



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Fiscal policy and policy mix
Euro Protection and euro cash

PERICLES 2020 Programme

Financial Guidelines for Applicants

Disclaimer:

These guidelines respect the main legal and financial rules contained in the Financial Regulation (FR) applicable to the general budget of the European Union¹ published at:

http://ec.europa.eu/budget/biblio/documents/regulations/regulations_en.cfm

The information given is not exhaustive and beneficiaries are therefore asked to read carefully the agreement sent to them, as it will constitute the legal basis for the grant.

¹ OJ L 193, 30.07.2018, p.1: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2018:193:TOC_Regulation_\(EU,_Euratom\)_2018/1046](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2018:193:TOC_Regulation_(EU,_Euratom)_2018/1046) of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 and the Rules of its Application.

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1 GENERAL PRINCIPLES

Grants are subject to the principles laid down in the Financial Regulation, in particular the principles of co-financing, prohibition of double financing and no profit.

Co-financing principle²

European Union grants may not finance the entire cost of the action. The applicant must contribute to the implementation of the action either by way of own resources (applicant's contribution) or, partially, through a financial contribution from third parties (other external contributions).

Non-cumulative rule³

Each action may give rise to the award of only one grant.

There can be no duplicate European Union funding of the same expenditure. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action and routine activities⁴.

No-profit rule⁵

The European Union grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of total actual receipts over the total actual costs of the action. Any income from the action must be indicated in the estimated budget and the final financial statement. Where a profit is made, the Commission shall be entitled to recover the percentage corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary to carry out the action or work programme.

The non-profit rule does not apply for:

- a low value grant, i.e. ≤ EUR 60 000;
- for any actions for which the objective is the reinforcement of the financial capacity of a beneficiary, or actions which generate an income to ensure their continuity after the period of Union financing.

Non-retroactivity

No grant may be awarded retrospectively for projects already completed⁶.

Equal treatment and transparency

Grants shall be subject to the principles of transparency and equal treatment.

² Art. 190 FR.

³ Art. 191 FR.

⁴ Art. 196(1) FR.

⁵ Art. 192 FR.

⁶ Art. 193 FR.

2 ELIGIBILITY OF COSTS AND CO-FINANCING

A project may include any costs, which are relevant to and necessary for its implementation. However, only 'eligible costs' can be taken into account when calculating the value of a grant. There are costs which the Commission does not consider as eligible and which therefore cannot be taken into account when calculating the value of a grant.

Eligible costs must be itemised costs and not lump sums. For instance, when calculating travel budgets, the costs must be based on the expected number of travellers and the costs of travel to a specific location (e.g. three round-trip flights country-EU @ €500 each).

Only indirect costs can be accounted for as a flat rate – see below.

At the end of the project, expenditure shall be justified by the necessary supporting documents to be submitted with the financial report.

As an exception, the subsistence costs (daily subsistence allowance) will be eligible on the basis of unit costs (see Annex I) per day (implementation day(s) of the action plus one) and per actual number of participants (please see 10.7.2).

An implementation day is considered to be a day during which the agenda points of the action are implemented, with the exception of social events⁷.

Before awarding a grant, the European Commission reviews the estimated budget proposed in the application. This can lead to a revision of the budget and sometimes to a reduction of the maximum eligible costs of a project. You might therefore not necessarily be awarded the full amount you have requested in your application.

It is compulsory to provide a level of co-financing to match the grant awarded by the European Commission.

The maximum rate of financing provided by the European Commission (and, consequently, the minimum level of co-financing required from the applicant) is stipulated in the call for proposals.

If the application is selected for funding, the total eligible costs, the co-financing ratios and the flat-rate for indirect costs will be specified in the grant agreement and will be binding once the Agreement is signed.

It is in the interest of the applicant to submit a realistic and cost-effective budget in order to obtain the requested grant. In addition, the quality and the clarity of the budget proposed are taken into account when evaluating the applications during the selection process.

⁷ Such as welcome/farewell dinners/cocktails.

3 PREPARATION OF THE BUDGET

Generally speaking, the estimated budget for the activity must be as detailed and precise as possible.

