

FINANCIAL GUIDELINES

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PRIMA
PARTNERSHIP FOR RESEARCH AND INNOVATION
IN THE MEDITERRANEAN AREA



The PRIMA programme is an Art. 185 initiative supported and founded under Horizon 2020, the European Union's Framework Programme for Research and Innovation

Summary

1 Eligible Costs

2 Ineligible Costs

3 Third Parties

4 Report and payment requests

1. Eligible Costs

- A) Direct Personnel Costs
- B) Direct costs of subcontracting
- C) Direct costs of providing financial support to third parties
- D) Other direct costs
- E) Indirect costs

**SECTION 1
RULES!!**

DIRECT COSTS: Costs directly linked to the action implementation and can be attributed directly to it.

INDIRECT COSTS: Costs NOT directly linked to the action implementation and cannot be attributed directly to it.

1. Eligible Costs

General conditions

ACTUAL COSTS

- ✓ Incurred by the beneficiaries
- ✓ According to the Annex1
- ✓ During the Period set out in Article3
- ✓ Indicated in the reports
- ✓ National law on taxes, labour and social security
- ✓ Reasonable, justified

UNIT COSTS

- ✓ **The number of actual units must comply with the following conditions:**
 - units must be actually used or produced in the period set out in Article 3;
 - Necessary, identified and verifiable
- ✓ **be calculated as follows:**
Number of actual units x Amounts per unit

FLAT RATE COSTS

Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs)

1. Eligible Costs

A) Direct Personnel Costs

Standard case: persons hired by the beneficiary via an *employment contract*

(qualified as such under national law; and for whom the hiring entity pays social security contributions)

Other cases:

- Natural persons hired directly via a contract other than an employment contract **if**:
 - They work under hierarchical dependence within the beneficiary structure and (in general) work at the beneficiary's premises
 - The result of the work belongs to the beneficiary
 - The costs are similar than those of an employee of the beneficiary with similar tasks
- Employees of a third party seconded to the beneficiary (must be set in Annex 1!)

