

**COMMUNITY PROGRAMME FOR
EMPLOYMENT
AND SOCIAL SOLIDARITY
PROGRESS**

OPEN CALL FOR PROPOSALS VP/2007/013

**ESTABLISHMENT OF 3-YEAR PARTNERSHIPS WITH EU-
NETWORKS ACTIVE IN THE FIELD OF COMBATING SOCIAL
EXCLUSION AND DISCRIMINATION, PROMOTING GENDER
EQUALITY AND THE INTEGRATION OF DISABLED PEOPLE AND
REPRESENTING ROMA PEOPLE**

BACKGROUND FINANCIAL INFORMATION

MAIN FINANCIAL AND MANAGEMENT RULES

The aim of the present document is to provide all applicants with background information about the generally applicable rules to Community operating grants as well as help the chosen partners on the second step of the procedure, i.e. the preparation of their application for a specific operating grant.

Full details and updated documents will be provided to the networks that will be selected for the Partnership Agreement, following the present call for proposals VP/2007/013.

1. General principles

Operating grants are subject to the principles laid down in the Financial Regulations and especially the principles of co-financing, prohibition of double financing and no-profit shall apply to them.

Co-financing

Community grants may not finance the entire operating expenditure of an organisation. Beneficiaries must supply evidence of the co-financing provided, either by the way of own financial contribution, or in the form of public or private assistance obtained elsewhere. In case an operating grant is renewed, it will gradually be decreased.

No double financing

An organisation may be awarded only one operating grant per financial year. European organisations to be funded further to the completion of the current Call will not be allowed to submit similar requests for subsidies with a view to obtaining a financial contribution to their operating costs from other Commission services. Failure to comply with this specific requirement will entitle the Commission to unilaterally terminate the grant agreement in addition to demanding the full repayment of all sums received by the beneficiary under the said grant agreement.

In addition, these organisations will not be allowed to claim for overhead costs identified in the provisional budget as "indirect eligible costs" in requests for subsidies towards the costs of specific activities or projects if any.

No-profit rule

The Community grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of the operating receipts over operating costs. Any income of the implementation of the work programme must be indicated both in the estimated budget and the final financial statement. The amount of the grant will be reduced by the amount of any surplus.

2. Rules related to the operating grant

- The grant does not cover ineligible costs (see below for definition).
- Contributions in kind (unpaid charity work by a private individual or corporate body, etc.) cannot be accepted.
- Signed letters of commitment from the beneficiary organisation and/or other sources must be provided stating the precise amount of each financial (cash) contribution to the budget.

3. The estimated budget

3.1. The budget must be detailed and balanced

Grant applications must include a detailed estimated budget presented in Euro. Beneficiaries established in countries outside the Euro zone should be aware that they fully carry any exchange rate risk.

The operating budget estimate must be properly balanced: the two totals (income and expenditure) must be the same, since the available income (including the grant requested from the Commission) will have to finance the planned expenditure. All the items related to the implementation of the work programme must be included and not just those for which financing is being sought.

3.2. Expenditure

In order to be eligible for Community funding, costs must:

- Be necessary for the implementation of the work programme, be included in the estimated budget attached to the agreement, reasonable and justified and consistent with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- Be generated during the lifetime of the work programme (i.e. during the period of eligibility for Community funding as will be specified in the agreement);
- Be actually incurred by the beneficiary, be recorded in his accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;
- Be identifiable and verifiable.

Beneficiaries must take care to avoid any unnecessary or unnecessarily high expenditure.

Expenditure eligible for financing may not have been incurred before the grant application was lodged or before the start of the beneficiary's budgetary year.

The budget of the work programme may also contribute to extra costs associated with participation of people with disabilities that requires the use, for example, of special means of transport, personal assistants or sign language interpreters.

The beneficiary's internal accounting and auditing procedures must permit a direct reconciliation of the costs and revenue declared in respect of the work programme with the corresponding accounting statements and supporting documents.

