



Applying successfully for LIFE: Financial aspects

Licinia Pereira, Sector Operational Finance LIFE



LIFE Info Day 2024



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Reference documents

Reference Documents on the EU Funding and Tenders Portal :

- General link : <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/how-to-participate/reference-documents;programCode=LIFE2027> (legislation, work programme, call documents, grant agreements, guidance, templates etc)
- LIFE MGA (grant agreement) : https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/life/agr-contr/mga_life_en.pdf
- LIFE Annotated Grant Agreement : https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf
NB: version of 1 April 2023
- Rules for legal entity validation and financial capacity assessment : https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/rules-lev-lear-fca_en.pdf



Roles in the Grant Agreement (GA)

- **Coordinator (CB)** : contact point towards granting authority + signs the GA
- **Beneficiaries** : other entities that participate as beneficiaries + sign the GA (accession form)
- **Affiliated entities** : similar conditions as Beneficiaries + do not sign GA. Legal/capital link (beyond implementation of the action) BUT respective beneficiary remains responsible
- **Associated partners** : implement certain tasks but do not have the right to charge costs nor claim contributions, do not sign GA

- **Subcontractors** : outsourcing of specific action task(s)
- **Recipients of financial support to third parties**
- **In-kind contributors** : providing a service for free (cost/income not eligible– not counted in terms of budget)



Roles in the Grant Agreement (GA)

TYPE	Works on 'action tasks'?	What is eligible for the beneficiary/ affiliated entity?	Must be indicated in Annex 1 GA?	Conditions for participation	GA article
Beneficiaries	YES	Costs	YES	Must be eligible for funding	art 7
Affiliated entities	YES	Costs	YES	Must be affiliated or have a legal link and be eligible for funding	art 8
Associated partners	YES	n/a	YES	No specific conditions (APs do not receive funding).	art 9.1
Third parties contributing to the project	Participate in the action as contributors	Costs if eligible under the specific Programme (only for HE)	YES		art 9.2
Subcontractors	YES	Invoiced price	YES	Must be best value for money, avoid conflict of interest	art 9.3
Third parties receiving financial support ²	Participate in the action as recipients.	Amount of support given	YES	According to the conditions in Annex 1 GA	art 9.4



Establishing your Project Budget (1)

- **Part A** – summarised budget table to be filled online
 - Overall budget per cost category & per beneficiary/ affiliated entity/ associated partner*
- **Annex** - Detailed budget table to be uploaded
 - Detailed budget per cost category (excel)/per beneficiary/ affiliated entity
 - Further description/ justification/ explanation and breakdown of major costs should be provided to allow evaluation and verification of eligibility
 - NB: Don't forget staff effort for Associated partners
- **Be realistic !**
- **Check the applicability of cost categories in the call document !**



* APs: Do not claim costs

Establishing your Project Budget (2) – Part A

No.	Name of beneficiary	Country	Role	Personnel costs - without volunteers / EUR	Personnel costs - volunteers / EUR	Subcontracting costs/ EUR	Purchase costs - Travel and subsistence/ EUR	Purchase costs - Equipment/ EUR	Purchase costs - Other goods, works and services/ EUR	Indirect costs/ EUR	Total eligible costs/ EUR	Estimated eligible contributions/ EUR	Ineligible costs/ EUR	Total estimated project costs and contributions/ EUR	Maximum EU contribution to eligible costs/ EUR	Requested EU contribution to eligible costs/ EUR	Max grant amount/ EUR	Income generated by the project/ EUR	In kind contributions/ EUR	Financial contributions/ EUR	Own resources/ EUR	Total estimated project income/ EUR
1				0	0	0	0	0	0			0	0	0		0.00	0.00	0	0	0	0	0.00
Total																						



Establishing your Project Budget (3) – Annex

Detailed Budget Table

[proposal acronym]

Important:

You may add rows but no additional tabs. This may result in your proposal being considered inadmissible.
Please ensure that the file can be printed on a format of 1 page wide (number of pages depending on the number of participants).
Please make sure that the figures in this table are consistent with the total budget provided in part A section 3 of the application.
In case of inconsistencies, part A will prevail.

Staff effort allocation

Fill in the effort per work package and Beneficiary/Affiliated Entity.
Please indicate the number of person-months over the whole duration of the planned work.
Adapt the columns to the number of work packages in your proposal.
Identify the work-package leader for each work package by showing the relevant person-month figure in bold.

