

ELIGIBLE COSTS AND BUDGET BREAKDOWN

Applicant workshops 2018

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Cost eligibility

Basic requirements for eligibility are that the costs are:

- 1) in line with the project plan and budget
- 2) necessary for project implementation
- 3) incurred during the project implementation period
- 4) identifiable and verifiable, in particular recorded into accounting records of partner organisation and paid out
- 5) reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency

Ineligible costs

The following costs are **not** eligible:

- costs incurred before or after the project implementation period (note the exceptions related to making final report and final audit)
- costs that have been already financed by other sources, including other EU programmes
- duties, taxes and charges, including recoverable VAT
- currency exchange losses
- fines, financial penalties or expenditure on legal disputes and litigation
- interest on debt

Ineligible costs

- In kind contributions (any payment in kind, voluntary work etc.)
- Contracting of employees of the partner organisations as external experts (conflict of interest)!
- Project partners may not buy services from each other (conflict of interest)!
- Purchase of land or buildings for an amount exceeding 10 % of the eligible costs of the project concerned
- Representational/entertainment expenses, costs of gifts etc.

Budgeting

- Prepare the budget along with the project plan:

➡ What kind of resources is needed for implementation of each activity / work package?

➡ What is needed to achieve the expected results and outputs in a cost-effective way?

- Read carefully the instructions of Programme Manual and budget-excel! Especially concerning the heading 1 Staff (salary costs).

Budgeting

1. Each partner fills in its own cost estimate in excel
2. Budget for the project –table in excel shows automatically the total amounts of each cost heading
3. Applicant fills in the project budget in PROMAS (main headings of the whole project budget)

Note: columns "year 1, year 2, year 3" do not represent calendar years, they are cost estimates for 12-month periods from the start of the project. During project implementation, reporting periods are max. 12 months.

COST ESTIMATE

Name of the Lead Partner:

Project ID and Acronym:

Costs	Unit	Total costs of the Lead Partner (EUR)	Year 1			Year 2			Year 3		
			# Units	Unit cost (EUR)	Costs (EUR)	# Units	Unit cost (EUR)	Costs (EUR)	# Units	Unit cost (EUR)	Costs (EUR)
1. Staff		213 000			71 000			71 000			71 000
1.1. Salaries of local staff		213 000			71 000			71 000			71 000
1.1.1 Technical staff	month	198 000			66 000			66 000			66 000
Project manager			12,0	3 000	36 000	12,0	3 000	36 000	12,0	3 000	36 000
Researchers x 2 (part-time 30 %)			7,2	2 500	18 000	7,2	2 500	18 000	7,2	2 500	18 000
Assistant (part-time 50 %)			6,0	2 000	12 000	6,0	2 000	12 000	6,0	2 000	12 000
					0			0			0
					0			0			0
					0			0			0
					0			0			0
1.1.2 Administrative/support staff	month	15 000			5 000			5 000			5 000
Financial coordinator			2,0	2 500	5 000	2,0	2 500	5 000	2,0	2 500	5 000
					0			0			0
					0			0			0
					0			0			0
					0			0			0

BUDGET FOR THE PROJECT



CBC 2014-2020
SOUTH-EAST FINLAND - RUSSIA

Project ID:

Project acronym:

