



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Provisional Budget

Key points

Contents

A.	The budget coherence.....	2
B.	Exchange rate for non-euro zone applicants.....	3
C.	Personnel costs.....	3
D.	Travel/subsistence/accommodation costs.....	4
E.	Subcontracting costs.....	5
F.	VAT.....	5
G.	EU visibility costs.....	5
H.	Certificate on the financial statement (CFS) costs.....	6
I.	Indirect costs.....	6
K.	Financial capacity.....	6

The provisional budget supporting the application is a crucial element considered in the evaluation of any proposals. Indeed, the accuracy and coherence of the estimated costs is proof of a well-conceived project.

Each year, applications received negative comments and lower (eliminating) scoring due budgetary weaknesses identified during the evaluation. As example, any applicant should avoid the following:

- roughly estimated costs (especially for personnel costs),
- personnel costs not in line with the internal salaries grid of the entity,
- overestimated costs with regard to existing labour and market prices,
- overestimation of working time needed for implementing the activities proposed,
- estimated costs not sufficiently detailed by explanatory details, not allowing to appreciate the opportunity and eligibility of costs,
- etc.

Some key principles must be considered:

A. The budget coherence

The budget details of the provisional budget must be included in your application **at two levels**:

✓ **In the automated form available in SEP**

2

3

Budget

Show

2

3 - Budget

No.	Name of Beneficiary	Country	Role	Personnel costs - net of cost reduction - EUR	Subsistence costs - EUR	Purchase costs - Travel and subsistence - EUR	Purchase costs - Equipment - EUR	Purchase costs - Other goods, works and services - EUR	Financial support to third parties - EUR	Indirect costs - EUR	Total eligible costs - EUR	Inteligible costs - EUR	Total estimated project costs and overheads - EUR	Funding rate	Maximum EU contribution - eligible costs - EUR	Requested EU contribution - eligible costs - EUR	Max. grant amount - EUR	Income generated by the project - EUR	In kind contribution - EUR	Financial contribution - EUR	Over resources - EUR	Total estimated project amount - EUR	
1	East Consulting SpA	EE	Coordinator	0	0	0	0	0	0	0,00	0,00	0	0	0,00	0,00	0,00	0	0	0	0	0	0	0,00
2	Emme M&M&M Studio	EE	Affiliate	0	0	0	0	0	0	0,00	0,00	0	0	0,00	0,00	0,00	0	0	0	0	0	0	0,00
3	Radio Future International Business Srl	RO	Affiliate	0	0	0	0	0	0	0,00	0,00	0	0	0,00	0,00	0,00	0	0	0	0	0	0	0,00
Total:				0	0	0	0	0	0	0,00	0,00	0	0	0,00	0,00	0,00	0	0	0	0	0	0	0,00

- **The figures encoded in this template form will be considered as the project's budget. The proposal would be selected to be granted, these figures will compose the Grant Agreement budget.**
- **Due to IT reasons, the amounts encoded are rounded.**
- **The applicant must ensure that the column 'Request EU contribution ...' is duly filled in.**
- The amounts indicated by heading must be encoded by entities involved (Coordinator and Affiliated Entity(ies) (if any)).
- For travel costs, accommodation costs can be included in the 'subsistence costs' column.

✓ **In the excel budget table (section2/annex 2 in the submission tool)**

Please read carefully the guidance in the excel table worksheet '**1. Instructions**'.

The 4 following worksheets must be filled in and uploaded in the submission tool:

- **'Start':**
 - The applicant will define the number and names of Work Packages (WPs) proposed.
 - For each WP, the applicant will indicate the number of travels planned (please note that this number will automatically trigger the number of travels to be detailed in the 'detailed table').

- **'Detailed table':**
 - This is the key table for ensuring a good budgetary proposal.
 - The applicant will include very precise figures and supporting details about the nature of the estimated costs and their method of calculation, by Work Package (WP) and by heading of costs for each WP.
 - 👉 In case of Affiliated Entity(ies), a distinct budget excel tables will be necessary by additional entity, including the figures and details as done for the coordinating organisation.

- **'Consolid table (participants)':**
 - This table will automatically include the totals of estimated costs by WP and by heading of costs.

- **'Consolid table (project)':**
 - This table will have to be filled in manually by the Coordinator consolidating the provisional budget by entity involved, by WP and by heading of costs. In final, this table will reflect the total budget as encoded in the It submission tool.
 - 👉 A perfect coherence with the figures summarised in the SEP form is expected. If not, the figures indicated in the SEP form will automatically take priority.

B. Exchange rate for non-euro zone applicants

The estimated budget must be drafted in euros.

Applicants with accountancy in a different currency must consider the conversion into euro, as an average of the daily euro exchange rates published by ECB. Logically, the future rates applicable at the end of the project (possibly granted) cannot be yet known. It is therefore suggested to use the average rate over the 2022 year (as shown on the [ECB website](#)) as a basis of conversion.

C. Personnel costs

For recall, personnel costs are eligible under the strict condition as follows:

- Staff working for the applicant (or affiliated Entity) under an employment contract (or equivalent appointing act) and assigned to the action ('costs for employees').
 - They must be limited to salaries, social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act).
 - They may also include additional remuneration for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their

nature), if:

- It is part of the applicant's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
 - The criteria used to calculate the supplementary payments are objective and generally applied by the applicant, regardless of the source of funding used.
- Costs for natural persons working under a direct contract other than an employment contract and costs for seconded persons by a third party against payment under the following conditions:
- work under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed) and
 - the result of the work belongs to the beneficiary (unless agreed otherwise)., and
 - related costs must be calculated on the basis of a rate which corresponds to the costs actually incurred for the direct contract or the secondment and must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

○ Compulsory method of calculation

- The single calculation scheme authorised is the following:

Daily rate for the person multiplied by the number of day-equivalents worked on the action (rounded up or down to the nearest half-day.

