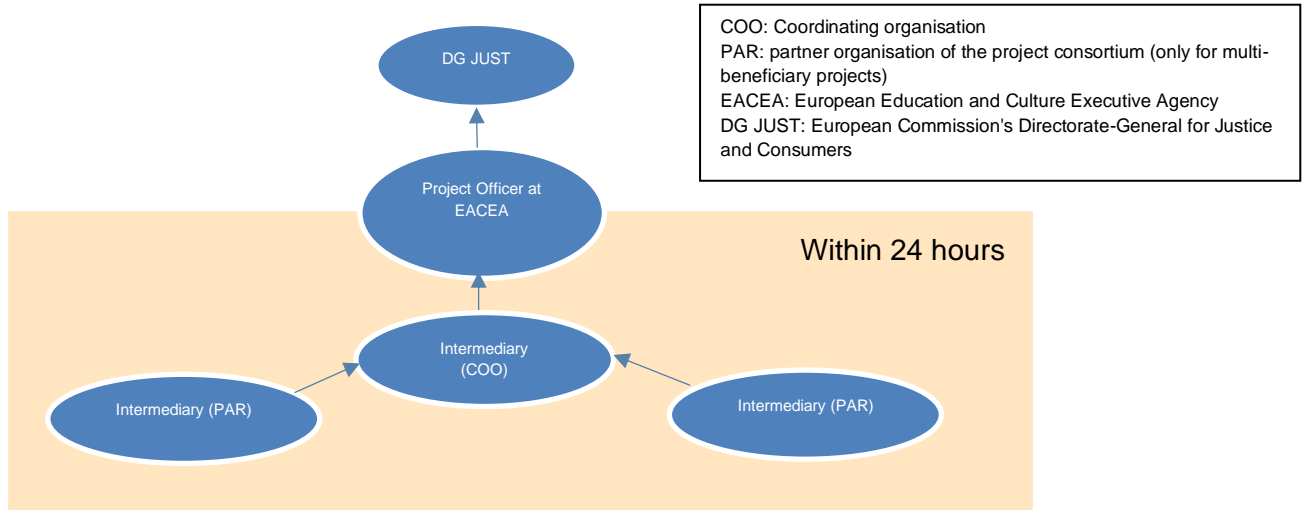
The above-listed issues must be reported **immediately** (within 24 hours at the latest) and through any available means² by the Project Coordinator to the **responsible Project officer at EACEA**. In case of suspicion of fraud, also a parallel notification to the European Anti-Fraud Office (OLAF) is required using this link: [Report fraud \(europa.eu\)](https://ec.europa.eu/anti-fraud/) This reporting activity can be considered as ad hoc requests for information from the European Commission. Intermediaries are invited to display this link on their website as well, precisely on the webpage dedicated to UV activities, so that it is available to end beneficiaries in case of need.

Intermediaries (and their end-beneficiaries) are requested to ensure the transmission of an early warning information in line with the Schema 1 below. With the view to render Early Warning System operational, intermediaries are expected to provide to their end-beneficiaries the contact details of the person(s) in their organisations to whom such risk alert should be notified.

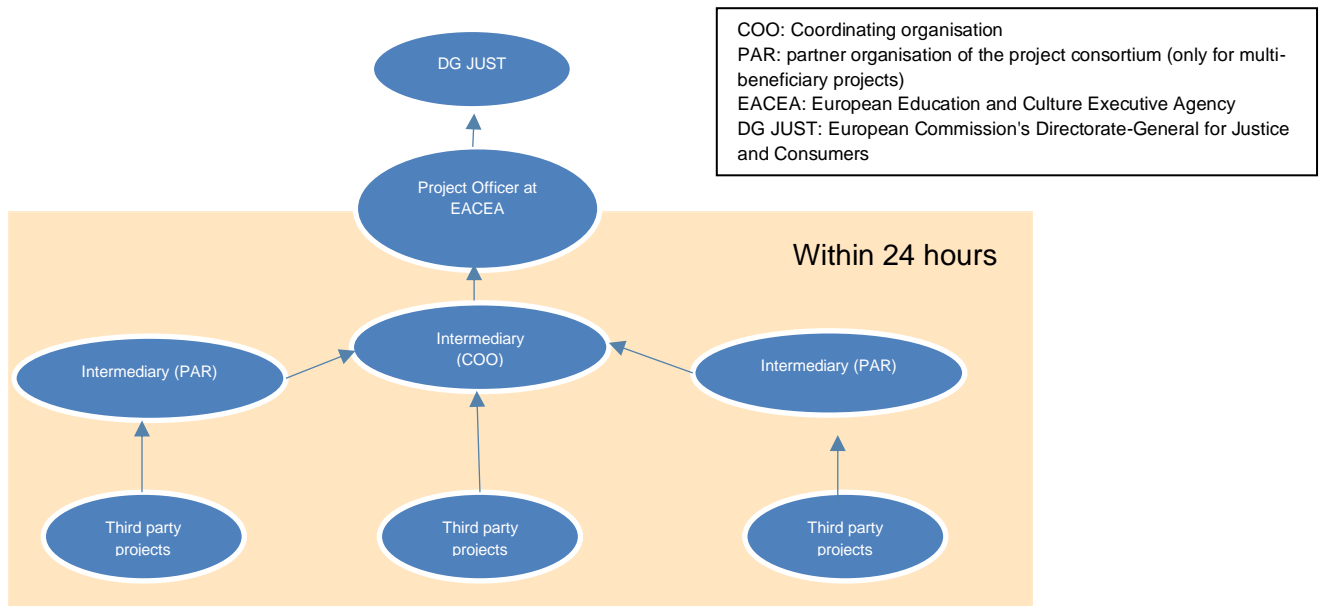
² While in all other occasions the Communication centre of the Funding and Tenders Portal is the preferred way of communication between EACEA and intermediaries, in cases of alert to serious implementation issues where respect of 24 hours timeline could be jeopardised, risk notification can be sent by email to Project Officer to EACEA-CERV@ec.europa.eu or communicated via phone call/online meeting.

