



Lifelong
Learning
Programme

Centre For European Union
Education and Youth Programmes
(*Turkish National Agency*)



FINANCIAL RULES FOR TRANSFER OF INNOVATION PROJECTS

Call: 2013



GENERAL

The allocated grant will not cover more than 75% of the eligible costs.

Applicants shall base the project budget:

1. on real daily staff cost rates. Under no circumstances may these exceed the maximum rates indicated in *Table 1*. Any excess amount will be considered as ineligible. The veracity of these costs may be the subject of an audit;
2. on real daily subsistence rates. Under no circumstances may these exceed the maximum rates indicated in *Table 2*. Any surplus will be considered as ineligible;
3. on real costs with regard to other categories of cost, as indicated in the application form.

ELIGIBLE COSTS

The general context, nature and amount of expenditure will be considered when assessing eligibility.

The following criteria apply to the cost category for which the cost is estimated and either the associated **number of units** (which will lead to the estimated cost applying the appropriate formula) or the estimated **cost as such**.

To be considered as eligible, costs must satisfy the following general criteria:

- They must relate to activities involving **countries** that are eligible to participate in the programme. Any costs relating to activities undertaken outside these countries or by organisations that are not registered in an eligible country are not eligible unless they are necessary for the completion of the project and duly explained and justified in the application form. Costs incurred in / to third countries participating under the article 14(2) of the Decision establishing the LLP are eligible (see chapter 1.C of LLP Guide 2013 Part I);
- They must be incurred by the **legal bodies/institutions of the official consortium**¹;
- They must be **connected** with the project (i.e. relevant and be directly linked to the execution of the project in accordance with the work plan);
- They must be **necessary** for performance of the project;
- They must be **reasonable and justified** and they must accord with the principles of **sound financial management**², in particular in terms of value for money and cost-effectiveness;

¹ The Decision establishing the Lifelong Learning programme defines for projects with a "project coordinator" and "project partners" the term "multilateral grouping", which is the equivalent for "consortium".

² Costs shall be defined in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that costs shall be defined in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.



- They must be **generated** during the lifetime of the project³;

They must be **actually incurred** by the beneficiary and members of the consortium and be recorded in their accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;

- They must be **identifiable and verifiable**.

The applicant's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared at the end of the project with the corresponding accounting statements and supporting documents. For scales of unit costs, this implies that the "number of units" must be recorded in appropriate documents (i.e. time sheets, presence lists, etc.).

Where national taxation and accounting rules do not require an invoice, an accounting document of equivalent value means any document produced in order to prove that the accounting entry is accurate and which complies with the applicable accounting law.

VALUE ADDED TAX

VAT is eligible **only if** it is not recoverable under the applicable national VAT legislation.

NON-ELIGIBLE COSTS

Under no circumstance can the following types of costs be considered as eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities (provisions for contractual and moral obligations, fines, financial penalties and legal costs);
- interest owed;
- doubtful debts;
- exchange losses;
- VAT, **unless** the applicant can show that he is unable to recover it;
- costs declared by the applicant and covered by another action or work programme receiving a European Union grant or any other source of funding;
- excessive or reckless expenditure;
- purchase of capital assets;

³ I.e. generated by an activity that takes place during the lifetime (duration) of the project / action. Activities taking place before or after the period specified in a Grant Agreement are not eligible for funding.



- in the case of rental or leasing of equipment, the cost of any buy-out option at the end of the lease or rental period;
- costs associated with the preparation of the application for the Lifelong Learning Programme;
- costs of opening and operating bank accounts (costs of transferring funds are eligible);
- costs incurred in relation to any document required to be submitted with the application (audit reports, etc.).

ELIGIBLE DIRECT COSTS

The eligible direct costs for the action are those costs which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to performance of the action and which can therefore be booked to it directly. The categories of eligible direct costs are detailed on the following pages.

