



EUROPEAN COMMISSION
DIRECTORATE-GENERAL HOME AFFAIRS

Directorate B: Immigration and asylum

Unit B.4 : Financial support - Immigration and asylum

GUIDE FOR APPLICANTS

TO THE

CALL FOR PROPOSALS 2012-2013

Contents

- Section I - Glossary of terms and definitions..... 3
 - 1. Applicant (later co-ordinator) 3
 - 2. Partners (later co-beneficiaries)..... 3
 - 3. Associate partners..... 4
 - 4. Co-financing third parties..... 4
- Section II - Financial aspects of grants 4
 - 1. Financial rules governing grants..... 4
 - 2. Payment Procedures 5
 - 3. Eligibility of costs – what kind of costs will be accepted?..... 5
- Section III - How to use PRIAMOS 6
- Section IV - How to prepare an application 7
 - 1. How to complete the Grant Application Form..... 9
 - 2. How to complete the LogFrame..... 10
 - LogFrame with examples and explanations 12
 - 3. How to complete the Budget Form..... 13
 - 3.1 Columns of the 'Forecast Budget Calculation' sheet..... 14
 - 3.1.1 Budget heading 14
 - 3.1.2 Organisation (Name of beneficiary) 14
 - 3.1.3 Activity..... 15
 - 3.1.4 Description of item..... 15
 - 3.1.5 Unit, Amount per unit in EURO, Number of units..... 15
 - 3.1.6 Additional information 15
 - 3.2 Detailed rules concerning costs and income..... 15
 - 3.2.1. Heading A – Staff 15
 - 3.2.2 Heading B - Travel..... 16
 - 3.2.3 Heading C - Equipment..... 17
 - 3.2.4 Heading D – Consumables..... 18
 - 3.2.5 Heading E - Other direct costs..... 18
 - 3.2.6 Heading F - Indirect costs 19
 - 3.2.7 Heading G - Contributions in kind 20
 - 3.2.8 Headings I and K (Income)..... 20

This Guide for Applicants provides additional information relevant to the Call for Proposals. It is considered as part of the call notice and all information contained herein is applicable. In case of any inconsistency or contradiction, the rules published in the call for proposals take precedence over this document.

Section I - Glossary of terms and definitions

1. Applicant (later co-ordinator)

The applicant is responsible for the project conception and development and for submitting the grant application. Moreover, the applicant will be responsible for the overall management of the project, coordination of tasks, liaison with the Commission and management of the budget. The applicant will be the only point of contact for the Commission and will be responsible for all the communication between the Commission and partners. The applicant will act as the coordinating organisation and, if selected, as the main contracting party that will sign the multi-beneficiary grant agreement after having received all the required powers of attorney from the partners. 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 and it will be responsible for passing funds to co-beneficiaries of the project (partners). The applicant will also be responsible for all the reporting, financial statements and information requested by the Commission.

2. Partners (later co-beneficiaries)

Partners (co-beneficiaries) are organisations and institutions which, in cooperation with the applicant (co-ordinator), participate in designing and implementation of project activities, share the relevant tasks and finance. Both the applicant and the partners form parties to the multi-beneficiary grant agreement and share contractual and financial responsibility towards the Commission for the proper and timely implementation of the project. The costs co-beneficiaries incur are eligible in the same way as those incurred by the co-ordinator. Notwithstanding this, the co-ordinator remains the sole point of contact for the Commission and, as stated above, is responsible for the reporting and for providing the necessary information regarding the project.

To prove their involvement in the project, partners have to sign the partners' declaration form at the stage of submission of the application. If the project is selected, the partners will sign mandates granting power of attorney to the applicant to conclude a grant agreement with the Commission.

The shared operational and financial responsibility for the project also means that the organisations will have to agree on the contractual relation among themselves. This is usually done in the form of a partnership agreement for a specific project. The Commission does not intervene in the content of the partnership agreement between partners and respects different management styles of organisations as long as the provisions are not discriminatory and comply with national legal requirements. It should be noted that in case of discrepancy, the provisions of the grant agreement take precedence over any other agreement between the co-beneficiaries and the co-ordinator.

All partners must be from Member States eligible for financing at the time of submitting the Application.