3.2.1. Eligible Costs:

In particular, the following direct costs are eligible:

Staff costs

The cost of staff assigned to the implementation of the work programme, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, is eligible. The salary costs should not exceed the average rates corresponding to the beneficiary's usual policy on remuneration. In addition, they should not be higher than the generally accepted rates in the market for the same kind of service.

1. The daily rate must be calculated on the basis of an average of 20 days per month, up to a maximum total of 220 working days per annum.

When submitting the request for final payment, the beneficiary may have to provide pay slips and timesheets justifying the actual staff costs declared.

The cost of eventual work to be performed by external experts by means of subcontracting should not be included in staff costs but under services.

For personnel costs to count as eligible direct costs there must be a real and verifiable transfer of funds from the organisation to cover these costs and the assignment of the staff in question must be genuine, necessary and reasonable in relation to the activity being subsidised and to the duration of the action.

Please note that costs for participation of members of national organisations to meetings in the form of fees are not reimbursable.

If the network has public member organisations or is subsidised by the State, any civil servants assigned to the work programme whose salaries are paid from the state budget are to be considered as being financed by the beneficiary or by an external sponsor. Thus, to be considered eligible expenditure, the salaries paid to civil servants must be completely covered by the equivalent co-funding in cash and these amounts shall appear both in the expenditure as well as in the income sections of the budget. This does not apply to costs for staff newly recruited by a public member organisation specifically for the purpose and the duration of the action.

Travel, accommodation and subsistence allowances

The travel, accommodation and subsistence costs related to the participants to the events foreseen in the implementation of the work programme are eligible, 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 (see below).

Journeys must be carried out by the most direct and economic route. Economy class fares will be used as the benchmark for analysing air travel costs. Air travel is acceptable only for distances above 400 km, i.e. return flight above 800 km. For other modes of transport, the benchmark is the first-class rail fare. Car journeys: equivalent of corresponding first-class train ticket.

Daily subsistence allowances (DSA) are paid as a flat-rate amount and are considered to cover accommodation (hotel) and subsistence (breakfast + two main meals, local transport, cost of telecommunications and all other sundries). Daily subsistence allowances are to be calculated as follows according to the length of the mission:

- stays less or equal to 6 hours: reimbursement of actual costs (on production of supporting documents);
- over 6 hours up to 12 hours inclusive: 0.5 DSA;
- from 12 hours up to 24 hours inclusive: 1 DSA;
- from 24 hours up to 36 hours inclusive: 1.5 DSA;
- from 36 hours up to 48 hours inclusive: 2 DSA;
- from 48 hours up to 60 hours inclusive: 2.5 DSA, etc.

The maximum amounts (in Euro per calendar day) accepted for each country is set out in the table below, and these rates should be taken into account in the budget estimates¹:

¹ The daily allowance rates are subject to periodic review by the Commission.

Destinations		DSA in EUR	Maximum hotel price in EUR	Destinations		DSA in EUR	Maximum hotel price in EUR
AT	Austria	95,00	130,00	IT	Italy	95,00	135,00
BE	Belgium	92,00	140,00	LT	Lithuania	68,00	115,00
BG	Bulgaria	70,00	205,00	LU	Luxembourg	92,00	145,00
CY	Cyprus	93,00	145,00	LV	Latvia	66,00	145,00
CZ	Czech Republic	75,00	155,00	MK	Macedonia	50,00	160,00
DE	Germany	93,00	115,00	MT	Malta	90,00	115,00
DK	Denmark	120,00	150,00	NL	The Netherlands	93,00	170,00
EE	Estonia	71,00	110,00	PL	Poland	72,00	145,00
EL	Greece	82,00	140,00	PT	Portugal	84,00	120,00
ES	Spain	87,00	125,00	RO	Romania	60,00	170,00
FI	Finland	104,00	140,00	SE	Sweden	97,00	160,00
FR	France	95,00	150,00	SI	Slovenia	70,00	110,00
HR	Croatia	60,00	120,00	SK	Slovakia	80,00	125,00
HU	Hungary	72,00	150,00	TR	Turkey	55,00	165,00
IE	Ireland	104,00	150,00	UK	United Kingdom	101,00	175,00

Please note that the Commission and the other European institutions cover the travel and subsistence costs of their own officials and these should therefore not be included in the budget estimate.

