DAPHNE III PROGRAMME (2007-2013)

Action Grants for specific transnational projects

Call for proposals: JLS/2009-2010/DAP/AG

PROJECT MANAGEMENT

GUIDE
This document provides the beneficiary organisations of the funding programme with operational, administrative and financial management guidelines.

For outstanding questions, project coordinators are invited to contact the Programme Helpdesk at:

JUST-DAPHNE@ec.europa.eu
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1. LEGAL AND ADMINISTRATIVE MANAGEMENT

1.1. Legal framework

Projects shall be carried out in accordance with, in order of precedence:

- The grant agreement concluded between beneficiaries of the grant and the European Commission, including its annexes, i.e.: the detailed project description of the action and the estimated budget of the action;
- The call for proposals and related guide for submitting a grant application;
- These project management guidelines.

1.2. Roles and obligations of the parties to the agreement

1.2.1. The coordinator

The coordinator is the organisation with which the grant agreement is signed and is entirely responsible to the Commission for the implementation of the project, the dissemination of the project results and for the overall management of the project. This organisation is the single point of contact and only correspondent for the Commission. Moreover, the coordinator is in charge of reporting directly to the Commission on the technical progress and financial aspects of the project.

The coordinator alone is entitled to receive funds from the Commission directly and is obliged to distribute the amounts corresponding to the project partners' (co-beneficiaries) participation in the project as specified in Article I.7.3 of the grant agreement.

Whenever a co-beneficiary reduces its financial contribution, the coordinator, in agreement with its co-beneficiaries, will have to find the necessary resources to ensure correct implementation of the project. In no case shall the Commission increase its contribution or the rate of co-financing.

1.2.2. The co-beneficiary(ies)

The co-beneficiaries are exclusively those organisations identified as such in the grant agreement concluded with the Commission; they are recipients of funding and are committed to the project implementation in the same way as the coordinator. In particular, they should provide the coordinator as soon as possible with whatever documents or information (technical and financial) requested. They should also immediately inform the coordinator of any events that may affect the implementation of the project.

In addition to the signing of the mandates, which are part of the agreement, the coordinator and co-beneficiaries may wish to formalise their partnership by signing bilateral/multilateral agreement(s). These could further detail any rights and obligations of the parties in the project as well as clarify issues like intellectual property rights on the outputs of the project. The Commission does not interfere in these agreements, however it should be noted that the
provisions of the grant agreement, including the mandates, shall take precedence over any other agreement between the coordinator and the co-beneficiaries.

The co-beneficiaries do not report directly to the Commission on the technical and financial progress unless explicitly requested to do so by the Commission. However, according to the provisions of the Grant Agreement the beneficiaries (co-ordinator and co-beneficiaries) are irrevocably and unconditionally, jointly and severally responsible for any amount due to the Commission by one of them which could not be honoured by the latter.¹

1.2.3. **The European Commission**

**Control**

The Commission is responsible for implementing the Daphne programme and its budget while ensuring the interests and reputation of the European Commission and the European Union. Therefore, the Commission has an important role of supervision and control of the selected projects.

To this effect the Commission will monitor projects, will ensure that beneficiaries submit technical and financial reports and will carry out financial control if necessary by means of sample checks, on-the-spot checks etc.

The Commission shall ensure that the amount of its financial contribution granted for a project is reduced (recovered) if it finds irregularities, including non-compliance with the provisions of the agreement or with other aspects of the legal framework, or if it transpires that the action has been subjected to a change without the Commission’s approval having being sought.

Finally, preventive measures shall be put in place against fraud, corruption and any other illegal activities and, if irregularities are detected, effective, proportional and dissuasive penalties shall be applied.

**Support**

The primary aim of the Commission remains the success of the projects. The Commission is determined to assist the coordinator and co-beneficiaries in running the project as smoothly as possible to the fullest satisfaction of all parties involved.

While the Commission will have a "hands-off" approach to the daily management of the project, it is our aim to give an advice and answer questions regarding the agreement and how in the best possible way to comply with its incumbent obligations and how to avoid falling short of its requirements.

A dedicated programme team is available for all your queries. The name of the project officer responsible for your project is communicated to you at the beginning of your project. All queries should be addressed directly to him/her per e-mail or telephone.

All correspondence, including transmission of reports, must bear the name of the funding programme, the project reference number (number indicated in the Grant Agreement) and the project title.

