

Provisional Budget

Key points for a 'good' budget

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The provisional budget supporting the application is a crucial element specifically considered and scored 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 (penalising or even eliminating) scoring due budgetary weaknesses identified during the evaluation. As example, the following should be avoided:

- roughly estimated costs (especially for personnel costs),
- personnel costs not in line with the internal salaries grid for employees of the entity,
- overestimated costs regarding existing labour and market prices,
- overestimation of working time needed for implementing the activities proposed,
- estimated costs not sufficiently supported 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 details of the provisional budget must be included in your application **at two levels**:

1. In the automated form available in SEP

2

3

Budget

Show

2

3 - Budget

No	Name of Beneficiary	Country	Role	Personnel costs - indirect contribution EUR	Subcontracting 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	Intangible costs EUR	Total estimated project costs and overhead costs EUR	Feeding rate	Maximum EU contribution as to eligible costs EUR	Proposed EU contribution as to eligible costs EUR	Max grant amount EUR	Income generated by the project EUR	In kind contribution costs EUR	Financial contribution costs EUR	Over resources EUR	Total estimated project income EUR	
1	Base Consulting SpA	IT	Coordinator	0	0	0	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0	0	0	0	0	0.00
2	Finco Milano (Italy)	IT	Affiliate	0	0	0	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0	0	0	0	0	0.00
3	Finco Future (Romania) Srl	RO	Affiliate	0	0	0	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0	0	0	0	0	0.00
Total				0	0	0	0	0	0	0.00	0.00	0	0	0	0.00	0.00	0.00	0	0	0	0	0	0.00

- The figures encoded in this template form will be considered as the project's budget. If the proposal would be selected, these figures would compose the Grant Agreement budget.
- Due to IT reasons, the amounts encoded are usually 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 'Travel and subsistence costs' column.

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

Please carefully read the guidance in the Template excel document - worksheet '1. Instructions'.

The 3 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 scheme.
 - The applicant will include:
 - very precise figures and
 - extended supporting details explaining the nature of the estimated costs and their method of calculation, this 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 copy and aggregate 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 compulsory. If not, the figures indicated in the SEP form will automatically have prominence.

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) are not yet known.

It is therefore suggested to use the average rate over the 2023 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 based on 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.

○ Compulsory method of calculation (see Article 6.2 of the model Grant Agreement)

- **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:

Total 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.**

○ 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 based on 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.

- Working duration

- The necessary 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 administrative EC requirements).

👉 Based on experiences of the last 3 years, the applicants do not pay enough attention to the level of the budget linked to the administrative management of the project (Activities Reports, amendment procedure (if necessary), final reporting, recurrent contacts with the Project Officer, etc.).

D. Travel/subsistence/accommodation costs

- They must be closely related to a precise task proposed in a specific WP.
 - Compulsorily, travel/accommodation/subsistence costs MUST be based on unit costs defined by Commission [Decision C\(2021\)35](#) of 12 January 2021 authorising the use of unit costs for travel, accommodation and subsistence, amended by Commission Decision C(2024) 5405 (for both travel, accommodation and subsistence).
 - Only the amounts of the Commission [Decision C\(2021\)35](#) of 12 January 2021 authorising the use of unit costs for travel, accommodation and subsistence, amended by Commission Decision C(2024) 5405 (for both travel, accommodation and subsistence). can be considered as 'unit cost' in the budget table. **Any other method of forecast will be considered as actual costs.**
 - **If no used due to national opposite legislation, this must be explicitly indicated in the financial table ('Description' column).**
- 👉 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 is 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.
 - Subcontractors search must be based on a legal procurement process based on the national legislation modalities.
 - The applicant must schedule 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 is strongly discouraged as it could be understood as a lack of operational capacity.
- 👉 The use of any external company for the evaluation of the activities/project is 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), it is advised to include this info in the

budget table and (even if not compulsory) to include in the application a supporting legal document.

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 included in any communication means (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 will be compulsory for any EU grant request higher than 100.000 € (calculated as 60% of all aggregated costs (direct **and** indirect).
- This threshold is applicable by entity and not at project's level (i.e. at coordinator level and at 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. If a CFS is not compulsory, the cost cannot be considered as eligible at the final report stage.

I. Indirect costs

- The call plans a flat rate of 7% of indirect costs applicable to the sum of all direct cost.
- This rate cannot be requested for applicant (or Affiliated Entity) benefiting from an 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 includes 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 bases 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).
- It will also 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 are lower scored due to weaknesses in the budgetary forecasts.