The daily rate must be calculated as:

Annual personnel costs for the person divided by 215.

- The number of day-equivalents declared for a person must be identifiable and verifiable (see Article 20 of the Model Grant Agreement)). The total number of day-equivalents declared in EU grants, for a person for a year, **cannot be higher than 215.**
 - Working duration
 - The working duration must be carefully estimated.
 - It must include reasonable resources required for the administrative and financial management of the possible project, this considering the new management mode in place ('e-management', 'Continuous reporting' and other usual EC requirements).
- 👉 Based on experiences of the last 2 years, the applicants do not pay enough careful attention to the budget forecasted for the administrative management of the project (Activities Reports, amendment procedure (if necessary), final reporting, recurrent contact with the Project Officer, etc.).

D. Travel/subsistence/accommodation costs

- These costs must be reasonable and based on the most economical approach.
- The rate used must be in line with the internal regulation in force in the organisation.
- They must be closely related to a precise task proposed in a specific WP.
- They can cover the costs of the staff involved or the participants in activities.

- Travel/accommodation/subsistence costs could be based on lump sum/unit cost but only based on reference prices from Annex 2a (Decision C(2021)35).
- 👉 The level of travel costs (and related ones) must be substantiated by specific activities linked to the call's topics keeping in mind the biggest part of activities are on-line since the pandemic.

E. Subcontracting costs

- If (strictly) necessary to implement the actions proposed, the applicant may plan the use of subcontractors covering the implementation of some specific tasks as described in the proposal.
- Nevertheless, subcontracting may cover only a limited part of the action.
- The applicant must scheduling the award of subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, the applicant must be sure to avoid any conflict of interests (ex. use of companies linked to a staff involved already in the project (or relatives of such staff) at the level of the applicant or of any Affiliated Entity).
- 👉 Subcontracting with Affiliated Entities are prohibited.
- 👉 The use of a subcontractor for the WP1 activities of coordination and management of the project are not authorised as it will attest to a lack of operational capacity.
- 👉 The use of any external company for the on-going, interim or final evaluation of the activities/project is not allowed in the current call.

F. VAT

- **Deductible or recoverable VAT** (including VAT paid by public bodies acting as public authority) are **not eligible** costs and cannot be included in the provisional budget calculation.
- If the applicant (and Affiliated Entity if applicable) **cannot recover VAT** due to legal status or specific national legal rules, **VAT could be included** in the budget calculation.
- 👉 In case of VAT included (because not recoverable), a supporting justification must be included in the proposal.

G. EU visibility costs

- The proposal could include the costs related to the obligation to ensure the visibility of EU funding in any communication material, outputs production or dissemination (including social media).
- For recall this EU visibility include:
 - the display of the EU flag,
 - the following text: *'Co-Funded by the European Union'*,
 - the following disclaimer: *' Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union. Neither the European Union nor the granting authority can be held responsible for them.'*
- Based on best practices of granted projects, the development of a banner that could be included in any communication (including posts on social media) is the most convenient

option. The cost related to the development of such a banner (or logo) would also be eligible and should be budgeted under heading 'personnel costs' (if done by internal staff) or other direct costs (if done by an external provider).

- 👉 Please already note that (in case of granted proposal) such logo, banner or other visibility items will have to be validated by the Project Officer before final production.

H. Certificate on the financial statement (CFS) costs

- As stated in the Model Grant Agreement, a CFS would be compulsory for any EU grant request higher than **100.000 € in terms of direct costs** (60% of all aggregated direct costs excluding indirect costs).
- **This threshold is applicable by entity and not at project's level** (i.e. at the coordinator level and at the level of each distinct Affiliated Entity involved).
- Such eligible cost should be budgeted in WP1 under heading *C3. Other goods, works and services*.

- 👉 The CFS cost must be included in the provisional budget if the CFS obligation is applicable.

I. Indirect costs

- The call plan a flat rate of 7% of indirect costs applicable to the sum of all direct cost.
- An **exception** exists for applicant (or Affiliated Entity) benefiting from a EU **operating grant** for the period of the proposed project), unless it can be demonstrated that the operating grant does not cover any costs of the action.

- 👉 The applicant (or the Affiliated Entity) must encode this 7% flat rate in the detailed (excel) budget table (see section E. Indirect costs).

J. Project's Income

(green) part of the detailed (excel) budget table)

- EU contribution grant
In order to ensure that an IMCAP grant is actually requested, the applicant must pay attention to encode:
 - The IMCAP co-financing rate of 60 %,
 - The EU grant amount requested (with the maximum of this 60% rate).

- 👉 If no amount would be indicated for the EU grant request in the detailed budget table the EC will consider that the applicant does not apply for EU funds.

- Revenues and contribution by Third Parties
This category of incomes include 3 possibilities:
 - Incomes possibly generated by the project activities themselves,
 - In-kind contributions by third parties, and
 - Financial contributions by third parties.

K. Financial capacity

- The accuracy and level of details of the provisional budget does compose a key element of

the evaluation of any proposal.

- The opportunity of the budgeted costs, their scale and rationality, their link with the activities proposed and their level of details will be one of the main basis of the proposal's final scoring.
 - It will complement the analysis of your own operational capacity to implement the activities (notably in terms of personnel costs scale, use of subcontractors or external staff, economical approach and respect of calculation rules).
 - This will notably demonstrate your financial capacity to cover costs of the activities proposed.
- 👉 The budget information of your proposal is of the utmost importance. Many (good) projects received a penalising score due to weaknesses in the budgetary forecasts.