



# GRANTS

EU Delegation to South Africa,  
February 2017



**You have signed  
your grant contract!**



# What's next?



# What's next: your attitude?

- \* I am happy to receive the money, but I will continue as usual*
- \* EU procedures are so complicated that I have to employ additional staff to deal with them*
- \* I will read and apply the contract's conditions and keep in contact with EU staff*

## **EU procedures**

**-> are different from other donor's procedures**

**->are described in contract and are explained in guides  
*(PRAG, DEVCO companion, etc.)***

## Contract - General provisions

- Beneficiary(ies) & EU are the only parties to the contract
- Beneficiaries = main applicant & co-applicants
- Role of the coordinator

## Contract - General provisions

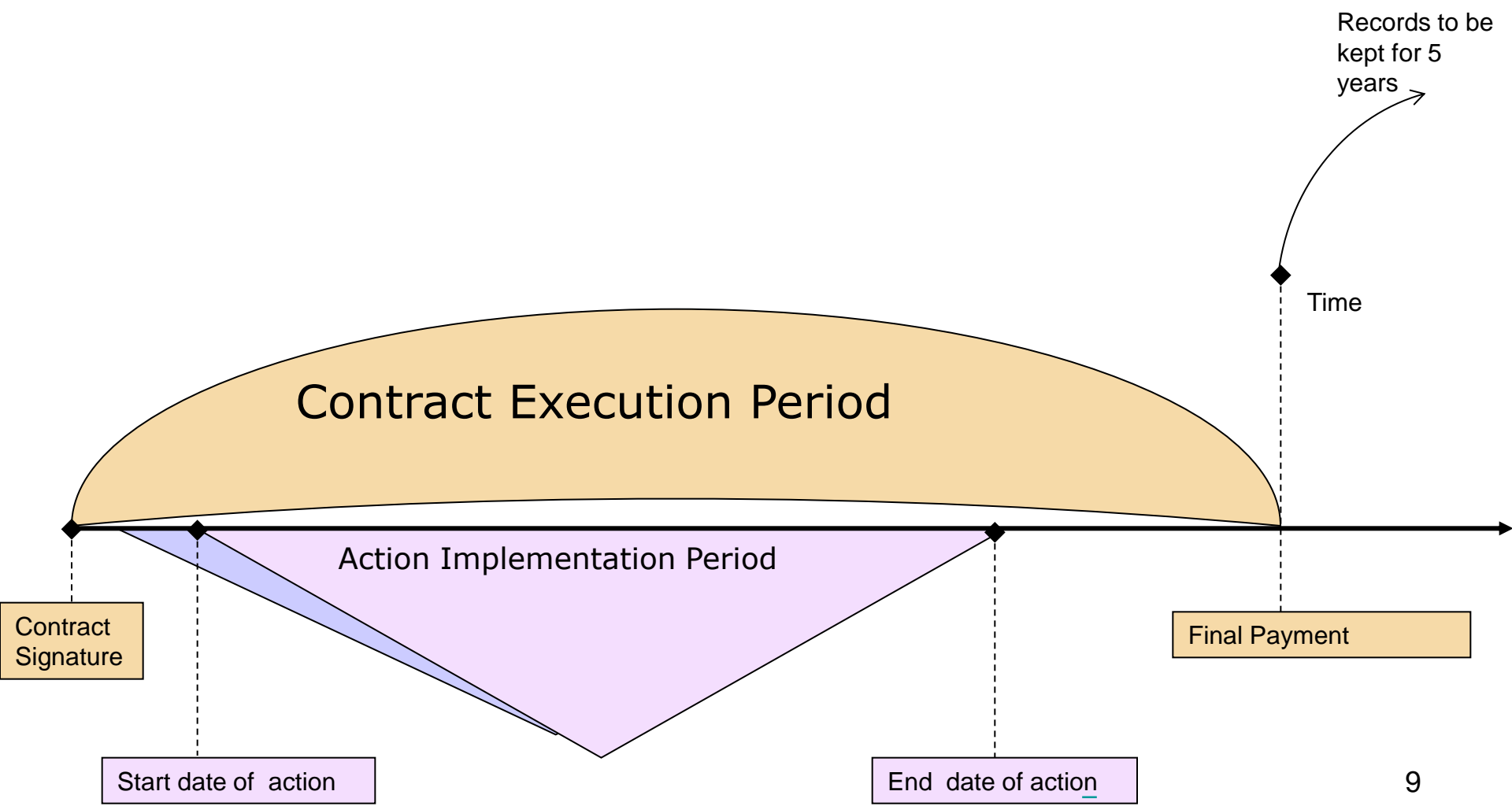
- liability=> for the Coordinator/Beneficiary
- avoid / end conflict of interest
- keep information confidential for 5 years after payment of the balance



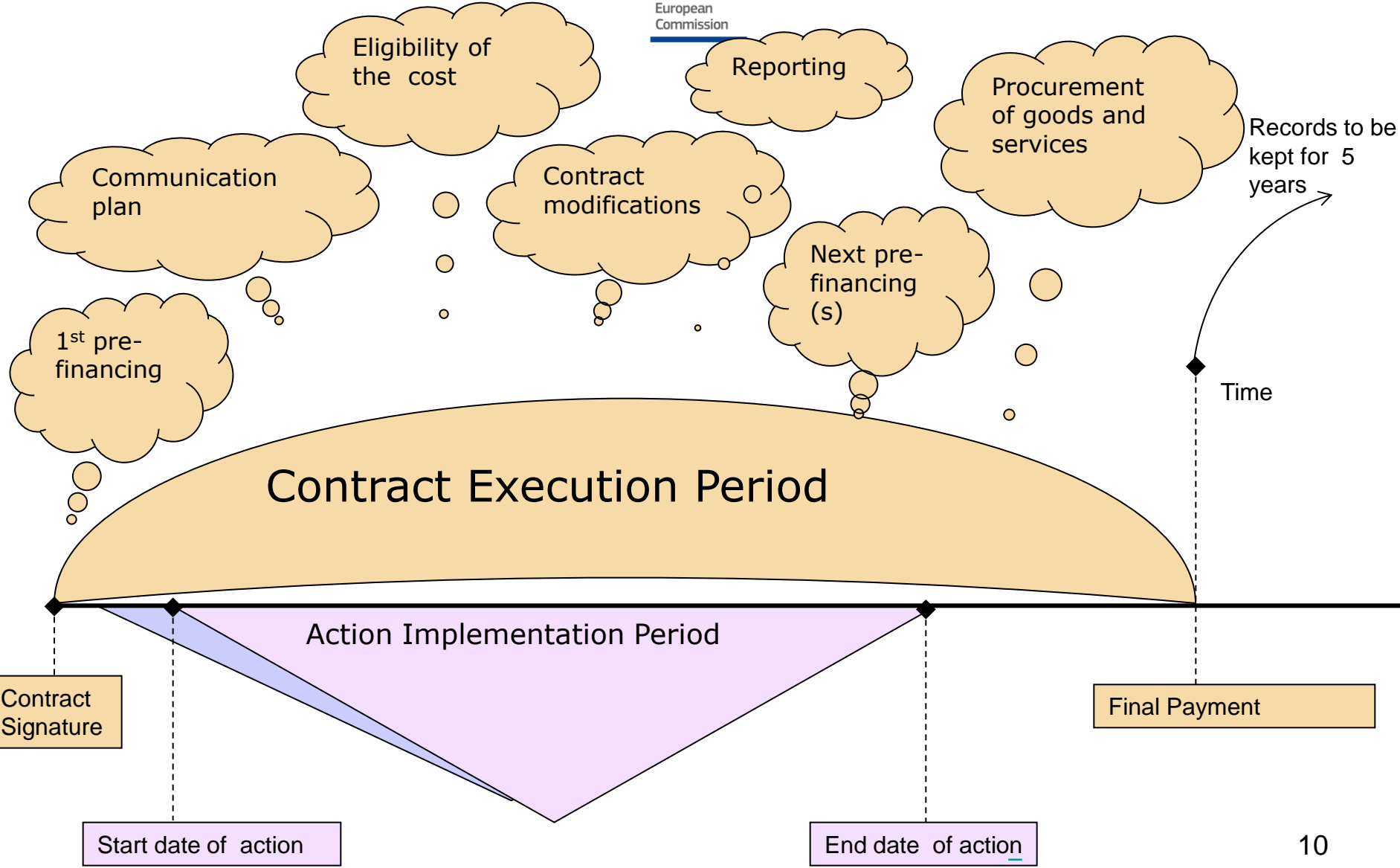
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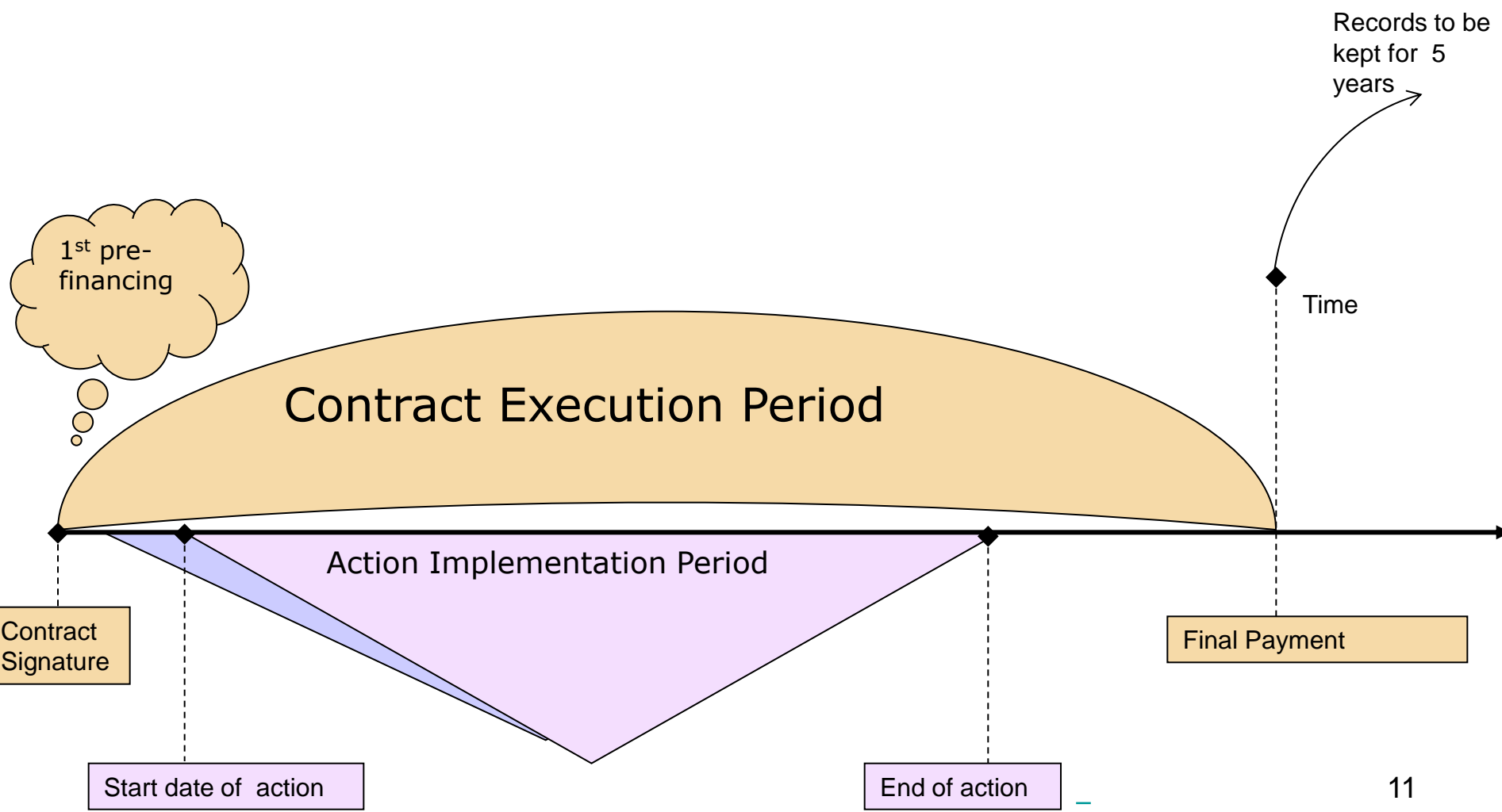
# Contract implementation



