



Annual Work Programme (AWP) 2021 Info day webinar

FINANCIAL MANAGEMENT – GRANTS

28 September, 2021

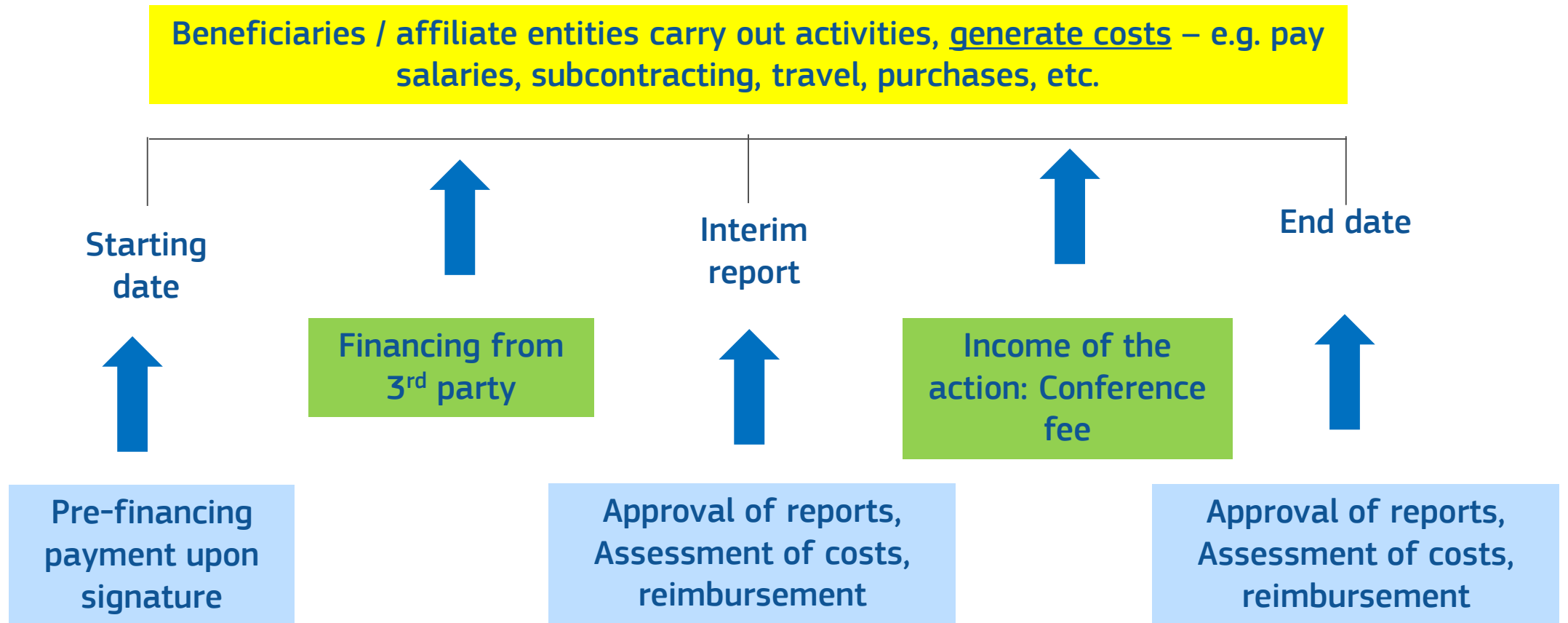
Definition: Grant is direct financial contribution to an action or functioning of a body

- **Co-funding rule:** external co-financing from a source other than EC funds is required (own resources or financial contributions from third parties, project income)
- **Non-profit rule:** the grant may not have the purpose or effect of producing a profit for the beneficiary
- **Non-retroactivity rule:** only costs incurred after the starting date stipulated in the grant agreement can be co-funded
- **Non-cumulative rule:** only one grant can be awarded for a specific action carried out by a given beneficiary

Nature of the grant

- **Grant = partial reimbursement of eligible costs** that are incurred by beneficiaries and affiliated entities listed in the grant agreement **at the fixed reimbursement rate.**
- **“Maximum grant amount”** the maximum amount the Agency will pay as contribution to the action’s costs.
- **“Final grant amount”** equals to or is lower than the maximum grant amount. Established at the balance payment and based on eligible costs declared to the Agency.
- The maximum grant amount and the calculation with reimbursement rate represent a **double-ceiling of the grant**: maximum grant amount compared to the result of reimbursement rate applied to the consolidated total eligible costs of the action
- The grant is **not allocated** to any specific cost items or cost category. It is calculated over the total eligible costs of the action with the applicable reimbursement.