Schema 1: Information workflows

a) Issue is detected by and alert comes directly from the Intermediary level



b) Issue is detected by a Third party



In such alert, the problem should be explained concisely but precisely: nature of the issue, level of the problem (e.g. at consortium level or third party level, which partner or third party, which project

activities, etc.). The alert should, to the extent possible, provide evidence of the issue through any relevant link, screen shot, copy of document, etc., and in full respect of their data protection obligations, and advise on suitable mitigating measures. A more detailed information on this early warning protocol is available below in the Table 1.

Table 1: Early Warning Protocol (EWP) for Union Values projects – immediate alert/report expected (max. within 24 hours)

Types of risks	Who identifies the issue	Whom to report to	Who initiates the EWP	Body/persons to be contacted	What to do before alerting	How to report	Next levels	Mitigating measures What to do after
<ul style="list-style-type: none"> - Breach of EU values - Reputational risks - Conflicts of interest 	Intermediary (COO or PAR) directly or through third parties (e.g. reputational risk)	Intermediary COO	Intermediary (normally the Pcoco)	PO at EACEA	Verify accuracy of information which trigger the risk alert, collect concise information/evidence quickly (in full respect of data protection obligations), reflect on potential mitigating measures to be proposed to EACEA.	By any means available to contact EACEA PO (e.g.: communication centre, online call/meeting, email at EACEA-CERV@ec.europa.eu), etc.), and in full respect of data protection obligations.	EACEA to inform DG JUST when appropriate Activation of DG JUST's own Internal EWP if relevant	DG JUST/EACEA and COO to: <ul style="list-style-type: none"> - assess the situation and risks involved, - agree on the line to take at all levels, - coordinate mitigating measures.
- Suspicion of Frauds	Intermediary (COO or PAR) directly or through third parties (e.g. reputational risk)	Intermediary COO	Intermediary (normally the Pcoco)	PO at EACEA + OLAF (Report fraud (europa.eu))	Do not enquire yourself	Read information and use means available on the OLAF website + By any means available to contact EACEA (e.g.: communication centre, online call/meeting, email at EACEA-CERV@ec.europa.eu , etc.) and in full respect of data protection obligations	EACEA to inform DG JUST when appropriate Activation of DG JUST's own Internal EWP if relevant	If reputational risks are involved EACEA/DG JUST and COO to: <ul style="list-style-type: none"> - assess the situation and risks involved, - agree on the line to take at all levels, - coordinate mitigating measures. <p>OLAF will perform all necessary investigations</p>

COO: Coordinating organisation

PAR: partner organisation of the project consortium (only for multi-beneficiary projects)

Pcoco: Project primary contact person (project coordinator)

PO: Project Officer

EACEA: European Education and Culture Executive Agency

DG JUST: European Commission's Directorate-General for Justice and Consumers

OLAF: European Anti Fraud Office

B. Examples and recommendations for intermediaries

These examples and best practices are meant to be used for inspiration in case intermediaries identify a need to further reinforce their management and control and/or risk migration procedures.

1. Introduction

Under the Union values call, intermediaries shall apply their **own adopted procedures in providing financial support to third parties**, including risk-management procedures, as described in their grant application.

Part B of this document recalls intermediaries' responsibilities in the third party projects' risk management, outlines the main risks intermediaries should be aware of in the context of third party project management and proposes examples of corresponding monitoring and control practices. It offers an opportunity for intermediaries to revisit the soundness of their established monitoring and control systems and provides a guidance in cases a reinforcement of those existing systems would appear desirable.

These practices are based on the processes stemming from the EACEA Monitoring strategy for grant management and puts forward several customised tools/approaches, which are tailor-made for the Union Values call, as the first CERV call largely applying financial support to third parties.

DG JUST and EACEA encourage adjustments of intermediaries' procedures **only** if they can be conducted in a meaningful way and they are proportionate to a specific context, the intermediaries' call's objectives, size of funding, third party organisations and activities funded. Moreover, they should be cost-effective and should not unnecessarily increase administrative burden on intermediary nor on the end-beneficiaries.

Intermediaries' responsibilities in relation to the third party project risk management

In line with the requirements of the UV call, intermediaries are expected to manage risks associated with third party projects implemented by end-beneficiaries.

Specifically, intermediaries must (please see also the main body of the document Framework for monitoring and control activities under the Union Values Call) :

- put in place a solid management and control system aiming to prevent, detect, mitigate, report on and remedy conflict of interests in the selection procedures, cases of irregularities and fraud, risks to the effective implementation of projects and reputational risks for the European Commission, the intermediaries and the third party projects. Intermediaries were requested to describe their adopted management and control system already in their application for funding³; and
- signal promptly to EACEA any incidents representing high impact risk.

In addition, Intermediaries are also **encouraged** to:

- carry out a **risk assessment of end-beneficiaries** as soon as the process of selection of third party projects is finished (*ex-ante* risk analysis) and during project implementation (ongoing risk analysis *at implementation*). An example of a risk assessment grid to support this analysis is provided as Annex 1;
- implement risk management and associated monitoring measures appropriate to the risk level identified for each third party project; and
- be in regular contact with end-beneficiaries to help them resolve any emerging issues.

³ See Union values call document, p. 11, call-fiche_cerv-2022-citizens-values_en.pdf (europa.eu).

2. Example of a risk management system of third party projects

i. Risk assessment methodology

The concept of risk reflects an event that has a potentially negative impact, and the possibility that such an event will occur and adversely affect an organisation's assets, activities and operations. Risk management focuses on anticipating what might not go to plan and putting in place actions to reduce uncertainty to a tolerable level. This involves a continuous process of assessing risks, reducing the potential that an adverse event will occur, and putting steps in place to deal with any event that does occur. This is known as **risk-based monitoring**.