Participant Number/Short Name	WP1	WP2	WP3	WP4	WP5	WP6	WPx...	Total
1.								0
2.								0
3.								0
4.								0
5.								0
6.								0
7.								0
8.								0
9.								0
10.								0
Total person-months	0	0	0	0	0	0	0	0



Establishing your Project Budget (4) – Annex

Personnel costs

Present your estimated “Personnel costs” split into 3 categories as per the table below. If you do not have any personnel costs falling under “A.4 SME owners and natural person beneficiaries” or “A.5 Volunteers”, all personnel costs should be budgeted under “A1. Employees (or equivalent); A2. Natural persons under direct contract and A3. Seconded Persons”.

For A.4 SME owners and natural person beneficiaries: please note that as per Annex 2a of the LIFE General Model Grant Agreement (MGA), a unit cost is applied to this cost category. The units are the days spent working on the action (rounded up to the nearest half-day) and the amount per unit (daily rate) is calculated according to the following formula:

{EUR 5 080 / 18 days = EUR 282,22 per day} multiplied by {country-specific correction coefficient of the country where the beneficiary is established}

Note that the country specific correction coefficient to use is the one applied for the Marie Skłodowska-Curie Actions (MSCA). Yearly rates are published in the Horizon Europe Work Programme – Marie Skłodowska-Curie Actions under the funding and tender portal Reference Documents (work programme and call documents section), available at <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/how-to-participate/reference-documents;programCode=HORIZON>.

Participant Number/Short Name	Country	Number of person months (staff effort per beneficiary)	Average monthly salary rate	A1. Employees (or equivalent); A2. Natural persons under direct contract and A3. Seconded Persons (costs)	A.4 SME owners and natural person (sole trader) beneficiaries (Unit costs in €)	Subtotal personnel costs without volunteers (A1+A2+A3+A4) - must be the same as in part A section 3	A.5 Volunteers (Unit costs) must be the same as in part A section 3	Total Personnel costs
1.		0	#DIV/0!			0 €		0 €
2.		0	#DIV/0!			0 €		0 €
3.		0	#DIV/0!			0 €		0 €
4.		0	#DIV/0!			0 €		0 €
5.		0	#DIV/0!			0 €		0 €
6.		0	#DIV/0!			0 €		0 €
7.		0	#DIV/0!			0 €		0 €
8.		0	#DIV/0!			0 €		0 €
9.		0	#DIV/0!			0 €		0 €
10.		0	#DIV/0!			0 €		0 €
Total		0 €		0 €	0 €	0 €	0 €	0 €



Establishing your Project Budget (5) – Annex

Subcontracting

Give details on subcontracted action tasks (if any) and explain the reasons why (as opposed to direct implementation by the participants).
Subcontracting — Subcontracting means the implementation of action tasks, i.e. specific tasks which are part of the action and are described in Annex 1 of the Grant Agreement.
Note: Subcontracting concerns the outsourcing of a part of the action to a party outside the Consortium. It is not simply about purchasing goods or services. We normally expect the participants to have sufficient operational capacity to implement the project activities themselves. Sub-contracting should therefore be exceptional. Include only subcontracts that comply with the rules (i.e. best value for money and no conflict of interest; coordinator tasks can normally not be subcontracted).

Participant Number/Short Name	Subcontract Description	Cost (€)	WP	Justification (Why is subcontracting necessary?)
	Total estimated costs	0 €		
If subcontracting for the entire project goes beyond 30% of the total eligible costs, give specific reasons.	Insert text			

Other direct costs

Please complete the table below for each participant. If required add further tables at the end of this work sheet (one per participant).
 Please ensure that the information provided is sufficient to assess the relevance of the costs in relation to the activities proposed. For major cost items add lines below, in order to provide a detailed breakdown within one cost category.
 For major items listed in the justification column, indicate the work package / task to which they belong.
 For equipment and infrastructure, please explain if the cost represents the full cost or the depreciation.

