

## **FP7 Projects: Financial rules**

***A general overview with practical tips***

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# Content

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1. FP7 Project Consortium –  
*Basic Facts, 'WiW' and R&R'*
2. FP7 Financial Rules
3. FP7 Reporting

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# 1. Basic Facts

# Basic Facts

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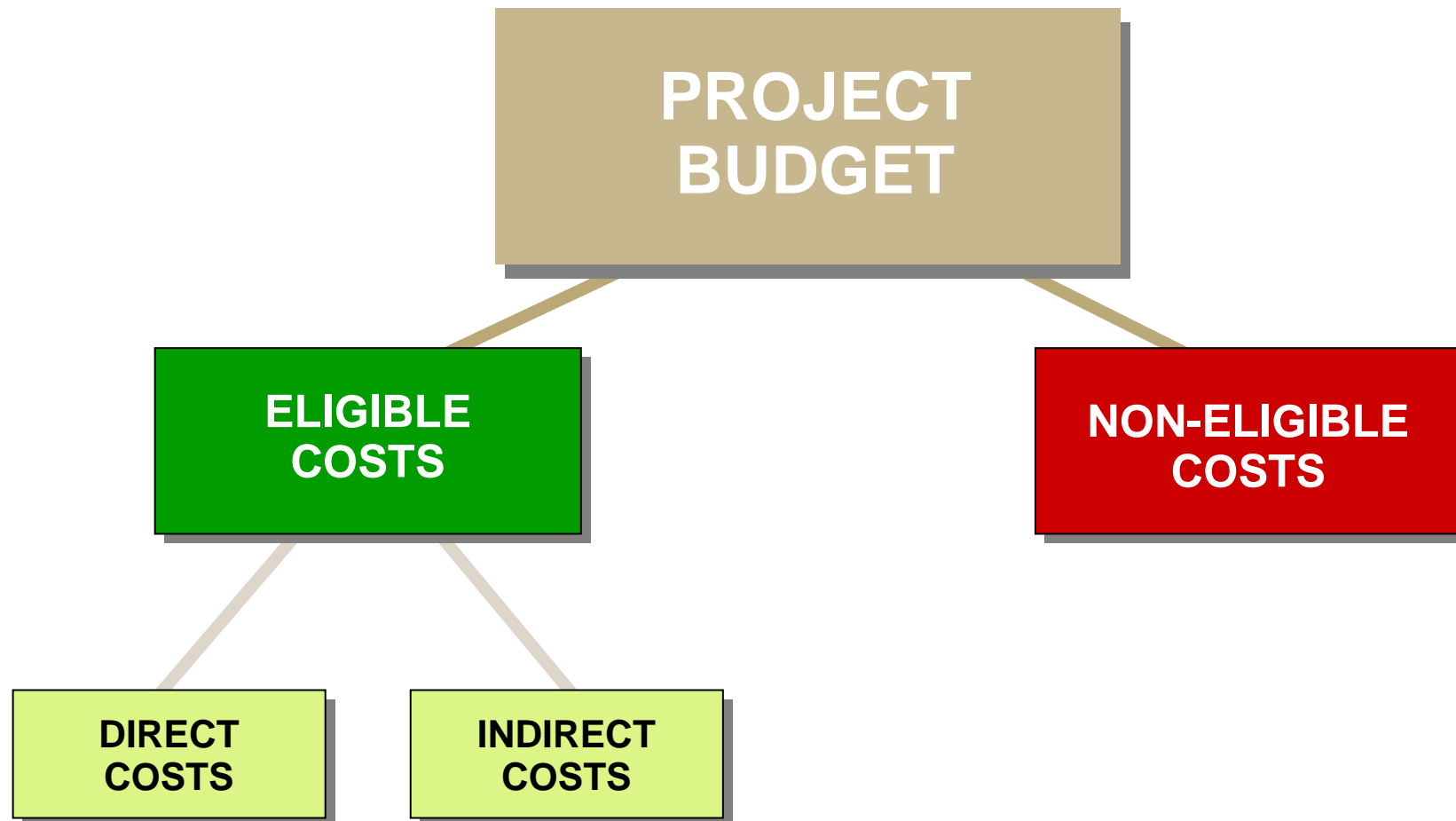
- All FP7 are **directly controlled** by the DG Research – no national administration involved
- **Joint technical responsibility** of project implementation
- **NO joint financial responsibility**
- **NO bank guarantee** requested for advance payments – it is automatic for all parties

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## 2. Basic financial Issues

# What is the project budget and FP7 budget?

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# Ways of financing under FP7 contracts:

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- Indirect Actions – aka Projects (**costs**)
  - Partial reimbursement of actual eligible costs
    - Based on reporting the actual eligible project expenditures
  - **Lump-sums**
    - Flat-rate type contribution based on actual project-hours – **8,000 EUR/researcher-year** for India (full time researcher year!)

