



Brussels
MARE.D3 –E1/PCO-RG/Ares(2021)

To all ACs Chairs and secretaries

Subject: Allocation of lump-sums: state of play and way forward

Dear Advisory Councils,

As discussed at our previous InterAC meetings, the Commission intends to move to simplified cost options (lump sums) for the co-financing of operating grants to the Advisory Councils (ACs). With the introduction of lump sums, we will step away from grants based on reimbursable eligible costs. The grants will still represent EU co-financing but will take the form of lump sums payable upon delivery of a set of outputs.

1. Current state of play

We are currently in the last internal evaluation stage for this new approach. While initially, it was the intention to already apply the new approach as from 1 January 2022, this is finally not possible and more time is needed. We intend to implement this methodology from spring 2022; the exact timing depends on the speed of the formal endorsement by the legal and central financial services of the Commission.

In the meantime, we will continue to use the current methodology that you know well. For those approaching the time to apply (MEDAC and Black Sea AC in particular), please keep in mind that your application for 2022 must respect the 2021 ceilings we communicated to you last year¹. In addition, as mentioned on a number of occasions, we ask you to include in your draft budget all the estimated income resources, even if they are not yet paid to you at the time of the application.

2. Estimation of your budgetary needs in the context of the lump sums methodology

The estimated amount of the operating grant for which you will apply under the lump sums methodology, will have to be very accurate and as close to your real needs as possible. The full amount of the grant equal to the lump-sum will be paid provided the

¹ These amounts are as follows: MEDAC: € 385.000; Black Sea AC: € 200.000; Baltic Sea AC: € 300.000; South Western Waters AC: € 335.000; Long Distance AC: € 350.000; Pelagics AC: €310.000; Markets AC: € 300.000; North Western Waters AC: € 330.000; Aquaculture AC: € 300.000; North Sea AC: € 300.000; CC RUP: € 320.000.

outputs defined in the Specific Grant Agreement are achieved. No recovery order will be possible to recover any amount unspent. No reporting on actual costs will be sent to the Commission upon completion of the implementation period.

Consequently, the amount granted to each Advisory Council will need to be re-defined. To that end, we request the submission of your estimation of the annual costs, which will have to be as precise and realistic as possible.

3. Elements to take into account for the estimation of your budgetary needs for the next exercise

We invite you to send us as soon as possible, and in any case, no later than **Friday 14 January 2022**, an estimation of your annual costs and revenues, and of the amount of the operating grant you would need as a lump sum. For those starting their exercise at the beginning of the year (MEDAC and Black Sea AC in particular), this estimation will relate to 2023 as the lump sums methodology will not be ready for the 1 January 2022.

To this end, please use the standard financial report you currently use when applying for an operating grant.

When preparing this estimation, please keep in mind that the Commission will continue to apply an EU funding rate of max 90%. All estimated revenue and resources coming from outside the EU contribution are to be taken on board.

The annual amount in the form of a lump-sum will be fixed by the Commission to cover the upcoming four annual periods, allowing for 2% annual price indexation as of the second year. We are working on a new template for a Framework Partnership Agreement to cover this four-year period.

Finally, as the average amount spent in the past is a strong indicator of the real amount needed for the future, you will find below the actual expenditure amount spent by each Advisory Council between 2016 and 2019-2020 (2017-2019 for the BISAC and 2020 for the CC RUP):

Advisory Council	Amount spent between 2016 and 2019; in 2017-2019 for the BISAC and 2020 for the CC RUP
Aquaculture AC	212.580
Baltic Sea AC	224.126
Black Sea AC	162.395
CC RUP	215.520
Long Distance AC	274.083
Market AC	234.461
MEDAC	299.410
North Sea AC	247.679
North Western Waters AC	265.761
Pelagics AC	266.216
South Western Waters AC	251.632

Your estimated budget needs and requested lump-sum amounts will be analysed by DG MARE for each individual AC, and confirmed to you. The amount will become the basis of the grant agreements to be signed in the future, and is not expected to be revised for four years. In only exceptional cases, we foresee a revision of the amounts, applicable to circumstances that could not be foreseen. The payment and release of the agreed lump-sum amounts will be due upon delivery of the agreed outputs as detailed in the annexes to the grant agreements.

The inter-ACs Secretariat meeting on **26 November 2021** will give the opportunity for further information on the lump-sums methodology and to answer your questions. In view of this discussion, we would be grateful for you to send us your **questions on lump sums by Wednesday 24 November 2022**, so that we have time to prepare the answers.

Let me thank you for your commitment. I look forward to our continued fruitful cooperation and invite you to take contact with Ms Pascale Colson (Pascale.Colson@ec.europa.eu) should you have any questions on this matter.

Yours sincerely,

Lena ANDERSSON PENCH
Director