You must consider, from the moment you prepare your application, the overall expenditure necessary for effective implementation of the project. The budget can cover expenses linked to the preparation, evaluation and follow-up of the project.

The budget estimate must be properly balanced: the two totals (income and expenditure) must be the same, since the available income (including the grant requested from the Commission) will have to finance the planned expenditure.

Please make sure that all the items relating to implementation of the action are included and not just those for which financing is sought.

4 APPLICANT/BENEFICIARY

It concerns a mono-beneficiary grant, the applicant's organisation is the sole entity to fill in the forms and in case of a award will be the sole beneficiary of the grant and the sole responsible for its proper execution. The applicant is responsible for the project conception and for submitting the grant application. The applicant will be the only point of contact for the Commission. Moreover, the applicant will be responsible for the overall management of the project, coordination and tasks, liaison with the Commission and management of the budget.

The applicant accepts contractual and financial liability for the project in line with the provisions of the grant agreement. All grant amounts will be transferred to its accounts. The applicant will also be responsible for the reporting, financial statements and information requested by the Commission.

Please note that in the grant agreement, the term applicant will change to 'beneficiary'. The grant agreement will detail the specific obligations of the beneficiary.

5 AFFILIATED ENTITIES⁸

Affiliated entities are legal entities which have a specific relationship with a beneficiary. On that basis, they can incur eligible costs for the action covered by the grant under certain conditions.

The following type of affiliated entities is accepted under the current call for proposals: legal entities satisfying the eligibility and non-exclusion criteria and having a link with a beneficiary, notably a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.

This link has to be proven by supporting documents, such as, the statutory list of members as part of reports approved by governance bodies, the list of controlled companies in audited consolidated accounts, the balance sheet or the deeds of

⁸ Art. 187 FR.

establishment to prove ownership or partnership. Affiliated entities are not financially liable in case of recovery of funds. Affiliated entities should provide a letter of commitment, explaining the nature of their involvement in the implementation of the action. They need to provide a document showing their legal or capital link with the parent organisation.

6 THIRD PARTIES

Entities other than beneficiaries and affiliated entities are considered as third parties. Third parties can provide a cash contribution to the implementation of the action but are not involved in the implementation of the action.

Third parties that make a cash contribution to the action should provide a signed letter of commitment stating the amount of their contribution.

7 EURO/EXCHANGE RATE

Grant applications must include a detailed estimate of the budget presented in euros (see application form and estimated budget form).

Applicants from non euro-area countries

https://ec.europa.eu/info/business-economy-euro/euro-area_en

must use the monthly accounting rate of the month of publication of this call for proposals established by the European Commission and published on its website:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Applicants should be aware that they bear in full the risk associated with the exchange rate.

Please note that the exchange rate to be applied for final payment will be the one published by the Directorate General of the European Commission for Budget, at InforEuro

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

for the month in which the expenditure is incurred.

8 SUBCONTRACTING

The applicant is expected to have the resources necessary to carry out the work required for the project.

Nevertheless, in certain circumstances (mainly hotel, catering, interpretation, dissemination of information, specific evaluation of the project, translations etc.) a limited part of the work can be subcontracted.

Subcontracting can have an impact on the timetable for the implementation of certain activities. It is important to take any such impact into account when preparing the application.

It should be clear, however, that the beneficiary of a grant is solely responsible for the project management or organisation. This part of the project can never be entirely outsourced.

Subcontractors cannot be considered as 'partners'. Subcontractors are service providers to the beneficiary of a grant. Their costs shall be borne by the beneficiary of a grant.

Subcontractors do not contribute financially to the project and therefore do not benefit from any intellectual property rights arising from the project. There should be no statutory link between subcontractors and the applicant which could lead to potential conflicts of interest and any circumvention of the principle of non-profit. Where links exist, the Commission must be informed and give its prior approval.

Applicants shall refer to the relevant provisions (Articles II.10 and II.11) in the model grant agreement posted on the webpage on which the call for proposals is published.

If you intend to subcontract part of the project:

- provide the offer (estimate of the costs) of the subcontractor
- attach the offer to the application (indicating tasks and costs)
- introduce the cost amount in the estimated budget under the section staff "subcontractor".