ELIGIBLE INDIRECT COSTS

The eligible indirect costs are those costs which, with due regard for the conditions of eligibility described above, are neither identifiable as specific costs directly linked to the project nor can be booked to it directly, but which have nevertheless been incurred in the management of the project. They may not include any eligible direct costs.

The indirect costs of the project eligible for EC funding are a flat-rate amount set at a maximum of 7% of the total amount of eligible direct costs. The corresponding costs need not be justified by accounting documents.

Indirect costs shall not be eligible under a project grant awarded to a beneficiary organisation which is already receiving an operating grant from the Commission during the period in question.

Examples of indirect costs are:

- All costs for equipment related to the administration of the project (i.e. PC's, portables, etc.)
- Communication costs (postage, fax, telephone, mailing, etc.)
- Infrastructure costs (rent, electricity, etc.) of the premises where the project is being carried out
- Office supplies
- Photocopies



Staff Costs

The following applies to all partners of a consortium, e.g. the rules on staff costs apply to all partners (including the applicant) of the consortium.

1) Costs relating to the following categories of staff are considered:

- Statutory staff, having either a permanent or a temporary individual contract with a partner of the consortium. To be considered in this category, staff must report to the relevant partner organisation as an employee.
- Temporary staff recruited through a specialised external agency by any of the consortium partners;

Costs related to staff working through subcontracting shall be included under the category "Subcontracting costs" (see below).

Staff members of Project partners are not allowed to operate in a subcontracting capacity for the project.

2) Applicants should base the project budget on real daily staff cost rates, in accordance with the usual salary policy of the organisation. However, any amount that exceeds the maximum eligible daily rates indicated in *Table 1* below will be considered as ineligible. The veracity of these costs may be the subject of an audit.

3) The rate of the country in which the partner organisation is registered will be applied, independent of where the tasks will be executed (i.e. a staff member of an organisation of Country A working fully or partly in Country B will be budgeted on the basis of the rates of Country A).

4) Real daily staff cost rates are based on average rates corresponding to the applicant's usual policy on remuneration, comprising actual salaries plus social security charges and other statutory costs included in the remuneration. Nonstatutory costs such as bonuses, leased car, expense account schemes, incentive payments or profit-sharing schemes are excluded.

5) The applicant will define the category of staff and the number of days to be worked on the project, which must be commensurate with the nature of the project and the work plan.

6) The estimated staff costs results from multiplying the number of days with the real daily staff cost rate.

The cost of staff assigned to the action, either by the beneficiary or by the consortium partners, comprises actual salaries plus social security charges and other statutory costs included in the remuneration.



Table 1: Maximum Eligible Daily Rates for Staff Costs (€)

Country	Manager	Researcher Teacher Trainer	Technical	Administrative
Austria - AT	449	302	244	194
Belgium - BE	460	360	240	214
Bulgaria - BG	67	60	46	31
Croatia - HR	170	154	123	78
Czech Republic - CZ	134	110	80	58
Denmark - DK	398	340	277	217
Estonia - EE	102	75	59	42
Finland - FI	368	255	196	163
France - FR	435	351	257	193
GCASC - CY	316	217	142	96
Germany - DE	419	310	221	203
Greece - EL	279	218	157	122
Hungary - HU	107	86	65	44
Iceland - IS	338	219	193	151
Ireland - IE	309	328	239	178
Italy - IT	454	298	200	174
Latvia - LV	78	63	50	38
Liechtenstein - LI	449	302	244	194
Lithuania - LT	75	62	47	34
Luxembourg - LU	496	349	282	220
Malta - MT	119	99	74	58
Netherlands - NL	310	271	215	170
Norway - NO	440	345	311	239
Poland - PL	109	86	66	49
Portugal - PT	167	117	79	50
Romania - RO	124	95	74	47
Slovakia - SK	121	98	86	70
Slovenia - SI	240	182	146	92
Spain - ES	321	212	163	117
Sweden - SE	360	303	250	192
Switzerland - CH	478	354	252	232
Turkey - TR	141	90	59	38
United Kingdom - UK	355	334	231	158