1. Eligible Costs

A) Direct Personnel Costs



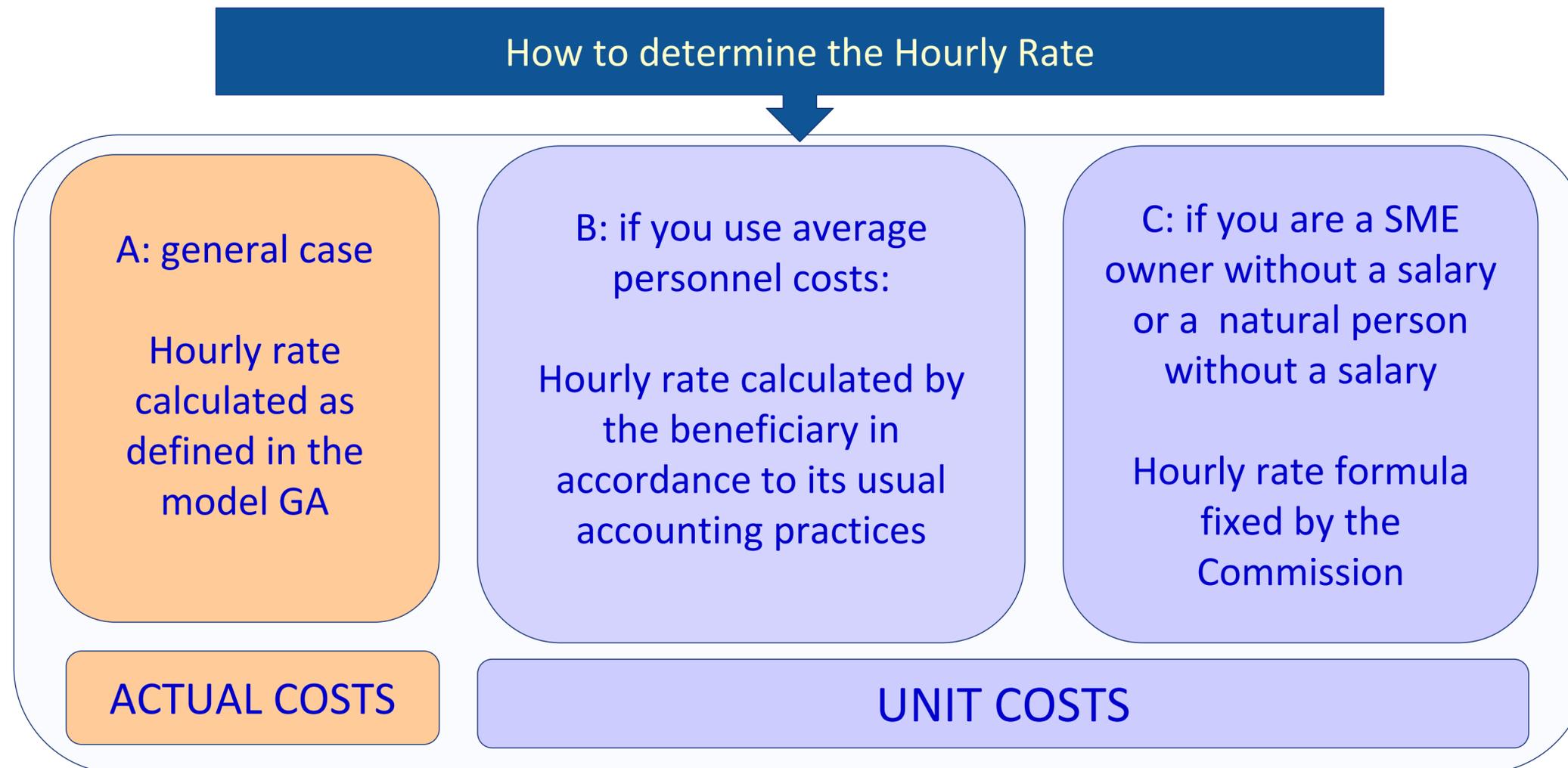
Time records

Formula for actual costs & specific unit costs

Only eligible for non-profit legal entities

1. Eligible Costs

A) Direct Personnel Costs



1. Eligible Costs

A) Direct Personnel Costs

$$\text{Hourly rate} = \frac{\text{Personnel costs}}{\text{Productive hours}}$$

Personnel Costs

- ✓ Salaries (basic remuneration)
- ✓ Social security contributions (employers' and employees')
- ✓ Taxes and other costs included in the remuneration if they arise from national law or the employment contract

Productive hours

1- 1720 hours

you must use this option if the employment contract does not specify the working time conditions or if the "annual workable hours" cannot be determined

2- Individual annual productive hours

Formula: annual workable hours + overtime - absences

3- Standard annual productive hours

According to the beneficiary's usual accounting practices.

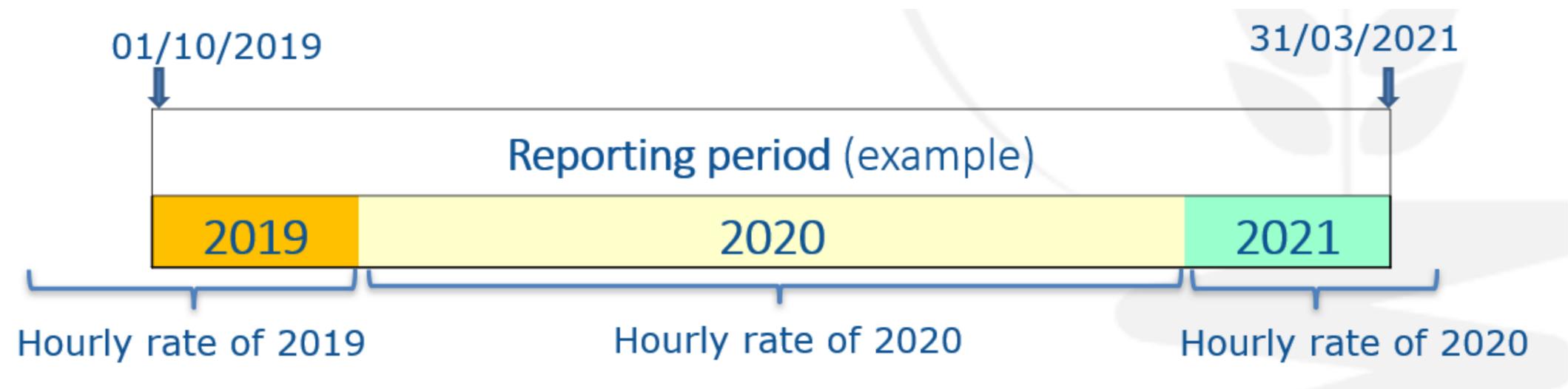
1. Eligible Costs

A) Direct Personnel Costs



The annual hourly rate is to be calculated per full financial year

If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the *last closed financial year available*.