You are also required to clearly specify in the description of the project a justification as to the necessity of subcontracting and to provide a detailed list of tasks which are to be subcontracted.

8.1 Main rules for subcontracting

Without prejudice to the application of Directive 2014/24/EU⁹, when concluding external contracts in order to implement the project, the beneficiary must seek competitive tenders from potential contractors and award the bid offering best value for money, i.e. the best price/quality ratio, or, as appropriate to the tender offering the lowest price.

In doing so, the beneficiary must observe the principles of transparency and equal treatment of potential contractors, taking care to avoid any conflict of interest¹⁰.

Subcontracting is subject to the following conditions:

- a) It may only cover a limited part of the project;
- b) It must be justified in terms of the nature of the tasks necessary for implementing the project;
- c) The tasks to be subcontracted and the corresponding estimated costs must be set out and clearly indicated in detail in the budget estimate;
- d) Subcontracting while the project is under way is subject to prior written authorisation by the Commission;
- e) The beneficiary retains sole responsibility for implementation of the project and for compliance with the provisions of the agreement.

⁹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1486371576279&uri=CELEX:32014L0024>.

¹⁰ Art. 205 (1) FR.

- f) The beneficiary must take the necessary steps to ensure that the subcontractor waives all rights vis-à-vis the Commission under the agreement.
- g) The beneficiary must undertake to ensure that the terms¹¹ that apply to it under the agreement also apply to the subcontractor.

Subcontracting by a public body, acting in their capacity of contracting authorities in the meaning of Directive 2014/24/EU¹² or contracting entities in the meaning of Directive 2014/25/EU¹³, where the need is demonstrated, must be awarded in accordance with the applicable national rules on public tendering and in conformity with EU directives on public tendering procedures.

8.2 Subcontracting contract

Typically, a subcontracting contract should include the following terms:

- Services to be provided (subject of the subcontracting);
- Dates on which the agreement begins and ends;
- Price to be paid (breakdown and detailed description of the costs);
- Work schedule/completion phases;
- Payment arrangements (one or more installments, staggered payment etc.).
- (Penalty) clauses in respect of non-performance or late completion/delays in the performance of work.

The Commission is not party to the subcontracting agreement between the beneficiary and the subcontractor/service provider and is not liable towards any of the parties under such contract.

Thus, the beneficiary will retain sole responsible for the implementation of this agreement and for compliance with its provisions. The beneficiary must undertake the necessary arrangements to ensure that the subcontractor/service provider waives all rights in respect of the Commission under such contract.

8.3 Invoice

The beneficiaries shall ensure that

1. all invoices issued by subcontractors are addressed to the beneficiary, bear a clear reference to the Pericles-project (i.e. number and title or short title) and indicate the purchase order/subcontract issued by the beneficiary;
2. all invoices issued by subcontractors are sufficiently detailed as to allow identification of single items covered by the service delivered (i.e. clear description and cost of each item);

¹¹ The terms related to liability, conflict of interest, confidentiality, publicity, evaluation, assignment and checks and audits.

¹² Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

¹³ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC.

9 VAT

The eligibility of VAT is regulated by art. 186(4) (c) of the Financial Regulation. With respect to Pericles programme, due to the particular profile of the beneficiaries, the following shall be carefully considered.

Activities engaged in by a beneficiary as a public authority are activities carried out by public bodies under the special legal regime applicable to them, thus not including activities pursued by them under the same legal conditions as those that apply to private economic operator. These activities may relate to the powers of police, customs, taxes, definition and enforcement of public policies etc. and for them VAT is in principle NOT eligible.

Examples: staff exchange between police authorities having as goal the exchange of operational information; operational support meetings.

Activities engaged in by beneficiaries as public authorities but pursued by them under the same legal conditions as those that apply to private economic operators, are activities for which, in principle, VAT is eligible. VAT is eligible when the content of the action is linked to the public authorities' prerogatives but the same action could be equally organised by private entities.