¹ Associate partners do not receive any funding under the grant agreement and are not bound by the terms of the agreement.
All official correspondence, including the transmission of reports, must be sent to the attention of:

Mr Renatas Mazeika; Head of Unit;
DG Justice/ Unit A4
European Commission
Office MO59 04/21
B-1049 Brussels

An electronic copy of the reports should also be sent to the functional Daphne mailbox: 
JUST-DAPHNE@ec.europa.eu

1.3.   Project implementation

1.3.1.   Management style

Each organisation has its own management culture that the Commission respects. However, it should not be discriminatory or otherwise contrary to the principles and values of the funding programme or provisions of law.

The Commission strongly encourages participatory decision-making processes, as well as the active involvement of co-beneficiaries and other stakeholders in the implementation of the project. These approaches promote both ‘ownership’ of the project and identification with its aims, which greatly contribute to the sustainability of project results and to maximising their impact.

1.3.2.   European added value

The funding programme can only fund projects that have a European ‘added value’. This does not simply mean that projects must be implemented by a partnership of organisations from at least two different European countries, but rather that activities must transcend national or local interests to become truly ‘European’ with European relevance, coverage and impact. For example, projects might collect data and produce research that is relevant and comparative across EU borders; conceive, test and trial and apply new methods in different participating countries; propose ways to adapt and replicate successful experiences in other European countries; exchange and disseminate information at a European level contributing to building the European knowledge base.

1.3.3.   Commission visibility

Projects co-funded by the Commission are expected to give appropriate visibility to the European Commission / the Daphne programme. Any communication or publication by the beneficiaries collectively or by any one of the beneficiaries individually about the activities of the project, including through websites, in print, at conferences or seminars, shall indicate that the project has received funding from Commission / the Daphne Programme. In the absence of such indication the costs related to this activity will be considered not eligible.

Please find below some guidelines to be followed:

(a)   Logo. Commission visibility is most easily given through the use of the EU emblem and/or the Daphne Programme logo. Using the logo not only acknowledges the Commission’s
contribution, but also helps other organisations to be aware of the funding Programme and encourages them to participate in it and benefit from results already obtained.

When using the EU and/or programme logos, you should also acknowledge the financial support of the relevant funding Programme by stating next to the logo "With financial support from the Daphne III Programme of the European Union".

(b) **Programme name.** The Commission expects you to recognize its financial support to the project, but not to confuse your project with the funding programme itself. Thus, to avoid potential confusion with the Daphne programme and its related websites and contact details, you should not officially use the programme name in your project title, project publications, project website or project's e-mail addresses (such as "the Daphne Project").

(c) **Disclaimer.** All publications have to include the following clearly visible disclaimer:

> "This publication has been produced with the financial support of the Daphne III Programme of the European Commission. The contents of this publication are the sole responsibility of <name of the author/contractor/implementing partner> and can in no way be taken to reflect the views of the European Commission."

1.4. **Expected results and impact**

The obligation to adhere to the project description applies to all activities to be carried out, to the expected results and the objectives pursued. Emphasis must be maintained, however, on achieving the expected results and meeting objectives rather than on mere implementation of the activities of the agreement. If, for any reason, a proposed activity can no longer deliver the expected result or if the result has already been achieved, then that activity should not be implemented and the project could be ended for that reason. If a change can improve the effectiveness or the efficiency of the project, it can be proposed to the Commission.

In such cases, a formal request must be sent to the Commission, with a clear explanation of why the modification is appropriate, necessary and desirable. A positive acknowledgment must be received from the Commission before the changes are implemented (see below).

It is important to keep in mind that, in the end, the project will only have contributed to the aims of the Programme if there is a real, measurable and positive impact on the beneficiaries (and target groups).

1.5. **Progress Report**

The aim of Progress Report is to inform the Commission on the ongoing issues of the project implementation. Including challenges, problems, need for changes etc. It allows both the Commission and the co-beneficiaries to undertake any necessary action in order to ensure the efficient implementation of the project.

The template(s) for the submission of the progress report will be available on the Commission website. The progress report must be submitted both in hard copy and electronic version and must be sent to the Commission to the address indicated above (under 1.2.3).

The deadline for the submission of the progress reports depends on the duration of the project: for 12-month projects the progress report must reach the Commission no later than six months
after the starting date of project, for 24-month projects the progress report must reach the Commission no later than nine months after the starting date of project.

In case the Commission needs additional information or clarifications on the basis of the progress report, the coordinator of the project will be directly contacted by the project officer. The Commission can on a case by case basis request a financial statement showing the costs incurred as from the starting of the action until the day of the submission of the progress report.