Costs	Total costs of the project (EUR)	Year 1	Year 2	Year 3
		Costs (EUR)	Costs (EUR)	Costs (EUR)
1. Staff	400 000	145 000	155 000	100 000
1.1. Salaries of local staff	400 000	145 000	155 000	100 000
1.1.1. Technical staff	280 000	100 000	100 000	80 000
1.1.2. Administrative/support staff	120 000	45 000	55 000	20 000
1.2. Salaries of staff working abroad	0	0	0	0
2. Travel	80 000	30 000	36 000	14 000
2.1. Trips abroad	65 000	25 000	30 000	10 000
2.1.1. Tickets (train, plane, bus), taxi expenses	19 500	8 500	8 000	3 000
2.1.2. Accommodation	36 000	12 500	17 000	6 500
2.1.3. Daily allowances	9 000	3 500	5 000	500
2.1.4. Visa costs	500	500	0	0
2.2. Local travel	15 000	5 000	6 000	4 000
2.2.1. Tickets, kilometre allowances, taxi expenses	6 000	3 000	2 000	1 000
2.2.2. Accommodation	7 500	1 500	3 500	2 500
2.2.3. Daily allowances	1 500	500	500	500
3. Equipment and supplies	50 000	35 000	15 000	0
3.1. Vehicles	0	0	0	0
3.2. Computer equipment, mobile phones, etc.	3 000	3 000	0	0
3.3. Machines, tools, etc.	41 000	28 000	13 000	0
3.4. Spare parts/equipment for machines, tools	6 000	4 000	2 000	0
3.5. Other	0	0	0	0

Project Budget

Title Project budget

Programme Name South-East Finland - Russia CBC Programme 2014-2020

Budget Details

Type of Cost	Year 1	Year 2	Year 3	Total
Staff	145 000	155 000	100 000	400 000
Travel	30 000	35 000	15 000	80 000
Equipment and supplies	35 000	15 000	0	50 000
Outsourcing costs, services	150 000	100 000	50 000	300 000
Infrastructure investments				0
Administrative costs (overheads)	25 000	21 300	11 500	57 800
Total	385 000	326 300	176 500	887 800
Project revenue				0
Net eligible costs	385 000	326 300	176 500	887 800

Budget lines

1. Staff
2. Travel
3. Equipment and supplies
4. Outsourcing costs, services
5. Infrastructure investments
6. Administrative costs
7. Income - revenues

1. Staff

- Salary costs of project staff and employer's social security charges
- Full-time or part-time work, based on employment contract and actual working time for the project
- **Salaries must be at the level normally used in the organisation.** Salaries may not be raised or extra bonuses paid because of project has got extra funds in the budget.
- Project work is supposed to be done during normal daily working time (overtime work accepted only in duly justified cases)

2. Travel

- Travel costs of project staff, such as:
 - tickets (train, plane, bus)
 - accommodation costs
 - daily allowances
 - kilometre allowances
 - taxi expenses
 - visa costs
- Normal travel policy of the organisation should be used, cost-efficiency as the leading policy. Tax free rates of daily allowances may not be exceeded (in accordance with the national legislation).
- Per diems are not allowed. Costs of passport applications are not eligible. Trips outside the programme area are eligible only in exceptional cases.

3. Equipment and supplies

- Purchase or rent of equipment, supplies and materials directly needed for the project implementation
- Leasing/renting should be mainly used
- Purchases need to be justified in the grant application
- Sustainability of project outputs is important: ownership and maintenance after the end of project!
- Investments may not exceed 50 % of the total costs in the budget.

4. Outsourcing costs, services

Includes costs based on contracts/written agreements and against invoices

- studies, surveys, trainings, evaluations
- information and visibility actions, publications
- project events: seminars, conferences, meetings
- translation, interpretation
- accounting/bookkeeping as an outsourced service
- financial services (costs of opening bank account for project purposes, charges of international financial transactions, bank guarantees if needed)

4. Outsourcing costs, services

- expenditure verification: it is recommended to reserve 2,5 – 3 % of the total budget for project audits
- specific expertise and services needed for project purpose

National rules for public procurements and guidance of programme manual must be followed!

- Subcontracting between partners is not allowed; project partners may not buy services from each other
- Project staff may not act as external experts or services providers in the project (conflict of interest)

5. Infrastructure investments

Cost heading 5 is mainly for the Large Infrastructure Projects (LIPs).