It is noteworthy that training activities are not in principle activities carried out as a public authority, unless the national legislation designates a public body as the sole entity having such a competence. The nature of the activities to be taken into account is the training itself, even though the target audience might relate to sovereign powers (e.g. national law enforcement officers, judges or policemen). In this case the VAT is eligible.

Example: staff exchange among police authorities having as goal the training of experts in counterfeiting and the exchange of know how; conferences and seminars organized by Mints, police, Central Banks, etc.

The above examples are provided without prejudice to the applicable national law in the individual Member States (which may define other/additional public power prerogatives and activities falling under a special legal framework).

10 BUDGET FORM

10.1 Budget Headings

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

All costs related to the event (staff costs, conference rooms and related charges, travel costs, subsistence and hotel costs and other direct costs) must be settled and paid by the beneficiary. Consequently, the participants must not be requested to pay for these costs.

10.2 Budgeted Income

Income refers to any funding other than the grant requested from the European Commission. This funding should be secured and may come from the applicant or co-financer.

10.2.1 Applicant's contribution

Financial contributions that you, as applicant, will provide to the budget. Without prejudice of any external contribution, an applicant is expected to co-finance the project.

10.2.2 External contribution

Any external contribution from third parties must be supported by external contribution-declaration form duly signed by their legal representatives. An external contribution cannot entirely replace the applicant's contribution.

10.2.3 Direct receipts from the action

Resources that correspond to revenues linked to and generated by the event itself: admission fee, sale of publications, etc.

10.3 Eligible direct costs

All amounts must be given in euro and should exclude value-added tax (VAT), unless VAT is eligible (see par. 9).

You are advised to ask your suppliers/service providers e.g. to clearly indicate the link to the project on their invoices. The beneficiary must set up an analytical accounting system or an adequate internal system, which makes it possible to identify the sources of the project funding and the project expenditure incurred during the agreement period by the beneficiary.

The beneficiary must keep the accounting records as well as proof of expenditure (all beneficiaries' invoices, receipts, staff contract etc.) for at least 5 years after the date of the payment of the balance. The period during which documents must be kept is limited to three years if the maximum amount of the grant is not more than EUR 60 000¹⁴.

10.4 Staff costs

10.4.1 General Information

Direct costs for staff are eligible only for persons that have a direct role in the project, such as project managers and other staff operationally involved in the project, for example planning project activities, implementing (or monitoring) operational activities, delivering services to the final beneficiaries of the project, etc.

¹⁴ Art. 132 FR.

Staff working time is the time actually spent on direct work on the project. Staff working time has to be clearly justified and should match the underlying time records.

The time, which each of the project staff member spends working on the project, shall be recorded on a regular basis using timesheets or an equivalent time registration system established and certified by the employer.

Costs will be considered eligible if there is a real and verifiable transfer of funds and if there is direct proof of a link to the project (time sheets showing the days worked for tasks under the project).

Costs for the following categories of staff are considered:

| Statutory staff (employees) |
|--|
| With either a permanent or temporary individual <u>employment contract</u> with the applicant in accordance with the latter's national law. |
| <u>Personnel of national administrations</u> ¹⁵ |
| Salary costs of personnel of national administrations may be considered as eligible costs, to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned would not be undertaken. |
| However, EU funding of salary costs corresponding to activities which the public administration had already undertaken before the launching of the project, is not possible. Indeed, it would generate a profit for the beneficiary since these costs are already funded by the budget of the Member State (or the regional or local authorities) in the framework of their normal activities. |
| External subcontracted staff |
| Who work for the project as external consultants/experts on the basis of a time-limited 'civil' <u>contract, for their input to a specific project,</u> with the applicant in accordance with the latter's national laws. |
| External staff contracts will not begin before the date of signature of the grant agreement, nor will they finish after the end date of the project. The contracts are to mention the co-financed Pericles project specifically. |
| Examples: |
| Temporary staff recruited through a specialised external agency, including agreed temp/interim agencies. Temporary employment is a form of temporary work permitted by law that is performed by a worker (the temp) for the account of an employer (the temp agency) at a third party (the applicant of a grant). |
| Staff employed (through a subcontractor) with a signed and dated contract (or related document). |
| Self-employed person/consultant under an individual contract. |

¹⁵ Art. 186(4).

