

Global Health EDCTP3 Legal and Financial Workshop

Module 2: Project Costs

Neodia Mensing-Flores

29 September 2025

Financial Officer

Brussels

Co-funded by
the European Union



Components of the Grant Agreement

Essential for financial administration:

- Preamble
- **Terms and Conditions (including Data Sheet)**
- Annex 1 Description of the action
- **Annex 2 Estimated budget for the action**
- Annex 2a Additional information on unit costs and contributions (if applicable)
- Annex 3 Accession forms (if applicable)
- Annex 3a Declaration on joint and several liability of affiliated entities (if applicable)
- **Annex 4 Model for the financial statements**
- Annex 5 Specific rules (if applicable)



ESTIMATED BUDGET FOR THE ACTION

Forms of funding		Estimated eligible ¹ costs (per budget category)											Estimated EU contribution ²					
		Direct costs										Indirect costs	Total costs	EU contribution to eligible costs			Maximum grant amount ⁶	
		A. Personnel costs		B. Subcontracting costs	C. Purchase costs			D. Other cost categories				E. Indirect costs ³		Funding rate % ⁴	Maximum EU contribution ⁵	Requested EU contribution		
		A.1 Employees (or equivalent)	A.4 SME owners and natural person beneficiaries	B. Subcontracting	C.1 Travel and subsistence	C.2 Equipment	C.3 Other goods, works and services	D.1 Financial support to third parties	D.2 Internally invoiced goods and services	D.3 Transnational access to research infrastructure unit costs	D.4 Virtual access to research infrastructure unit costs	E. Indirect costs						
		A.2 Natural persons under direct contract	A.3 Seconded persons															
		Actual costs	Unit costs (usual accounting practices)	Unit costs ⁷	Actual costs	Actual costs	Actual costs	Actual costs	Actual costs	Unit costs (usual accounting practices)	Unit costs ⁷	Unit costs ⁷	Flat-rate costs ⁸					
		a1	a2	a3	b	c1	c2	c3	d1	d2	d3	d4	e = 0,25 * (a1 + a2 + a3 + c1 + c2 + c3)	f = a+b+c+d+e	U	g = f * U%	h	m
1 - █████		518 733.96	0.00	0.00	0.00	118 900.00	0.00	76 500.00	637 680.00	0.00	0.00	0.00	178 533.49	1 530 347.45	100	1 530 347.45	1 530 347.45	1 530 347.45
2 - ██████		192 000.00	0.00	0.00	0.00	19 626.00	0.00	76 250.00	94 980.00	0.00	0.00	0.00	71 969.00	454 825.00	100	454 825.00	454 825.00	454 825.00
3 - █████		12 000.00	0.00	0.00	0.00	25 376.00	0.00	65 000.00	94 980.00	0.00	0.00	0.00	25 594.00	222 950.00	100	222 950.00	222 950.00	222 950.00
4 - █████		12 000.00	0.00	0.00	0.00	21 876.00	0.00	74 000.00	94 980.00	0.00	0.00	0.00	26 969.00	229 825.00	100	229 825.00	229 825.00	229 825.00
5 - ██████		21 600.00	0.00	0.00	0.00	19 184.00	0.00	36 000.00	25 920.00	0.00	0.00	0.00	19 196.00	121 900.00	100	121 900.00	121 900.00	121 900.00
6 - ███		12 000.00	0.00	0.00	0.00	21 876.00	0.00	74 000.00	94 980.00	0.00	0.00	0.00	26 969.00	229 825.00	100	229 825.00	229 825.00	229 825.00
7 - ███		6 000.00	0.00	0.00	0.00	21 438.00	0.00	35 000.00	47 490.00	0.00	0.00	0.00	15 609.50	125 537.50	100	125 537.50	125 537.50	125 537.50
8 - ██████		102 000.00	0.00	0.00	0.00	27 876.00	0.00	75 000.00	94 980.00	0.00	0.00	0.00	51 219.00	351 075.00	100	351 075.00	351 075.00	351 075.00
9 - ██████		96 000.00	0.00	0.00	0.00	17 938.00	0.00	35 000.00	47 490.00	0.00	0.00	0.00	37 234.50	233 662.50	100	233 662.50	233 662.50	233 662.50
10 - ██████		300 000.00	0.00	0.00	0.00	20 000.00	0.00	5 000.00	565 000.00	0.00	0.00	0.00	81 250.00	971 250.00	100	971 250.00	0.00	0.00
Total consortium		1 272 333.96	0.00	0.00	0.00	314 090.00	0.00	551 750.00	1 798 480.00	0.00	0.00	0.00	534 543.49	4 471 197.45		4 471 197.45	3 499 947.45	3 499 947.45