Subsistence Costs

- 1) Subsistence costs for staff undertaking travel to another participating country in the framework of project are eligible. The budget should be based on the maximum rate in the Subsistence Costs *Table 2* below. Any surplus will be considered as ineligible. The rate to be applied is the one of the country of destination, i.e. where accommodation costs are incurred.
- 2) Costs may be claimed only for journeys directly connected to specific and clearly identifiable project-related activities. For information on charging Subsistence Costs for non-staff members please refer to Section 'Other Costs' and 'Subcontracting Costs'.
- 3) Reimbursement is based on the existing internal rules of the Partner organisations, which may be on an actual cost (reimbursement of receipts) or daily allowance basis. In either case, proof of attendance and overnight accommodation will be required to substantiate declared costs at reporting stage.
- 4) Subsistence rates cover accommodation, meals and all local travel costs at the place of destination abroad (but not local travel costs incurred to travel from place of origin to place of destination). In calculating the number of days for which to apply the Daily Subsistence Rate it should be noted that a FULL day normally includes an overnight stay. In duly substantiated cases, a full day's allowance without an overnight stay may be allowed with a pro rata reduction (costs limited to 50% of the maximum) for accommodation.
- 5) A pro rata reduction must be applied if accommodation, meals and local travel costs are provided for by a third party.

Eligible subsistence costs are calculated on the basis of scales of eligible unit costs. The Subsistence costs in *Table 2* represent the maximum eligible daily rates. The resulting amounts will be included in the budget and will be taken into account when calculating the European Union contribution.



Table 2: Maximum Eligible Daily Rates for Subsistence Costs

Destination Country	Maximum Daily Rate
Austria - AT	246
Belgium - BE	232
Bulgaria - BG	145
Croatia - HR	214
Czech Republic - CZ	195
Denmark - DK	311
Estonia - EE	175
Finland - FI	277
France - FR	269
GCASC - CY	194
Germany - DE	220
Greece - EL	220
Hungary - HU	184
Iceland - IS	235
Ireland - IE	253
Italy - IT	247
Latvia - LV	172
Liechtenstein - LI	340
Lithuania - LT	168
Luxembourg - LU	232
Malta - MT	191
Netherlands - NL	242
Norway - NO	340
Poland - PL	179
Portugal - PT	197
Romania - RO	161
Slovakia - SK	186
Slovenia - SI	208
Spain - ES	227
Sweden - SE	275
Switzerland - CH	340
Turkey - TR	190
United Kingdom - UK	312



Travel Costs

Travel costs are allocated on the basis of real costs.

- 1) Travel costs for staff taking part in the project are allowable, provided that they are in line with each partner's usual practices on travel costs.
- 2) Costs may be claimed only for journeys directly connected to **specific** and clearly **identifiable** project-related activities. For information on charging Travel Costs for non staff members please refer to Section "Other Costs" and "Subcontracting Costs".
- 3) The travel cost for a journey should include all costs and all means for travel from the point of origin to the point of destination (and vice versa) and may include visa fees, travel insurance and cancellation costs.
- 4) Reimbursement is based on real costs, independent of the means of travel chosen (rail, bus, taxi, plane, hire car). Partners are required to use the cheapest means of travel (e.g. use Apex tickets for air travel and take advantage of reduced fares, where this is not the case then a full explanation should be provided).
- 5) Expenses for private car travel (personal or company cars), where substantiated and where the price is not excessive, will be refunded as follows (whichever is the cheapest):
 - Either a rate per km in accordance with the internal rules of the organisation concerned up to a max of €0.22;
 - Or the price of a rail, bus or plane ticket (see point (3) above). Only one ticket shall be reimbursed, independently of the number of people travelling in the same vehicle.
- 6) For hire cars (maximum category B or equivalent) or taxis: the actual cost where this is not excessive compared with other means of travel (also taking account of any influencing factors such as time, large volume of luggage due to the nature of the project). Reimbursement takes place independently of the number of people travelling in the same vehicle.