# Life of the contract



# Life of the contract



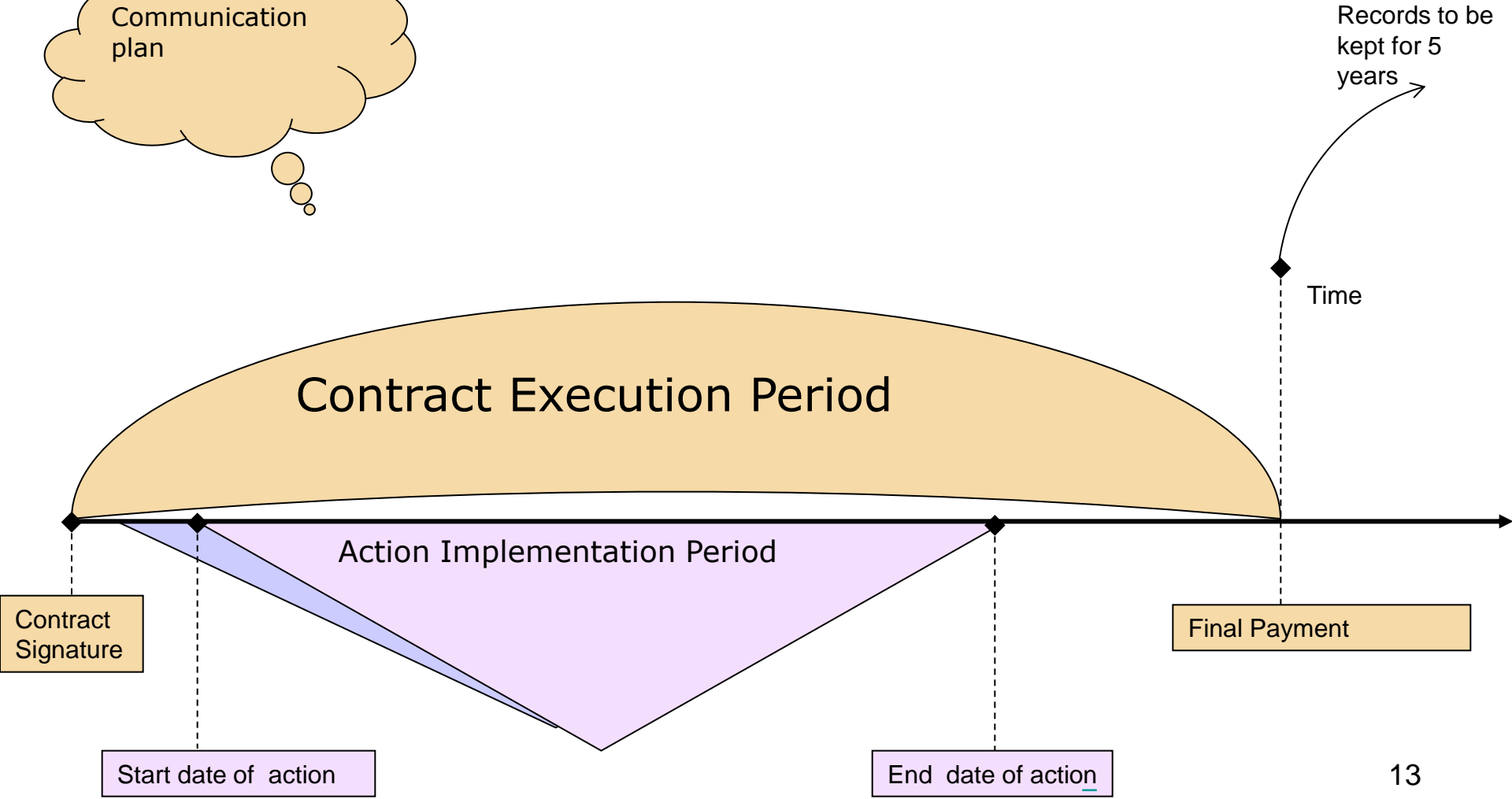
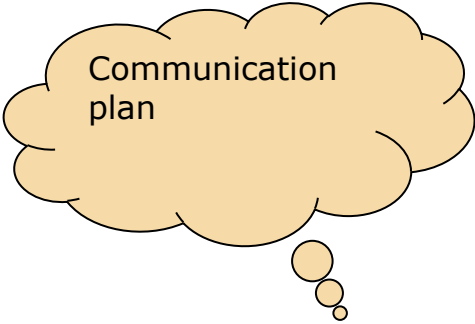
# 1st pre-financing

*Within 30 days after receiving of the signed contract*

*EU payment in **Euro** – remember to record the **exchange rate** when receiving the money => You will have to use it in the financial reports!*