The costs of interpreters/translators are to be mentioned under budget heading 'conference rooms - interpretation costs'.

10.4.2 Budget Form

The form to be filled in for these costs should include the persons to be remunerated (names and organisation), the tasks to be performed, the number of days of work to be performed, and the daily salary in euros.

Identify each task to be performed (category of staff) in a clear manner. Examples of staff categories:

- Project manager (= project coordinator) (= senior staff)
- Person responsible for reporting to the Commission (finances, payments, task progress...). The management of the project is a core task and cannot be subcontracted.
- Assistant project manager
- Trainers
- Training manager
- Clerical officer or administrative assistant or secretary
- Accountant or Financial Assistant

Please note that this list is not exhaustive, but any additional category of staff has to be duly justified.

If staff is recruited after submission of the application, the beneficiary must send the names and complete CVs of these persons to the European Commission for approval as soon as possible.

The project manager must notify any planned changes of staff responsible for implementation of the action to be approved by the European Commission.

This notification must indicate the impact on the estimated budget and be sent within the time limit laid down in the grant agreement (art.II.13 amendments to the agreement).

10.4.3 Calculation of costs (statutory staff)

The actual staff cost must be calculated:

- taking into account the annual gross cost of the employee, and should include all the normal charges paid by the employer, such as employer's social security contributions and related costs, but must exclude any bonus, incentive or profit sharing arrangements.

The annual cost must then be divided by the number of working days to obtain a daily staff cost.

The working days should be determined having regard to the standard working time either under national laws or collective agreements or under the organisation's normal accounting practice.

A figure of 220 working days per year may be considered to be a reasonable benchmark for a full-time member of staff in most cases (total days in the year (365) – weekends (e.g. 104 (52 x 2) – annual/statutory holidays).

Example calculation (based on 220 working days per year):

Daily rate = $\frac{\text{Gross actual salaries plus social security charges + statutory costs}}{\text{Total workable days}}$

For Ms/Mr X, the annual cost (EUR 21 632.60) is composed by the gross salary (EUR 16 000) and social security charges (EUR 5 632.60).

We can calculate the daily cost as $21.632,60 \div 220$ working days = EUR 98.33/day.

Supporting documents:

The following supporting documents will be requested with the final report:

- Payslips of the members of staff of your organisation, or
- A signed and dated declaration by the legal representative that the salary rates at which staff charged to the action corresponds to the normal remuneration policy of the grant beneficiary.
- Timesheets: statements of the time spent by each person on the project in the form of completed timesheets signed by the supervisor. A timesheet template is made available on the website on which the call for proposals is published.

10.4.4 Calculation of costs for external subcontracted staff

The costs of external subcontracted staff are reimbursed on the basis of an invoice, fee notes or other supporting documents (records of expenses in the beneficiary's accounts). They should not be higher than the generally accepted market rates for the same kind of service.

The total costs per staff member should correspond to the amount stated in the invoice/fee note or other supporting document. The work contracts signed, time sheets and an invoice indicating at least the title of the project, the nature of the work carried out and the dates when the work was carried out, will be requested with the final report.

10.5 Conference rooms and related charges

When a conference or seminar is being organised, charges may often be incurred for meeting rooms and technical equipment necessary for holding the event.

Please indicate the estimated costs of hiring the rooms, technical equipment, coffee breaks, interpreters' cabins and any other facilities that could prove necessary.

However, please note that where a public or private organisation makes a room available free-of-charge on its own premises, this is not regarded as an eligible expense.

10.6 Travel costs

Travel costs are eligible for participants/speakers taking part in the events from the place specified in their invitation (work address) to the venue.

Travel costs shall be reimbursed on the following basis: the shortest and most economical route between the departure point stated in the invitation, and the place where the event takes place.

Travel costs for staff taking part are considered as eligible only if necessary for the action, provided they are in line with the usual practices on travel costs.