It is recommended that the **assessment of the level of risk of third party projects** is based on two criteria:

1. the **likelihood** of a risk materialising; and
2. the potential **impact** of the risk on budget, reputation or other issues

Under this example, each risk is assessed using these two criteria on a four-grid scale in line with the table presenting the risk-assessment criteria below.

Table 1. Risk assessment criteria

Likelihood			Impact		
Level	Points	Description	Level	Points	Description
Very likely	4	Almost certain to happen, would be surprising if not	Critical	4	Important potential material loss and/or serious impact to the European Commission/EACEA/Intermediary/Third party project's image and reputation
Likely	3	Will probably happen, more likely than not	Important	3	Considerable impact on budget/performance of the action and/or impact to the European Commission/EACEA/Intermediary/Third party project's image and reputation
Possible	2	Could happen, but it would be surprising if it did	Average	2	Limited impact on budget/performance of the action and limited impact on reputation
Rare	1	Could happen, but this is considered very unlikely	Marginal	1	Very limited or no impact on budget/performance of the action and no impact on reputation

Under this model, the **significance of a risk (risk level)** is calculated as the product of the probability of the risk occur multiplied by the level of impact. As per the risk-assessment scale below, the risk is considered:

- **High** ≥ 9 points;
- **Standard** < 9 points.

Table 2. Risk level calculation

Risk level: likelihood vs. impact	Marginal (1)	Average (2)	Important (3)	Critical (4)
Very likely (4)	Standard 4	Standard 8	High 12	High 16
Likely (3)	Standard 3	Standard 6	High 9	High 12
Possible (2)	Standard 2	Standard 4	Standard 6	Standard 8
Rare (1)	Standard 1	Standard 2	Standard 3	Standard 4

ii. Risk assessment grid for intermediaries to assess their third party projects

Monitoring and control in Union values third party projects is expected to be risk-based. Hence, a starting point in the monitoring cycle is a risk assessment of projects carried out by intermediaries based on suitable risk-assessment tools. They should establish a risk level of end-beneficiaries, which guides the application of adequate monitoring measures.

An example, of a risk assessment grid, which intermediaries may use in the risk assessment of their end-beneficiaries is provided as **Annex 1**. It is designed to facilitate intermediaries' risk management and support risk-based monitoring of the third party projects implemented by end-beneficiaries awarded under the intermediaries' calls for projects in the framework of the CERV programme's Union values call. Further risks may be added to the list and the grid can be adjusted as needed.

DG JUST/EACEA experience shows that it is **meaningful** that intermediaries carry out a risk assessment of the selected end-beneficiaries/projects at the beginning of each project as ex-ante analysis (at the end of the selection process and before signing the grant agreements with end-beneficiaries) and twice during project implementation, as implementation analysis (at the moment of interim and final reporting) using the risk assessment grid. Nevertheless, when and how many times exactly to conduct implementation risk analysis is left at the discretion of the intermediary and can be adapted to the duration of the end-beneficiary's project and its budget (e.g. for very short projects of 3-6 months, conducting risk analysis twice - prior their start and at final reporting - is sufficient). There are tabs in the grid for each stage of the third party project lifecycle. Having separate tabs makes it possible to track changes in the assessment and to show whether risks have evolved.

Intermediaries would use their own professional judgement to complete this risk assessment. Besides intermediaries' knowledge and experience, the judgement would rely on the review of the end-beneficiary's grant application and additional relevant sources, such as the end-beneficiary's website and social media. Consultation of other publicly available information channels is also recommended. Moreover, experts who evaluate project proposals could be asked to put up 'red flags', when necessary, with the view to facilitate the risk assessment exercise. Outcomes of the risk assessment will be reflected in the framework of the continuous reporting.

The impact of the individual risks is pre-defined in the tool drawing on the risk catalogue. Under this model, intermediaries would provide their assessment of likelihood of a risk using the 1-4 scale. The tool then automatically calculates the level of risk by multiplying the likelihood and impact scores.

Projects considered standard-risk (in this model: below an average risk score of 9) can be covered by **standard monitoring** and control measures, whereas high-risk project (in this model: 9 or above) may require **reinforced monitoring**, i.e. additional measures. Therefore, **intermediaries could consider reinforced monitoring for projects with average score of 9 or above.**

Nevertheless, the intermediaries may opt to use their own monitoring procedures instead of this proposed Risk Assessment grid.

iii. Main potential risks identified for third party projects and mitigation measures (Risk catalogue)

An **indicative** list of the risks intermediaries may face when implementing third party projects under the Union values call is presented in the risk catalogue here below. Based on the experience of DG JUST and EACEA, **each risk has a score of 1-4 points for the level of potential impact, whereas the probability of the risk occurring is to be determined on a case-by-case basis for each project and end-beneficiary.**

Intermediaries are invited to take into account the following risk catalogue and proposed mitigating measures and adapt them to their project’s specific risks if needed. Resulting group of risks may then serve as building blocks for composition of the customised risk assessment grid as described above.