Common project purchases, such as computers, mobile phones etc. shall be budgeted under the heading 3 Equipment and supplies

6. Administrative costs

- Flat-rate based cost item: max. 7 % of the total direct costs
- Costs must be specified and justified in the budget!
- Flat rate should cover the indirect costs related to project administration, such as:
 - office rent,
 - telecommunication, IT systems,
 - office consumables, postal services,
 - heating, electricity, water,
 - maintenance, cleaning, repairs,
 - archives, security

7. Income - revenues

- Cash inflows directly paid by users for the goods and services provided by the project
- Typical revenues: participation fees of project seminars, income gained from selling publications
- Will be deducted from the total eligible costs

Financial plan

- Programme funding (grant) **max. 80 %** of the eligible costs
- Co-financing of project partners (own contribution) **at least 20 %** of the eligible costs
- Presented in PROMAS below the project budget

Non-profit principle within projects! CBC-projects may not make a profit nor give competitive advantage to the beneficiaries (i.e. project partners)

Financial Plan

Requested programme financing	<input type="text" value="700 000"/>	€ 78.85 % of total financing
Co-financing from the project partners	<input type="text" value="157 800"/>	€
Co-financing from other sources	<input type="text" value="30 000"/>	€
Total Co-financing	187 800	€ 21.15 % of Net eligible cost
Total financing	887 800	€

Investments included in total costs

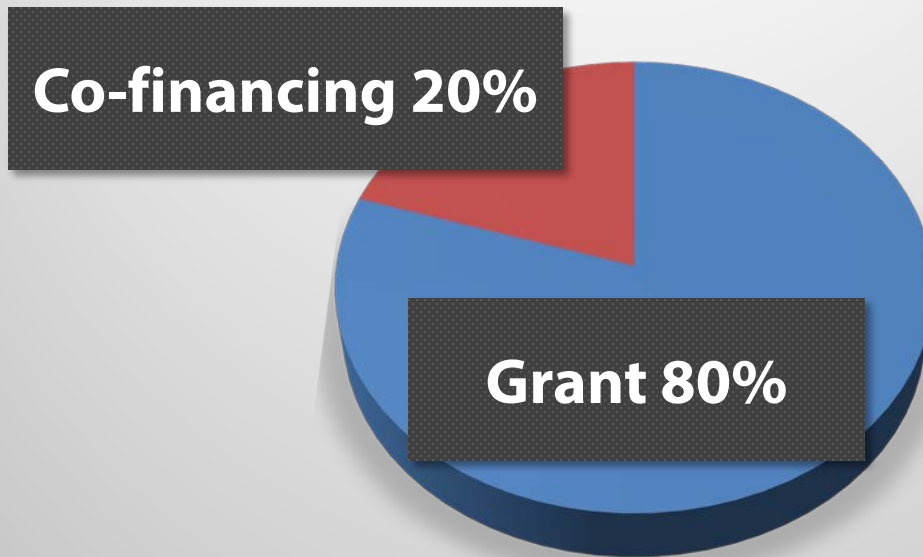
Amount of investment	<input type="text"/>	€
Share from total cost	0.00 %	

Co-financing / own contribution

- Financed by lead partner / partners / other sources
- In kind contributions are not accepted (any payment in kind or voluntary work)
- Note the difference between co-financing and income
- Co-financing from other sources than project partners may be only cash, not fixed assets (equipment, vehicles, land, buildings)

Co-financing / own contribution


Total expenditure in the project's accounting records



Reminders to applicants

- Excel- budget form may not be modified and budget should be attached to the application as an excel-file
- Excel-budget must match with the budget in PROMAS
- Total net eligible costs must match with the total financing
- Co-financing must be secured by partnership statements
- Requirements concerning project accounting records / bookkeeping! An own cost centre for the project or expenses recorded with a special project code

Reminders to applicants

- Requirements concerning euro account: lead partner must be able to receive programme funding in euros and transfer it to the partners
- Risk mitigating measures in the Programme Manual should be noted: max. 50 % of the project's total budget can be directed to Russian SMEs.
- Financial capacity of each partner!
 Ideally, annual turnover should be at least 3 times bigger than partner's yearly budget in the project

Financial capacity

Financial ratio: Requested grant dependency

$$\frac{\textit{Requested grant} \div \textit{project duration}}{\textit{Total annual income}} =$$

 ideally lower than 0.3

Thank you!

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