Any travel to places other than those where the beneficiary is located must be shown to be relevant to the project and should be directly connected to specific and clearly identifiable project-related activities

If a participant(s) to an action makes its own travel arrangements, he/she will be asked by the beneficiary to fill in and complete a request for reimbursement, which needs to be duly signed by the participant and handed over to the beneficiary. The beneficiary shall provide the signed reimbursement request(s) as proof of payment with the submission of the final report.

Please note that if a destination is accessible by both air and train, you must always use the least expensive means.

If it is more cost-effective to arrive at the venue a day earlier than the starting date, taking into account the airfare and the accommodation, the additional night constitutes an eligible expense. It is possible to start an event in the afternoon (day one), allowing participants to arrive in the morning, and to end an event at lunchtime on the final day. This allows participants to travel to an event on the day it starts and to return on the day it ends.

All participants need to sign a list of attendance on every implementation day of the action. The list(s) of attendance will need to be submitted as proof of travel cost eligibility

10.6.1 By air

Journeys **covering** distances **of more than 400 km** (one way) may be made by air, economy class, APEX or equivalent, at the lowest available price taking the date of the event into account. Booking fees and the cost of air travel in economy class are eligible, using the lowest economical fare available on the market (APEX, PEX, excursion, etc.).

Where a class other than economy is used, expenses are eligible up to the amount of the economy class fare, as specified in a certificate provided by the transport company.

In exceptional cases, 'business class' may be permitted when:

- flights have a duration of 4 hours or more without stopovers;
- flights outside Europe have a total flying time of at least 12 hours in any consecutive period of 72 hours.

Travel expenses shall be reimbursed on presentation of original supporting documents for the outward journey:

Relevant invoices indicating the price, class, date, participant's name must be provided. In case of online booking, the printout of the electronic reservation.

The cost of air travel can vary considerably. It is recommended that you seek an estimate from a travel agent and add a margin to cover possible fluctuations in the price.

Please specify if this approach was adopted. This is an area where costs are regularly overestimated, resulting in funds being committed which are subsequently not used.

10.6.2 By bus/coach (individual participant)

Travel expenses shall be reimbursed on presentation of copies of bus tickets indicating price, class, date. Otherwise relevant invoice must be provided additionally. In case of online booking, the printout of the electronic reservation should be submitted.

10.6.3 By bus/coach (group of participants)

Travel expenses are reimbursed on presentation of supporting documents (ticket) and invoice indicating at least the place of departure and arrival, the number of passengers and the dates of travel.

10.6.4 By train

Travel costs shall be reimbursed on the following basis: the shortest and most economical route between the departure point stated in the invitation, and the place where the event takes place.

Travel expenses are reimbursed on presentation of supporting documents (ticket indicating price, class and date) and travel agency invoice/printout of the electronic reservation (if any) on the basis of the first-class rail fare, including the cost of seat reservations, transport of necessary luggage and any supplements for fast trains. Tariffs are usually available on the rail companies' websites.

10.6.5 By car

The cost of a journey by private car (personal or company cars) is calculated at a rate per km in accordance with the internal rules of the organisation concerned up to a maximum of EUR 0.22. The costs are reimbursed on presentation of a receipt from the recipient of the reimbursement stating date of travel and the departure and destination addresses.

10.6.6 By taxi

Taxis may be used and are considered as eligible costs for transfers to airports or stations at the place of the event where public transport is not available. Taxi

fares are reimbursed on presentation of the original supporting documents duly and clearly completed.

You must indicate the place of departure as well as the place of destination, the number of persons per journey of the same type and the unit cost of the journey.

10.7 Accommodation and subsistence costs

The number of people for whom accommodation and subsistence is reimbursed should accord with the number of participants. All participants need to sign a list of attendance on every implementation day of the action. The list(s) of attendance will need to be submitted as proof of accommodation and subsistence cost eligibility.

10.7.1 Accommodation costs

The budget concerning **accommodation costs** (excluding breakfast) is based on a system of actual expenses: charges are based on estimates provided by the hotels. The *hotel ceiling* is the maximum eligible cost for accommodation (per night) fixed by the Commission (see table here enclosed- annex I). Accommodation costs are eligible only up to the actual amount spent. It is therefore important to keep all supporting documents which will be requested by the Commission in submitting the final financial report.