Table 3. Risk catalogue for UV calls Intermediaries

Timing	Risk	Impact	Proposed mitigation
Selection of third party projects	There are conflicts of interest in the evaluation of proposals and award of grants to end-beneficiaries	3	<p>Intermediaries are expected to ensure transparency with adequate publication of calls for proposals and prevent conflict of interests throughout the entire selection and award procedure.</p> <p>Intermediaries are expected to instruct each member of their evaluation committees to declare any conflicts of interest. If a member of an evaluation committee declares such a conflict, intermediaries are expected to take appropriate measures immediately.</p> <p>Intermediaries are expected to monitor potential conflicts of interest throughout the project and apply mitigating measures so that situations of conflict of interest are immediately tackled and the conflict of interest is eliminated.</p> <p>Intermediaries should report to EACEA immediately if situations of conflict of interest were not identified and/or not addressed properly.</p>
	The risk assessment of third party projects is insufficient	2	Intermediaries may fine-tune their risk-management procedures in line with best practices identified in this document.
	The standard grant agreement between intermediary and end-beneficiaries does not consider all the necessary elements and does not consider clauses related to payments, reporting obligations, eligible costs, liquidated damages etc.	3	<p>Intermediaries should ensure that their standard grant agreement is in compliance with EU and national rules, as well as with the Grant Agreement provisions.</p> <p>To this end, the intermediaries may also consult CERV reference documents, notably Model Grant Agreement, Lump Sum Model Grant Agreement, Annotated Grant Agreement, etc. available on Funding and Tender Opportunities Portal.</p>

			In case of major doubts, intermediaries may seek EACEA's advice.
	Intermediary's call for proposals' documents including guidelines, supporting materials and/or training measures are not sufficient to ensure proper implementation of third party grants according to financial rules	2	Intermediaries are encouraged to use best practices in the field. Intermediaries should fully engage in opportunities to learn from one another, notably through the online community for intermediaries set up for the Union values call, and to the extent possible compare their documents with those in use by other intermediaries under the Union values call.
	Intermediary's call and/or call results lead to negative media or social media coverage	3	Intermediaries must report such issues to EACEA immediately.
	Intermediary's grant selection and award procedures/decisions are not transparent or grants are awarded to projects which are not the most suitable for fulfilling CERV objectives	3	The call document requires intermediaries to set transparent evaluation procedures, in line with their Grant Agreement. Calls for proposals should present the opportunity for non-selected end-beneficiaries to submit complaints about the selection procedure and request a review of any decision taken by the selection committee, or other means of redress. As a prevention measure, the intermediaries are also invited to create visible space on their website, where applicants, end-beneficiaries or public would be given opportunity to report fraud or irregularities to OLAF (https://anti-fraud.ec.europa.eu/olaf-and-you/report-fraud_en).
Third party project implementation	End-beneficiary fails to deliver expected results	2	As per the Grant Agreement, intermediaries should clearly define their objectives in their calls. In this respect, the EACEA will ensure that each call for proposals has clearly defined objectives by checking the call pre-information sheet (mandatory deliverable) prior call's publication. On their side, intermediaries are expected to closely monitor the implementation of third party projects and address poor performance through appropriate measures. To this end, a meaningful set of compulsory project outputs could be defined in each grant agreement with the end-beneficiaries.
	Weak operational capacity of end-beneficiary jeopardising project implementation (e.g. end-beneficiary does not have sufficient human resources or skills available to deal with the workload leading to delays in project implementation)	2	It is recommended that staffing/time/capacity and capability of end-beneficiary to carry out their project is described in their grant proposals and closely assessed in the framework of the evaluation by intermediary. In parallel, intermediaries are also expected to provide dedicated support to end-beneficiaries under their capacity building actions.
	Weak financial capacity of end-beneficiary jeopardising project implementation	2	Intermediaries assess the financial capacity of end-beneficiaries in the evaluation of their application and agree financing mechanisms to ensure the smooth delivery of activities, in proportion to the project size and duration.

	End-beneficiary does not comply with rules on transparency, accountability and reporting, and grant management	2	<p>As per the Grant Agreement, intermediaries should establish clear contractual arrangements so that end-beneficiaries are aware of and responsible for avoiding this risk.</p> <p>If needed, intermediaries are also expected to provide dedicated support to end-beneficiaries under their capacity building actions.</p>
	End-beneficiary does not report in adequate manner which has possible impact on intermediary's own reporting	2	Intermediaries are encouraged to provide end-beneficiaries with training in reporting and support their reporting efforts, acknowledging that a certain level of this risk may be unavoidable in some cases.
	Selected end-beneficiary does not fully adhere to EU values	4	<p>It is expected that importance of adherence of end-beneficiaries to EU values is stressed already in the calls' documentation. This will be verified by EACEA by checking the call pre-information sheet (mandatory deliverable) prior call's publication.</p> <p>In addition, intermediaries are invited to include in their calls for proposals a requirement that the beneficiary signs a Declaration of Honour to this effect. The Declaration should state that breaches will make the (potential) beneficiary liable to exclusion, administrative sanctions or cancellation of funding.</p> <p>Intermediaries must carry out a due diligence process whenever they have reason to doubt that an organisation does/will not comply with its stated objectives.</p> <p>Intermediaries must report any emerging issues (incl. on non-adherence to EU values) to EACEA.</p> <p>Intermediaries are invited to engage in (mutual) learning opportunities, notably through the online community for intermediaries set up for the Union values call, to identify the most suitable mitigation measures for their context vis-à-vis non-compliance of end-beneficiary with the EU values, and to share best practices in this area.</p>
	Selected third party project (and its activities) is not fully compliant with EU values and/or deviates from the objectives of the CERV programme/Call for proposals	4	<p>It is expected that measures preventing non-compliance of third party project's activities with the EU values are integrated already in the calls' documentation (e.g. eligibility of activities...). This will be verified by EACEA by checking the call pre-information sheet (mandatory deliverable) prior call's publication.</p> <p>Intermediaries are encouraged to monitor the progress of results and direction of each third party project, proportionally to its size and budget, and using the monitoring measures recommended in this document or equivalent own measures.</p> <p>Intermediaries must report any emerging issues (incl. on non-adherence to EU values) to EACEA.</p>

