

## GUIDANCE on AFFILIATED ENTITIES participation in the 2022 IMCAP call

The participation of Affiliated Entities (formerly called Linked Third Parties) are allowed under the following strict conditions.



The eligibility of any Affiliated Entity proposed to be part of a selected proposal will be analysed in detail as part of the Grant Agreement preparation stage. In case the Affiliated Entity would not be recognised as such, the coordinator will be informed and asked to adapt the proposal without the participation of the organisation originally proposed as an Affiliated Entity.



**If affiliated entity(ies) would take part in the information measure proposed, the application shall:**

- identify such affiliated entities in the application form,
- contain the written agreement of the affiliated entities.
- **provide the supporting documents allowing verification of their complying with the eligibility and non-exclusion criteria.**

Affiliated entities are:

1. Legal entities having a legal or capital link with applicants, which is neither limited to the information measure nor established for the sole purpose of its implementation (e.g. members of networks, federations, trade unions), may take part in the information measure as affiliated entities, and may declare eligible costs.

The legal and capital link defining the affiliation encompasses three notions:

- i. Control, as defined in Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC .

Entities affiliated to a beneficiary may hence be:

- Entities directly or indirectly controlled by the beneficiary (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by the beneficiary (granddaughter companies or second tier subsidiaries) and the same applies to further tiers of control,
- Entities directly or indirectly controlling the beneficiary (parent companies). Likewise, they may be entities controlling an entity controlling the beneficiary,
- Entities under the same direct or indirect control as the beneficiary (sister companies)

Control should be based on holding a majority of voting rights, but control may also exist where there are agreements with fellow shareholders or members. In certain circumstances, control may be effectively exercised where the parent holds a minority or none of the shares in the subsidiary. Member States may require that undertakings not subject to control, but which are managed on a unified basis or have a common

administrative, managerial or supervisory body, be included in consolidated financial statements.

- ii. Membership, i.e. the beneficiary is legally defined as a, e.g. network, federation, association in which the proposed affiliated entities also participate or the beneficiary participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.
- iii. The specific case of public bodies and publicly owned entities  
Publicly owned entities and public bodies (entities established as such under national, European or international law) are not always considered as affiliated entities (for example, public universities or research centres). The notion of affiliation in the public sphere covers:
  - The different levels of the administrative structure in the case of decentralised administration (e.g. national, regional or local ministries (in the case of separate legal entities) can be considered as affiliated to the State,
  - A public body established by a public authority to serve an administrative purpose and which is supervised by the public authority. This condition is to be verified based on the statutes or other acts establishing the public body. It does not necessarily entail that the public body is financed, in full or in part, from the public budget (e.g. national schools affiliated to the State).



**The following will not be considered as entity(ies) affiliated to a beneficiary:**

- Entities that have entered into a (procurement) contract or subcontract with the beneficiary, act as concessionaires or delegates for public services for the beneficiary,
- Entities that receive financial support from the beneficiary,
- Entities that cooperate on a regular basis with the beneficiary on the basis of a memorandum of understanding or share some assets,
- Entities that have signed a consortium agreement under the grant agreement,
- Entities that have signed a franchise agreement that does not establish capital or legal link, — Entities that have signed a cooperation agreement for twinning projects,

Entity(ies) composed of members may participate as 'sole beneficiaries' or 'beneficiaries without legal personality'. If the action is in practice implemented by the members, they should however also participate (as affiliated entities, otherwise their costs will not be eligible).