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Flexible approach in the management of the project budget



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Funding rule

Amount of the Grant

≠

Total costs of the project



Funding rule

Co-funding principle

Grant (combination of actual costs/unit costs):

Calculated so as to require co-funding to implement the project

Co-funding:

- other expenses (e.g. overhead costs) or higher expenditure than unit cost values
- not taken into account for the calculation of the Grant
- requested with final report for information purposes



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Financing approaches of the grant

Actual costs: budget headings **Equipment** and **Subcontracting**

Unit Costs: budget headings **Staff costs, Travel costs and Costs of stay**



Budget Categories/Headings and ceilings

Staff costs	Max 40% of grant (Art I.3 of GA)
Travel costs	N/A
Costs of stay	N/A
Equipment	Max 30% of grant (Art I.3 of GA)
Sub-contracting	Max 10% of grant (Art I.3 of GA)



Budget Categories/Headings and ceilings example

Budget headings	EUR	%
I STAFF COSTS	340.000,00	40%
II TRAVEL COSTS	150.000,00	17,5%
III COSTS OF STAY	150.000,00	17,5%
IV EQUIPMENT	160.000,00	19%
V SUBCONTRACTING	50.000,00	6%
TOTAL GRANT (total I-V)	850.000,00	



Modification to the budget

Possibility to adjust the estimated budget (Annex III) :

- 1) Increase up to 10% (even above the ceilings for staff, equipment and subcontracting)
→ no prior authorization***

- 2) Increase > 10% → Legal amendment is needed
The ceilings (for staff, equipment and subcontracting) cannot be exceeded.***



Modification to the Budget **Example 1 = NO legal amendment**

	EUR	Budget transfer	% of budget heading	result	% of total grant
I STAFF COSTS	340.000			340.000	40%
II TRAVEL COSTS	150.000			150.000	17,5%
III COSTS OF STAY	150.000	-10.000		140.000	16,5%
IV EQUIPMENT	160.000	+10.000	+6% of 160.000	170.000	20%
V SUBCONTRACTING	50.000			50.000	6%
TOTAL GRANT (total I-V)	850.000			850.000	



Modification to the Budget **Example 2 – legal amendment needed**

	EUR	Budget transfer	% of budget heading	result	% of total grant
I STAFF COSTS	340.000			340.000	40%
II TRAVEL COSTS	150.000			150.000	17,5%
III COSTS OF STAY	150.000	-10.000		140.000	16,5%
IV EQUIPMENT	160.000			160.000	19%
V SUBCONTRACTING	50.000	+10.000	+20% of budget heading	60.000	7%
TOTAL GRANT (total I-V)	850.000			850.000	



Modification to the Budget **Example 3 – Modification NOT ACCEPTED !!!!!**

	EUR	Budget transfer	% of budget heading	result	% of total grant
I STAFF COSTS	340.000	+45.000	+13% of budget heading	385.000	45,5%
II TRAVEL COSTS	150.000			150.000	17,5%
III COSTS OF STAY	150.000	-20.000		130.000	15%
IV EQUIPMENT	160.000			160.000	19%
V SUBCONTRACTING	50.000	-25.000		25.000	3%
TOTAL GRANT (total I-V)	850.000			850.000	



Definition

Expenses actually incurred

Need to be duly documented and justified with the corresponding level of cost incurred

Example:

Reported cost for the project (laptops) of 1.500 EUR

=

Supporting document (invoice, proof of payment...) for 1.500 EUR



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Eligible Costs

Article II.19 Grant Agreement

Incurred during the eligibility period

Foreseen in the application/budget

In connection with the action and necessary for project implementation

Identifiable, verifiable, recorded in accounting records of the beneficiary

Comply with requirements of applicable tax and national legislation

Reasonable, justified, complying with principle of sound financial management, in particular regarding economy and efficiency



Ineligible Costs

Articles I.10.4/II.19.4 of Grant Agreement

Non exhaustive list:

- equipment such as: furniture, motor vehicles, alarm systems***
- costs linked to the purchase of real estate***
- activities not carried out in the project beneficiaries' country (see Annex IV), unless prior authorisation***
- in kind contribution***
- excessive or reckless expenditure***
- deductible VAT (unless beneficiary can prove he is unable to recover it according to the national tax authority)***



Exchange rate

Transactions ≠ EUR must be converted and reported in EUR in the Financial Statement of the final report

Which exchange rate should be applied?