1. Eligible Costs

B) Direct costs of Subcontracting

Covers the **price paid for subcontracts** and related taxes.

- Must be declared as **actual costs**
- Be incurred for the subcontracting of action tasks **described in Annex 1**.

C) Other Direct costs

- Travel costs

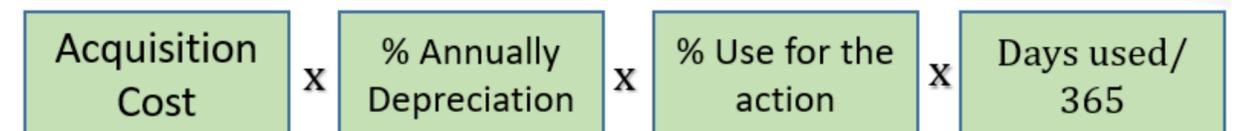
- Equipment

a) Depreciation costs of equipment, infrastructure or other assets

b) Costs of renting or leasing equipment

- Other goods

Goods and services purchased for the action.



1. Eligible Costs

D) Indirect costs

Indirect costs are eligible if they are declared on the basis of the flat-rate of 25% of the eligible DIRECT costs from which are **EXCLUDED**:

-Costs of subcontracting

EXAMPLE:

A public university is a beneficiary under a GA and has incurred the following costs:

- 100.000 € personnel costs
- 20.000 € subcontracting costs
- 10.000 € Other direct costs

Eligible DIRECT costs: $100.000 + 20.000 + 10.000 = 130.000$ €

Eligible INDIRECT costs: $(100.000 + 10.000) \times 25\% = 27.500$ €

Total ELIGIBLE costs: 157.500 €

2. Ineligible Costs

Costs that **do not comply with the conditions** set out in the eligible costs:

- a) Doubtful debts
- b) Currency Exchange losses
- c) Excessive or reckless expenditure
- d) Deductible VAT

All the costs incurred before the start or after the end of the action are NOT eligible!

Budget category transfer

Estimated eligible* costs (per budget category)								
A. Direct personnel costs					B. Direct costs of subcontracting	[C. Direct costs of fin. support]	D. Other direct costs	E. Indirect costs
Form of costs****	Actual	Unit	Unit		Actual	Actual	Actual	Flat-rate
			No hours	XX EUR/hour				
	(a)	Total (b)	No hours	Total (c)	(d)	(e)	(f)	(g)
Beneficiary 1	500.000	0	100	3.213	150.000	0	325.000	207.053
Beneficiary 2	0	300.000	0	0	0	0	125.000	106.250

Example Budget IA-Linked Third parties

Partner number	Form of costs	A. Direct personnel costs				B. Direct costs of subcontracting	C. Direct costs of financial support	D. Other direct costs		E. Indirect costs	Total costs	Reimbursement rate	Maximum PRIMA contribution	Maximum grant amount
		A1, A2, A3, A6		A4, A5			C1, C2	D1, D2, D3, D4	D5					
		Actual	Unit	Unit	Unit	Actual	Actual	Actual	Unit	Flat rate				
Partner acronym		a	Total b	No hours	Total c	d	[e]	f	Total g	$h=0.25*(a+b+c+f+g-n)$	$j=a+b+c+d+e+f+g+h$	k	l	m
1	A	€ 339.719,00	€ -	€ -	€ -	€ 60.000,00	€ -	€ 67.750,00	€ -	€ 101.867,25	€ 569.336,25	100,00%	€ 569.336,25	€ 569.336,25
2	B	€ 36.000,00	€ -	€ -	€ -	€ -	€ -	€ 21.544,00	€ -	€ 14.386,00	€ 71.930,00	70,00%	€ 50.351,00	€ 50.351,00
7	G	€ 12.002,50	€ -	€ -	€ -	€ 3.500,00	€ -	€ 2.497,50	€ -	€ 3.625,00	€ 21.625,00	70,00%	€ 15.137,50	€ 15.137,50
Third party		€ 21.475,00	€ -	€ -	€ -	€ -	€ -	€ 2.000,00	€ -	€ 5.868,75	€ 29.343,75	70,00%	€ 20.540,63	€ 20.540,63
Third party		€ 52.000,00	€ -	€ -	€ -	€ -	€ -	€ 4.900,00	€ -	€ 14.225,00	€ 71.125,00	70,00%	€ 49.787,50	€ 49.787,50
9	I	€ 113.000,00	€ -	€ -	€ -	€ -	€ -	€ 46.000,00	€ -	€ 39.750,00	€ 198.750,00	100,00%	€ 198.750,00	€ 198.750,00
10	J	€ 99.000,00	€ -	€ -	€ -	€ -	€ -	€ 14.600,00	€ -	€ 28.400,00	€ 142.000,00	70,00%	€ 99.400,00	€ 99.400,00
Total consortium		€ 1.273.321,50	€ -	€ -	€ -	€ 63.500,00	€ -	€ 532.371,50	€ -	€ 451.423,25	€ 2.320.616,25		€ 1.956.857,25	€ 1.956.857,25