1.6. Final Report (narrative on project implementation)

The primary aim of the Final Report is to allow the Commission to ensure that the project has been performed according to what was agreed in the grant agreement, but it is also intended to be a resource to future project planners and to the Commission itself. The report should include any lessons drawn from both the implementation of the project and its results and output. Please remember that the Final Report may be published on the Programme website for the purpose of dissemination. For this reason, it should be easily readable and understandable by people from all walks of life and should aim at providing useful information that will:

- help them understand the project, its aims and methodology;
- share with them the results, including lessons learnt, successes and obstacles (and how these were or were not overcome);
- guide them to making further use of the project’s lessons if they so wish, i.e. by informing them of contact details, materials available, etc.

The Commission will provide the template of the Final Report and necessary instructions. The Coordinators should follow this closely since the reports are widely used by the Commission and so should be comparable.

In the Final Report beneficiaries should respond to the questions of the report in a concise and accurate manner. Writing more than is necessary to sum up the project does not facilitate understanding of its success and annexes that do not contribute to the report (for example, copies of only vaguely project-related speeches made at conferences) can lead to the report not being used by others. Thus, you should include in the Final Report only the information requested by the Commission, but at the same time you should ensure that all useful project related information is properly posted on project websites or made available in other forms to those who can use them.

Coordinators should provide together with the Final Report to the Commission, all relevant publications and materials resulting from the project. This comprises the publications (reports, manuals, surveys etc.), CD-ROMs, DVDs and other documents and materials produced within the framework of the project. Where courses, seminars or study visits are concerned, signed attendance lists, agendas, results of the evaluations made by the participants and copies of the conclusions or proceedings should also be submitted.

The co-ordinator must provide a summary in English of maximum two pages explaining the objectives, context, beneficiaries, target groups and achievements of the project (to be used by the Commission for information and dissemination purposes).

The Final Report must be submitted both in hard copy and electronic version and must be sent to the Commission to the address indicated above (under 1.2.3). It is foreseen that
submissions of reports will be through the PRIAMOS system that applicants used to apply for the grants. Should this function go-live during the life-cycle of the projects, all co-ordinators will be informed directly.

The Final Report must reach the Commission no later than two months after the date of project completion indicated in the grant agreement.

Without prejudice to the final payment rules referred to in chapter 2.4, the Commission has 90 days to approve the Final Report and execute the final payment. The period for approval of the final report may be suspended until the Commission has received the complete and correct information requested.

1.7. Changes to the project after signing of grant agreement

The grant agreement has two annexes – (1) a description of the project and (2) an estimated budget for the project that must be respected. In principal, the coordinator and the co-beneficiaries must implement the project as stipulated by both annexes. Modifications of the project can only be made if they are justified and will ensure a better implementation of the project. Any significant modification of the project requires the amendment of the agreement subject to the formalities described below².

Any request for modification of the project must be addressed to the Commission by the coordinator's legal representative by official communication and in good time before the changes would take effect. No modification of the project will be accepted within the final month of the project. Any modification of the project must be duly justified by the coordinator. The coordinator should elaborate on the management and financial implications of the modification proposed.

The Commission will examine the request for modification of the project and will inform the beneficiary by e-mail or in writing whether the modification is accepted or rejected. Where necessary, a written amendment to the agreement to be signed by both parties will be issued. No verbal agreement may bind the parties to this effect. Changes that would fundamentally alter the overall objectives of the project and therefore would call into question the decision of awarding the grant will not be accepted.

Below you may find a non-exhaustive list of possible modifications to the project and a list of documents that should be submitted for the justification of the change. After a review of these documents the Commission may request additional documents or clarifications:

<table>
<thead>
<tr>
<th>TYPE OF CHANGE</th>
<th>NECESSARY DOCUMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative changes</td>
<td></td>
</tr>
<tr>
<td>Change in legal address</td>
<td>Letter from the local authorities showing the change in address</td>
</tr>
<tr>
<td>Change in contact address</td>
<td>An email or letter stating the new contact address</td>
</tr>
<tr>
<td>Change in bank account</td>
<td>Completed Financial identification form signed by the bank or annexed with a bank</td>
</tr>
</tbody>
</table>

² Unauthorised changes may prompt the Commission to terminate the grant agreement and request reimbursement of payments already made.
<table>
<thead>
<tr>
<th>Statement</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any statutory change to the beneficiary or partners, including mergers and takeover</td>
<td>Certificate from the local competent body demonstrating the change. In case of merge or take over, this certificate must guarantee that all assets and liabilities of the former organisation are transferred to the new entity.</td>
</tr>
<tr>
<td>Change of legal representative</td>
<td>Decision of the organisation proving the change of the legal representative.</td>
</tr>
<tr>
<td>Addition to, withdrawal from or replacement of one or several partners to the activity</td>
<td>New mandate, new partner declaration form signed by the legal representative of the new partner, legal entity form accompanied by the appropriate annexes.</td>
</tr>
<tr>
<td>* change possible only if it does not alter the nature and transnational character of the project</td>
<td>Updated budget (annex II to the grant agreement).</td>
</tr>
</tbody>
</table>