Equipment costs

- 1) Purchase, rent or lease of equipment (new or second-hand), including the installation, maintenance and insurance costs, is considered eligible.
 - only when specific and necessary for achieving the goals of the project/action. Proposed equipment costs must always be clearly explained and specifically justified. The rules for procurement apply (see below);
 - provided that it is depreciated in accordance with the tax and accounting rules applicable to the beneficiary / consortium partner incurring the cost, and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account. The applicant must explain the rules applied. If the nature and/or the context of its use justify different treatment, this should be duly justified.



2) All equipment related to the administration of the project (i.e. PC's, portables, etc.) and all equipment purchased before the start of a project can be covered only by the indirect costs of the project.

3) The total cost for equipment may not be more than 10% of the eligible direct costs of the project.

Subcontracting costs

1) Costs entailed by procurement contracts for the purposes of carrying out specific and limited work for the project, can be considered eligible when awarded by a partner to an external body, organisation or individual (only if not employed by any of the Partner organisations of the consortium). This includes work such as translation, interpretation and printing, etc.⁴

2) In order to maintain the concept of the project partnership, the management and the general administration of the project may not be subcontracted.

3) Costs are based on a verifiable estimate or, if the subcontractor is identified, on the basis of an offer. The estimate/offer will cover all costs (i.e. staff costs plus travel costs, etc.).

4) The beneficiary will award the contract to the tender offering best value for money, that is to say, to the tender offering the best cost-benefit ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests.

5) The following specific European Union rules with regard to procurement apply:

- Payments of amounts not exceeding EUR 1.000 in respect of items of expenditure may consist simply in payment against invoices, without prior acceptance of a tender;
- Contracts with a value over €1.000 and not exceeding €15.000 are subject to a procedure involving a single tender following a negotiated procedure without prior publication of a contract notice;
- Contracts with a value over €15.000 and not exceeding €60.000 are subject to a procedure involving at least three tenderers following a negotiated procedure without prior publication of a contract notice;
- For contracts of a value over €60.000, national rules with regard to procurement apply.

6) The total costs for subcontracting may not be more than 30 % of the total direct costs of the project

⁴ This refers to individuals who may be self-employed i.e. who are responsible for their own social security or social contributions, pensions and taxes. National legislation on the definition of these individuals can vary and should always be considered. Covers also consultants, who provide one-off services for which a fee is received.



Other Costs

Other costs are allocated on the basis of real costs.

- 1) The category "Other costs" can only contain costs incurred by the partners themselves.
- 2) Costs arising directly:
 - from requirements imposed by the Grant Agreement are eligible (dissemination of information, specific evaluation of the action, audits, reproduction, translation etc.), including the costs of any financial services (notably the cost of financial guarantees);
 - from the realisation of specific activities or of products/results of the project are eligible (e.g. the organisation of seminars where the seminar is foreseen as a product/result and where task-related costs are easily identifiable), the production of proceedings of a seminar, the production of a video, the purchase of product-related consumables (reams of paper for printing of publications, blank DVD), etc.
- 3) All costs incurred through subcontracting must be mentioned under the "subcontracting" category
- 4) Only activities which are specific and necessary for achieving the goals of the project are considered eligible. Proposed costs must always be duly justified.
- 5) When travel and/or subsistence costs are reimbursed to third parties (i.e. for the costs of people who are neither staff of the partners in the consortium, nor subcontractors), the rules applicable to the reimbursement of costs for staff of the partners in the consortium will be applied.
- 6) In certain cases, other costs which are not covered by the other cost categories mentioned above may also be considered eligible. Some examples are: one-off costs for press releases and publicity, purchase of copyrights and other Intellectual Property Rights, purchase of information materials (books, studies and electronic data); conference fees; registration fees for conferences; rental of exhibition space, etc.

All costs related to the administration of the project (i.e. consumables, supplies, photocopying costs, telephone costs, paper, etc.) are covered by indirect costs of the project.