			<p>Intermediaries are invited to engage in (mutual) learning opportunities, notably through the online community for intermediaries set up for the Union values call, to identify the most suitable mitigation measures for their context vis-à-vis third parties' projects' non-compliance with the EU values, and to share best practices in this area.</p>
	<p>Socio-political and geographical context in end-beneficiary's Member state may negatively impact achievement of project's targets and/or may cause negative (social) media coverage</p>	3	<p>The environment, in which the third parties' projects will be/are carried out may significantly impact their success. This is particularly true for those EU countries, where operation of NGOs is narrowed or obstructed according to CIVICUS Monitor (https://www.civicus.org/index.php/what-we-do/innovate/civicus-monitor). Moreover, not all EU values and rights (e.g. non-discrimination of minorities such as LGBTIQ) are embraced by all EU citizens (and their leadership) in the same way. Hence, CERV projects advocating for EU values and rights, notably those implemented in the framework of the call CERV-2022-CITIZENS-VALUES may be prone to negative media coverage.</p> <p>Intermediaries must report any emerging issues (incl. negative (social) media coverage) to EACEA.</p> <p>Intermediaries are invited to engage in (mutual) learning opportunities, notably through the online community for intermediaries set up for the Union values call, to identify the most suitable mitigation measures for their context vis-à-vis this risk and to share best practices in this area.</p>
	<p>End-beneficiary commits fraud or serious financial irregularity</p>	4	<p>Intermediaries are financially responsible for the EU funds disbursed through the FSTP. Therefore, they are expected to put in place monitoring measures and reporting obligations that would reduce their exposure to financial risk linked to serious financial irregularities and/or fraud incurred in the third party projects.</p> <p>To this end, it is recommended that intermediaries set financial risk limits (e.g. splitting the financial support to third parties in more instalments) and apply verification measures as outlined in this document.</p> <p>Audits/on-the-spot verifications can also be an option in case of suspected financial irregularity or high-risk third party projects.</p> <p>Intermediaries must report any emerging issues (incl. suspected fraud/serious irregularity) to EACEA and in parallel to OLAF (Report fraud (europa.eu)).</p> <p>As a prevention measure, intermediaries are invited to create a visible space on their website, where applicants, end-beneficiaries</p>

			or the public would be given opportunity to report fraud or irregularities to OLAF (Report fraud (europa.eu)).
	End-beneficiary commits financial irregularities	3	Intermediaries are financially responsible for the EU funds disbursed through the FSTP. Therefore, they are expected to put in place monitoring measures and reporting obligations that would allow for detection and correction of financial irregularities reducing their exposure to such risks in the third party projects.
	Unspent budget by end-beneficiary	1	Intermediaries should provide end-beneficiaries with (capacity building) training and additional support in order to avoid situations of unspent budget due to implementation problems and where needed allow for meaningful project alteration, which would allow for full financial absorption.

iv. Recommended monitoring and control measures

As explained at the outset of the document, the European Commission under the Union values call foresees that intermediaries apply their own procedures to grant their end-beneficiaries, including risk-management procedures, as appropriate to the specificity of their organisation and their calls.

To this end, intermediaries were required to explain in their grant application form, in which way and how frequently they propose to monitor third party projects (e.g. project monitoring visits, contact with end-beneficiaries by phone or video calls, advice and support to end-beneficiaries, etc.), whether they will use certain criteria to determine intensity of monitoring, and what risk level thresholds will trigger more intensive (reinforced) monitoring.

It is, however, recommended that each intermediary ensures that their **own risk management procedures produce results as equivalent as possible to the measures described in this section** to facilitate a uniform approach to risk management across their third party projects portfolio.

A flow chart presenting a visual depiction of how the recommended monitoring and control measures could look in a given third party project is included at the end of this section.

It outlines five main recommended monitoring measures, which could be used by intermediaries for risk management, proportionally to the size and budget of third party projects:

- a) **Advice to end-beneficiaries**
- b) **Reporting requirements**
- c) **Meetings between intermediary and end-beneficiary**
- d) **Monitoring visits**
- e) **Expense verification and audits.**

a) Advice to end-beneficiaries

Intermediaries are encouraged to advice and support end-beneficiaries proactively throughout the implementation of the third party projects in their portfolio.

In addition to regular exchanges and communication with end-beneficiaries, meetings and monitoring visits are recommended to be used to address end-beneficiaries' concerns on specific implementation and financial issues, or any other questions related to the implementation of their grant, as appropriate.

Intermediaries should use capacity-building activities to provide specific support to end-beneficiaries, in particular if they are smaller grassroots organisations with limited experience of project management.

b) Reporting

It is recommended that the reporting modalities and timeframe are suitable and proportionate to the size and duration of the third party projects. The end-beneficiaries should be required to submit a final report discussing the third party project's results at completion.

End-beneficiaries should be asked to report any significant issues or irregularities to the intermediary immediately. In particular, they should report immediately when they:

- realise they will not be able to submit formal deliverables/project outputs, on time;
- have identified a legal issue, such as a conflict of interest, fraud, irregularities in expenditure;
- are unable to accomplish project activities, within the agreed timeframe;
- identify reputational risks for themselves, the intermediary or the Commission, for instance, if an end-beneficiary runs the risk of being or is the subject of negative media coverage related to their projects or activities, or if there is a possibility of any other type of reputational risk.

Some of the above issues will even trigger application of the Early Warning Protocol (please see the main body of the document Framework for monitoring and control activities under the Union Values Call).

Moreover, the end-beneficiaries should be made aware of possibility to **report suspicions of fraud, to the European Anti-Fraud Office (OLAF)**. They can do it anonymously and in any of the 24 official EU languages by using the following link '[Report fraud \(europa.eu\)](https://ec.europa.eu/anti-fraud/)'. **It is recommended that this link and basic explanation of the fraud reporting to OLAF is displayed on the intermediaries' UV project webpage.**

In line with the GA (art. 25.4), OLAF may also carry out checks, reviews, audits and investigations — during the action or afterwards.