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 21 for the conversion rules).

² The consortium remains free to decide on a different internal distribution of the EU funding (via the consortium agreement; see Article 7).

³ Indirect costs already covered by an operating grant (received under any EU funding programme) are ineligible (see Article 6.3). Therefore, a beneficiary/affiliated entity that receives an operating grant during the action duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action. This requires specific accounting tools. Please immediately contact us via the EU Funding & Tenders Portal for details.

⁴ See Data Sheet for the funding rate(s).

⁵ This is the theoretical amount of the EU contribution to costs, if the reimbursement rate is applied to all the budgeted costs. This theoretical amount is then capped by the 'maximum grant amount'.

⁶ The 'maximum grant amount' is the maximum grant amount decided by the EU. It normally corresponds to the requested grant, but may be lower.

⁷ See Annex 2a 'Additional information on the estimated budget' for the details (units, cost per unit).

⁸ See Data Sheet for the flat-rate.

Types of costs

Direct Costs

- Specific costs which are directly linked to the performance of the action/project and which can therefore be directly booked to it
- Beneficiaries must be able to show records and supporting evidence

Indirect Costs

- Costs which cannot be identified as specific costs directly linked to the action
- No need of supporting evidence

❖ A flat-rate of 25% of the declared direct costs (personnel and purchase costs) is automatically provided, unless the entity is recipient of an operating grant from any EU funding programme, in which case the flat-rate may be reduced or removed entirely.



Forms of costs

- **Actual costs**
 - actually incurred, identifiable, verifiable, and recorded in the accounts
 - accepted in all main cost categories of costs, except for indirect costs
- Unit costs
 - Usual accounting practices
 - Some has to be supported by Annex 2a 'Additional information on the estimated budget'
- Flat-rate costs
 - calculated by applying a flat rate to certain costs



General eligibility conditions for actual costs

1. actually incurred by the beneficiary
2. incurred during the action duration
3. declared under one of the budget categories set out in Article 6.2 and Annex 2
4. connected to the action as described in Annex 1 and necessary for its implementation
5. identifiable and verifiable
6. in compliance with applicable national laws on taxes, labour and social security; and
7. reasonable, justified and must comply with the principles of sound financial management, in particular regarding economy and efficiency



Special rules

- Travel costs for the kick-off meeting
- Costs related to drafting and submitting the periodic report for the last reporting period and the final report
- Personnel recruitment costs are generally NOT eligible as direct costs
- Costs for persons (e.g. students, PhDs and other researchers) under fellowships, scholarships, stipends, internship or similar agreements, through which they work for the beneficiary on the action



Cost categories



A. Personnel costs

- A.1 Employees (or equivalent)
- A.2 Natural persons under direct contract
- A.3 Seconded persons
- A.4 SME owners and natural person beneficiaries
- ~~A.5 Volunteers~~
- A.6 Personnel unit costs

B. Subcontracting costs

C. Purchase costs

- C.1 Travel and subsistence
- C.2 Equipment
- C.3 Other goods, works and services

D. Other cost categories

- D.1 Financial support to third parties
- D.2 Internally invoiced goods and services
- Others

E. Indirect costs

Personnel costs

A.1 Employees (or equivalent)

$$\text{Personnel costs} = \text{Daily rate} \times \text{Day-equivalents}$$



Generally actual costs but unit costs in accordance with the usual accounting practices are also accepted



Calculation: use of a single daily rate per person per reporting period

Personnel costs

Calculation:

Personnel costs

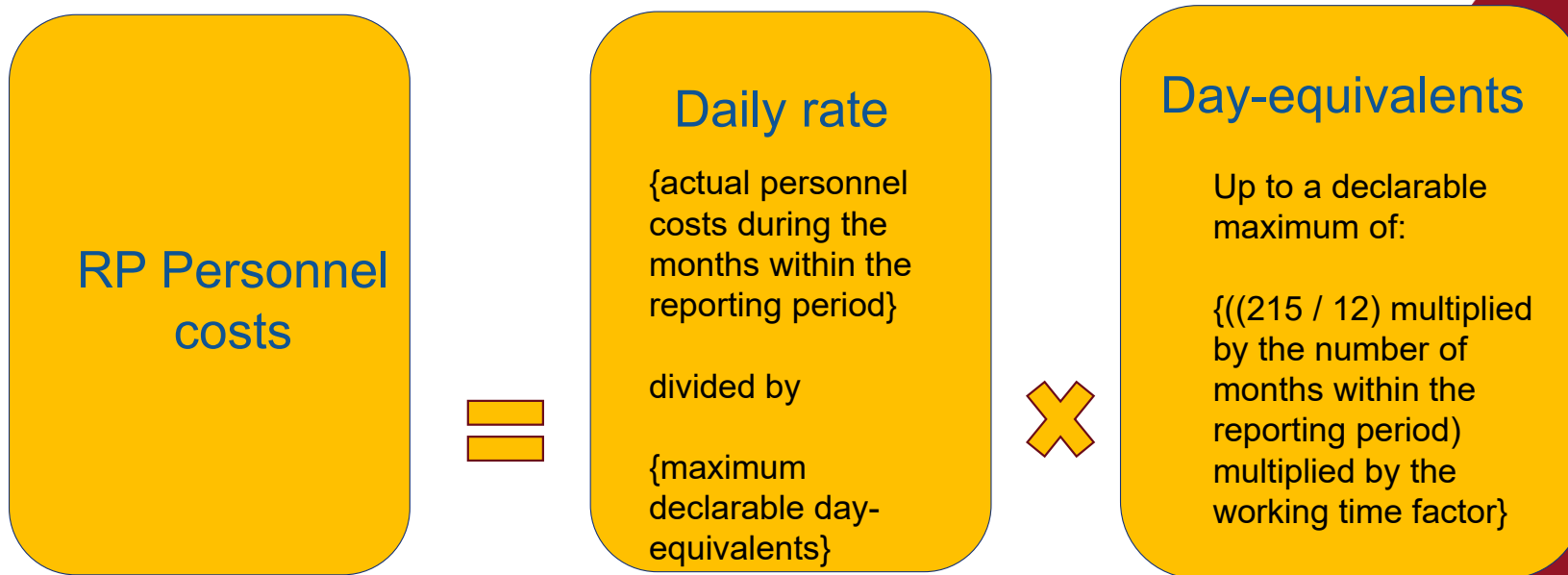
Daily rate



*actual personnel costs during the months within
the reporting period **divided by**
maximum declarable day-equivalents*

- **Actual personnel costs** – eligible cost recorded in accordance with your usual cost accounting practice in your (statutory) accounts
- **Maximum declarable day-equivalents**
 - $(215 / 12) * \text{worked months in RP} * \text{working time factor}$
 - Calculate separately if working time factor changed
 - Rounded to nearest half-day
- **Horizontal ceiling** – maximum **215** days per calendar year (or the corresponding pro-rata by multiplying 215 with the working time factor)

Personnel costs



- ❖ If work time on record is in hours, convert the number into day-equivalents by dividing it with the number of hours of a day equivalent (option 1: 8 hours)

Personnel costs

Example: RP of 18 months - from 01/12/2023 to 31/05/2024 - the staff works 50% part-time from 01/12/2023 to 31/05/2024 (6 months) and full-time afterwards (12 months). Total costs for first 6 months: EUR 15,000, next 12 months: EUR 60,000 = EUR 75,000