To be accepted, the invoice from the hotel should indicate the number of persons and the number of days per person staying at the hotel. Additionally these costs must be:

- reasonable in the light of local prices;
- exclusively linked to the project;
- be paid by the beneficiary to the hotel. Individual hotel bills (paid by the participants) will not be accepted;
- not exceed the maximum amounts per person established by the European Commission in the table in annex 1.

10.7.2 Subsistence costs

Subsistence costs are calculated based on a unit cost per implementation day per participant requiring "non-local travel" to the venue of the action.

The unit cost corresponds to a maximum daily subsistence allowance (per diem) fixed by the Commission (see table annex I). The daily subsistence allowance is intended to cover subsistence expenses for a given country (breakfast, lunch and dinner, local transportation¹⁶ and other personal expenses). Any welcome, farewell or official meal shall also be covered by the daily subsistence allowance.

¹⁶Public transport and taxis at the place of mission except for airport or station transfers.

If breakfast is provided by the organiser and the related costs are part of the hotel costs invoice (budget heading accommodation costs) the allowances shall be reduced by 15%.

Some actions may require meal(s) to which local participants (those not entitled to accommodation and subsistence) are also invited. In such cases, the additional cost can be covered by a unit cost of 25% of the daily subsistence allowance per local participant per meal.

As for all other costs, subsistence costs must be reasonable, conforming to local prices and assuring an adequate quality.

The number of days for which subsistence costs are eligible shall correspond to the number of implementation days of the action¹⁷ plus one (1). For exceptional logistical reasons, the number of days could be adapted subject to justification and supporting documents.

For this cost item proof of payment does not need to be submitted.

10.7.3 Employees of European institutions

If you intend to invite employees of European Union institutions and other bodies: (http://europa.eu/about-eu/institutions-bodies/index_en.htm) to the training event either as a participant or as a speaker, these persons will receive mission expenses to finance their participation.

You cannot therefore take their costs into account in the corresponding expenses in your draft budget.

With regard to **transport**, tickets will be reserved and paid for directly by the European Union official(s) concerned. You need take no action in this respect.

Accommodation costs for them must be excluded from your draft budget. In practice, you may reserve a hotel room for a European Union representative but the latter must settle any costs incurred.

Meals: where you offer them lunches/meals, you may, in this case, include the corresponding expenses in your budget.

10.8 Other direct costs

Only the costs of those items that are directly linked to the performance of the action, identifiable and assigned to the action will be considered under this heading (dissemination of information, specific evaluation of the project, translations, reproduction etc.).

In cases where these costs are subcontracted, the subcontracting rules mentioned above are applicable.

¹⁷ See chapter 2 of the guidelines.

This heading also includes items 'consumed' by the project, i.e. material that is used up by the end of the project. Examples of costs that might be eligible under this heading include CD-Roms, leaflets and gadgets.

Please note that general office supplies, stamps or other stationery constitute indirect costs and cannot be considered under this heading.

10.8.1 Equipment

Costs pertaining to the acquisition, leasing or rental of equipment are only eligible if they are essential for implementing the project.

This thus excludes any computer equipment, office material, furniture, etc. that the applicant needs for daily activities and that will normally be covered by indirect costs (= overheads).

Items purchased prior to the action, even if they are used for the purposes of the action, cannot be considered eligible direct costs of the action (the use of existing equipment and the beneficiary's installations is partly covered via the indirect cost).

Expenditure in relation to renting and leasing operations is eligible for co-financing subject to the rules established in the Member State, national legislation and practice and the duration of the rental or lease for the purpose of the project.

If it is decided to opt for rental or leasing, the cost of any buy-out option at the end of the lease or rental period shall not be eligible. If leasing or renting is not possible, purchase is acceptable subject to the following conditions:

- Only equipment directly associated with implementation of the action can be charged as direct costs;
- A comparison of the prices of different suppliers to see who offers the best value for money (taking into account price and quality) has been made;

10.8.2 Purchase of equipment based on art.8.2c of the Pericles Regulation

When the action consists in the purchase of equipment ex art. 8.2c of the Pericles Regulation, the costs of the relevant equipment shall appear at the line 2.6 of the financial application sheet.