3. Associate partners

Organisations from candidate countries, non-EU countries or Denmark may only participate as 'associate partners' where this serves the aim of the project. They participate in the project on a no-cost basis. Any cost incurred by such organisation will not be eligible. Thus, associate partners will not appear at all in the budget of the project. Associate partners will sign an associate partner declaration form at the stage of submission of the application but will not be a party to the grant agreement concluded with the Commission. As such, their obligations towards the Commission are not of a contractual nature. Nevertheless, it is the applicant and partners who are responsible for ensuring that the activities of associate partners are implemented as their involvement forms a part of the project proposal and, later on, part of the conditions of the grant agreement.

The participation of organisations from EU member states as associate partners is equally possible (conditions described above apply).

4. Co-financing third parties

If a third party provides financial support for the project, it is considered to be a co-financing third party. Such organisation must sign a co-financing declaration form with the respective amount to prove its contribution. Applicants should make sure that any amount included in the project's budget as third party contribution is supported by a co-financing declaration form.

Section II - Financial aspects of grants

1. Financial rules governing grants

The European Commission's financial contribution may not exceed 90% of the total eligible costs of the action. A minimum of 10% of the total eligible costs must therefore be provided as a contribution either from the applicant organisation and/or partners or from another donor source. Evidence must be provided by applicant and partners that the funding is secured by declaring their contribution in the 'Income' section of the budget. Partners should also submit a partnership declaration demonstrating the amount of co-financing which they intend to provide.

The applicant must submit budget estimates (forecast of budget) in Euro, in which revenue (income) and expenditure (costs) are in balance. Costs budgeted should not include VAT, unless the beneficiary can show that he/she is unable to recover it according to the applicable national legislation.

VAT paid by public bodies is not an eligible cost.

Commission grants are attributed for non-commercial purposes only and projects must be strictly non-profit making; the grant may not have the purpose or effect of producing a profit. Co-financing by the Commission of a project under a programme cannot be combined with any other co-financing by another programme financed by the budget of the European Union.

Contributions in kind are not taken into account in the calculation of the co-funding and are not considered as eligible costs.

The applicant must confirm that he/she has not received, and undertakes he/she will not receive in the future, another grant for the same project from a European Institution. Double financing shall be

considered as a failure of the agreement under the provisions of the relevant articles of the grant agreement. Total recovery of the grants will be carried out in the event of double financing for the same project.

2. Payment Procedures

As a general rule, the co-funding is provided in two instalments: one pre-financing payment and the payment of balance (final payment).

A pre-financing payment up to 70% of the Commission's contribution will be paid within forty-five calendar days of the countersignature of the grant agreement. The Commission may request a financial guarantee covering the amount of the pre-financing payment, which remains in force until the payment of the balance is made.

The balance will be paid once the Commission has accepted the final technical and financial reports.

In no case will the final amount of the grant exceed the maximum amount indicated in the grant agreement. At the time of payment of the balance, the amount granted will be proportionate to the eligible costs of the project and will be reduced proportionally where the total eligible costs turn out to be lower than the total estimated cost. The Commission may also reduce the final amount of the grant to ensure that the total project income does not exceed the total project costs.

Sums due shall be paid within no more than forty-five calendar days for the pre-financing and ninety calendar days for the final payment by the Commission. The ninety-day payment period only applies to valid and complete payment requests, the Commission may suspend the period for payment in case of incomplete reports, or if further information or documentation is requested from the beneficiary.

On expiry of the time-limits for payment, the beneficiaries are entitled to late payment interest. This provision shall not apply to recipients of a grant which are public authorities of the Member States of the Union.

3. Eligibility of costs – what kind of costs will be accepted?

The Commission can finance only those costs which are eligible according to the grant agreement signed between the Commission and beneficiaries. To be considered eligible for funding, costs must be:

- provided for in the estimated budget summary annexed to the grant agreement;
- necessary for implementation of the project covered by the agreement;
- reasonable and justified and in line with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- generated during the period of the project;
- actually incurred by the beneficiary, recorded in his/her accounts in accordance with the applicable accounting principles, and declared in accordance with the requirements of the applicable tax and social legislation;
- identifiable and verifiable

In particular, the following costs are eligible provided that they satisfy the criteria set out in the previous paragraph:

- staff costs, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration;
- travel and subsistence allowances for staff, provided that they are in line with the beneficiary's usual practices on travel costs or do not exceed the scales approved annually by the Commission;
- the purchase cost of equipment (new or second-hand);
- costs of consumables and supplies;
- costs entailed by other contracts awarded by the beneficiary for the purposes of implementing the project;
- costs arising directly from requirements imposed by the agreement (in particular, audit costs), including the costs of any financial services (especially the cost of financial guarantees);
- indirect costs.