# Life of the contract



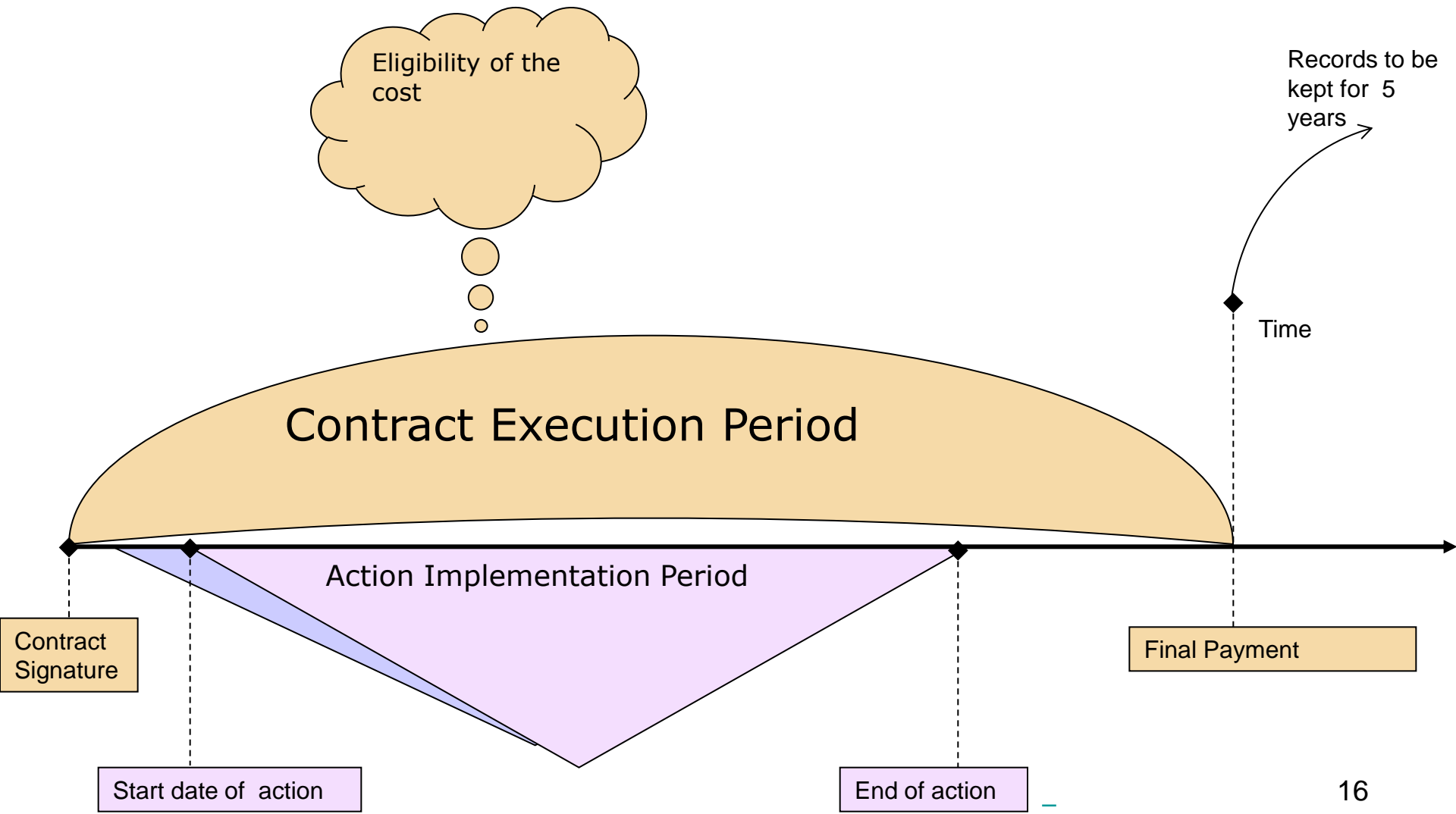
# Communication plan

- to be submitted to EU after the contract signature
- to be updated in narrative reports
- **Note Art 7 of GC:** Unless stated, ownership and property rights are for the Beneficiary. However the EU may still use freely as it sees fit information from the Action
- Where pictures of a natural person are taken, the person must give consent for their use.

# Ownership

- Unless stated, ownership and property rights are for the beneficiary. However the EU may still use freely as it sees fit information from the Action
- Where pics of natural persons are taken, the persons must give consent for their use.
- Transfer of assets at the end of the project.

# Life of the contract



## **Eligible costs – definition (GC article 14)**

- Incurred by the **beneficiary (ies)**
- Incurred **during the implementation period**: services, goods and work delivered
- Indicated **in the budget**
- **Necessary** for the implementation, identifiable and verifiable costs: **recorded in the accounting** of beneficiary(ies), and **backed-up by original supporting documents**
- **Reasonable and justified**: comply with the requirements of **sound financial management**, in particular regarding economy and efficiency

# Categories of direct eligible costs

1. The cost of *staff* assigned to the Action
2. *Travel and subsistence costs* of staff and other people taking part in the Action
3. Purchase or rental costs of *equipment* and supplies
4. Costs of *consumables* (office costs)
5. Other costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the bank charges)
6. *Subcontracting* expenditure

# Staff costs – Heading 1

- **actual gross salaries**, including :social security charges and other remuneration-related costs
- **must not exceed those normally borne by the Beneficiaries**
- **part-time work**
  - in the budget, to be **reflected in the number of units** and not in the unit rate
  - supported by **timesheets**
- only costs of staff working under an **employment contract**

## Travel and subsistence costs - heading 2

- Cost incurred by staff or any other person taking part in the project
- Costs may not exceed those normally borne by the Beneficiary(ies) nor the rates published by the European Commission
- All flights have to always be economy class (cost-efficiency)

## Equipment and supplies - heading 3

- Purchase of equipment (new or used) and supplies specifically dedicated to the purpose of the action
- **Procurement rules** as in Annex IV of the grant contract (transparency + fair competition + best value for money + no conflict of interest)
- **Rule of origin: certificates of origin** for equipment and supplies when the cost of a **unit is more than 100,000 EUR**
- Depreciation, rental or leasing cost for equipment



## Local office – heading 4

- The cost has to be reasonable and in compliance with the principle of efficiency and economy
- If the office is **not specifically** created for the project, only the % of the cost is charged **or** included under the indirect costs

## Other costs, services – heading 5 and 6

- Direct costs not falling under any other headings in the budget
- Typically “outsourced” services, e.g. studies, publications, expenditure verification, translations, financial services, cost of events, visibility
- **Important:** remuneration of **experts working under a service contract** (as opposed to labour/employment contract) has to be included under this heading and NOT under Heading 1 - Human Resources



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# VAT (annex J of the Guidelines)

- Duties, *taxes* and charges, including VAT, paid and **NOT recoverable** by the beneficiaries => eligible direct cost
  
- Beneficiaries do **not need to prove** that VAT cannot be recovered if the VAT amount is:
  - no more than 200 EUR per invoice and
  - max. 2,500 EUR per grant contract, but not exceeding 5% of EU contribution
  
- OR
- cost of recovery of VAT is higher than the taxes declared

# Contingency reserve

- Maximum **5%** of the direct costs
- Can only be used in case of unforeseeable circumstances  
**AND with prior approval by the Contracting Authority**
- The beneficiary must specify for which categories of expenditure (headings) the extra funds are needed
- In the financial report, costs must be shown under the relevant headings of direct costs



# Indirect costs

- Maximum **7%** of **accepted** eligible direct costs
- Exact percentage fixed in the SC and in the budget
- Do not need to be supported by accounting documents
- **However**, they must not include expenditure claimed under other headings **AND** must be actual cost incurred
- **Cover:**
  - costs connected with infrastructures and the general operation of the organisation, such as: renting or depreciation of buildings and plants, water/gas/electricity, maintenance, insurance, supplies and petty office equipment, communication and connection costs, postage, etc.
  - costs connected with horizontal services, such as: administrative and financial management, human resources, training, legal advice, documentation, IT, etc.

# Financial support to 3<sup>rd</sup> parties

**Coordinator** provides information on :

- award procedures (according to the description of the Action),
- identities of the recipient of financial support,
- amount granted (never higher than in description of the Action),
- results achieved,
- problems encountered and solutions found,
- activities carried out,
- timetable of the activities which still need to be carried out

**Obligation for the Third Parties:**

**EU visibility** (e.g. conferences must mention EU funding), free of conflict of interest, confidentiality, record keeping.

# Evaluation and Monitoring

- The EU & Beneficiary can carry out an evaluation.
- Obligation to provide information and share evaluation reports done by the beneficiary.
- EU to be invited to evaluation/monitoring missions

## Non-eligible costs

- a) debts and debt service charges (interest);
- b) provisions for losses or potential future liabilities;
- c) costs financed by another action receiving a European Union grant;
- d) purchases of land or buildings;
- e) currency exchange losses;
- f) credit to third parties;
- g) in kind contribution;
- h) **salary costs of the personnel of national administrations.**