RP1 Personnel costs 75,000	=	Daily rate $75,000 / (((215/12) * 6 * 50\%) + ((215/12) * 12 * 100\%))$ $= 75,000 / 269$ = 278.81	×	Day-equivalents $(215/12) * 6 * 50\% + ((215/12) * 12 * 100\%)$ $= 53.75 + 215$ = 269 (rounded to nearest half-day equivalent)
---	---	--	---	---

Specific cases

- **Parental leave** - If applicable deduct actual working days spent on parental leave from the maximum day-equivalents
- **Parallel contracts** - calculate a single daily rate
 - actual personnel costs are the sum of the costs of all the employment contracts
 - maximum declarable day-equivalents are the sum of the maximum declarable day-equivalents calculated individually for each of the employment contracts
- **Contracts without fixed salary nor hours** -1 day-equivalent = 8 hours
- **Project-based remuneration** (remuneration (daily rate, hourly rate) increases when and because the employee works in projects)

Action daily
rate

vs

National Proj
daily rate

=Lower of the 2

Other types of Personnel Costs:

A.2 Natural persons with direct contract

- Work under conditions similar to those of an employee
- The result of the work belongs to the beneficiary

A.3 Seconded persons

- Conditions applicable to A.2 apply
 - Paid and employed by a third party, but work for the beneficiary - temporary transfer of an employee from a third party (the employer – not a temporary work agency) to the beneficiary
 - If the employer is another beneficiary in the same consortium, it is the beneficiary who employs the person who has to declare its costs
- ❖ Have a secondment agreement that details the conditions of secondment (tasks, reimbursement from one entity to the other, duration of the secondment, location, etc)



Other types of Personnel Costs:

A.4 SME owners and natural person beneficiaries

- For owners of the beneficiary not receiving a salary, and the beneficiary is an SME
- Must be declared as unit cost, using the unit cost (daily rate) fixed by the authorising decision C(2020)71157 and set out in Annex 2a
 - Unit amount multiplied by country-specific correction coefficient
 - Base: EUR 5,080 for calls with opening date before 30 July 2024; EUR 8,745.4 for calls with opening date as from 30 July 2024
 - Example: Daily rate calculation
 - SME in Belgium $(8,745 \times 100\%) / 18 \text{ days} = 485,83$
 - SME in Ghana $(8,745 \times 83.7\%) / 18 \text{ days} = 406.64$

➤ A.5 Volunteers – Not applicable



Other types of Personnel Costs:

A.6 HE Personnel unit costs

- Super simplified personnel cost calculation option which allows beneficiaires to charge all their personnel costs in HE actions with a single daily rate
- Applying last closed financial year
Daily rate =
$$\text{Total staff costs} / \text{annual work units (AWU)}$$
 - ❖ supported by an audit certificate
- Has to be requested in the Portal Participant Register. If approved, will have to be applied to all unsigned grants
- this budget category replaces categories A1-A4
- Can be updated after 2 years
- If withdrawn, no possibility to apply again for the rest of the MFF
- Subject to a maximum cap per country
- give it a try: [Personnel Unit Cost Wizard](#)



Days worked – record keeping

For persons who work for the action (regardless if they are full-time or part-time employees and/or if they work exclusively or not for the action), the beneficiary may either:

- sign a monthly declaration on days worked in the project

OR

- Use paper- or computer-based reliable time recording system, to record (at least) all the time (days/hours) worked in the action



Monthly declaration of days worked on the project

EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT			YEAR:	
<i>To be kept on file in case of audits.</i>				
Project acronym:		Project number:		
Participant name:				
Name of the person:		Type of personnel: (employee/ natural person under direct contract/ seconded/ other)		
Month	Days worked in the action ¹ (e.g. 15; 7,5; 0,5; 0,25)	Work Packages worked on (e.g. WP2; WP5)	Date and signature of the person	Name, date and signature of the supervisor
January			Signature: Date:	Name: Signature: Date:
February			Signature: Date:	Name: Signature: Date:
March			Signature: Date:	Name: Signature: Date:
April			Signature: Date:	Name: Signature: Date:
			Signature:	Name:

Template –available
in F&T portal

(program code =
HORIZON)

Subcontracting costs

- Must be declared as **actual** costs
 - Described in Annex 1 (DoA)
 - Ensure best value for money
 - Ensure no conflict of interest
 - Follow own organizational award procedure
 - Coordination tasks cannot be subcontracted (Art. 7 of the Grant Agreement)
 - Subcontracted tasks are 'action' tasks as described in Annex 1 (DoA)
-
- **New subcontracts** — The transfer of budget intended to increase the eligible costs for 'subcontracting' is considered to reflect a significant change of Annex 1 and normally requires an amendment (unless the beneficiary uses the simplified approval procedure)
 - Best practice – contact the PO before incurring in a potential new subcontract.