The following costs shall not be considered eligible: capital increases and return on capital; debt and debt service charges; provisions; interest owed; provision for doubtful debts; exchange losses; VAT, unless the beneficiary can show that he is unable to recover it; VAT paid by public bodies; costs declared and covered by a specific action receiving a Union grant; excessive or reckless expenditure, expenditure not supported by documentary evidence or incurred outside the performance period.

For a general understanding of financial aspects of grants please refer to the example of a recently concluded standard grant agreement, published together with the documents of this call for proposals.

Section III - How to use PRIAMOS

Applications have to be submitted using DG HOME's electronic on-line application tool: PRIAMOS. PRIAMOS is a system for the submission of proposals by applicants, allowing the applicants to fill in an electronic application form and submit all relevant documents via the Internet.

For complete instructions on how to use the PRIAMOS system, including registration and access to the application forms, please refer to the following webpage:

http://ec.europa.eu/justice/grants/priamos/index_en.htm

Section IV - How to prepare an application

At the time of submission an application, the following forms need to be provided, in line with the requirements listed below. Different annexes need to be clearly identifiable (e.g. Annex4_InfoOrganisations; or Annex5_DeclarationsPartners).

Name of document		Specifications	Requirements on presentation
	Grant Application Form	See specifications below	
Annex 1	LogFrame	See specifications below	
Annex 2	Budget Form	See specifications below	
Annex 3	Financial Statement	<p>Only for the applicant: <u>signed</u> annual financial statements (i.e. profit and loss account <u>and</u> balance sheet <u>and</u> notes) or audit report for the last available year that demonstrates the applicant's financial capacity.</p> <p>For the applicant and/or partners: an audit report produced by an approved external auditor certifying the accounts for the last financial year, in each case where the individual organisation would receive more than EUR 500.000 from the total requested grant (not applicable for universities and public bodies).</p>	No templates are provided for this annex, organisations should submit the requested documents in the available format.
Annex 4	Information on participating organisations	One 'Information on participating organisations' document, containing a duly completed form for the applicant and for each partner.	All participating organisations' forms should be merged in one single document. The order of presentation should follow the order of presentation used in section 1.4 of the Application Form (Presentation of the partnership).
Annex 5	Declarations of Partnership	One 'Declarations of Partnership' document, containing a duly dated and signed declaration per partner and including the amount of co-financing.	All partners' declarations should be merged in one single document. The order of presentation should follow the order of presentation used in section 1.4 of the Application Form (Presentation of the partnership).
Annex 6	Declarations of Associate Partners	If applicable, one 'Declarations of Associate Partners' document, containing a duly dated and signed declaration per associate partner and	All associate partners' declarations should be merged in one single document. The order of

		including the amount of co-financing.	presentation should follow the order of presentation used in section 1.6 of the Application Form (Presentation of associated partners and/or third parties).
Annex 7	Declaration of Co-Financing by Third Party Organisation	If applicable, one 'Declarations of Co-financing Third parties' document, containing a duly dated and signed declaration per co-financing third party and including the amount of co-financing.	All co-financing third parties' declarations should be merged in one single document. The order of presentation should follow the order of presentation used in section 1.6 of the Application Form (Presentation of associated partners and/or third parties).

1. How to complete the Grant Application Form

Point 1.5: Related proposals or projects of the applicant

In this section the applicant organisation (not partners) should list all its recent EU projects or proposals having been awarded a grant, that **are related** to this call for proposals, in particular from the European Fund for the Integration of third-country nationals.

Any project that has been awarded funding from a European Institution, an EU organisation or under Member States' national EU programmes in the last 4 years should be listed. For projects that are being/have already been implemented, please mention the title of the action and the project reference number (if available). Please also provide a link to the webpage of the project, if such webpage exists.

Proposals/projects should be mentioned even if you were not the co-ordinator of that action but participated as a partner.

Point 2.1.1: Project title

Define a title that characterises your action in not more than 10 words. Please avoid specific place names and details that may change.

Point 2.1.3: Acronym/Short title

The acronym is the most frequently used identifier of the action. Please stick to 30 characters maximum.

Point 2.2: Priority covered by the project

Please select at least one priority. Please introduce your specific objective(s) in the appropriate box.