# What are **eligible** and **non-eligible** costs?

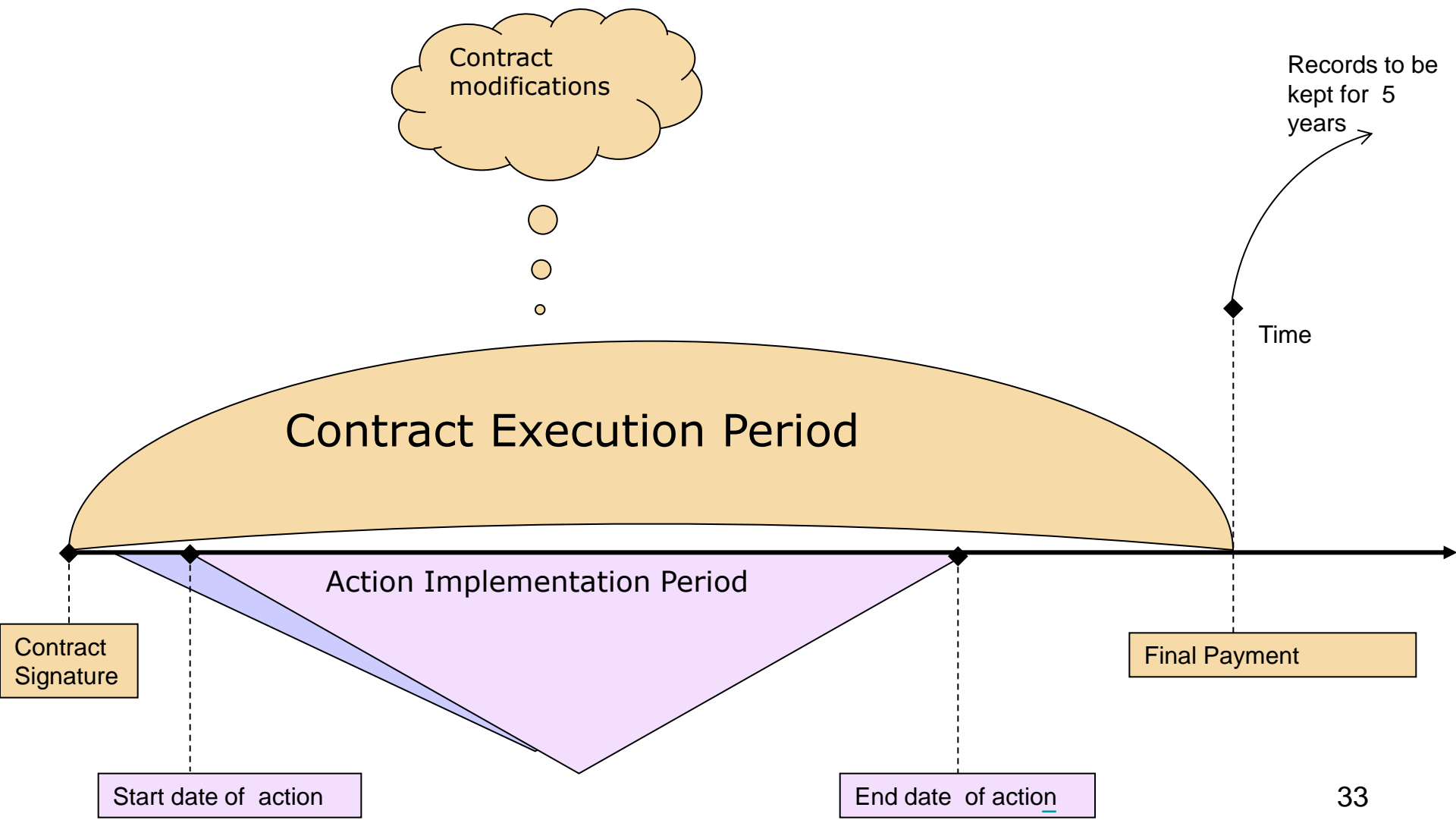
- Bank transactions
- Social security costs of project staff
- Translations
- Exchange losses
- Credits to third parties
- Electricity for part of the building used for the action
- Cost of expenditure verification
- Administrative & management costs
- Purchase of new PC used only by project staff
- Insurances
- Office maintenance costs
- Taxes that can be recovered
- Costs covered by another action financed by EU
- Second hand equipment
- Debts



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# Life of the contract



## Contract modification:

- During implementation period  
(exceptionally during execution period)
- Duly justified request sent and received  
by EU at least 30 days before the  
modification take place
- **NO increase of the maximum grant**

## **TYPES of modification**

- 1) Signed addendum by both parties***
- 2) Re-allocation to be reported to EU***
- 3) Prior EU approval for use of contingency***
- 4) Others (change of bank , auditor, address...) to be communicated to EU***

# 1) Signed addendum

- for changes, such as change of the beneficiary, important modification of the activities, etc.
- for extension of the implementation period
- for transfers in the budget between budget headings over 25%

# 1) Signed addendum – who does what?

You



content of the request:

- justifying letter
- modified documents
- proposed budget  
(annex VI of contract)

.....

*return signed addendum*

EU



analyse the request

prepare the addendum  
(form and annexes)

send signed addendum  
for your signature

ADDENDUM NO <...> TO GRANT CONTRACT NO <...>

¶

<Official name and address of the Contracting Authority>¶

(‘The Contracting Authority’),¶

of the one part,¶

and¶

<Official name of Coordinator, as mentioned in the LEF>¶

<Legal status (organisation) / title (individual)>¶

<Organisation official registration number>¶

<Full official address>¶

[<VAT number, for VAT beneficiaries>],¶

(the Coordinator)¶

of the other part,¶

have agreed as follows:¶

The following provisions of the contract <title and identification number of contract> concluded between the Contracting Authority and the Coordinator on <date> (the ‘Contract’) are hereby replaced/supplemented as follows:¶

Article <number>; <title>¶

<text of the new article as amended>¶

Annex <number>; <title>¶

[The new version of Annex <number>; <title> is attached to this addendum]¶

All other terms and conditions of the Contract [and its previous addenda] remain unchanged. This addendum shall enter into force on the later date of signature by the Parties.¶

- Done in English in [two] [three] originals, [For contracts under direct management: [one] [two] originals being for the European Commission] [For contracts under indirect management: one original being for the Contracting Authority, one original being for the European Commission,] and one original being for the Beneficiary(ies).¶

**For the Beneficiary(ies)**¶

Name¶

Title¶

Signature¶

Date¶

**For the Contracting Authority**¶

Name¶

Title¶

Signature¶

Date¶

Expenditures	Budget as per contract/last addendum signed				Use of contingencies/ addenda	Budget as per new addendum signed (Only to be completed when an amendment is necessary)				change in% to initial contract
	Unit	# Units (a)	Unit value (in EUR) (b)	Total Cost (in EUR) (a)*(b)		Unit	# Units (a)	Unit value (in EUR) (b)	Total Cost (in EUR) (a)*(b)	
<b>1. Human Resources</b>										
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)										
1.1.1 Technical	Per month	12.00	1500.00	18 000		Per month	12.00	1500.00	18 000	
1.1.2 Administrative/support staff	Per month	36.00	1000.00	36 000		Per month	36.00	1000.00	36 000	
1.2 Salaries (gross amounts incl social sec charges and other related costs, expat/int. staff)	Per month			0		Per month			0	
1.3 Per diems for missions/travel				0					0	
1.3.1 Abroad (staff assigned to the Action)	Per diem	680.00	50.00	34 000	-17 000	Per diem	340.00	50.00	17 000	-50.00%
1.3.2 Local (staff assigned to the Action)	Per diem			0		Per diem			0	
1.3.3 Seminar/conference participants	Per diem			0		Per diem			0	
<b>Subtotal Human Resources</b>				<b>88 000.00</b>					<b>71 000.00</b>	<b>-19.32%</b>
<b>2. Travel</b>				0					0	
2.1 International travel	Per flight	20.00	300.00	6 000	-2 000	Per flight	16.00	250.00	4 000	-33.33%
2.2 Local transportation	Per month	800.00	15.00	12 000		Per month	800.00	15.00	12 000	
<b>Subtotal Travel</b>				<b>18 000.00</b>					<b>16 000.00</b>	<b>-11.11%</b>
<b>3. Equipment and supplies</b>				0					0	
3.1 Purchase or rent of vehicles	Per vehicle	1.00	15 000.00	15 000	15 000	Per vehicle	2.00	15 000.00	30 000	100.00%
3.2 Furniture, computer equipment				0	400	per unit	2.00	200.00	400	100.00%
3.3 Machines, tools, etc.				0					0	
3.4 Spare parts/equipment for machines, tools				0					0	
3.5 Other (please specify)				0					0	
<b>Subtotal Equipment and supplies</b>				<b>15 000.00</b>					<b>30 400.00</b>	<b>102.67%</b>
<b>4. Local office</b>				0					0	
4.1 Vehicle costs	Per month	36.00	100.00	3 600	3 600	Per month	36.00	200.00	7 200	100.00%
4.2 Office rent	Per month	36.00	200.00	7 200		Per month	36.00	200.00	7 200	
4.3 Consumables - office supplies	Per month	36.00	50.00	1 800		Per month	36.00	50.00	1 800	
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month			0		Per month			0	
<b>Subtotal Local office</b>				<b>12 600.00</b>					<b>16 200.00</b>	<b>28.57%</b>
<b>5. Other costs, services</b>				0					0	
5.1 Publications	per unit	10.00	150.00	1 500		per unit	10.00	150.00	1 500	
5.2 Studies, research	per unit	2.00	3 000.00	6 000		per unit	2.00	3 000.00	6 000	
5.3 Expenditure verification/Audit	per year	3.00	2 000.00	6 000		per year	3.00	2 000.00	6 000	
5.4 Evaluation costs				0					0	
5.5 Translation, interpreters				0					0	
5.6 Financial services (bank guarantee costs etc.)				0					0	
5.7 Costs of conferences/seminars	per unit	3.00	20 000.00	60 000		per unit	3.00	20 000.00	60 000	
5.8 Visibility actions	per year	3.00	5 000.00	15 000		per year	3.00	5 000.00	15 000	
<b>Subtotal Other costs, services</b>				<b>88 500.00</b>					<b>88 500.00</b>	<b>0.00%</b>
<b>6. Other support to third party</b>										
<b>Subtotal Other</b>										
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>				<b>222 100</b>	<b>0</b>				<b>222 100</b>	
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)										
<b>9. Total eligible costs of the Action (7+ 8)</b>										
10. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)			3.00%	6 663				3.00%	6 663	
<b>11. Total eligible costs (9+10)</b>										
12. - Taxes - Contributions in kind										
<b>13. Total accepted costs of the Action (11+12)</b>				<b>228 763</b>					<b>228 763</b>	

## 2) Re-allocation

Variation of **25%** (or less) for transfers between budget headings, NOT affecting the basic purpose of the Action

Not to be used to modify:

- use of contingency
- amounts or rates of the simplified cost options
- % indirect costs