Catering

The total amount, by event, calculated according to the above mentioned rules regarding DSA's shall constitute a maximum. If catering services are provided by the organisers, the DSA's directly paid to participants must be reduced.

Services

Information, publication and dissemination costs can be taken into account; provided that they are directly related to the activities foreseen in the work programme. For each publication and/or other materials, a description, an estimate of the number of pages and copies planned, the frequency and language of publication, an indication of the production costs per copy as well as an estimate of the distribution costs must be provided.

Translation costs must include the following details: number of languages, number of pages, rate applied per page. These rates may not exceed the most reasonable rates available on the market.

Interpretation: the different components must be specified. In particular, the number of languages, the number of interpreters, the number of days and the daily rates must be specified. The accepted daily fee of an interpreter may not exceed 700 EURO, including VAT. Interpreters should be hired locally, for their travel and subsistence expenses to be covered by the grant, it must be impossible to hire them locally and it must be explained why this is so.

Evaluation: the proposal supported will require some form of evaluation. Therefore, monitoring and evaluation methods and tools to assess, on an on-going basis, the progress of the action in relation to the objectives defined at the beginning and to benchmark the results must be developed. The cost of such work will be regarded as eligible expenditure.

External expertise and services: subcontracting:

Any service undertaken by an external party in connection with the implementation of the work programme is considered to be **subcontracting**.

Beneficiaries should have the operational capacity to complete the work programme to be supported. However, when justified and necessary, parts of the project may be subcontracted to another person or organisation. In this case, the beneficiary shall ensure that some² of the terms applicable to itself under the agreement are also applicable to the subcontractors.

It must be clearly specified in the work programme which tasks it is intended to subcontract and why this subcontracting is necessary.

Main rules related to subcontracting activities:

When concluding external contracts in order to implement the work programme which involve eligible costs for the operating budget, the beneficiary must seek competitive tenders from potential contractors and award the contract to the bid offering **the best value for money**. In doing so, the beneficiary shall observe the principles of transparency and equal treatment of potential contractors and shall take care to avoid any conflict of interests.

Contracts as referred to above may be awarded only in the following cases:

- a) They may only cover the execution of a limited part of the work programme;
- b) Recourse to the award of contracts must be justified having regard to the nature of the tasks covered by the work programme and what is necessary for its implementation;
- c) The tasks to be subcontracted and the corresponding estimated costs must be set out in detail in the budget estimate;
- d) Any recourse to the award of contracts while the work programme is underway shall be subject to prior written authorisation by the Commission;
- e) The beneficiary shall retain sole responsibility for the implementation of the work programme and for compliance with the provisions of the agreement. The beneficiary must undertake the necessary arrangements to ensure that the winner of the contract waives all rights in respect of the Commission under the agreement;
- f) The beneficiary must undertake to ensure that the terms, mentioned above, applicable to him under the agreement are also applicable to the winner of the contract.

Administrative costs

Depreciation for purchase of equipment: the purchase costs of equipment (new or second-hand) is eligible provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the period of eligibility for Community funding covered by the grant agreement may be taken into account by the Commission, except where the nature and/or the context of its use justifies different treatment by the Commission. A justification for the need of purchasing such equipment is to be annexed to the budget estimate.

Other eligible administrative costs are: rent and charges of premises/offices for the duration and the surface explicitly dedicated to the implementation of the work programme, rent of meeting rooms (coffee breaks included), rent of interpretation booths, communication costs, charges for financial services, maintenance of office equipment, consumable and supplies, etc.

The costs of the audit reports required by the grant agreement are also eligible.

² The terms related to liability, conflict of interests, confidentiality, publicity, evaluation, assignment and checks and audits

Indicative amounts for rental of booths, excluding technical equipment: 750 €(excluded VAT) per day. Rental of booths with equipment and technical assistance: 1200 €(excluded VAT) per day.