**Changes in the project activities**

| Change in project duration due to unforeseen delays or developments | Detailed explanation for the extension requested and if necessary an updated budget (annex II to the grant agreement). |
| Change in the project activity – changes in the description of the project | Detailed explanation for the change in activities and the updated project description (annex I to the grant agreement). |
| * change possible only if it is justified and will ensure a better implementation | |
| Changes in the location of activities foreseen in the proposal and in their related costs. | Explanation for the change in the location and if necessary an updated budget (annex II to the grant agreement). |

**Changes in the forecast budget**

| Any change between one budget item (A, B, C, D, E) to another in particular were it implies a change of over 10% in the amount of the new budget item | Updated budget, accompanied by an explanation for the changes. |
| Addition of unforeseen costs that are necessary for the implementation of the project and have substantial impact on the budget | |
| Changes resulting from a change in the foreseen activities | |

The Commission will inform the coordinator on whether the changes are accepted or not. If warranted, the Commission will prepare the necessary amendments to the agreement.
2. **FINANCIAL MANAGEMENT**

**VERY IMPORTANT**
The present section must be read together with the call for proposals and the guide for submitting a grant application.

### 2.1. General rules

The amount of the grant foreseen in the agreement is a maximum amount. The final amount of the grant may be lower and is determined by applying the percentage indicated in the grant agreement to the eligible costs (see below).

The Commission co-finance[s] the project as a whole. Therefore all expenses and all incomes related to the project have to be reported in the financial statement (not only those covered by the Union grant).

The Commission reserves the right to suspend or reduce the payment of the outstanding balance or even to require reimbursement of pre-financing amount already paid if the actions carried out do not conform to the Commission's rules (see I.1. Legal framework) or if the total eligible costs are not sufficient to justify the pre-financing payment.

The final amount of EU contribution may be further reduced to limit the grant to the amount necessary to balance total incomes and total expenditures.

Beneficiaries should bear in mind that only expenses incurred between the starting and the closing date of the project can be considered eligible (see also below the rule concerning eligible expenditure).

### 2.2. Accounting system/internal control

The project coordinator and co-beneficiaries must set up an analytical accounting system or an adequate internal system that makes it possible to identify:

- Sources of project funding;
- Project expenditure incurred during the contractual period.

All transactions in the project implementation period relating to actual expenditure/income under the project must be recorded systematically in the beneficiary(ie)'s accounts, using a numbering system specific to each European project.

The coordinator must keep these accounting records as well as all proofs of expenditure (invoices, receipts etc) for at least five years after the date of payment of the final balance.

### 2.3. Bank account

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

- In the name of the coordinator/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.
2.4. Final payment

The final payment is made on the basis of the final request for payment (or cost claim) (dated and signed by the legal representative of the coordinator). The final request for payment shall be sent together with the final report (see chapter I.6) and shall be accompanied by:

(1) A Final financial statement that must be completed on the spreadsheet template provided by the Commission, dated and signed by the legal representative of the coordinator. This excel file must also be sent by email via functional mailbox to the attention of the project officer at the Commission. The co-ordinator and the co-beneficiaries themselves shall ensure that the financial documents submitted to the Commission comply with the financial provisions of the agreement, that the costs declared are the actual costs and that all receipts have been declared. If an external audit of the action's accounts is required this will have to follow the requirements set by the Commission.

(2) VAT certificate(s) in the case the coordinator or co-beneficiary reports VAT as an eligible cost. This certificate(s) must be issued by the national tax authority of the beneficiary who has incurred the cost. This certificate must confirm that the beneficiary in question cannot recuperate VAT;

(3) If the funds paid to this account yield interest, such interest shall, if generated by pre-financing payments, be declared with the final statement. The amount of earned interest will be deducted from the final payment amount.

The Commission must approve or reject the financial statements and to execute the final payment or recover funds within 90 days from the date of the request for final payment, except in cases mentioned in chapter 2.5.

2.5. Final financial statement

The coordinator is responsible to collect, control and consolidate all expenses incurred and all incomes received which are related to the project and to correctly present them in the financial statements.

As stated in the grant agreement, the coordinator must submit the final financial statement in euro. If project costs have been incurred and paid in any other currency than the euro, the conversion of actual costs into euro must be made by the coordinator. For this purpose the monthly accounting rate established by the Commission and published on its website [http://ec.europa.eu/budget/inforeuro/index.cfm](http://ec.europa.eu/budget/inforeuro/index.cfm) must be applied for the month in which the declared actual costs were incurred by the coordinator and/or by the co-beneficiaries.