Consecutive re-allocations not more than 25% in total

# How to calculate the changes between headings

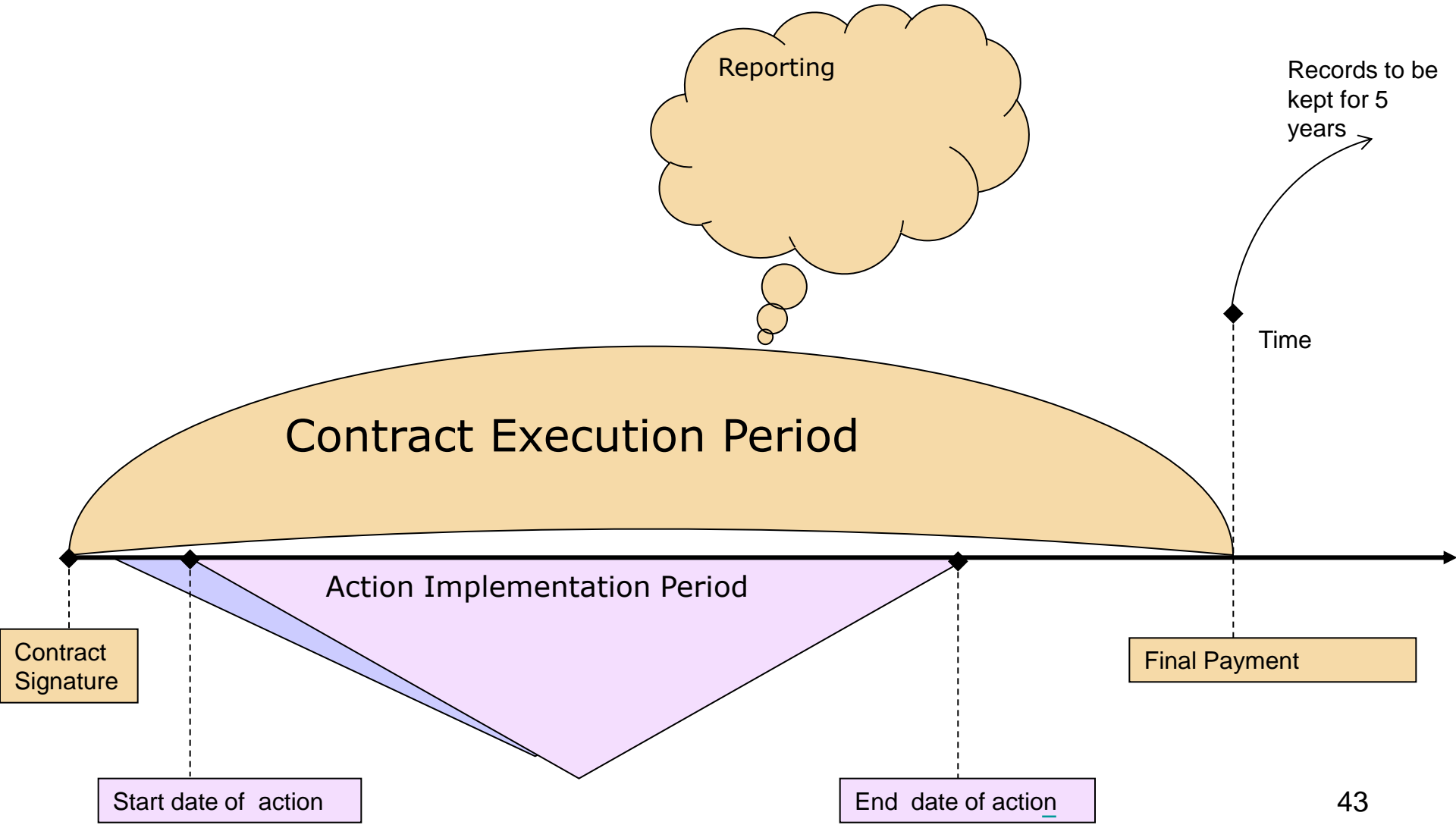
Expenditures	Budget as per contract/last addendum signed	Modification	%	Budget as per new addendum signed
	<b>a</b>	<b>b</b>	<b>c= b/a</b>	<b>d=a+b</b>
<b>1. Human Resources</b>				
<b>Subtotal Human Resources</b>	100 000	-10 000	-10.00%	<b>90 000</b>
<b>2. Travel</b>				
<b>Subtotal Travel</b>	20 000	1 000	5.00%	<b>21 000</b>
<b>3. Equipment and supplies</b>				
<b>Subtotal Equipment and supplies</b>	30 000	8 000	26.67%	<b>38 000</b>
<b>4. Local office</b>				
<b>Subtotal Local office</b>	15 000			<b>15 000</b>
<b>5. Other costs, services</b>				
<b>Subtotal Other costs,</b>	150 000	1 000	0.67%	<b>151 000</b>
<b>6. Other</b>				
<b>Subtotal Other</b>	200 000			<b>200 000</b>
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>	<b>515 000</b>	<b>0</b>		<b>515 000</b>



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# Life of the contract



# Reporting – article 2 of the GC

## 1) Narrative report & 2) Financial report

- for each 12 months of implementation
  - to cover the whole Action (not only EU contribution)
- to be submitted with each payment request
- non-submission of reports may lead to the termination of the contract

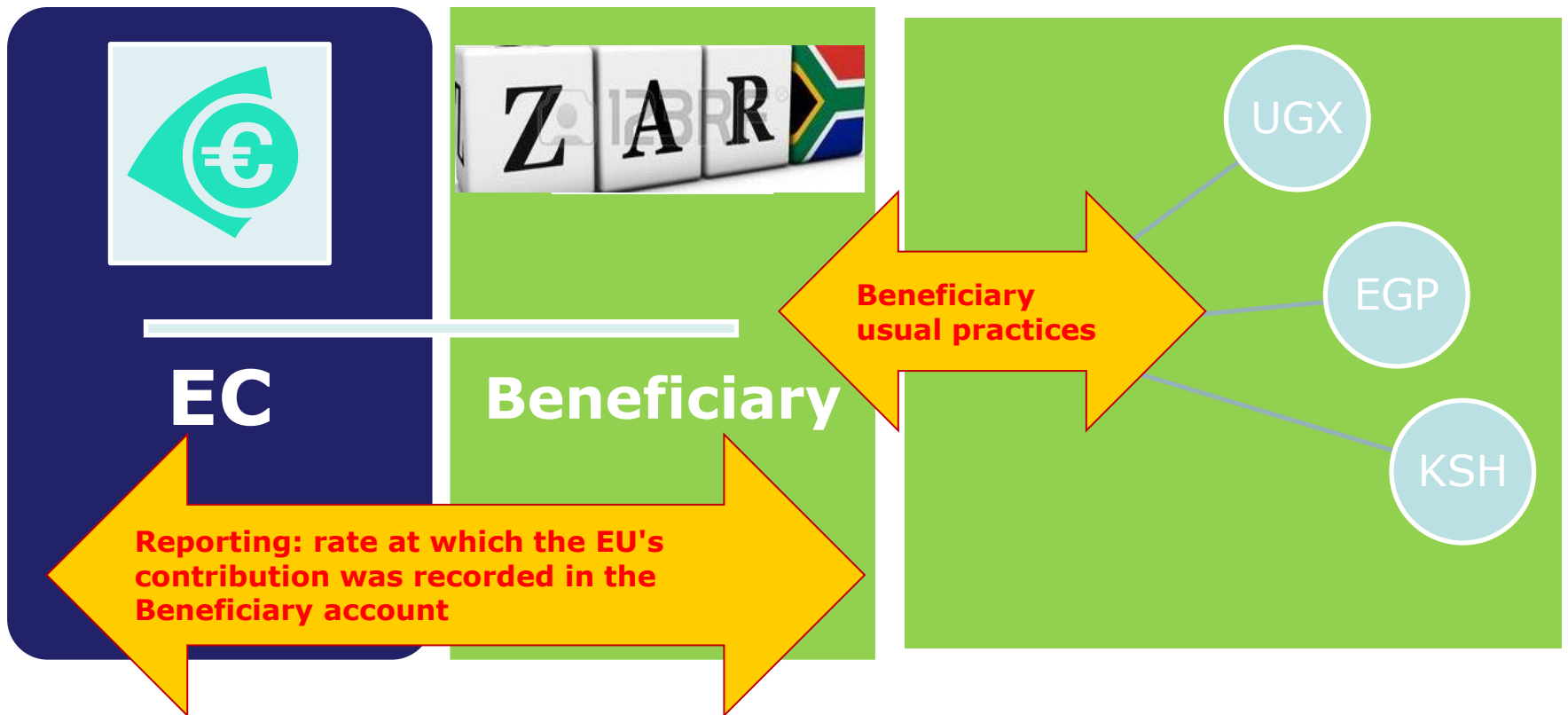
## Narrative report - article 2 of the GC

- Obligation to provide information using the templates ( Annex VI).
- Add: communication plan, log frame, reports , publication, press release.
- EU may request additional information anytime. Info to be provided within 30 days of request

# Financial report – annex VI

- Level of detail should match that of the Budget for the Action
- Reports shall be submitted in **Euros**.
  - **Conversion into Euro shall be made using the exchange rate recoded with the pre-financing(s)**

# Rules for currency conversion



# One financial report = many excel sheets

- 1) expenditure occurred
- 2) forecast for the next period
- 3) addenda or use of contingency (if needed)