Participant Number/Short Name (1)	Cost (€)	Justification
Travel & subsistence		
Equipment (incl. infrastructure)		
Other goods, works and services		
Financial support to third parties		
Land purchase		
Total	0 €	



Establishing your Project Budget (6)

- Check your **call document** and Art. 6 MGA : **Eligible and ineligible costs**
- Only amounts in **EUR**
- **Indirect costs = flat rate of 7%** on direct costs (except Volunteer/ Land Purchase costs) except for calls where indirect costs are not eligible
- **Indirect costs covered by an operating grant are not eligible UNLESS** it is demonstrated through the accounting system that the operating grant does not cover any costs of the action grant.
- **Unit costs for daily rates can be found in Annex 2a of the MGA**
(https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/life/agr-contr/mga_life_en.pdf)
 - SME Owner Unit costs – Coefficients to be used can be found in the Horizon Europe Work Programme (section Marie Skłodowska-Curie actions) **in force at the time of the call** : https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/wp-call/2023-2024/wp-2-msca-actions_horizon-2023-2024_en.pdf (page 112)



Volunteer Costs – daily rates per country



Maximum EU Funding of Eligible Costs (1)

ACTION GRANTS: Different % depending on the type of action

- Standard Action Projects : 60%
 - except Nature & Biodiversity => 75 % (exclusively priority habitats/species) & 67% (priority & non-priority habitats/species).
- Strategic Nature & Integrated Projects : 60%
- Technical Assistance Projects (**TA-PP** and **TA-R** 60%, **TA-CAP** 95%)
- Other Actions : 60%-90%-95%-100%

OPERATING GRANTS: 70%



Maximum EU Funding of Eligible Costs (2)

- The system will calculate for each beneficiary the **theoretical max. amount of EU Funding** that can be requested
- Each beneficiary will have to **enter manually the EU Funding requested** → can be lower than the maximum in case of funding from other co-financers, income of the project, higher own funding...
- The 'maximum grant amount' is the **maximum grant amount decided by the EU**. It normally corresponds to the requested EU Funding but may be lower.
- The amount at interim/final payment stage shall not be higher than the amount of EU funding fixed in the grant agreement.



Payment type

- For most actions:
 - Additional pre-financing(s) and final payment
- For some actions:
 - Interim payment(s) and final payment (e.g. Strategic Nature & Integrated Projects)
 - Final payment (e.g. TA-PPs)

NB: Amount of reporting periods related to type of action and duration => impact on % paid in each Additional Pre-financing or amount paid following costs incurred



Eligible Costs – Art 6 MGA – Actual Costs

- **Actually incurred by beneficiary/ affiliated entity AND during duration of the project** (Art 4) - except final reporting (Art 21)
- **Belong to budget categories of the call (foreseen in GA)**
- **Directly related** to the action and **necessary** for the implementation (costs indirectly related via cost drivers are not to be included under the direct actual costs)
- **Identifiable and verifiable**, in the **accounts of the beneficiary**
- Compliant with applicable **national law on taxes, labour and social security**
- **reasonable, justified** and must comply with the principle of **sound financial management**



Eligible Costs – Art 6 MGA – Unit Costs & Flat Rate

- Declared under the **correct budget category**
- Costs to which the flat rate is applied need to be eligible
- Related to the **period of the action** (Art 4) except for final reporting (Art 21)
- Unit costs should be **necessary** for the implementation
- Number of units must be **identifiable and verifiable**, in particular supported by records and documentation (Art 20) -> proof of units used



Direct Costs (Art. 6.2)

- **Direct costs** are costs directly related to the action and necessary for its implementation (costs indirectly related via cost drivers are not to be included under the direct actual costs)
 - **A. Personnel costs**
(A.1 Employees, A.2 Natural persons under direct contract, A.3 Seconded persons, A.4 SME owners and natural person beneficiaries, A.5 Volunteers)
 - **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 Land purchase)



Direct Eligible Costs – A. Personnel

- **A1 Costs for employees or equivalent** limited to salaries, social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act)
- **A2 Natural persons** working under a direct contract other than employment contract & **A3 Seconded persons** by a third party against payment IF
 - work under conditions **similar** to those of an employee (i.e. the way the work is organised, the tasks that are performed, the premises where work is performed, teleworking conditions)
 - result of the work belongs to the beneficiary (unless agreed otherwise)
- **A4 SME Owners or natural persons (Sole Traders)** (*owners/sole traders not receiving a salary – unit cost*)
- **A5 Volunteers** (persons who freely work for an organisation, on a *non-compulsory basis and without being paid – unit cost*)



Direct Eligible Costs – A. Personnel

A1 Costs for employees or equivalent – Calculation is as follows :

- For the budget :

Project cost employee = (average annual salary cost of employee / 12) * person-months on project

Nr of day equivalents to be budgeted per person per year **cannot be higher than 215 !!!**

A2 & A3 Costs for natural persons/seconded personnel

- calculated on the basis of the actual contract/secondment rate which must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary



Direct Eligible Costs – A. Personnel

A4 SME Owners and natural persons not receiving a salary and A5 Volunteers

- **Unit costs** as in Annex 2a
- For SME owners/natural persons : {EUR 5 080 / 18 days = 282,22} x {country-specific correction coefficient of the country where the beneficiary is established}

A5 Volunteers

- **Unit costs** as in Annex 2a
- Maximum **50% of the total project costs** and contributions estimated in the proposal
- Maximum EU contribution cannot be higher than the **total eligible costs without volunteers**.
- **At reporting** : May not exceed the maximum amount for volunteers for each beneficiary set out in Annex 2



Direct Eligible Costs – B. Subcontracting

- Fulfil the **general eligibility conditions**
- awarded using the beneficiary's **usual purchasing practices** — provided these ensure **best value for money** (or if appropriate the lowest price) and **no conflict of interests**
- may cover only a **limited part of the action** UNLESS properly justified for some calls
- Beneficiaries that are '**contracting authorities/entities**' within the meaning of the EU Directives on public procurement must also comply with the applicable national law on **public procurement**
- Not allowed to subcontract: coordination of the action



Direct Eligible Costs – B. Subcontracting

Main differences between subcontracting and purchase costs:

Subcontracts	Contracts/Purchases
Subcontracts concern the implementation of 'action tasks', i.e. parts of the project/project tasks that have been outsourced.	Purchases concern travel, equipment and goods and services that are necessary for the beneficiaries to implement the work (can range from big equipment to petty goods).
The price for the subcontracts will be declared as 'Subcontracting costs' in the financial statement.	The price for these contracts will be declared in one of the 'Purchase costs' columns in the financial statement.

Examples :

- contract for an audit certificate on the financial statements, translation of documents, publication of brochures = **purchase costs**
- contract for transportation = **purchase cost** unless it is part of a bigger package like the de-commissioning/transportation/re-installation of equipment = subcontracting)
- contract for meeting rooms, catering for a meeting = **purchase costs** unless it is the full organisation of a meeting (i.e. 'action task') then it is subcontracting
- contract for hiring IPR consultants/legal expert/IT consultant (i.e. just hiring expertise) = **purchase costs**
- contract for the carrying out of energy audits in the frame of the project (i.e. 'action task') = **subcontracting**



In case of doubt = subcontracting



Direct Eligible Costs – C. Purchase Costs

C1 Travel and Subsistence (travel/accomodation/subsistence) :

- actual incurred and in line with usual practices

C2 Equipment (Equipment/Infrastructure/Other assets) => check call document !

- **OPTION 1 : depreciation of costs :**

- **Actually incurred** costs and written off in accordance with international accounting standards and the beneficiary's usual accounting practices
- Only **portion of the costs that corresponds to the rate of actual use** for the action
- **Costs for renting or leasing** if they do not exceed the depreciation costs of similar equipment (excl financing fees)



Direct Eligible Costs – C. Purchase Costs

C2 Equipment (Equipment/Infrastructure/Other assets):

- **OPTION 2: Full cost** (Annex 5 – Durability) + depreciation for listed equipment
 - Standard Action Projects, Strategic Nature Projects and Strategic Integrated Projects
 - Purchased/developed **specifically for the action**
 - Commitment to use and maintain it after the end of the action, for activities pursuing the action's objectives. For **at least five years after the end of the action or until the end of its economic lifespan** (i.e. fully depreciated) — whichever is earlier.'
 - Cost is **recorded under a fixed asset account** of the beneficiary in compliance with **international accounting standards** and the beneficiary's **usual cost accounting practices**.



Direct Eligible Costs – C. Purchase Costs

C3 Other goods, works and services:

- Costs actually incurred
- can include e.g. consumables and supplies, promotion, dissemination, protection of results, translations, publications, certificates and financial guarantees, if required under the Agreement
- NB: CFS required when threshold of requested EU contribution to costs \geq EUR 500 000 per beneficiary and affiliated entity is reached*

* EUR 100 000 for operating grants



Direct Eligible Costs – D. Other Cost Categories

D1 Financial Support to third parties :

- in the form of grants, prizes or similar forms of support; if any
- are eligible if
 - in line with the call conditions (max amount per action/third party)
 - they fulfil the general eligibility conditions
 - calculated on the basis of the costs actually incurred
 - the support is implemented in accordance with the **conditions set out in Annex I** which must ensure objective and transparent selection procedures