The Commission may request supporting documents (some or all), such as invoices, contracts of employment, pay slips, receipts, purchase order, etc that the coordinator has used to compile the statement of expenses (including those of co-beneficiaries). Only copies of supporting documents should be sent to the Commission. All original documents must be kept by the coordinator or co-beneficiaries during five years from the date of final payment. The detailed list of the supporting documents, which may be requested by the Commission, is provided in the annex.

If the Commission requests such documents, the period for approval of the final payment is suspended until the Commission has received the complete and correct information requested.
2.6. **Rules concerning eligible expenditure**

To be considered eligible the costs must satisfy the following criteria:

- They must be directly connected with the activity of the project and they must be provided for in the estimated budget. It implies that the link between costs indicated in the final financial statement of expenses and the narrative technical report must be clear and understandable. The coordinator is invited to be as clear and precise as possible when describing project costs and related activities. Incurred costs, which were not foreseen in the estimated budget, must be substantiated.

- They must be reasonable and justified and they must be in accordance with the principles of sound financial management, in particular in terms of value for money and cost effectiveness. In other terms, discrepancies between budgeted and actual costs should be explained.

- They must be generated during the lifetime of the action indicated in the grant agreement. It means that only expenditure incurred after the starting date of the action and before the date of completion of the action is eligible. If an invoice, receipt, pay slip etc. is dated after this period, the beneficiary must prove that the order (for a purchase, or service) was drawn up during the contracted period of the activity. This can only apply to certain supplies, translation and publication costs. Staff costs, travel and subsistence expenses must have been incurred during the activity period.

- They must be incurred by the beneficiary (coordinator) or his partners (co-beneficiaries) and recorded in their accounts or tax documents and they must be identifiable and verifiable. Expenses incurred by third parties (co-financier, sponsor, subcontractor, etc) are not eligible. Furthermore, costs declared in the statement of expenses, which cannot be supported by an appropriate accounting document, will not be considered eligible.

- They must be incurred in one of the EU Member States or the EFTA/EEA states (Norway, Lichtenstein, Iceland).

- The costs have to be declared under the same budget item (A, B, C, D, E) as they were foreseen in the forecast budget.

2.7. **Eligible direct costs**

2.7.1. **A - Staff Costs**

Personnel costs shall be charged in respect of the actual time devoted to the project.

Staff costs 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.

When a staff member works full-time for the organisation, but is allocated only **part-time to the project**, only the equivalent part of his/her salary is an eligible cost for the project. This amount cannot exceed the daily/hourly gross cost to the employer\(^3\) multiplied by the number of days/hours worked for the project. In these cases 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.

\(^3\) These rates should correspond to the beneficiary's normal policy on remuneration.
Salary (fees) of **non-permanent staff** (staff specifically recruited for the project) may be charged to this category if the individual concerned works for the coordinator or co-beneficiary with a contract explicitly linking the person to the project provided that such practice complies with the relevant national legislation. The contract should make specific reference to the project and indicate the tasks of the employee, the duration of the employment, the time allocated to the project and the relevant remuneration rate (monthly/daily/hourly). Time spent on the project shall be recorded on a regular basis using timesheets or an equivalent time registration system established and certified regularly by the employer. The eligible cost shall be equal the actual payment made to the individual concerned in relation to the project.

**Civil servants**' salary costs may be funded only to the extent that they relate to the cost of project implementation activities that the relevant public organization would not have carried out, had the project concerned not been undertaken. The staff in question must be specifically seconded to the project and they must represent an additional cost. The specific cases for which the civil servants' salary represents an eligible cost for the project are detailed in the annex.

If the additional costs conditions cannot be demonstrate by relevant justifying documents, they will have to be covered by the public organization own contribution and will not exceed it.

### 2.7.2. B - Travel

Only **travel costs** directly linked to the project and relating to specific and clearly identifiable actions are eligible for Union funding. Any travel to places other than those where the members of the partners are located must be shown to be relevant to the project. Travel costs should be in line with the beneficiary's usual practices on travel costs.

Beneficiaries are required to use the cheapest means of travel, and every effort should be made to use the most economical fare.

In principle, the travel costs for people coming from non EU countries are not eligible, unless they are incurred in one of the EU Member States or EFTA/EEA countries (Norway, Lichtenstein, Iceland).