Reinforced monitoring: reporting

Projects requiring reinforced monitoring (high-risk projects) have the same reporting requirements as standard-risk projects.

c) Meetings

It is **recommended** that the intermediaries organise a formal kick-off meeting with all end-beneficiaries, which can be online or face-to-face.

Intermediaries could consider organising on-site or online bilateral review and / or regular meetings **if needed**, depending on the size and duration of the third party project, for instance when:

- an end-beneficiary faces issues in implementation or management of a third party project;
- the intermediary has concerns related to project performance and is lacking information on the state of play;
- an important milestone in a project has been achieved or is approaching and there is a good opportunity to discuss achievements/issues;
- a risk has been detected and there is a need to discuss mitigation/correction measures.

Reinforced monitoring: meetings

The frequency of **meetings with high-risk projects** should generally be higher than with standard-risk projects. It is recommended to have a schedule of regular meetings, which may have to be supplemented by ad hoc meetings.

d) Monitoring visits

Monitoring visits are intended to ensure monitoring and control of projects in the field. Although in some cases, they can be organised online, a fully efficient monitoring visit would generally happen in the field. They should be organised in compliance with principle of sound financial management and by choosing sustainable travel modes. Contrary to the meetings described above, monitoring visits may also include visiting an event organised within a project. This can support verification of how contractual obligations are fulfilled in the field, including ensuring visibility of EU funding.

Monitoring visits are recommended to be used when other mechanisms are insufficient to obtain the necessary information, i.e. when information is neither fully available for verification in a report, nor during a meeting. If an intermediary is able to obtain this information from the regular communication with the end-beneficiary, monitoring visits may not be needed or required.

Intermediaries could consider organising ad-hoc visits when certain unexpected issues in project implementation occur, both in high-risk and standard-risk projects. Intermediaries are encouraged to inform their Project Officer when possible about the planned monitoring visits, to see if the Project Officer can participate, too.

Intermediaries can use the monitoring visit report template, provided in Annex 2 or any other template, and in case of high-risk projects may be invited to share the completed reports with EACEA, if needed.

Reinforced monitoring: monitoring visits

It is recommended that monitoring visits to high-risk projects are scheduled at least once during project implementation. It is recommended to give preference to on-the-spot rather than online 'visits'.

e) Expenditure verification and audits

Online or on-the-spot expenditure verification and audits are measures, which should generally be reserved for high-risk projects or situations of evidenced **irregular expenditure or of suspicion of fraud**. In case of suspicion of fraud, the intermediary shall inform immediately EACEA (see the main body of the Framework for monitoring and control activities under the Union Values Call).

Reinforced monitoring: audit and expenditure verification

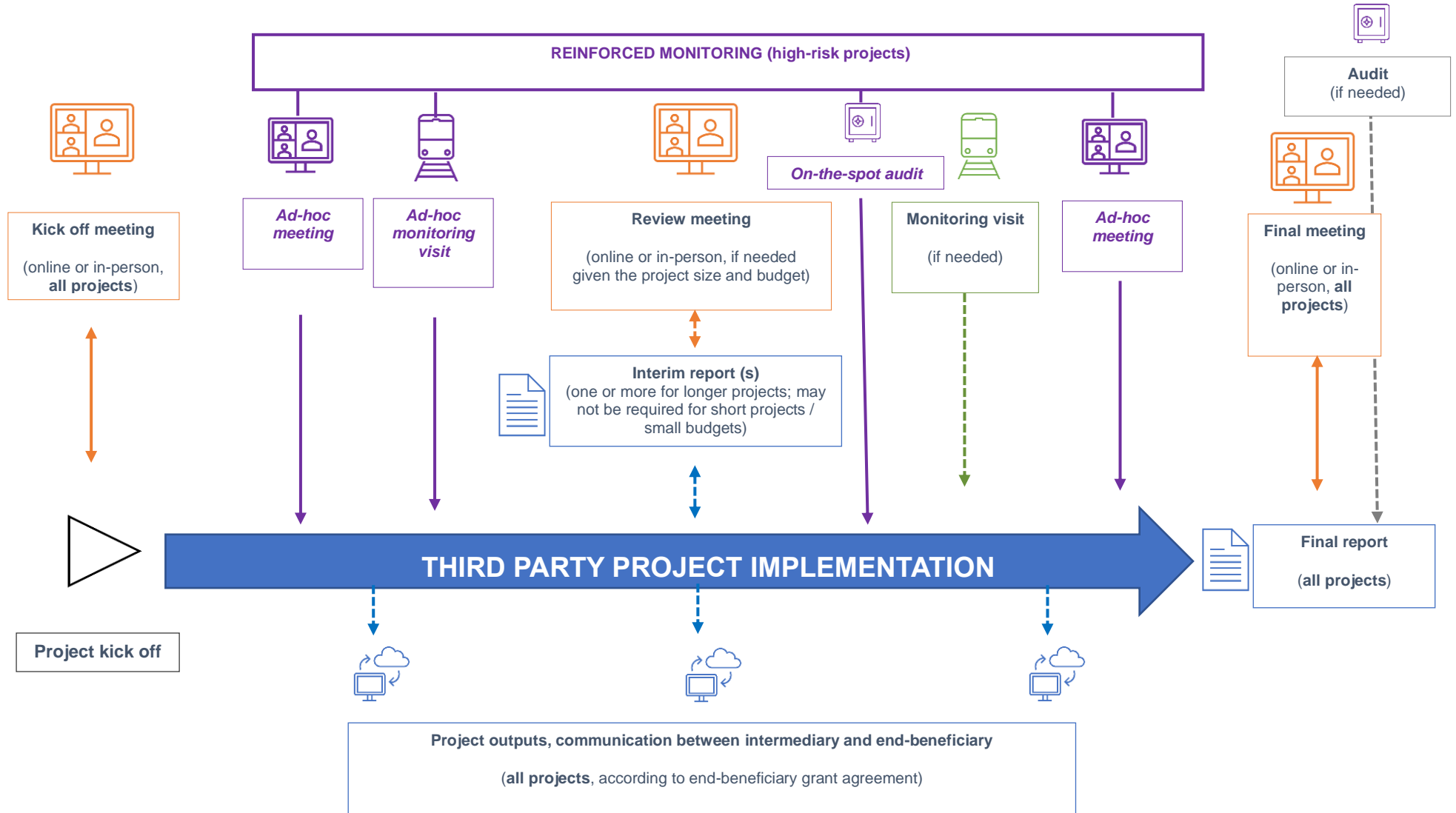
Apart from monitoring visits mentioned above, which focus on monitoring on project implementation and progress, the intermediary may wish to organise an audit / expenditure verification on the spot in selected cases. These may be particularly envisaged for high-risk projects if the high-risk level resulted from financial management issues.