Point 2.3: Description of the issue/challenge that the proposal aims to address

The description should demonstrate your understanding of the context and of the issue/challenge that your proposal is planning to address; including awareness of similar projects that were carried out earlier (if any). Identify an issue/challenge which is relevant and existing.

Point 2.4: Summary of the project

The summary should provide the reader with a clear understanding of the proposal's objective and action, in particular with which activities the objective will be achieved, and what the major outputs and results will be at the end of the project.

If the proposal is selected for co-financing, this summary might be published on DG HOME's website for dissemination purposes.

Point 2.5: Presentation of the expected results

Expected results should be described in terms of outcomes (rather than outputs). Describe the medium and/or long-term impact of the proposed action.

Point 2.6: Plans for dissemination and knowledge transfer

Applicants must illustrate the adequacy of the envisaged strategy and methodology proposed to ensure transferability of results. Dissemination refers to the process of making the results and deliverables of the project available to the stakeholders and a wider audience. A dissemination plan should be elaborated, explaining how the project plans to share outcomes with stakeholders, relevant institutions and organizations. Specifically, the dissemination plan should illustrate what will be disseminated (key message), to whom (audience), why (purpose), how (method) and when (timing).

Point 2.7: Strategy for giving publicity and visibility of the EU funding

Describe how you intend to give publicity and visibility of the EU funding to a broad audience. Note that any communication or publication by the beneficiary about the action, including at a conference or seminar, shall indicate that the action has received funding from the European Union. Any communication or publication by the beneficiary, in any form and medium, shall indicate that sole responsibility lies with the author and that the Commission is not responsible for any use that may be made of the information contained therein. The EU logo, as well as acknowledgement of EU funding should be visible on any communication or publication.

Take particular care in choosing the technologies, consumables and equipment necessary for the production of awareness-raising material. Environmentally-friendly products/technologies should be favoured.

Point 2.8: Definition and involvement of beneficiaries and stakeholders

Describe the stakeholders that you are going to involve and how you will engage them. Estimate the number of beneficiaries who will be affected by the project.

Section 3: Information concerning the financing of the project

Fill this section out only after having completed and finalised your budget form, as the amounts to be mentioned here must correspond to the amounts of the respective budget headings in the 'Budget & Execution Summary' sheet. Afterwards, do not forget to update this section every time you introduce changes in the 'Forecast Budget Calculation' sheet.

2. How to complete the LogFrame

The LogFrame table is a crucial part of an application as it gives a comprehensive overview of the different elements of the project and it contains concise information on results and activities.

The LogFrame will be used as a main document in the evaluation of proposals, therefore it should be filled out with particular care by applicants. In case a proposal is awarded funding, the LogFrame will be used to monitor progress made in the implementation of the action, and it will form integral part of the grant agreement.

The LogFrame should not exceed 6 pages in length.

➤ Overall Objective

In this section a precise description of the project's overall objective and, if possible, indicators should be provided, as well as a definition of target beneficiaries (people directly benefiting from the project).

The overall objective is a general indication of the project's contribution to target groups in terms of its long-term benefit. It should go beyond the immediate results of the action and is based on an extrapolation of the results of the action into the future.

➤ **Priority and specific objectives (as defined in the Call for Proposals)**

The overall objective of an action has to correlate with one or more specific objective(s) of the programme priorities defined in the call for proposals.

➤ **Results and Deliverables**

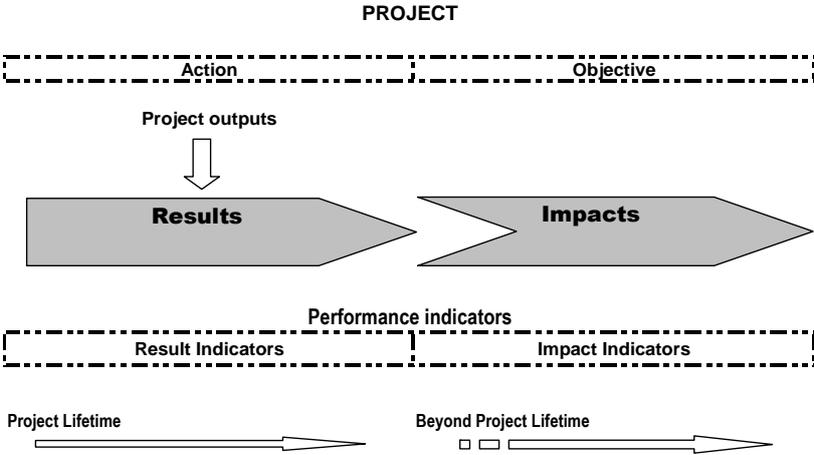
The list of results and deliverables should be accompanied by performance indicators. As an applicant you are requested to formulate your own indicators that will illustrate when/how you consider your project to be successful. Indicators should be SMART (specific – they measure what they are supposed to measure; measurable; available at an acceptable cost; relevant with regard to the objective concerned; and time bound). Several indicators can be given for one particular achievement.