**Costs for subsistence** (accommodation, meals, local travel within the place of mission and sundry expenses) are eligible up to the actual amount spent. It is thus very important to keep all supporting documents (see annex), which might be requested by the Commission before making the final payment. To be considered eligible these costs must be reasonable in the light of local prices and exclusively linked to the project.

The system of per diem for reimbursement of subsistence costs can be used only if it can be demonstrated that such a system was officially in place before the grant is awarded. In this case the amount of per diem should follow the normal practice of the organisation and the limit per country set in the Commission’s guide can be exceeded.

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4 [http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)
Payment in cash of such a per diem is to be avoided (bank transfer must be favoured) unless it can be demonstrated through justifying accounting documents that such a payment is recorded in the official accounts of the beneficiary.

NOTE: costs already covered by subsistence allowance (e.g meals offered or taken in common) cannot be individually reported unless such costs are deducted from these subsistence allowances.

2.7.3.  C - Equipment

Equipment (new or second hand):

Cost of depreciation of equipment is in principle considered as indirect project cost (overheads). However, if the coordinator or beneficiary has bought equipment specifically for the project, they can charge the cost of purchase of equipment (computer, audiovisual equipment, etc) within the equipment category, but must respect the following rules:

- Compare the prices of different suppliers to see who offers the best value for money (taking account of price and quality);
- Charge against the project only the cost of equipment purchased or rented during the contract period, at a rate that reflects the degree and duration of use within that period;
- Only the cost depreciated in accordance with the national depreciation rules will be considered eligible. If these rules do not exist, EU depreciation rules$^5$ will be applied;
- The equipment purchased must be then itemised in the organisation in which it is installed and bear an inventory number.

Land and immovable property:

- Costs of purchase of land and immovable property are not eligible.
- Rental costs of premises are normally covered by the overheads category and will be considered as an indirect project cost. However, if renting of premises is directly linked to the implementation of the project (for example, renting of a room for an info-point), such costs can be accepted as a direct cost. It will

$^5$ Example of EU depreciation rules:
Total value of equipment purchase: € 1 000.
Assumed service life: three years (36 months).
Permissible monthly depreciation will then be € 1 000/36 = € 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:
$(27.78 \times 17) \times 0.5 = € 236.13$
have to be documented by a specific rental contract/lease within the project duration.

2.7.4.  **D - Consumables**

The costs of consumables and supplies are eligible, provided that they are identifiable and exclusively used for the purpose of the project. They must be identifiable as such in the accounts of the beneficiary. Consumables and supplies are real costs necessary to produce the outputs and strictly related to the activities of the project.

General office supplies (pens, paper, folders, ink cartridges, diskettes, electricity supply, telephone and postal services, Internet connection time, computer software, etc.) are indirect costs and are covered by overheads.

2.7.5.  **E - Other direct costs**

• Publications and dissemination

In order to be eligible for Union funding, publications must be produced specifically for the project. Costs for editing, translation and printing, as well as costs for website creation and/or maintenance may be eligible and they must be separately foreseen and reported. The type/name of the publication, the number of pages and the number of copies should be clearly indicated on the supporting documents and in case of translations the languages of translation (from – to).

• Conferences and seminars

Specific costs relating to conferences and seminars organised as part of the implementation of the project should be included under this budget item. This should not include travelling and subsistence allowances for participants (to be included under “Travel”). Detailed calculations for the relevant costs should be provided on the supporting documents, 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;

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

• 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 budget item include:

- charges for financial services (fees for bank guarantee, charges for bank transactions, etc)

- other costs stemming from obligations under the grant agreement which are not budgeted for under another budget item (evaluation reports, audit certificates, etc.);
2.8. Eligible indirect costs (Overheads)

Overheads are costs which relate to categories of expenditure that are not identifiable as specific direct costs. Overheads cover general indirect costs needed to employ, manage, accommodate and support directly or indirectly the personnel working on the project. Typically they include administration and management fees, depreciation of buildings and equipment, rents, maintenance costs, telecommunication and postal fees, heating, water supply, electricity or other forms of energy, office furniture, office stationary, and insurance policies.

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.

The percentage of overheads is set by the grant agreement and cannot rise subsequently during the lifetime of the project.

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

2.9. Subcontracting rule

For any service provided by an external party exceeding EUR 5 000, the beneficiary shall seek competitive tenders (minimum 3 offers) from potential contractors and award a contract to the bid offering best value for money. In doing so he will observe the principles of transparency and equal treatment of potential contractors and take care to avoid any conflict of interests.

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. Subcontracting may not account for more than 30% of the total cost of the project.

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 item relevant for the subcontracted action (for instance, translations and interpreting for a conference and printing work under "E-Other direct costs").