Interim financial report: period (dd/mm/yyyy-dd/mm/yyyy)	Budget as per contract/addendum				Reallocation n	Expenditure incurred				
	Unit	# Units	Unit value (in EUR)	Total Cost (in EUR)		# Units	Unit value (in EUR)	Total Cost (in EUR)	Cumulated costs (before current year)	Cumulated costs (from start of implementation to present report (in EUR))
Expenditures		(a)	(b)	(c)= a*b		(a)	(b)	(c)= a*b	(d)	(f)=c+d
<b>1. Human Resources</b>										
1.1 Salaries (gross amounts, local staff)										
1.1.1 Technical	Per month									
1.1.2 Administrative/ support staff	Per month									
1.2 Salaries (gross amounts, expat/int. staff)	Per month									
1.3 Per diems for missions/travel										
1.3.1 Abroad (staff assigned to the Action)	Per diem									
1.3.2 Local (staff assigned to the Action)	Per diem									
1.3.3 Seminar/conference participants	Per diem									
<b>Subtotal Human Resources</b>										
<b>2. Travel</b>										
2.1 International travel	Per flight									
2.2 Local transportation	Per month									
<b>Subtotal Travel</b>										
<b>3. Equipment and supplies</b>										
3.1 Purchase or rent of vehicles	Per vehicle									
3.2 Furniture, computer equipment										
3.3 Machines, tools, etc.										
3.4 Spare parts/equipment for machines, tools										
3.5 Other (please specify)										
<b>Subtotal Equipment and supplies</b>										
<b>4. Local office</b>										
4.1 Vehicle costs	Per month									
4.2 Office rent	Per month									
4.3 Consumables - office supplies	Per month									
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month									
<b>Subtotal Local office</b>										
<b>5. Other costs, services</b>										
5.1 Publications										
5.2 Studies, research										
5.3 Expenditure verification/Audit										
5.4 Evaluation costs										
5.5 Translation, interpreters										
5.6 Financial services (bank guarantee costs etc.)										
5.7 Costs of conferences/seminars										
5.8 Visibility actions										
<b>Subtotal Other costs, services</b>										
<b>6. Other</b>										
<b>Subtotal Other</b>										
<b>Action (1-6)</b>										
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)										
<b>9. Total eligible costs of the Action (7+ 8)</b>										
10. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)										
<b>11. Total eligible costs (9+10)</b>										
12. - Taxes										
- Contributions in kind										
<b>(11+12)</b>										

Final financial report: period (dd/mm/yyyy-dd/mm/yyyy)	Contract No		Implementation period of the contract (dd/mm/yyyy-										
	Budget as per contract/addendum				Reallocation	Expenditure incurred					Variations in comparison with initial budget/addendum		
	Unit	# Units	Unit value (in EUR)	Total Cost (in EUR)	Reallocation allowed (Article 9.4 of the General Conditions)	# Units	Unit value (in EUR)	Total Cost (in EUR)	Cumulated costs (before current report) (in EUR)	Cumulated costs (from start of implementation to present report included) (in EUR)	In absolute value in EUR	In %	Explanation for all variations
		(a)	(b)	(c)=a*b		(a)	(b)	(c)=a*b	(d)	(f)=c+d			
<b>1. Human Resources</b>													
1.1 Salaries (gross amounts, local staff)													
1.1.1 Technical	Per month												
1.1.2 Administrative/ support staff	Per month												
1.2 Salaries (gross amounts, expat/int. staff)	Per month												
1.3 Per diems for missions/travel													
1.3.1 Abroad (staff assigned to the Action)	Per diem												
1.3.2 Local (staff assigned to the Action)	Per diem												
1.3.3 Seminar/conference participants	Per diem												
<b>Subtotal Human Resources</b>													
<b>2. Travel</b>													
2.1 International travel	Per flight												
2.2 Local transportation	Per month												
<b>Subtotal Travel</b>													
<b>3. Equipment and supplies</b>													
3.1 Purchase or rent of vehicles	Per vehicle												
3.2 Furniture, computer equipment													
3.3 Machines, tools, etc.													
3.4 Spare parts/equipment for machines,													
3.5 Other (please specify)													
<b>Subtotal Equipment and supplies</b>													
<b>4. Local office</b>													
4.1 Vehicle costs	Per month												
4.2 Office rent	Per month												
4.3 Consumables - office supplies	Per month												
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month												
<b>Subtotal Local office</b>													
<b>5. Other costs, services</b>													
5.1 Publications													
5.2 Studies, research													
5.3 Expenditure verification/Audit													
5.4 Evaluation costs													
5.5 Translation, interpreters													
5.6 Financial services (bank guarantee costs etc.)													
5.7 Costs of conferences/seminars													
5.8 Visibility actions													
<b>Subtotal Other costs, services</b>													
<b>6. Other</b>													
<b>Subtotal Other</b>													
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>													
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)													
<b>9. Total eligible costs of the Action (7+8)</b>													
10. Not applicable													
<b>11. Total eligible costs (9+10)</b>													
12. Taxes													

Contract No

Implementation period of the contract (dd/mm/yyyy-dd/mm/yyyy)

## Forecast Budget &amp; follow-up

Previous period (dd/mm/yyyy-dd/mm/yyyy)

Real Previous  
Period

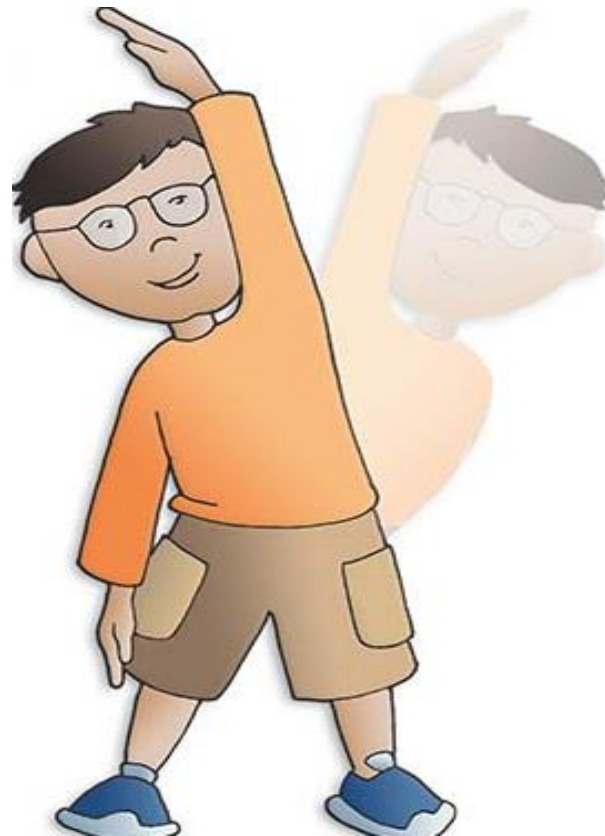
Following period (dd/mm/yyyy-dd/mm/yyyy)