Direct Eligible Costs – D. Other Cost Categories

D1 Financial Support to third parties :

- conditions in Annex I must ensure objective and transparent selection procedures and include at least the following:
 - Grants :
 - Amount per third party & criteria for calculating the amount
 - Different types of activity that qualify for financial support (closed list) + the persons or categories of persons that will be supported
 - the criteria and procedures for giving financial support
 - Prizes :
 - Eligibility & Award Criteria
 - Amount of the prize
 - payment arrangements



Direct Eligible Costs – D. Other Cost Categories

D2 Land Purchase :

- from private entities
- incl long-term lease of land or one-off compensations for land use rights
- are eligible if
 - in line with the call conditions
 - they fulfil the general eligibility conditions
 - calculated on the basis of the costs actually incurred
 - they are compliant with the land purchase criteria



Direct Eligible Costs – D. Other Cost Categories

D2 Land Purchase criteria :

- contributes to **improving, maintaining and restoring** the integrity of the **Natura 2000** network
- is the **only or most cost-effective way** of achieving the desired conservation outcome
- is reserved in the long term for **uses consistent with the specific objectives of the LIFE Programme**
- the Member State concerned ensures the **long-term assignment** of such land to **nature conservation purposes** and the beneficiary documents this by ensuring that
 - the **entry into the land register** includes a condition that the land will be assigned definitively to **nature conservation**
 - or, if there is no land register or such a condition is not possible under national law, that such a **condition is either included in the land sale contract or guaranteed by equivalent means.**



Direct Eligible Costs – D. Other Cost Categories

D2 Land Purchase :

- **private beneficiaries should ensure the long-term conservation** by making sure that :
 - the entry into the land register includes a condition that, in case of their dissolution or incapacity to manage the land according to nature conservation requirements, the **property will be transferred to an entity primarily active in the field of nature protection**
 - or, if there is no land register or such a condition is not possible under national law, that such a condition is either **included in the land sale contract or guaranteed by equivalent means**
- for **purchases of partial rights**: the entry into the land register duly reflects the long-term nature conservation objectives and the requirements set out in this Article in the MGA
- for **land purchased to be exchanged at a later date for another parcel on which the action will be undertaken**: the exchange is carried out before the end of the action and the land exchanged complies with the requirements set out in this Article in the MGA
- for **long-term leases**: the lease is of at least 20 years and includes provisions and commitments that ensure the achievement of its objectives in terms of habitat and species protection



Direct Eligible Costs – E. Indirect Costs

E Indirect costs :

- If foreseen under the related call, will be reimbursed at the flat rate of **7%** of the eligible direct costs (categories A-D, except volunteers' costs and land purchase costs).
- **ATTENTION** : No flat rate in case costs are covered by an operating grant (grant financing the functioning costs of the entity) UNLESS it is demonstrated through the accounting system that the operating grant does not cover any costs of the action grant.



Ineligible costs (1)

- **Costs not complying with the definition of an eligible cost, e.g. :**
 - **dividends**
 - debt & debt service charges, provisions for future losses and debts
 - interest owed, currency exchange losses
 - bank costs charged by the beneficiary's bank for transfers from the granting authority
 - excessive or reckless expenditure
 - **deductible or refundable VAT** (including VAT paid by public bodies acting as public authority)
 - costs incurred or contributions for activities implemented during grant agreement suspension
 - **in-kind contributions** by third parties



Ineligible costs (2)

- **Costs or contributions declared under other EU grants (or grants awarded by an EU Member State, non-EU country or other body implementing the EU budget unless exception as stated in the MGA e.g. if the action grant is combined with an operating grant running during the same period and the beneficiary can demonstrate that the operating grant does not cover any (direct or indirect) costs of the action grant**
- **costs or contributions for staff of a national (or regional/local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant)**
- **costs or contributions (especially travel and subsistence) for staff or representatives of EU institutions, bodies or agencies**
- costs specifically declared ineligible in the related call



Frequent errors

- SME owners not receiving salary indicated in A1 instead of A4 personnel cost category
- When threshold reached, CFS missing in annex 1 detailed budget or too expensive
- Subcontracting costs not outsourcing 'action/project tasks'
- Equipment – not enough details in the annex 1 detailed budget regarding either being a full cost or depreciation
- Financial Support to Third Parties
 - Criteria not explained and/or not in one single section in the proposal
- 'Big' costs in one line with no explanation/ details to assess need or eligibility in annex 1 detailed budget



Thank you

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