➤ **Risks, assumptions and mitigating actions**

Assumptions are the external factors that may affect the outcome of the action. Risks are negative or critical assumptions. Include realistic risks that are important and that can be mitigated. The assumptions and risks have to be monitored during the implementation of the operation. If the action may be negatively influenced by a risk that will almost certainly materialize, the action should be redesigned or, if that is not possible, not implemented.

➤ **Activities**

When describing activities, please include the location where the action will take place. Where the project is the continuation of a previous activity or project, describe how the project is intended to build on the results of this previous project; as well as any anticipated synergies with, or possible constraints due to other current or planned projects or activities. For each activity include the organisational structure and team that will implement the activity by function (no need to include the names of individuals).



LogFrame with examples and explanations

Title of the Project	Mention the same title as in the application form.			
Overall objective of the project (impact)	This is the overall objective of the project.			
Priority and Specific Objectives (as defined in the Call for Proposals)	Mention the Priority and Specific Objectives (as defined in the call for proposals) to which your proposal responds.			
Results and Deliverables				
Nr.	Result/Deliverable	Objectively Verifiable Indicators (to measure and assess the performance in achieving the project results) Indicators can be quantitative or qualitative.	Sources of Verification	Risks, assumptions and mitigating actions
(1)	E.g.: Training course	E.g.: nr. of persons trained, nr. of persons passing an exam, etc.	E.g.: Lists of attendance, Ministry statistics, etc.	Risks and assumptions that are under your control. Assume full attendance and the risk of reduced attendance. Describe mitigating actions to reduce a risk (if possible). E.g. insurance, extra publicity.
Activities				
Nr	Activities (in chronological order) and methods (who?, where?, how?)		Calendar	
(1)	Describe each activity in chronological order. E.g.: - Collection of statistics (Partner 1), preparation of questionnaire (Partner 2) - Collection data + locations (all partners) - Analysis of data (Co-ordinator) - Compilation of draft report, etc.		(MM/YYYY)	
(2)			Jan/YYYY	
(3)			Feb/YYYY	
(4)			Mar/YYYY, Etc.	
			Pre-conditions: are assumptions that need to be achieved before the project can start. Once pre-conditions are met, the activities can start up.	

3. How to complete the Budget Form

The budget of the proposed action needs to be submitted on the attached 'Budget Form' form. This document is a common platform used for handling financial data at different stages in the life-cycle of a project, and it consists of six worksheets:



At the stage of submitting an application only the following three parts are used: 1.) the 'ID form'; 2.) the 'Partnership' sheet; and 3.) the 'Forecast Budget Calculation' sheet.

As a general rule, only the fields having a white background are to be filled in. Where necessary, some fields are write-protected.

1) *'ID form'*

The information given in this form (such as the title of the project, legal name of the co-ordinator, summary of the action) should correspond to that presented in the Grant Application Form. 'Eligibility period' refers to the planned duration of the action. Banking details should only be provided if it is known which bank account would be used in case the proposal was selected for co-financing.

2) *'Partnership' sheet*

Please fill in the legal name of the co-ordinating organisation and all partners, and their countries of origin (this information should be identical with the one presented in the Grant Application Form).

Note that the wording 'beneficiaries' is used in the sense of 'partnership', and the wording 'co-beneficiary' in the sense of 'partner' in this form.

3) *'Forecast Budget Calculation' sheet*

This sheet consists of two parts:

1.) The top section (up to line 20) presents an **overview of estimated expenditure and income**, thus it is a summary of the information introduced in the second part of the sheet. The 'overview' section is write-protected and will be filled in automatically.

2.) The second part of the sheet is used for a **detailed presentation** of all specific costs necessary for the implementation of the project, as well as the project income (revenue) contributed by the applicant, the partners, the co-financing third parties or other sources. This section should not include the grant requested from the European Commission, as this latter is calculated and filled in automatically in the overview and summary sections of the Budget Form.