2.10. Non-eligible costs

The following expenses incurred during the project are not considered as eligible costs:
- Return on capital;
- Debt and debt service charges;
- Provision for losses or potential future liabilities;
- Interest owed or paid;
- Provisions for doubtful debts;
- Exchange rate losses;
- VAT, unless the beneficiary can show that it is unable to recover it (see above 2.4.2);
- Costs declared by a beneficiary in connection with another activity or work programme receiving a Union grant;
- The insurance premium against risk of exchange rate losses;
- Excessive or reckless expenditure;
- Gifts and presents;
- Recreational/touristic side programmes;
- Travel and subsistence fees of EU officials.

The following costs will also be rejected:
- Costs incurred in relation to activities not foreseen in the project or in modifications of the action for which Commission’s agreement was not given;
- Costs incurred for the production of communication material, including notice boards and websites, not mentioning that the action has received funding from the relevant funding programme;
- Costs in any budget heading over and above the amount foreseen in the budget plus 10% (as referred to in Article I.4.4 of the grant agreement);
- Indirect costs exceeding the percentage agreed in the grant agreement;
- Indirect costs declared by an organisation receiving an operating grant from the EU budget.
3. MONITORING, EVALUATION AND AUDIT

3.1. Monitoring and Evaluation

In addition to internal and external evaluation carried out or commissioned by the coordinator within the project as part of the project’s activities, the Commission may organise external monitoring, ex-post evaluation or audit of projects supported by the funding Programme:

**Monitoring visits**

Projects may receive, during the implementation phase, a visit from a Commission official or an expert hired by the Commission. The main aim of these visits is to help and advice organisations involved in the projects while it is being implemented (so that suggestions and help can be taken into account to guarantee the successful outcome of the project). The visits are made on-site and typically may last minimum half a day. After the visit, the Commission’s official or expert will prepare a report that will be shared and discussed with the coordinator.

The main elements discussed at the monitoring visits are:

- Questions/queries about the funding Programme that the co-ordinator and/or partners may wish to ask;
- Current relevance of project objectives with regard to the problem addressed, the role of beneficiaries, the political and financial context in which the project is conducted;
- Project performance measured in terms of effectiveness, efficiency, potential sustainability and expected impact;
- Quality of project operational and financial management.

The Commission’s official/expert will attempt to ascertain whether activities and financial management are on track with a view to making suggestions or sharing ideas where these are appropriate. The Commission’s official/expert may make recommendations to the coordinator and co-beneficiaries, as well as to the Commission itself, on actions that can be taken or modifications that are necessary in order for the project to achieve the foreseen results.

**Evaluation visits**

Evaluation visits take place some months after the project has ended and aim to assess the project impact and outcomes.

Unlike monitoring visits, which aim to contribute to the project during its implementation, the ex-post evaluation is much a review of the overall impact and lessons with a view also to assessing the overall impact of the funding Programme in any given year and to constantly improve the Programme.

3.2. Commission financial audit

The Commission or any representative authorised by the Commission may audit the coordinator or co-beneficiary at any time during the project implementation period and up to five years after the final payment of the Union’s contribution. The aim of the audit is to verify the use made of the Union's financial contribution by the coordinator and co-beneficiaries.

The Commission or any authorised representative shall have access to the documentation required to ascertain the eligibility of the costs of the participants in the project, such as
invoices, payroll extracts, purchase orders, proofs of payment, timesheets and any other documents used for the calculation and presentation of costs.

The Commission shall take appropriate steps to ensure that its authorised representatives treat confidentially the data to which they have access or which are provided to them.

The Court of Auditors may verify the use made of the Union's financial contribution in the framework of this grant agreement on the basis of its own procedures.

* * *
ANNEX:
SUPPORTING ACCOUNTING DOCUMENTS

It is expected that the beneficiaries use and can produce the following types of documents upon Commission’s request.

The documents must be the same as those which would be accepted by the beneficiaries' tax authorities and may include:

A. Staff costs

1.a. Permanent staff working full-time: person working for the coordinator or the co-beneficiary on a permanent basis and allocated to the project for full-time work.

- existing contract with the organisation;
- secondment letter with specific indication of tasks, reference to the project, to the duration of allocation to the project, to the percentage of working time allocated to the project; to the hourly/daily rate;
- monthly salary slips.

! The person is registered in the payroll and in the accounting system of the organisation.
! The salary should be paid by bank transfer.

1.b. Permanent staff working part-time: person working for the coordinator or the co-beneficiary on a permanent basis and allocated to the project for part-time work.