The flow chart in Schema 2 below provides a visual presentation of how the recommended monitoring and control measures applicable for standard-risk and high-risk third party projects can be articulated by the

intermediaries in practice during implementation. The choice of monitoring measures, and their frequency, would be determined by the intermediaries individually for each third party project in their portfolio based on:

- The size and budget of the third party project;
- The level of risk of the specific third party project, which can be calculated using the risk-assessment grid; and
- The intermediary's professional judgement, knowledge and experience, as well as the evidence available on the potential risks of the third party project (gathered from the end-beneficiary's grant application and other sources).

Schema 2: Risk-based monitoring of third-party projects in practice



3. Recommended principles and best practices in management and monitoring of third party projects

Below are outlined the key principles which intermediaries are encouraged to adopt when monitoring end-beneficiaries in the implementation of third party projects, as well as the recommended monitoring and control measures which intermediaries could consider taking up to mitigate risk in third party project implementation.

❖ ***Know your third party project (and your end-beneficiary)***

It is crucial that intermediaries follow the implementation of all third party projects closely and are in regular contact with each end-beneficiary. Hence, it is recommended that intermediaries gather information from the end-beneficiaries on an ongoing basis also via less formal means such as email, phone or chat, on the top of formal monitoring meetings and/or official communications. Such approach will help creating healthy and trustworthy working relationship between the intermediary and the end-beneficiary, in which the intermediary can acquire an overall understanding of the third party project status and its implementation challenges and where the end-beneficiaries feels safe and supported. This type of continuous cooperation also increases the likelihood that end-beneficiaries will share any information on emerging issues immediately.

❖ ***Know where your project (and your end-beneficiary) fits in the bigger picture***

To the extent possible intermediaries should stay attuned to policy developments happening at country level to better understand the situation and position of an end-beneficiary in the local civil society sector and vis-à-vis state institutions. To this end, besides gathering latest information through their networks and information channels, the intermediaries are encouraged to establish and keep regular contacts between designated staff of the intermediary and a designated end-beneficiary counterpart. It is recommended that both of these designated staff are also involved in key monitoring measures, for instance milestone meetings or ad hoc discussion when reputational risks materialise.

❖ ***Risks are inevitable***

The document does not aim to eliminate risks linked to implementation of the third party projects but to recommend measures, which will allow intermediaries to identify such risks as early as possible and manage/mitigate them effectively. A high level of risk may, but does not necessarily have to, impact performance. Therefore, a high level of risk is acceptable, but must be carefully monitored.

❖ ***Be proactive***

Effective risk management is a continuous, proactive and systematic process of understanding, managing and communicating risk from a broad perspective. Intermediaries' role is crucial for ensuring effective risk management. Bearing in mind that end-beneficiaries may be hesitant to report issues for fear these might negatively impact perception of their performance, it is recommended that the intermediary establishes honest and supportive relationship and communication with each end-beneficiary as mentioned under Key principle *Know your third party projects*.

❖ ***Use best practice***

A sample of best practices for organisation and management of re-granting schemes is presented below and provides further guidance for intermediaries in this respect. Intermediaries could consider applying these best practices if they are relevant and proportionate to their context. Moreover, intermediaries are encouraged to actively engage in the activities of the dedicated online community for intermediaries, set up by EACEA in the context of the Union Values call. It is a platform offering (mutual) learning opportunities and a safe space for the exchange among intermediaries on their experiences, implementation issues and best practices.

Best practices in design and organisation of the call

➤ **Coaching and mentoring**

Grass-root organisations may in many cases need support both in preparing project applications and the implementation of their projects. Intermediaries are encouraged to go beyond a simple supervisory role. This could include activities before launching the call: organising information sessions, providing detailed and clear guidelines, coaching on proposal writing. Information sessions can take a form of a 'road show' to reach organisations from multiple regions. The call process is a starting point for this, but intermediaries may also need to provide support and assistance in reshaping and clarifying activities, and assisting third party projects with risk identification and mitigation. Other examples of support include webinars about the thematic area of the grants / application procedures / project cycle; individual consultations; networking meetings; tutorials.

All the above activities must respect equal treatment of all potential applicants for financial support for third parties.

➤ **Maximising the reach of the call**

Project websites and social media remain the most used channels for communication when publishing the call. However, for specific thematic calls or in difficult environments, platforms and networks also act as a good promotion channel.

Language can be a barrier for many organisations and there is a general agreement in the civil society professional community that calls in local languages are crucial for reaching out to the right beneficiaries (i.e., going beyond "the usual suspects").

Online submissions are generally easier to manage. In more restrictive and difficult environments, they can be supplemented by offline submissions.

➤ **Appeal and complaint procedures**

Calls for proposals should present the opportunity for non-selected end-beneficiaries to submit complaints about the selection procedure and appeal the decision of intermediaries, if they believe the principles and procedures explained in the call for proposal and its annexes have not been correctly applied, or having similar means of redress.