Estimated expenditure and revenue of the project should be provided in Euros.

Each cost or income item may be allocated to **only one** organisation, the one that will incur or provide it. For costs, it should be the organisation that will pay for the cost and will include it in its official accounts.

To ease the manipulation of data (copy, paste, insert etc.), this section was intentionally left unprotected. Therefore, you should be very careful not to delete the formula in the column "H"(total) while encoding your data into the table.

The *Subtotal of selected entries* does not show the total cost of the project. It is activated only if you use the filter under a column and it indicates each time the total amount of the filtered/selected entries.

3.1 Columns of the 'Forecast Budget Calculation' sheet

22	Subtotal of selected entries								
	Budget heading	Name of Beneficiary	Activity	Description of item Answer to the questions: Who and/or What ? [e.g.Functions/tasks in the project (Heading A); Estimated destination (Heading B); estimated depreciation (Heading C)	Unit (days, flight, DSA, etc)	Amount per unit in EURO	Number of units	Total EURO	Additional information
23									
24							1,00	0,00	

3.1.1 Budget heading

Column 'Budget heading' refers to the budget headings listed in the 'overview' section of the sheet. Every cost or income should be classified in one of the following categories, by choosing from the drop-down list in each line (otherwise, the corresponding cell will turn red signalling that the budget heading is missing).

Costs (direct and indirect)	Heading A	Staff
	Heading B	Travel
	Heading C	Equipment
	Heading D	Consumables
	Heading E	Other Direct Costs
	Heading F	Indirect Costs
	Heading G	Contribution in kind
Income	Heading I	Other contribution
	Heading K	Contribution from the applicant and partners

For more detailed information on the classification and the description of costs and income please consult point 3.2 'Detailed rules concerning costs and income' of this section of the Guide.

3.1.2 Organisation (Name of beneficiary)

In this column you should allocate entries to respective organisations.

Each cost may be allocated to only one organisation, the one that will incur the cost. It may be either the applicant or one of the partners.

For each source of income, the relevant organisation should be allocated (applicant, partner or co-financing third party). Please find more specific information on declaring income from co-financing third parties below in the income section.

3.1.3 Activity

The column 'Activity' should indicate the relevant activity to which each cost is linked. The description of activities should correspond to the ones indicated in the project LogFrame.

Coordination and management costs, as well as costs that are linked to the general implementation of the project (rather than to a specific activity) should be labelled 'horizontal'.

For indirect costs this column does not need to be filled out.

3.1.4 Description of item

In the column 'Description of item' you should provide a break-down of costs describing each of them concretely. The Budget aims at providing clear financial information, and this column should therefore not be filled out referring vaguely to activities (e.g. travel), but each entry should be a very specific cost (e.g. air travel of Ms. XY, coordinator, to 1st transnational meeting, London-Berlin). If depreciation applies, in this column you should also provide the total value of an item so that the calculation of the depreciated value can be verified.

3.1.5 Unit, Amount per unit in EURO, Number of units

In these columns, you should present a detailed calculation of the costs with reference to the appropriate unit.

3.1.6 Additional information

This column allows you to insert any further specific information or explanation that would complement the information provided in the description of the item.

3.2 Detailed rules concerning costs and income

3.2.1. Heading A – Staff

Staff costs shall be charged in respect of the actual time devoted to the project. They shall be calculated on the basis of the actual gross salary or wages plus obligatory social charges and any other statutory costs included in the remuneration. The time, which each employee spends working on the project, shall be recorded using timesheets or an equivalent time registration system established and certified by the employer.

The eligible cost shall be equal to the actual payment made to the individual concerned in relation to the project.

3.2.2 Heading B - Travel

Under this heading you should list travel and subsistence expenses for project staff only. Travel costs and/or subsistence allowances of persons other than project staff (such as conference participants or speakers) should be introduced under heading E – Other direct costs.

Only travel and subsistence costs directly linked to the project and relating to specific and clearly identifiable activities are eligible for EU funding. Any travel to places other than those where the members of the partnership are located must be shown to be relevant to the project.

Travels outside the European Union are subject to a prior written authorisation by the Commission. This authorisation shall be related to the objectives of the mission, its costs and the reasons therefore.

