

Budgeting

Reykjavík/Egilsstaðir/Akureyri

29th October 2012

Budgeting



The purpose of budgeting

- To identify the eligible and correct type of expenditure in relation to the Call
- Justify within the project organisation that the project is realistic
- Improve the future financial management of projects

Strand I – Economic Development

Grant:

- 200.000 – 500.000 EUR (750.000 EUR in exceptional cases: min. 3 regions, min. 6 partners)
- 50 - 75 % of total eligible cost
- Max amount of investments is 20 % of the EU funding

Strand II – Social Development

Grant:

- 200.000 – 1.000.000 EUR
- 50 - 75 % of total eligible cost
- Max amount of investments is 20 % of the EU funding

Annex B: Budget (3 sub parts)



Part 1. Budget for the action

1. Human resources
2. Travel
3. Equipment and supplies
4. Local office
5. Other costs, services

Part 2. Justification of the budget

A. Clarification of the budget items

”Narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities in the Description of the Action”)

Part 2. Justification of the budget

B. Justification of the estimated costs

”Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs, as described in Section 2.1.4 of the Guide for Grants Applications”

Part 3. Expected sources of funding

- Applicants financial contribution
- EU contribution
- Contribution from other European institutions or from Iceland

Eligible – Ineligible costs



Eligible direct costs

- Be necessary for carrying out the project
- Be provided for in the contract (with the budget form annexed)
- Comply with the principles of sound financial management
- Incurred during the duration of execution of the project and following the signature of the contract
- Have actually been incurred and backed by originals of supporting evidence

Eligible direct costs

1. Cost of staff assigned to the project, corresponding to actual salaries plus social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary, and rates must not exceed those generally accepted on the market

Eligible direct costs

2. Travel and subsistence costs for staff taking part in the project, provided they correspond to market rates and do not exceed the scales generally accepted by the Contracting Authority (including economy-class air fares)

3. Purchase costs for equipment (new) and services (transport, rent etc.), provided they correspond to market rates

Eligible direct costs

4. Costs of consumables and supplies

5. Expenditure on subcontracting

6. Costs deriving directly from the requirements of the Contract (information dissemination, audit, translation, reproduction, insurance, etc.)

Eligible indirect costs

A fixed percentage of overheads

max 7%

of the total amount of eligible direct costs

Contingency reserve

Maximum 5 %

of total eligible costs

which can be used only with the prior written
authorisation of the Contracting Authority

Ineligible costs

- Taxes, including VAT – only if not recoverable
- Customs and import duties, or any other charges
- Purchase, rent or leasing of lands and existing buildings
- Fines, financial penalties and expenses of litigations
- Operating costs

Ineligible costs

- Second hand equipment
- Bank charges, cost of guarantees
- Conversion costs
- Contribution in kind
- Any leasing costs
- Depreciation costs
- Debts and debt service charges

Ineligible costs

- Provision for losses or potential future liabilities
- Interest owed
- Costs declared by the beneficiary and covered by another action or work programme
- Credit to third party

Good luck !