Cash flow



Eligible costs

General conditions - Cumulative requirements:

- **Connected with the action as described in Annex 1 and included in the Estimated Budget (Annex 2);**
- **Necessary** for the implementation of the action;
- **Reasonable and justified** - “good housekeeping”;
- **Incurred within the duration;**
- **Actually incurred by the beneficiaries / affiliated entities of the grant;**
- **Identifiable and verifiable**, in particular being recorded in the accounting records of beneficiary / affiliated entity in accordance with accounting standards and the beneficiary’ accounting practices.

Budget categories

Direct Costs

- A. Direct personnel costs
- B. Subcontracting
- C. Purchase costs
 - a. Travel, accommodation and subsistence allowances
 - b. Equipment
 - c. Other goods and services
- D. *Financial support to third parties – defined in the call documents, if eligible*

Indirect Costs

- E. Flat rate of 7% of total direct costs

Personnel costs

Cost of employees

- Costs claimed: salary + social security + taxes;
- Any other costs included in the remuneration (= statutory charges) based on national law or employment contracts;
- Supplementary payments

Cost for natural persons with a direct contract and seconded persons against payment

- Similar conditions as employment: at the beneficiary's premises, results belong to the beneficiary with similar costs of employment

The work of SME owners and natural person beneficiaries – not receiving salary

Subcontracting

- Contracts awarded to cover the execution of an action / task described in Annex 1 of the grant agreement.
 - Activities undertaken by the project
 - Service contracts
 - Invoices (including taxes, charges, travel & subsistence costs)
- Core elements and technical / financial management of the action cannot be subcontracted
- Tasks subcontracted must be clearly set out in Annex 1;
- Requirement of transparency, best value for money and, if appropriate, lowest price. Conflict of interest must be avoided;
- Documents of procedures applied must be available.

Travel and subsistence

Travel & subsistence incurred as costs by the beneficiary for all participants, except subcontractors shall be claimed here:

- Personnel
 - Collaborating stakeholders
 - Invited experts, speakers
 - Board members
 - Trainees, other participants
-
- Option for unit costs or actual costs in line with beneficiary's usual practice and rules on travel and subsistence.

Equipment

- **Specific equipment necessary for the action**
- **Costs eligible:**
 - Portion of **equipment's depreciation costs** only, for the period of the action, if recorded in the beneficiary's accounts. Purchase and depreciation is in accordance with international accounting principles and the beneficiary's usual accounting practices.
 - Costs of **renting** an equipment or **leasing** an equipment (excluding financing costs) – with limits to equivalent depreciation costs
- Office equipment and software (Microsoft Office, Excel, Word, furniture) are part of Indirect Costs

Other goods and services

- Must be directly linked to and necessary to implement the action
- Requirement of **transparency, best value for money** and, if appropriate, lowest price. **Conflict of interest** must be avoided.
- Examples (non-exhaustive):
 - Dissemination of information;
 - Specific evaluation of the action;
 - Certificates of financial statements;
 - Translations, reproduction of reports;
 - Consumables and supplies (excluding general office supply);
 - Cost of financial guarantee, if applicable.

Personal advice, tips and observations

Read the grant agreement and the guidelines available

Involve your HR, Accounting and Procurement from the beginning

Number of partners in the consortium

- All partners with specific knowledge crucial to the action
- Too many – difficult to manage
- Higher share in tasks – more commitment

Project manager coordinator + work packages, financial manager at coordinator

Avoid obvious over / under estimation

- Over-estimation may lead to decrease of final EU contribution
- Under-estimation: objectives are not achieved

Plan, build internal monitoring and reporting within the consortium, close follow-up of expenditure.

Thank you



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