From start of eligibility period until date of receipt of second pre-financing: rate of month in which the coordinating institution received the first pre-financing

From date of receipt of second pre-financing until end of eligibility period: rate of month in which the coordinating institution received the second pre-financing

*Rate to apply: monthly rate established by the Commission:
<http://ec.europa.eu/budget/inforeuro>*

Example:

*1st Pre-financing: **23 Dec 2016** – 2nd Pre-financing: **22 Nov 2017***

Invoice date: 09 January 2017** **Applicable monthly rate: December 2016



Equipment

- **Relevant to the objectives of the project**

Examples: (e-)books and periodicals, fax machines, photocopying machines, computers, software, machines and equipment for teaching purposes etc

- **Total purchase cost (not depreciation)**

- **Exclusively for *Partner Country Higher Education Institutions***

- **Installed as soon as practically possible**

- **Recorded in inventory of institution where it is installed**

Not eligible: *furniture, motor vehicles, telephones, mobile phones, alarm systems and anti-theft systems etc*

- **Labelled with E+ stickers**

Not foreseen in the application/budget? → Prior written authorisation from Agency



Subcontracting

Implementation of specific tasks, by third party, to which a contract is awarded by one/several beneficiaries

Specific, time-bound, project-related tasks which cannot be performed by Consortium members. It includes self-employed / free-lance experts

Examples (provided that not carried out by beneficiaries' staff):

- Evaluation activities/auditing (Audit Certificate on Financial Statement)
- IT courses, Language courses
- Printing, publishing and dissemination activities
- Translation services
- Web design and maintenance
- Logistic support for the organisation of events

Not foreseen in the application/budget? ➔ Prior written authorisation from Agency

NO project-management related tasks



Staff Costs

Performing tasks necessary to achievement of the project

Formal employment relationship

Calculation of the grant ➡ 2 variables: staff category and country in which staff member is employed

Each unit cost corresponds to an amount in Euro per working day per staff

Categories: Managers/Researchers, Teachers and trainers/Technical staff /Administrative staff

Staff category: ➡ work performed, not status of individual

Unit cost: ➡ country in which staff is employed, independently of where tasks are executed



Staff Costs

Example: a staff employed in Uzbekistan performing teaching activity for 3 days

➔ *99 Euro (3 unit costs of 33 Euro each)*

Manager - 47 Euro

Researcher, Teacher, Trainer - 33 Euro

Technical staff - 22 Euro

Administrative staff - 17 Euro

Calculation of grant:

- **based on application of unit costs and independent from actual remuneration (defined in the Partnership Agreement)**
- **obtained by multiplying unit cost (corresponding to category of country and staff) by number of working days spent on the project per staff member**

One working day defined according to applicable national legislation/ institutional practice.

Declared working days per individual may not exceed 20 days per month or 240 days per year



Staff Costs - Supporting Documents

To keep with project accounts (requested in case of financial check):

- **STAFF CONVENTION** for each person employed
- **TIME-SHEETS** (attached to each staff convention), indicating number of days worked for corresponding month/year, description of tasks , outputs produced and related work package
- **ANY EVIDENCE** allowing to verify that declared workloads correspond to actual activities/outputs (e.g. attendance lists for lectures given, tangible outputs / products, salary slips, etc.)
- **EMPLOYMENT CONTRACT**

To send with Final Financial statement:

Any prior authorisation from the Agency



Travel costs and Costs of Stay

Rules for Special Mobility Strand are defined in separate Guidelines

Staff/students participating in activities related to the achievement of the project

Unit costs to apply ➡ 3 variables: travel distance (for travel costs), duration for costs of stay and type of participant

Prior authorisation for activities not taking place in countries represented in the partnership
Prior authorisation for activities not described in the Guidelines

Who may benefit?

Staff

- Under contract with beneficiary institutions and involved in the project
- Travels intended for the activities listed in the Guidelines
- Duration: Max. 3 months

Students

- Registered in one of the beneficiary institutions
- Targeted mainly at Partner Country students and intended for activities listed in the Guidelines (overview table)
- Duration: Min. 2 weeks – Max. 2 months (Max. 1 week for short term activities linked to the management of the project)



Travel and Costs of Stay - Supporting documents

Justification for the following elements:

- *Journeys actually took place*
- *Journeys connected to specific and identifiable project-related activities*

To be retained with project accounts:

INDIVIDUAL TRAVEL REPORT + Supporting documents (e.g. travel tickets, boarding passes, invoices, receipts, proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings)

To be provided with Final Financial statement:

Any prior authorisation from the Agency



Travel costs: specific rules

Staff/students from place of origin (home institution within the partnership) to venue of the activity and return

Carried out in project beneficiaries' countries - **Exceptions must be authorised**

How the grant is calculated?