The Linked Third Party: 1 row

IMPORTANT: Profit entities max 70%!

3. Third parties

⇒ What is a third party?

A legal entity which **carries out work of the action**, supplies goods or provides services for the action, but which **did not sign the grant agreement**

⇒ What types of third parties?



1. Third parties **directly carrying out** part of the work described in Annex 1



2. Other third parties: **providing resources, goods or services** to the beneficiaries for them to carry out the work described in Annex 1

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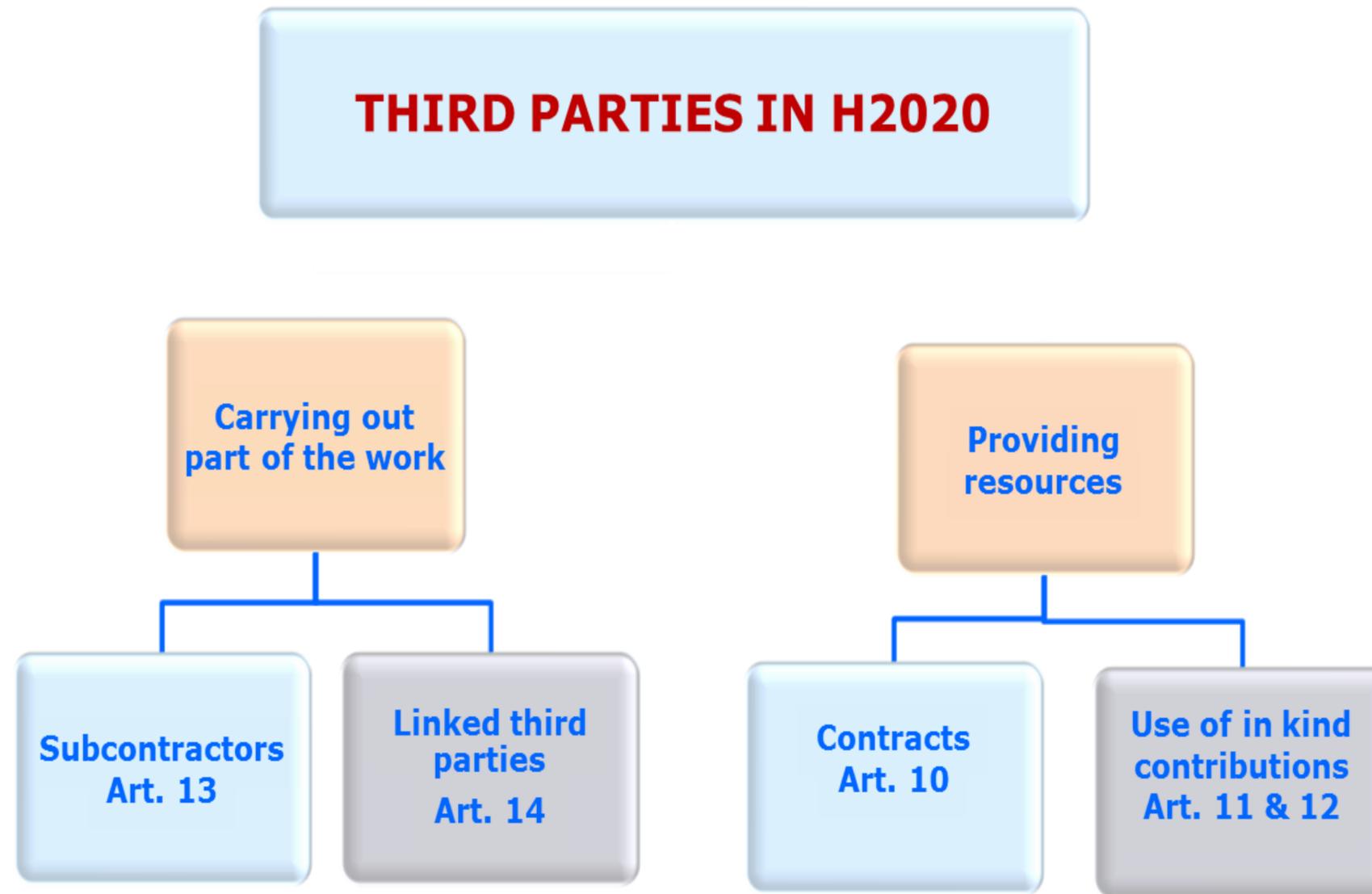