# Eligible costs

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Eligible costs must be:

- **Actual – no estimations or averages!**
- **Incurred during the project's duration**
- **Paid by the Beneficiary**
- *In accordance with the beneficiary's usual accounting and management principles*
- *Recorded in the accounts of the beneficiary*
- *Used for the sole purpose of achieving the objectives of the project*

# Non-Eligible costs

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Non-eligible costs are:

- The opposite to the previous slide
- Identifiable indirect taxes, e.g. **V.A.T. (*value added tax*)**
- Duties, Interest owed; Debt and debt service charges, any provisions for future losses or charges
- **Exchange losses**

# What can be charged to the project?

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## **Direct costs (costs with direct link to the project)**

- **Personnel costs** (employees and „in-house” consultants) – actual gross salary with timesheets!
- **Travel costs** for personnel working on the project – all travel costs included
- **Consumable/other costs** – i.e. printing, conference costs, etc.
- **Costs of durable equipment** – research equipments (depreciation – if you have it in India)
- **Sub-contracting/Third Party costs**
- **Costs for Certificates**

## **Indirect costs (no direct link to the project)**

- **the „running” costs: electricity, heating, telephone, internet etc, also called “overheads”**

## Indirect costs – how the EC contributes to your overheads?

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- For all:
  - Actual overhead
  - Or flat rate of 20% of direct eligible costs minus subcontracting and costs of resources from 3<sup>rd</sup> parties not used on the premises of the beneficiary
- For a restricted group:
  - Flat rate of 60% (*only for non-profit public bodies, secondary and higher education establishments, research organisations and SMEs*)

# Maximum EC funding rate per activity and project type

Maximum reimbursement rates of eligible costs	R&D	Demonstration	Management	Training/Dissemination/Networking/Support/Coordination
<b>NoE</b>	Not available		100%	100%
<b>Large Collaborative Projects</b>	50% or 75%	50%	100%	100%
<b>Small Collaborative Projects</b>	50% or 75%	50%	100%	100%
<b>Specific research for SMEs</b>	50% or 75%	50%	100%	100%
<b>Coordination and Support Actions</b>	Not available		100%	100%

	University/Research Inst.		
	RTD	Demonstration	Management / Other
<b>Personnel</b>	100 000	0	20 000
<b>Other</b>	50 000	0	10 000
<b>Total Direct</b>	150 000	0	30 000
<b>Indirect cost-rate</b>	60%		
<b>Indirect Costs</b>	90 000	0	18 000
<b>Total Reported expenditures</b>	240 000	0	48 000
<b>Funding Rate</b>	75%	50%	100%
<b>EC Contribution</b>	180 000	0	48 000
<b>Total expenditures</b>	288 000		
<b>Total EC Contribution</b>	228 000		
<b>Overall funding Rate</b>	79,17%		

# Certification of cost - CFS

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Financial report is 1 (ONE) page! – the FORM C

**BUT**

- **The CFS is** mandatory for every Beneficiary ONLY when requested “accumulated” funding reaches **€375,000**– it must cover the total budgeted costs
- **CFS is not needed** if total EC funding of a particular Beneficiary does not reach **€375,000**
- **Who can provide these certificates ?**
  - Qualified auditors under the 8th Directive
  - Independent
  - Public bodies, secondary / higher education establishments and research organisations may opt for a competent public officer

# How do you receive the EC contribution?

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- **Advance payment** up to 80%(!!) at the very beginning of the project – generally for RTD projects it's 25-50%
- **Reimbursement** of reported costs after every reporting period
- **Final payment** – the remaining part  
*(=total reported EC contribution minus advance minus all reimbursements)*

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# 3. Reporting

# Reporting obligations

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- Submission of **Periodic Reports** in 60 days after the end of each period of your projects by the coordinator (you have to contribute to this) – including:
  - Common description of RTD achievements and results so far
  - Individual financial report by each partner – the FORM Cs
- **Final Report** – only horizontal issues, submitted by the coordinator
- All report to be submitted electronically

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**Thank You for Your Attention!**