3.2.2. Ineligible costs

The following expenses are ineligible and not accepted:

- contributions in kind: these are contributions that are not invoiced, e.g. voluntary work, or equipment or premises made available free of charge;
- Expenditure not related to the implementation of the work programme.
- Expenditure that is not supported by documentary evidence;
- Expenditure incurred outside the performance period;
- Expenses incurred outside the countries which can participate in this call for proposals;
- Cost of transport between home and work;
- Cost of purchasing infrastructure equipment including buildings, land and second-hand equipment (except to the amount of the annual depreciation of the equipment purchased);
- Capital increases and return on capital;
- Debt and debt service charges, doubtful debts;
- Provisions;
- Interest owed;
- Exchange losses;
- VAT, unless the beneficiary can show that he/she is unable to recover it;
- Excessive or reckless expenditure;
- Costs declared by the beneficiary and covered by a specific action receiving a Community grant.

3.3. Income

Total income must be identical to total expenditure. The income side of the budget must show:

- The direct monetary (cash) contribution from the beneficiary's own resources and/or the contribution from any other fund providers. This means an effective expenditure, a financial flow that can be traced in the written accounts of the beneficiary.
- Any income expected to be generated by the implementation of the work programme should be detailed (e.g. the yield from sales of publications or the fees charged to participants attending a conference, membership contributions, financial interest, etc.).
- The grant sought from the Commission.

4. How the grant will be calculated

The Commission will calculate its contribution as a percentage of the total eligible costs of the implementation of the work programme.

The Commission reserves the right to reduce the grant requested if the proposal is acceptable

but considered too expensive, and to reduce individual unit costs if these are estimated to be too high.

How the final grant will be determined

If the actual expenditure turns out to be lower than the budgeted expenditure, the actual grant will also be reduced in application of the percentage contribution which will remain the same. If the actual expenditure turns out to be higher than the budgeted expenditure, the Commission's grant will not be increased.

A mere forecast of expenditure does not give entitlement to a grant. This is why the final grant amount cannot be calculated until the Commission has received the final activity report and the final financial statement of the receipts and expenditure. In order to be accepted as actual costs, the expenditure that is committed to the implementation of the work programme must correspond to payments made by the beneficiary as evidenced by invoices (to be kept by the beneficiary) or equivalent supporting documents,. It must also relate to actual rather than inputted costs.

5. Payment procedures

The payment arrangements will be laid down in the specific grant agreement. Generally, payment of the grant will be made in three installments (two pre-financing payments and a final payment) under the following conditions:

A pre-financing payment of 40% at the signature of the grant agreement

A second pre-financing payment of 40% of the total grant amount awarded upon receipt and approval by the Commission of a progress report on implementation of the work programme and detailed statement of the costs already incurred, showing that at least 70% of the previous pre-financing payment has been used up. Where the consumption of the previous pre-financing is less than 70%, the amount of the new-pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment.

The balance will be paid upon acceptance by the Commission of the final technical implementation report and final financial statement.

6. Bank account and interest generated by pre-financing payments

Payment shall be made to the beneficiary's bank account or sub-account denominated in Euro. This account or sub-account indicated by the beneficiary must make it possible to identify the funds transferred by the Commission. If the funds paid to their account yield interest or equivalent benefits under the law of the State on whose territory the account is opened, such interest or benefits shall, if they have been generated by pre-financing payments which remain the property of the European Community, be recovered by the Commission as specified in the grant agreement:

The beneficiary shall inform the Commission of any interest or equivalent benefits yielded by the pre-financing payment it has received from the Commission. Notification must be made when the request is introduced for interim payment or for payment of the balance that clears the pre-financing. Such interest or benefits shall not be treated as a receipt generated by the implementation of the work programme and will be recovered by the Commission.

All costs related to these requirements (such as the cost for opening and closing accounts) are eligible and may be submitted in the budget estimate.