Forecast

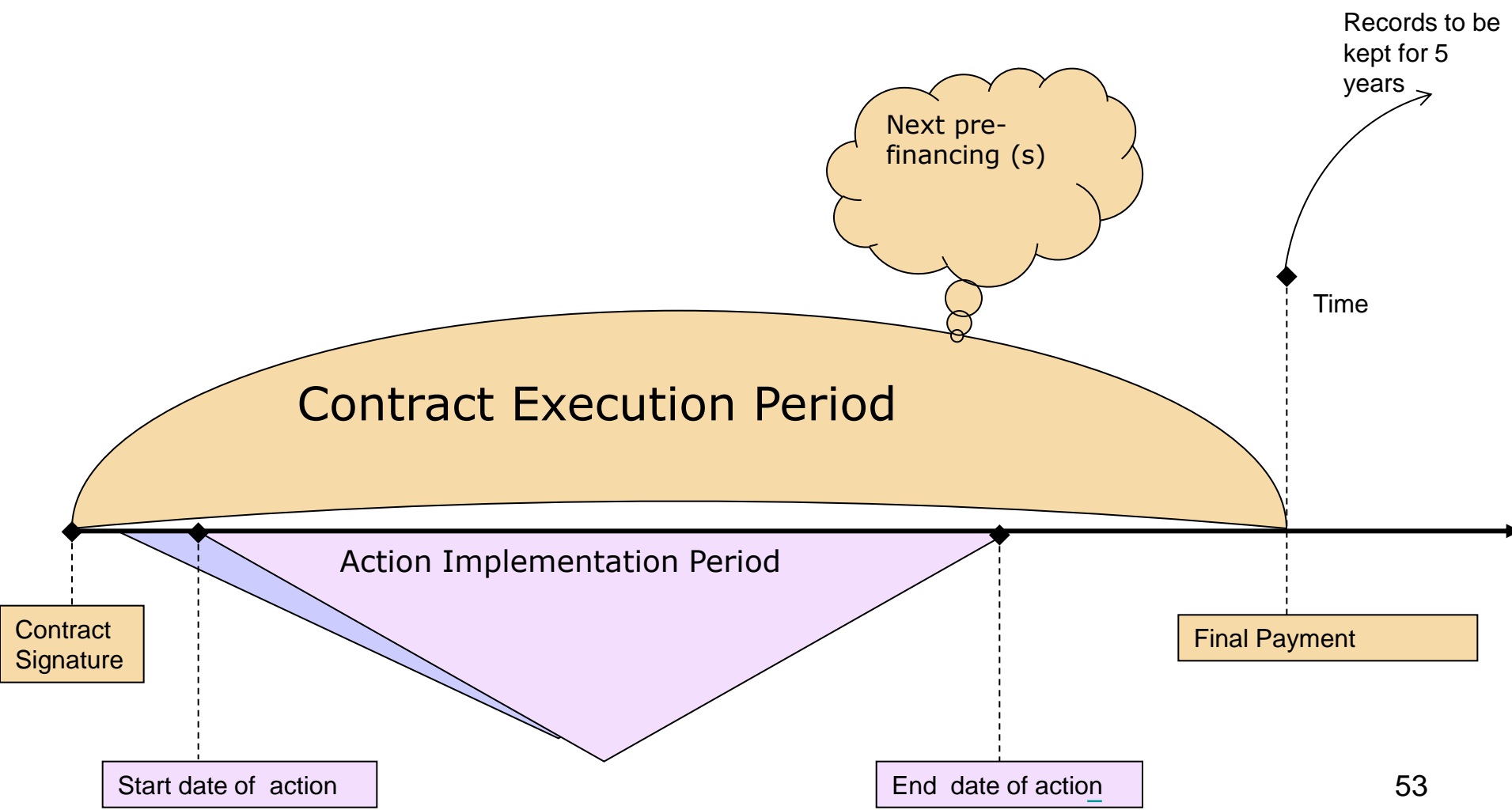
Forecast

Expenditures	Forecast				Real Previous Period Total Cost (in EUR)	Forecast			
	Unit	# Units	Unit value (in EUR)	Total Cost (in EUR)		Unit	# Units	Unit value (in EUR)	Total Cost (in EUR)
<b>1. Human Resources</b>									
1.1 Salaries (gross amounts, local staff)									
1.1.1 Technical	Per month					Per month			
1.1.2 Administrative/ support staff	Per month					Per month			
1.2 Salaries (gross amounts, expat/int. staff)	Per month					Per month			
1.3 Per diems for missions/travel									
1.3.1 Abroad (staff assigned to the Action)	Per diem					Per diem			
1.3.2 Local (staff assigned to the Action)	Per diem					Per diem			
1.3.3 Seminar/conference participants	Per diem					Per diem			
<b>Subtotal Human Resources</b>									
<b>2. Travel</b>									
2.1. International travel	Per flight					Per flight			
2.2 Local transportation	Per month					Per month			
<b>Subtotal Travel</b>									
<b>3. Equipment and supplies</b>									
3.1 Purchase or rent of vehicles	Per vehicle					Per vehicle			
3.2 Furniture, computer equipment									
3.3 Machines, tools...									
3.4 Spare parts/equipment for machines, tools									
3.5 Other (please specify)									
<b>Subtotal Equipment and supplies</b>									
<b>4. Local office</b>									
4.1 Vehicle costs	Per month					Per month			
4.2 Office rent	Per month					Per month			
4.3 Consumables - office supplies	Per month					Per month			
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month					Per month			
<b>Subtotal Local office</b>									
<b>5. Other costs, services</b>									
5.1 Publications									
5.2 Studies, research									
5.3 Expenditure verification/Audit									
5.4 Evaluation costs									
5.5 Translation, interpreters									
5.6 Financial services (bank guarantee costs etc.)									
5.7 Costs of conferences/seminars									
5.8 Visibility actions									
<b>Subtotal Other costs, services</b>									
<b>6. Other</b>									
<b>Subtotal Other</b>									
<b>7. Subtotal direct eligible costs of the Action (1-6)</b>									
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)									
<b>9. Total eligible costs of the Action (7+8)</b>									

# EXERCISE



# Life of the contract



## ANNEX V

### Payment request for Grant Contract

#### European Union external actions

<Date of the payment request >

For the attention of

<address of the Contracting Authority>

<Financial unit/section indicated in the Contract ><sup>1</sup>

Reference number of the Grant Contract:

Title of the Grant Contract:

Name and address of the Coordinator:

Payment request number:

Period covered by the payment request:

Dear Sir/Madam,

I hereby request < a further pre-financing payment/payment of the balance > under the Contract mentioned above.

The amount requested is <according to the Option indicated in Article 4(1) of the Special Conditions of the Contract/the following: ...>.

Please find attached the following supporting documents:

- expenditure verification report or detailed breakdown of expenditure (if required by Article 15.7 of the General Conditions of the Contract)
- narrative and financial interim report (for further pre-financing payments)
- a forecast budget for the subsequent reporting period (for further pre-financing payments)

- narrative and financial final report (for payment of the balance).

The payment should be made to the following bank account: <give the account number shown on the financial identification form annexed to the Contract>

#### Declaration on honour

*I hereby certify that the information contained in this payment request is full, reliable and true, and is substantiated by adequate supporting documents that can be checked.*

*I hereby certify that the costs declared have been incurred in accordance with this Contract and that they can be considered as eligible in accordance with the Contract.*

Yours faithfully,

< Signature >

<sup>1</sup> Please do not forget to send a copy of this letter to the entities mentioned in Article 5(1) of the Special

## **Further pre-financing : documents to be submitted:**

- 1) request for payment (annex V)
- 2) narrative report (annex VI)
- 3) financial report (annex VI)
- 4) forecast budget for the following reporting period (12 months or more if last period)(annex VI)
- 5) expenditure verification report (EVR) (annex VII) **or** detailed list of expenditure for 3<sup>rd</sup>, 5<sup>th</sup>, and Final

## **Expenditure Verification report – annex VII**

*Required with any **FINAL report***

*Done by an external auditor approved or chosen by EU*

### **Detailed breakdown of expenditure (DBE)**

- *if there is no expenditure verification report with every 3<sup>rd</sup>, 5<sup>th</sup> reports*
- *with the **FINAL report***

	2nd pre- financing payment	3rd pre- financing payment	4th pre- financing payment	5th pre- financing payment	.... pre- financing payment	Final Report
Grant  ≤ EUR 5 Mil  and  > EUR 100 k	-	DBE  covering the preceding reporting periods not already covered	-	DBE  covering the preceding reporting periods not already covered	-	EVR covering entire Action  DBE covering entire Action

## Further pre-financing

- for every **12 months** period
- submitted within **60 days** following the end of reporting period!
- can be before the end of reporting period if important expenditure occurred (more than 70% of the EU part)

## Further pre-financing – article 15.1

If the **expenditures** financed by the EU are less than 70% of the previous payment

=> pre-financing payment is reduced

**REDUCTION** = difference between 70% of the previous pre-financing and **expenditures** financed by the EU

EU part of the expenditure occurred <  
70% of the previous payment

EXAMPLE 1 :

- EU paid 200.000€ as 1<sup>st</sup> pre-financing
- The financial report shows the expenditure occurred for 100.000€
- EU contribution to the Action is 80%

**Solution:**

**A) EU contribution to expenditure:  $80\% * 100.000 = 80.000\text{€}$**

**B)  $70\% * 200.000\text{€} = 140.000\text{€}$**

**$A < B \Rightarrow$  reduction of payment**

EU part of the expenditure occurred >  
70% of the previous payment

EXAMPLE 2 :

- EU paid 200.000€ as 1<sup>st</sup> pre-financing
- The financial report shows the expenditure occurred for 250.000€
- EU contribution to the Action is 80%

**Solution:**

**A) EU contribution to expenditure:  $80\% * 250.000 = 200.000\text{€}$**

**B)  $70\% * 200.000\text{€} = 140.000\text{€}$**

**A > B => no reduction of payment**

Total sum of pre-financings may not exceed 90% of the EU contribution to the Action

# Payment deadlines

## Interim/final payments

- **60** days from the request for payment reception if **one** beneficiary
- **90** days from the request for payment reception if **multi-beneficiaries**

## Suspension of the period for payment

- a) wrong amount or payment not due;
- b) no supporting documents;
- c) clarifications, modifications or additional information needed in the reports;
- d) expenditure not eligible – needs to carry out additional checks;
- e) substantial errors, irregularities or fraud;
- f) breach of obligations under this Contract;
- g) the visibility obligations set out in Article 6 are not complied with



## Interest on late payment

If EU pays after the deadline (excluding suspensions)