Allowable travel costs under the agreement will be the real travel costs. It is required to use the cheapest means of travel, and to make every effort to use the most economical fare.

Expenses for airplane tickets within the EU should be kept to a minimum and should not exceed € 750 for the longest round trips unless justified explanation is provided and approved by the Commission in the budget estimate.

Expenses for car travel, where substantiated and where the price is not excessive, will be refunded as follows:

1. For private vehicles: on the basis of the declaration with a maximum corresponding to a 1st class rail fare (only the price of one ticket will be reimbursed, regardless of the number of people travelling in the same vehicle);
2. For hired cars (maximum category B or equivalent) or taxis: the actual cost where this is not excessive compared with other means of transportation.

The Daily Subsistence Allowances (DSA) for staff taking part in the action shall be calculated on the basis of daily allowances or real costs. They should be in line with the beneficiary's usual practices on travel costs.

Subsistence costs (comprising the cost of accommodation, breakfast, 2 daily meals and all other expenses such as taxis, local travel, cost of communications, including fax and internet, and all other sundries) may be co-financed by the project, provided that:

1. They are reasonable in light of local prices;
2. They are calculated in accordance with the partner organisations' internal rules, which may be based on the real cost or the daily allowance.

The subsistence costs should not go over the daily allowance or per diem per person set and applied by the organisation to which the person travelling belongs; or the total maximum daily allowance per person available on the website:

http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm

If meals or others expenses are provided for, the daily allowance should be reduced accordingly.

3.2.3 Heading C - Equipment

a.) Equipment (new or second hand)

Any equipment worth more than €500 bought specifically for the project, must be detailed in the initial budget and include a justification of why it is necessary for the project. The purchase and charge of equipment must respect the following rules:

- No equipment can be charged if it has been purchased from and fully charged to previous Commission funding;
- Compare the prices of different suppliers to see who offers the best value for money (taking into account price and quality);
- Charge against the project only the cost of equipment purchased during the project period, at a rate that reflects the degree and duration of use within that period if the equipment is worth more than €2000;
- Equipment worth less than €2000 may be fully charged or at depreciation rates in accordance with the accounting rules of the organisation. The period of depreciation is usually considered to be three years for IT equipment.
- The remaining depreciation of equipment purchased before the project start date can be charged provided it is still within the depreciation period (3 years usually) and only the amount corresponding to the period of the project.
- The equipment purchased must be then itemised in the organisation in which it is installed and bear an inventory number.
- All equipment must be purchased in the first six months of the project, unless duly justified.

When filling out Equipment costs in the Budget, you should indicate the kind of equipment to be purchased and the full price of purchase, date of purchase if purchased previously and the method used to charge the costs (full cost or depreciation).

***Example of calculation under EU depreciation rules:**

Total value of equipment purchase: € 1 000.

Assumed service life: three years (36 months).

Permissible monthly depreciation will then be $\text{€ } 1\,000/36 = \text{€ } 27.78$.

Duration of the agreement: from 1/09/2007 to 31/08/2009, i.e. 24 months.

Date of purchase (= date of invoice): 30/03/2008

The period of use for the project will then be not more than 17 months.

Supposing the equipment is used on a half-time basis for the project, the utilisation rate will be 50%.

The total amount payable for depreciation under the grant will then be: $(27.78 \times 17) \times 0.5 = \text{€ } 236.13$.

b.) Land and immovable property

Costs of purchase of land and immovable property are not eligible. Renting of premises may only be included if it is directly linked to the implementation of the project (for example, renting of a room

for an info-point), such a cost can be accepted as a direct cost. It will have to be documented by a specific rental contract/lease within the project duration. When filling out costs for land and immovable property in the budget, you should indicate the duration of the rent (in months/days) and use the respective unit to calculate the cost. The direct link to the project implementation should also be presented.

3.2.4 Heading D – Consumables

The costs of consumables and supplies are eligible, provided that they are identifiable, directly linked to the action and exclusively used for the purpose of the project. They must be identifiable as such in the accounts of the beneficiary.

General office supplies (pens, paper, folders, ink cartridges, electricity supply, telephone and postal services, Internet connection time, computer software, etc.) may not be charged as direct costs unless it can be proven they were purchased exclusively for use in the project.