- existing contract with the organisation;
- secondment letter with specific indication of tasks, reference to the project, to the duration of allocation to the project, to the percentage of working time allocated to the project, to the hourly/daily rate;
- timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- salary slips for the requested period.

! The person is registered in the payroll and in the accounting system of the organisation.
! The salary should be paid by bank transfer.

2.a. Non permanent staff registered in the organisation's payroll: person recruited by the coordinator or the co-beneficiary exclusively for the implementation of the project and registered in the organisation’s payroll.

- specific contract linked to the project with specific indication of tasks, reference to the project, to the duration of the contract, to the hourly/daily rate;
- salary slips;

The person is registered in the payroll and in the accounting system of the organisation.
The salary should be paid by bank transfer.
2.b. Non permanent staff NOT registered in the organisation's payroll: person recruited by the coordinator or the co-beneficiary exclusively for the implementation of the project and not registered in the organisation’s payroll

- specific contract linked to the project with description of tasks, reference to the project, to the duration of the contract, to the time to be allocated to the project, to the hourly/daily rate
- invoices with indication of tasks performed, date, number of hours worked and price per hour
- proof of payment

! The salary should be paid by bank transfer

3. Civil servant or public official: person employed by a public body and seconded to the project for tasks that are specifically linked to implementation of the project and that are not part of his/her normal routine (not applicable to persons employed by universities). These staff costs are eligible only in the following cases:

a. If the civil servant is seconded to the project and his/her work for the project is overtime work:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;
- salary slips;
- if the civil servant is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- proof of payment of overtime or proof of the additional days granted by the public body for compensating the overtime worked in the project.

b. If the civil servant is seconded to the project and is replaced for his/her usual tasks by another person recruited by the administration:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;
- salary slips;
- if the civil servant is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- proof of payment;
- contract of the additionally recruited person.

c. If the cost for the civil servant's salary does not represent an additional cost, but it is covered by the organisation's contribution to the project:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;
- salary slips;
- if the civil servant is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- proof of payment.
NOTE: The cost of permanent staff and civil servants which do not represent an additional cost for the organization/or public body must be covered by its own contribution to the project and cannot exceed it. It must be declared under budget item I.

**Note for all staff categories:** The total cost for the employee (comprising actual salary, social security charges and other statutory costs included in the remuneration) as well as the calculation of the amount allocated to the project should be clearly identifiable from the supporting documents.

**B. Travel costs**

**Travel**
- Travel ticket (airplane, train, bus, etc), including boarding passes when applicable
- Invoice of flight or rail tickets (if bought through internet, email of confirmation is accepted if no invoice is available);
- Proof of payment;
- Attendance list signed by the participants (for meetings and conferences).

- **Travel by car:** reimbursement claim, explanation of the calculation of reimbursement, copy of the internal reimbursement policy, if available (maximum of the equivalent first-class rail fare);
- Proof of payment;
- Attendance list signed by the participants (for meetings and conferences).

**Subsistence**

a. **Reimbursement on the basis of real costs:**
- Expenses reimbursement claim form (e.g. mission expenses reimbursement claim), indicating place, date and time, signed and dated by the participant (employee) and the person authorising the expenditure (employer);
- Proof of accommodation (hotel invoice);
- All receipts related to food and beverages, local transport and other expenses;
- Attendance list signed by the participants;
- Proof of payment.

! The costs per person should not exceed the maximum limits per country as set by the Commission.
! Payment with bank transfer should be favoured.

a. **Reimbursement of a lump sum (in application of the beneficiary's usual policy):**
- Copy of the beneficiary's internal policy;
- Reimbursement claim;
- Attendance list signed by the participants;
- Proof of payment.

! The lump sum per person should not exceed the maximum limits per country as set by the Commission.
! Cash payment should be avoided.
C. Equipment

- Invoice;
- Proof of payment.

D. Consumables

- Invoice;
- Proof of payment.

E. Other direct costs

- Invoice
  * for editing: the invoice must specify the type/name of the publication and the number of pages/words;
  * for translations: the invoice must specify the translation languages (from-to) and the number of pages/words;
  * for printing: the invoice must specify the type/name of the publication, the number of pages and the number of copies;
- Proof of payment;

F. Overheads

No supporting documents need to be submitted.

**Note on goods or services purchased by means of competitive procedure (subcontract):**
Additionally to the documents that have to be provided based on the category of cost:

- offers, documentation related to the award process (comparisons, minutes of meetings, etc).

**Note on costs including VAT:**
A proof from the tax authority of the beneficiary concerned that he cannot recuperate VAT. Such a proof must be provided by each beneficiary if it claims VAT as eligible cost. A self certificate will not be considered as a sufficient proof in this respect.