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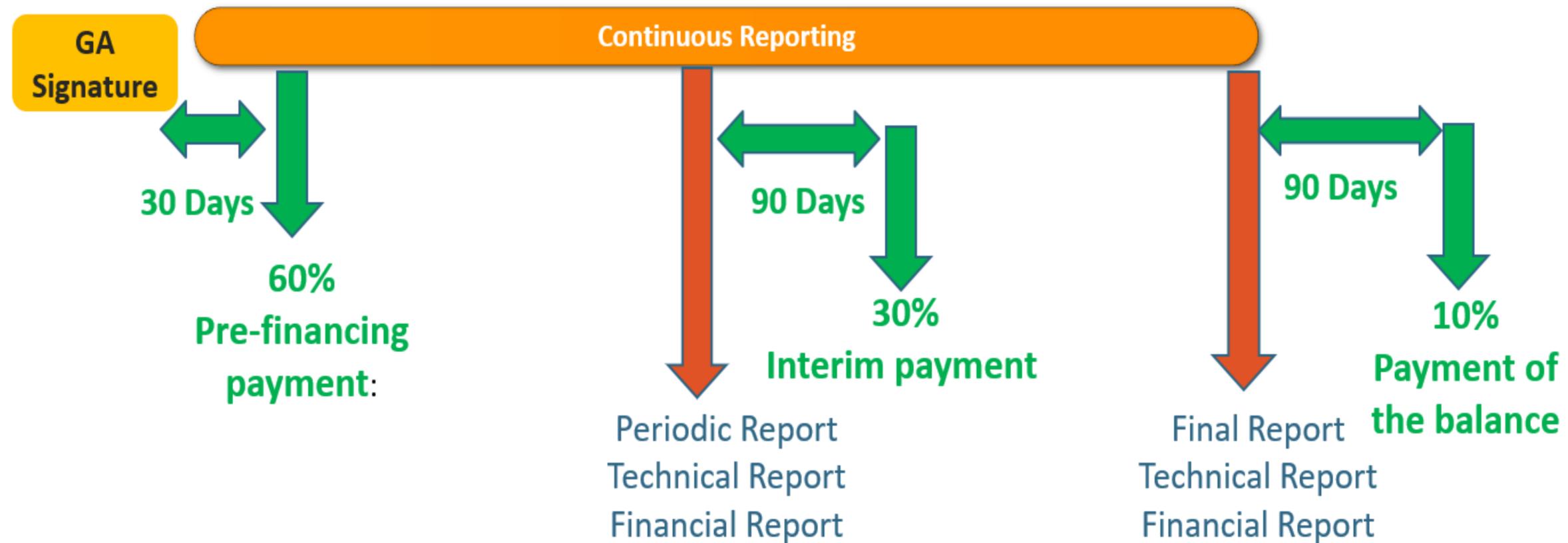
3. Third parties



3. Third parties

Types of third parties	CHARACTERISTICS						
	Does work of the action	Provides resources or services	What is eligible?	Must be indicated in Annex 1	Indirect costs	Selecting the third party	Articles
Linked third party	YES	NO	Costs	YES	YES	Must be affiliated or have a legal link	Article 14
Subcontractors	YES	NO	Price	YES	NO	Best value for money, avoid conflict of interest	Article 13
Third party providing in-kind contributions	NO	YES	Costs	YES	YES	Not used to circumvent the rules	Articles 11 and 12
Contractors	NO	YES	Price	NO	YES	Best value for money, avoid conflict of interest	Article 10
Financial support to third parties	Only if allowed in the call The beneficiaries' activity consists in providing financial support to the target population			YES	NO	According to the conditions in Annex 1	Article 15

4. Report and payment requests





**KEEP
CALM
AND
FOLLOW THE
RULES**

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Thank you

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