The relevant offer(s) must be provided together with the grant application.

10.8.3 Bank charges

The account specified in the grant agreement, and into which the grant will be paid, must be:

- in the name of the beneficiary - personal accounts are not acceptable under any circumstances;

- specific to the project or, in the case of a general account, it must be possible to identify funds paid by the Commission and project-related expenditure.

Bank charges for opening and managing a specific separate bank account for the action are eligible.

Any other financial charges not related to a bank account specifically opened for the action are not eligible: charges for bank transactions, return on capital, debt and debt service charges, provisions for losses or potential future liabilities, interests owed, doubtful debts, exchange losses, fines, financial penalties, costs of guarantees and similar charges, possible charges for current account maximum overdraft (commissions that are charged by the bank on the current account maximum overdraft).

10.8.4 Publications and dissemination

Costs can be taken into account provided that they are directly related to the action (e.g. design and printing of leaflets or publications).

Please give, for each publication and/or other materials, a description, an estimate of the number of pages and copies planned, the frequency and language of publication, an indication of the production costs per copy as well as an estimate of the distribution costs where appropriate.

Applicants are particularly encouraged to explore possibilities to produce on-line publications.

10.8.5 Translation costs

Translation costs must include the following details: the number of languages, the number of pages to be translated and the rate applied per page. These rates may not exceed the most reasonable market rates.

10.8.6 Evaluation

If the project requires some form of evaluation, monitoring and evaluation methods must be developed, as well as tools to assess, on an ongoing basis, the progress of the action in relation to the objectives defined at the beginning and the results. The cost of such work will be regarded as eligible expenditure.

10.8.7 Indirect costs

Indirect expenses (general costs) incurred in connection with the project are eligible on the basis of a fixed flat-rate maximum of 7 % of the total sum of eligible direct expenses. It should be noted that in cases where the estimated budget foresees a percentage of indirect costs of less than 7%, then in the final calculation of the grant this percentage will be applied.

Fixed-rate indirect expenses need not be justified by accounting documents, but the type of costs covered by overheads (general administrative costs) cannot be claimed under any other heading.

Overheads comprise costs connected with:

Infrastructures and the general operation of the organisation, such as:

hiring or depreciation (according to the calculation method under the national legislation of the beneficiary) of buildings and equipment and immovable property, heating, lighting, electricity or other forms of energy, water, rents and maintenance costs, insurance, office supplies (stationery, paper, ink, cartridges, etc.), office furniture, telecommunications (fax, telephone, mailing, internet connection, telecommunication software), postal fees, legal advice etc.

Horizontal services, such as: administration and management fees and cleaning.

11 COMPLETING THE FINAL FINANCIAL STATEMENT

For the preparation and submission of the final financial statement, the use of the final financial report template is compulsory. You are requested to complete all relevant sheets, providing all details and respecting the labelling of each column.

Beneficiaries should always **indicate the date and reference when the invoice has been issued**. The invoice itself should clearly refer to an (part of) activity linked to the action and performed during the action's implementation. Please note that the eligibility of costs does not depend on the date of the invoice, but on the date when the costs were incurred. Invoices can be dated and/or recorded after the end of the implementation period provided they relate to activities carried out during the eligibility period.

Please do not attach copies of supporting documents/invoices to the final financial statement as referred to in the articles – related to the budget headings - above. Supporting documents, further information and clarifications can be requested justifying the incurred costs.

The Commission will contact you if supporting documents are required for the analysis of the financial statement. Supporting documents (invoices or accounting documents of equivalent value under the applicable accounting law) must be available for all costs, since costs which cannot be justified are, as a matter of principle, not to be considered eligible.

The final financial report must also be provided to the Commission in electronic format (in Excel, not as pdf-file), e.g. on a CD-Rom, memory stick or sent by e-mail.

The amount to be indicated in the 'Payment Request' is the amount obtained by applying the reimbursement rate (specified in the grant agreement) to the eligible costs actually incurred/or the maximum grant indicated in the grant agreement *minus* the amount of the pre-financing payment.