ECB rate +3.5%

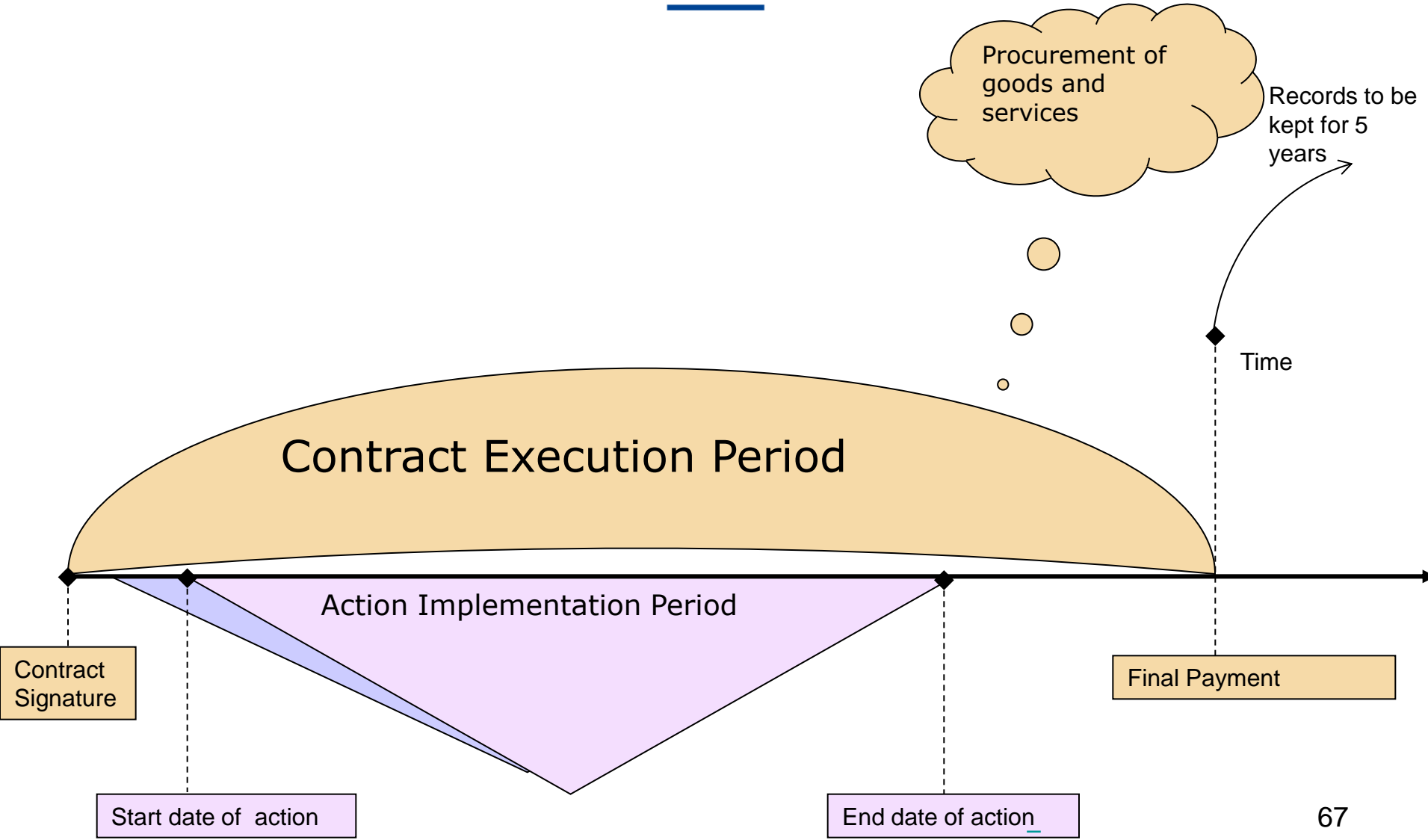
- Automatic if amount of interest above 200€
- Upon a request if below 200€



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# Life of the contract



# Procurement - basic principles

- 1. Best value for money or lower price*
- 2. No conflict of interest*
- 3. Objective criteria*
- 4. Documentation justifying the decision*
- 5. If not open tender => justify the choice of tenderers invited to submit an offer*

# Eligibility criteria

## Nationality rule

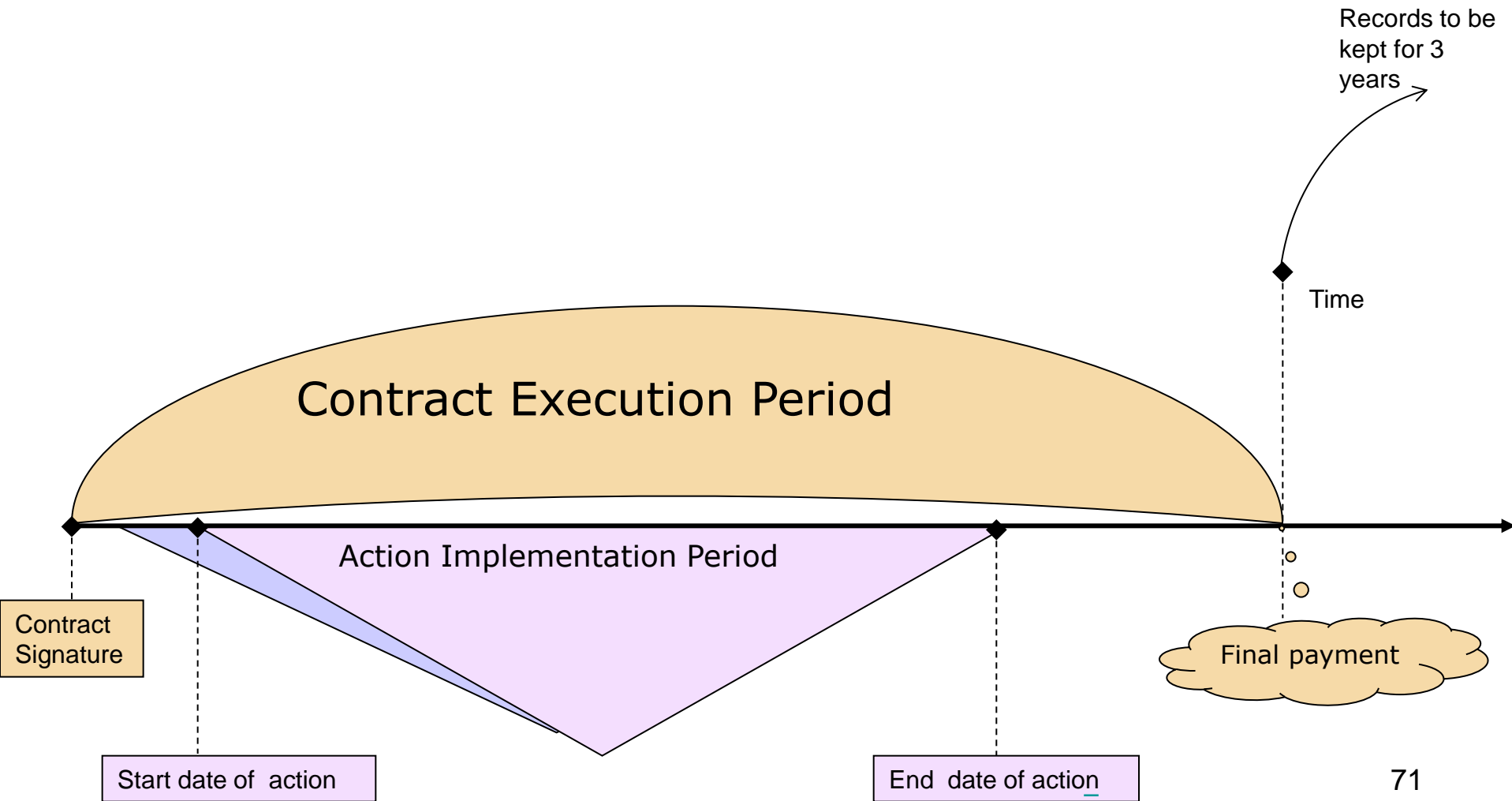
- Open on equal terms to all who are in an eligible country, under the regulation financing the grant  
  
(eg. DCI not eligible - some G-20 members, such as China, India, Brazil)
- **EXCEPTION:** experts *proposed under service tenders* can be of **all** nationalities

# Eligibility criteria

## Rule of origin

- Supplies may originate from any country if below 100.000 €
- If not, the certificate of origin is to be provided with the invoice

# Contract implementation



# Final Payment / Recovery Order

Report to be submitted:

**3 months** after the end of the implementation period  
(6 months if beneficiary has no headquarters in  
South Africa)

Final amount calculation:

- EU part of the eligible expenditure
  - no more than maximum grant amount
- or
- recovery of unused pre-financing

**Proofs of transfers of ownership – additional document**

# Non-profit principle Article 17 of GC

Grants are intended to help the beneficiary implement the Action, not to generate profit. If it should happen, that the grant money will not be needed, the excess must be returned to the European Union.





**Profit:** surplus of the receipts over the eligible cost covered by the EU

<p><b>ELIGIBLE COSTS</b></p>	<p><b>RECEIPTS</b></p> <ol style="list-style-type: none"><li>1. EU Contribution</li><li>2. INCOME from the action</li><li>3. OTHER financial contributions specifically assigned to the eligible costs</li></ol>
<p><b>PROFIT</b></p>	
<p><b>PRO-RATA RECOVERY</b></p>	



[http://ec.europa.eu/europeaid/funding/about-funding-and-procedures/procedures-and-practical-guide-prag\\_en](http://ec.europa.eu/europeaid/funding/about-funding-and-procedures/procedures-and-practical-guide-prag_en)



**Chapter 19: The implementation of grant contracts - A Users' Guide**  
<http://ec.europa.eu/europeaid/companion/document.do?nodeNumber=19>



**Capacity4Dev Procedures Group**

Register at: <http://capacity4dev.ec.europa.eu/og/ec-invitation/d5H7qs>



**FAQs, Frequently Asked Questions – PRAG 2012**

[http://www.cc.cec/dgintranet/europeaid/contracts\\_finances/faq/index\\_en.htm](http://www.cc.cec/dgintranet/europeaid/contracts_finances/faq/index_en.htm)



➤ **Finance and Contract Section at the EU Delegation**

[http://ec.europa.eu/europeaid/work/procedures/financial-management-toolkit\\_en.htm\\_en](http://ec.europa.eu/europeaid/work/procedures/financial-management-toolkit_en.htm_en)



# THANK YOU FOR YOUR ATTENTION!





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