



EU4H Annual Work Programme 2024 OPERATING GRANTS

FINANCIAL MANAGEMENT

12th December, 2023

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

(Financial Regulation, 2018/1046. Title VIII – Grants)

- **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 / activity carried out by a given beneficiary

Nature of the grant

- Grant based on actual costs with unit cost elements, calculated over the total eligible costs of the activities with the applicable reimbursement rate
- **Grant = partial reimbursement of eligible costs** that are incurred by the beneficiary in the grant agreement at the fixed reimbursement rate.
 - 60% standard rate
 - 80%, if exceptional utility criteria met
- **“Maximum grant amount”** the maximum amount the Agency will pay as contribution to the eligible costs of the activities – established at grant signature based on the proposal.
- **“Final grant amount”** equals to or is lower than the maximum grant amount. Established at the time of the balance payment and is based on eligible costs declared to the Agency.
- Budget flexibility: **budget maybe adjusted**, without formal amendment, as long as it does not imply any substantive or important change to the description of the action

Eligible costs

General conditions – Cumulative requirements:

- Connected with the activities as described in the technical annex and included in the estimated budget
- Necessary for the implementation of the activities;
- Reasonable and justified – “good housekeeping”;
- Incurred within the duration;
- **Actually incurred (= paid) by the beneficiary of the grant;**
- Identifiable and verifiable, in particular being recorded in the accounting records of beneficiary in accordance with accounting standards and the beneficiary’ accounting practices.

Ineligible costs

- **In-kind contributions from third parties;**
- **Financial support to third parties (grant in a grant)**
- **VAT, when the beneficiary is able to deduct or recover it;**
- **Reckless and excessive expenditures;**
- **Costs declared under another grant.**

Budget categories

Title I. Personnel costs

Title II. General running costs (other than personnel costs)

- a. Equipment
- b. Other goods, works and services

Title III. Costs linked to specific work programme activities (other than personnel costs)

- a. Subcontracting
- b. Travel, accommodation and subsistence allowances (unit costs)
- c. Equipment
- d. Other goods, works and services

Financial support to 3rd parties is **not** eligible

Personnel costs

Allocation of personal costs

- General management & common services (administration, finance, HR, training, documentation etc.)
- Personnel assigned to specific work programme activities

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;

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

Subcontracting

Linked to Title 3 – Specific work programme activities (events, information & publication, studies and research work, consultancy)

- Contracts awarded to cover the execution of an activity / task described in Annex 1 of the grant agreement.
 - Service contracts
 - Invoices (including taxes, charges, travel & subsistence costs)
- Core elements and technical / financial management of the grant 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 applied procedures must be available.

Travel and subsistence

Linked to Title 3 – Specific work programme activities (missions)

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

Unit costs following the Commission Decision C(2021)35 and its amendment of C(2023)4928

Equipment

Linked to Title 2 – General running costs (building, furniture, communication and IT)

Linked to Title 3 – Specific work programme activities (specific equipment and software need for events, studies, research work)

Eligible costs:

- Portion of **equipment's depreciation costs** only, for the period of the grant, 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

Other goods, works and services

Linked to Title 2 – General running costs (Maintenance and support services, banking, insurance, legal, accounting, office supply)

Linked to Title 3 – Specific work programme activities (events, information & publication, studies and research work, consultancy)

- Must be directly linked to and necessary to implement the activities
- 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 activities;
 - Certificates of financial statements;
 - Translations, reproduction of reports;
 - Consumables and supplies
 - Cost of financial guarantee, if applicable.

Financial capacity assessment

- Beneficiaries must demonstrate that they have necessary financial capacity to carry the burden of the grant.
- Analysis of annual accounts (balance sheet / profit & loss account) for the last two closed years before grant signature
- If requested grant > 100.000,00 EUR, audit certificate on the annual accounts or declaration on validity of the accounts must also be submitted
- Actions in case of weak financial capacity:
 - Reduced / no pre-financing payment
 - Pre-financing guarantee

Grant management

Starting date / Duration

- The operating grant covers the beneficiary financial year – up to 12 months;
- Earliest starting date: submission date of the applicant
- No retroactive starting date

Certificates to submit

- At submission of the final report: audit certificate on the financial report submitted – supports the assessment of the financial report to establish the amount of eligible costs.

Payment scheme

- Pre-financing payment after signature of the grant: 50% of maximum EU contribution
- Balance payment at the end of the duration

Supporting documents

- **Call Document – objectives, eligible activities, eligible costs, exceptional utility rules, etc.**
- **Model grant agreement / Annotated grant agreement – available on the F&T portal**
- **HADEA Guidance: Frequently Asked Questions on financial management of grants, presentation on unit costs – available on HADEA website**

Thank you



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