



# Annual Work Programme (AWP) 2023 Info day webinar

**FINANCIAL MANAGEMENT  
OPERATING GRANTS**

*13<sup>th</sup> December, 2022*

**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 = 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.
- **“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.
- The maximum grant amount and the calculation with reimbursement rate represent a **double-ceiling of the grant**.
- The grant is **not allocated** to any specific cost item or cost category. It is calculated over the total eligible costs of the activities with the applicable reimbursement.

## 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
- 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 based on Commission Decision (link in the Call Document).

# 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

# Thank you



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