➤ **Submitting administrative documents**

One of the measures which reduces the burden on applicants is not being required to provide any administrative documents at selection stage, but only after they are selected for granting, but before the contract is signed (in line with widespread existing practice within the European Commission).

Best practices in evaluation and selection procedures

➤ **The evaluation process**

The use of external experts for evaluation of third party projects can be of added-value. These experts should act as individuals and not as representatives of their organisations/entities to avoid possible conflict of interest. These can offer thematic expertise or expertise in civil society project development and cycle. Committee members can either evaluate applications independently (ensuring different members do not influence each other in their assessments) or collectively, discussing each application together.

Assessment of the application should be based on detailed guidelines with predetermined criteria and scores for each criterion.

➤ **Composition of selection/award committees**

Intermediaries were required to define their selection procedures in their proposal. They also need to define the composition of the selection committee. It may include external experts, which could bring added-value. These experts should act as individuals and not as representatives of their organisations/entities to avoid possible conflict of interest. The assessment of applications would be based on detailed guidelines with predetermined evaluation criteria and scores for each criterion.

There are also examples of more innovative participatory approaches when applicants (who know the field best) select projects among themselves in a participatory process.

➤ **Pre-financing**

Pre-financing may be key to ensuring projects can be implemented without creating financial risks for grassroots organisations. There are examples of re-granting schemes where in the case of smaller projects up to 95% of the grants is made available through pre-financing or interim payments and only 5% after the final reporting.

Capacity development as best practice

A successful capacity development programme for end-beneficiaries can contribute to reducing the financial and reputational risks faced by intermediaries, and fundamentally acts as a risk management strategy. Info-sessions, coaching and mentoring on financial issues either before or after contract signature, working with beneficiaries on improving their internal policies or accounting can all contribute to reducing the risk of ineligible costs to be incurred by the intermediaries at a later stage. This in turn can reinforce trust between the European Commission and the intermediary creating a virtuous circle of trust, which includes end-beneficiaries and local communities.

C. Annexes

1. Risk-assessment grid (example)

[Risk assessment grid](#)

2. Monitoring visit report template (example)

CERV-2022-CITIZENS-VALUES (Intermediary Project acronym) REPORT FOR MONITORING VISIT TO END-BENEFICIARY				
REPORT COMPLETED BY: <i>[Name and position / organisation]</i>				
REPORTING DATE: <i>[Date report submitted]</i>				
1. Third party project information				
INSTRUCTIONS: Complete the following table with details of the visited third party project				
Intermediary organisation				
End-beneficiary organisation				
Third party project name / reference				
Third party project risk level⁴	<i>[Mark with a cross depending on the level of risk of the specific third party project, which can be calculated using the risk-assessment tool]</i>			
	<i>Standard (<9 pts)</i>			<i>High (≥9 pts)</i>
Budget	<i>[amount in EUR]</i>			
Re-granted EU contribution	<i>[amount in EUR]</i>			
Project implementation dates	Start date	<i>[DD.MM.YY]</i>	End date	<i>[DD.MM.YY]</i>
2. Monitoring visit details				
INSTRUCTIONS: Complete the following table with details of the monitoring visit				
Monitoring visit date(s)				
Previous monitoring visits	<i>[Please provide details on any previous monitoring visits or mark N/A]</i>			
Location(s) / Website(s)	<i>[List third party project sites visited]</i>			
Monitoring Team member(s) and their position/responsibility	<i>[List partners, colleagues or those who participated or joined the monitoring visit]</i>			
Visited third party project team members facilitating the visit	<i>[List third party project staff present during the visit / facilitating the visit]</i>			

⁴ Level of risk of the specific sub-project, which can be calculated using the risk-assessment grid.

3. Monitoring visit agenda and detailed findings

INSTRUCTIONS: Complete the following parts with the visit objectives, third party project overview and any general observations

3.1. Purpose/objectives of monitoring visit

[Please list the purpose of the monitoring visit and copy the agenda here, if applicable.]

3.2. Overview of the third party project / third party project component visited

[Description of the context with a focus on the issues to be addressed by the monitoring visit]

3.3. Methodology

[Please briefly explain the methodology used – interviews/ discussion with beneficiaries/stakeholders, observations, document review. Please list the sources of information in the section provided at the end of the report.]

3.4. General observations / Notes

[Please include your general observations on the third party project, or any personal notes on the monitoring visit.]

4. Identified risks and issues

INSTRUCTIONS: Complete the following parts with the findings from the visit

4.1. What are the main issues related to the implementation of the third party project?

[Please provide a brief summary]

4.2. How do the identified issues affect the third party project's implementation?

[Please briefly explain]

4.3. Does the end-beneficiary have the necessary capacity to ensure that the third party project remains on track?

[Please briefly explain]

5. Progress on issues identified during previous visit/s (if applicable)

INSTRUCTIONS: Complete the following parts with the findings from the visit, adding as many rows as needed

Support areas/issues identified	Support/guidance provided

1. Conclusion and action points

INSTRUCTIONS: Complete the following parts with the main findings from the visit, and the specific issues and corresponding action points, adding as many rows as needed

6.1. CONCLUSION

[Referring to section 4, please summarise the findings from the monitoring visit, including any key achievements, progresses and limitations identified on the third party project implementation. Precisely analyse the implications of the findings for the third party project implementation.]

6.2. Specific issues and action points

[Referring to section 4.1., list the specific issues / problems that were identified during the visit, and require further improvement and follow-up. Then, working with the end-beneficiary representative, identify the actions that need to be taken to solve the problem. This should include the specific individual responsible for taking the action, and when it should be completed by.]

Issue identified	Action to be taken	Responsible person	Due date

Planned date for next visit (if applicable)

2. Sources of information

7.1. List of documents reviewed

7.2. List of stakeholders interviewed

Organisation	Position	Email	Name