For each participant and for each travel ➡ unit cost corresponding to applicable distance band

Each unit cost corresponds to a fixed amount in Euro per travel per person

1) Check travel distance of a one-way travel

http://ec.europa.eu/programmes/erasmus-plus/tools/distance_en.htm

2) Apply corresponding unit cost

Each unit cost contributes to costs of travel for the round trip, regardless of the expenses actually incurred



Cost of stay specific rules

Staff/students for activities outside city of participant's home institution

Activities in project beneficiaries' countries. **Exception must be authorised**

Unit costs for **staff** \neq unit costs for **students**

Unit costs can only be claimed if there is **at least 1 overnight stay**

For each **staff**: unit cost corresponding to the duration of the activities (in days), up to 14th day/between 15th and 60th day/between 61st day and up to 3 months

For each **student**: unit cost corresponding to duration of activities (in days), up to 14th day/between 15th and 60th day

Each unit cost corresponds to a fixed amount in Euro per day per participant

How to apply unit costs?

(1) Identify the duration in days of the activity (including the travel from their place of origin to the venue of the activity and vice-versa) (2) Number of unit costs = numbers of days of activity performed.

Each unit cost contributes to costs of stay regardless of expenses actually incurred



Consortium management of unit costs

Consortia have to find the most appropriate method to manage internally the accountancy.

Transparency in the methodology.

Formalisation of the methodology and the Partnership Agreement.

Acceptance of this methodology by the Consortium.



Reimbursement basis	Budget Headings	Documents to retain with project accounts	Documents to be sent with the Final report
ACTUAL	Equipment	<ul style="list-style-type: none"> ▪ <i>Invoices</i> ▪ <i>Bank statements</i> ▪ <i>Tendering procedure for expenses exceeding 25.000€</i> ▪ <i>Proof that the equipment is recorded in the inventory of the institution</i> 	<ul style="list-style-type: none"> ▪ <i>Invoices and three quotations from different suppliers for expenses exceeding 25.000€</i> ▪ <i>Any prior authorisation from the Agency</i>
	Subcontracting	<ul style="list-style-type: none"> ▪ <i>Subcontracts</i> ▪ <i>Invoices</i> ▪ <i>Bank statements</i> ▪ <i>Tendering procedure for expenses exceeding 25.000€</i> ▪ <i>Tangible outputs/products*</i> 	<ul style="list-style-type: none"> ▪ <i>Subcontracts, invoices and three quotations from different suppliers for expenses exceeding 25.000€</i> ▪ <i>Any prior authorisation from the Agency</i>
UNIT	Staff	<ul style="list-style-type: none"> ▪ <i>Formal employment contract</i> ▪ <i>Staff convention</i> ▪ <i>Time sheets</i> ▪ <i>Agendas*</i> ▪ <i>Attendance / Participant lists*</i> ▪ <i>Tangible outputs/products*</i> ▪ <i>Minutes of meetings*</i> 	<ul style="list-style-type: none"> ▪ <i>No supporting documents should be sent with the Final report, except for any prior authorisation from the Agency</i>
	Travel and Costs of Stay	<ul style="list-style-type: none"> ▪ <i>Individual Travel Report (ITR)</i> ▪ <i>Invoices, receipts, boarding passes*</i> ▪ <i>Agendas*</i> ▪ <i>Attendance / Participant lists*</i> ▪ <i>Tangible outputs/products*</i> ▪ <i>Minutes of meetings*</i> 	<ul style="list-style-type: none"> ▪ <i>No supporting documents should be sent with the Final report, except for any prior authorisation from the Agency</i>

For all grants, a Certificate on the action's financial statements and underlying accounts ("Report of Factual Findings on the Final Financial Report – Type II") must be sent with the Final report (see Annex VII of the Agreement).

* Example of supporting documents



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THANK YOU FOR ATTENTION!

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