Purchase costs



- must be declared as **actual** costs – i.e. fulfil the general conditions for actual costs to be eligible

Purchase costs

C.1 Travel and subsistence



- Travel and subsistence - includes related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary
- must be limited to the needs of the action
- adequately recorded
- in line with the beneficiary's usual practices on travel

Purchase costs



C.2 Equipment

- Equipment – not the full purchase costs, only the applicable **depreciation costs**
- The costs must be supported by:
 - Proper registration in the **assets' register**
 - Evidence of **actual use** for the action
 - Calculated on a **systematic basis over the useful life** of the asset
 - Calculated **in line with the beneficiary's usual accounting principles and the applicable national accounting standards**

Purchase costs

C.3 Other goods, works and services



- Costs for goods and services which are essential in the implementation of the project which are not action tasks (but contribute to their performance)
 - Examples: consumables and supplies, dissemination costs, translation costs, costs of the certificate on the financial statements, ethics advisory costs

- ❖ If it is the beneficiary's usual accounting practice to consider some of these costs (or all of them) as indirect costs or they cannot be directly linked to the implementation of the action, they should be covered by the 25 % flat rate



Subcontracting / purchase costs / Personnel costs?

- ❖ Economic operator does not implement an action task as described in the DoA?
 - Purchase costs
 - Personnel costs (in-house consultant) if complying with the eligibility criteria and with the conditions stated in the Grant agreement (e.g. A.2 natural person, working under the supervision of the beneficiary in similar conditions as other staff among others).

- ❖ Economic operator implements an action task as described in the DoA (if a contract covers only individual equipment or consumables that do not constitute an action task by itself, this will be considered as a purchase)?
 - Subcontracting costs
 - Personnel costs (in-house consultant)

Other cost categories

Financial support to 3rd parties

- Eligible only if explicitly allowed by the call conditions and in line with Annex 1 DoA
- Covers 'cascading' grants, prizes or similar
- In response to the objectives set out in the call conditions, the proposal should include:
 - the maximum amount per third party
 - the criteria for determining the exact amount of financial support
 - a clear and exhaustive list of the types of activities that qualify for financial support for third parties
 - the persons or category(ies) of persons that may receive it
 - the criteria for giving financial support
- For fellowship grants, respect the conditions provided in **Annex 5 to the Grant Agreement**
- Declared generally as actual costs
- No 25% flat-rate provision for indirect costs



Other cost categories

Internally invoiced goods and services

- Costs for goods and services which are produced or provided within the beneficiary's organization directly for the action and the beneficiary values on the basis of its **usual** cost accounting practices.
- beneficiary should have a documented methodology how to determine them (such a methodology must be part of its usual costs accounting practices)
- No application of the 25% flat-rate on top of the unit cost
- Declared as unit costs
- No 25% flat-rate provision for indirect costs



Indirect costs

- Flat-rate of 25% of the eligible direct
 - Personnel costs
 - Purchase costs

‘Indirect costs’ are costs that cannot be identified as specific costs directly linked to the performance of the action.

In practice, they are costs whose link to the action can NOT be (or has not been) measured directly, but only by means of cost drivers or a proxy (i.e. parameters that apportion the total indirect costs (overheads) among the different activities of the beneficiary).

In-kind contribu tions

Beneficiaries/affiliated entities may **charge costs** for in-kind contributions

The in-kind contribution and the contributing third party must be **mentioned in Annex 1 B**

they must be declared under the budget category the beneficiary would use if they were their own costs

Thank you for your attention



Visit our website

Follow us on  

Co-funded by
the European Union