3.2.5 Heading E - Other direct costs

a.) Publications and dissemination

In order to be eligible for EU funding, publications must be produced specifically for the project. The type of publication, the number of pages and the number of copies should be indicated to the extent possible. Separate entries should be included for translations (languages that you are translating from and into), costs of editing and printing, etc. In case activities related to publication and dissemination are subcontracted, the subcontracting rules mentioned below are applicable.

A copy of all publications and dissemination material must be provided to the Commission at the latest at the time of the final report.

b.) Conferences and seminars

Specific costs relating to conferences and seminars organised as part of the implementation of the project should be included under this heading. This should not include travelling and subsistence allowances for project staff (to be included under Heading B). Detailed calculations for the relevant costs should be provided, e.g. for renting a room, indicate the number of participants and number of days/hours; the cost for interpretation should be calculated per interpreter per day; costs that are budgeted 'per participant' (e.g., meals offered) should not include persons receiving 'subsistence allowance' for the same event.

In case activities related to conferences and seminars are subcontracted, the subcontracting rules mentioned below are applicable.

c.) Costs not falling into any of above categories

Costs not falling into any of the above categories may be claimed under this category provided they are considered necessary for the proper performance of the work specified in the agreement. Typical expenses under this heading include:

- Charges for financial services (fees for bank guarantee, charges for bank transactions); the insurance premium against risk of exchange rate losses is excluded;

- Costs of services relating to eligible costs;
- Other costs stemming from obligations under the grant agreement which are not budgeted for under another budget heading (reports, translations, audit certificates, etc.).

d.) Subcontracting rules

For any external contract for the purposes of carrying out the action, the beneficiary shall award a contract offering best value for money. For contracts exceeding EUR 5 000, the beneficiary shall also seek competitive tenders from potential contractors in order to prove that the bid offering best value for money was chosen. In doing so, they will observe the principles of transparency and equal treatment of potential contractors and take care to avoid any conflict of interests. These costs should not appear under item A- *Staff*.

It is not permissible to subcontract all project activities, as this would distort the concept of the partnership. For this reason, the co-ordinator may not subcontract the management and general administration of the project and the co-beneficiaries may not subcontract all or most of the activities for which they are responsible.

Typically, a subcontracting agreement should include the following terms:

- Service to be provided and its links with the project (it is advisable to include a reference to the project);
- Dates on which the agreement begins and ends;
- Price to be paid (breakdown and description of the costs);
- Work schedule/completion phases;
- Payment arrangements (one or more advance payments, staggered payments, etc.);
- Clauses in respect of non-performance or late completion.

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 agreement. Thus, the beneficiary will retain sole responsibility 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 agreement.

Unless otherwise specified in the provisional budget, the subcontracting costs are to be declared under the budget heading relevant for the subcontracted action (for instance, translations and interpreting for a conference under 'Item E – Other direct costs').

3.2.6 Heading F - Indirect costs

Indirect costs are costs which relate to categories of expenditure that are not identifiable as specific direct costs.

Flat-rate funding in respect of indirect costs (up to the percentage foreseen in the grant agreement with a maximum 7% of total eligible direct costs) does not need to be supported by accounting documents in the implementation phase of the project.

Organisations receiving an operating grant from the EU budget cannot include indirect costs in their budget for an action grant.

Indirect costs should be included in the list of costs. If they are split among the partners, a specific entry should be added for each partner. The amount should be calculated as a lump sum. The sum of all indirect costs cannot exceed a maximum of 7% of the Total Direct Costs (cost categories A+B+C+D+E).

3.2.7 Heading G - Contributions in kind

Contributions in kind are non-cash inputs from third parties, e.g. a local community 'lends' a venue for a seminar, or a consultant 'donates' his time to a project.

Contributions in kind shall not constitute eligible costs used for the calculation of the EU grant; they will only be taken into account by the Commission when assessing the "cost-efficiency" of the project.

3.2.8 Headings I and K (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, partners or co-financing third parties. Separate entries should be included for each source of co-financing (applicant, each partner, each co-financing third party). The contribution from applicant and partners can be made up of staff costs.

In column 'Budget Heading', you should introduce *reference K* for financial contribution provided by the applicant and/or partners; and *reference I* for other contributions from third parties and project related income (i.e. direct revenues from the project). In column 'Organisation/Name of beneficiary' mention the respective organisation; and in column 'Activity' only mention 'income'.

The amount should be entered as a lump sum (number of units should be 1) and it should be copied from the respective partner declaration or the co-financing declaration form. The amount of co-financing from the applicant will only appear in this sheet.