



Annual Work Programme (AWP) 2022 Info day webinar

**FINANCIAL MANAGEMENT
OPERATING GRANTS**

20th January, 2022

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 / activity carried out by a given beneficiary

Nature of the grant

Budgetary commitment: at the signature of SGA!

- 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.

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

Option for unit costs or actual costs in line with beneficiary's usual practice and rules on travel and subsistence.

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.

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 application: audit certificates on the annual accounts (3 years) of the applicant – support the financial viability assessment of the beneficiary before the signature of the FVA
- 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 SGA: 50% of maximum EU contribution
- Balance payment at the end of the duration

Thank you



© European Union 2020

Unless otherwise noted the reuse of this presentation is authorised under the [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/) license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

Slide xx: [element concerned](#), source: [e.g. Fotolia.com](#); Slide xx: [element concerned](#), source: [e.g. iStock.com](#)

