

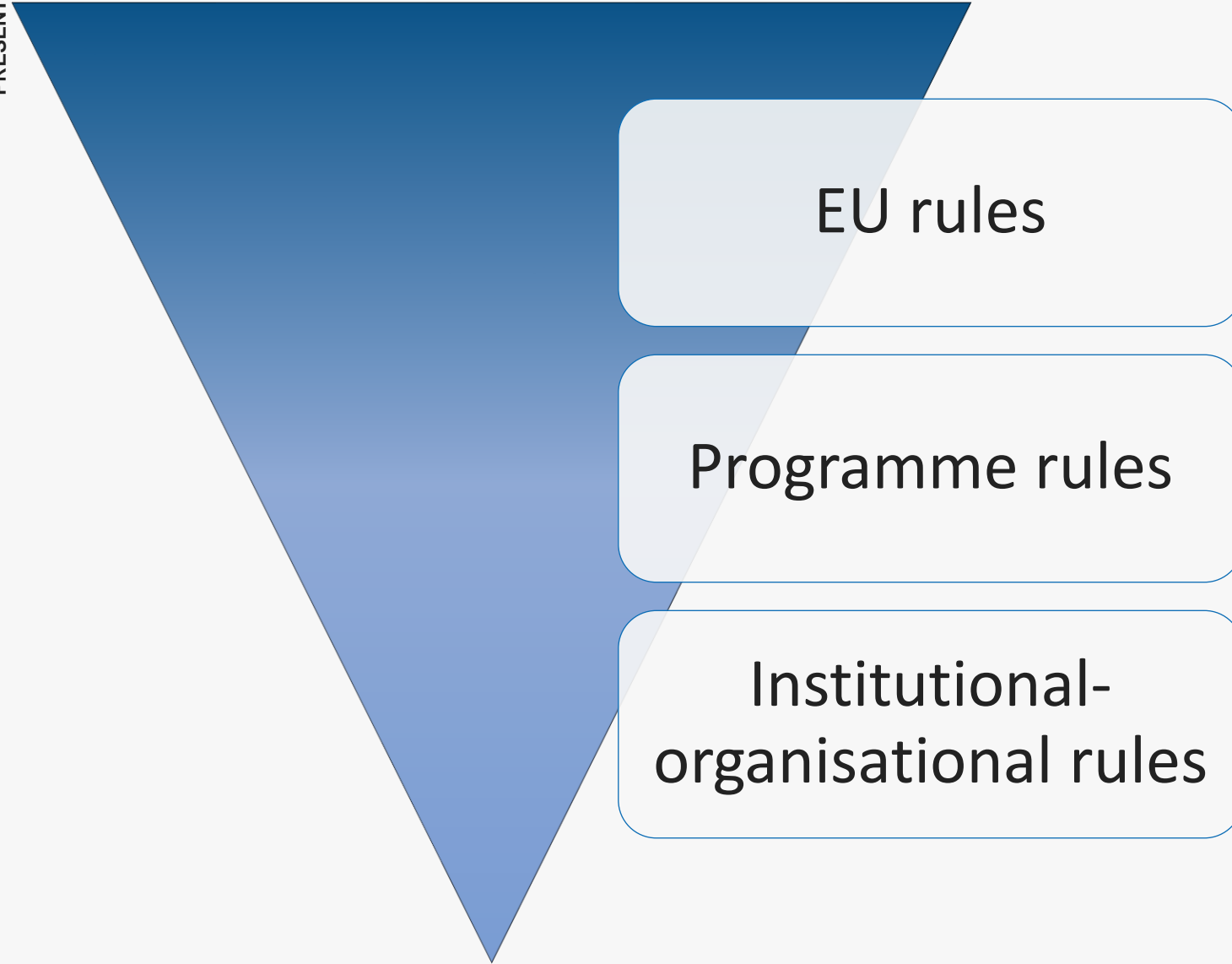
Eligibility and SCO's

Pieter Louwers | Interact | 2 October 2024

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Eligibility
Make sure that projects follow all the rules!



Eligibility

6 cost categories

- ❖ Staff cost
- ❖ Office and administrative costs
- ❖ Travel and accommodation
- ❖ External expertise and services
- ❖ Equipment
- ❖ Infrastructure and works



Make sure when assisting with budget creation that the right costs are planned/declared under the right cost category!!!



Quiz!

Are the following expenditure eligible under Staff cost?

- ❖ A project partner wants to declare costs for their professional mobile phone subscription.
- ❖ Staff costs of a consultant



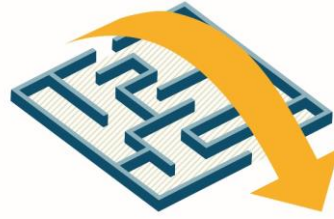
Why use SCOs?

Simplified cost options (SCOs) is an approximation of costs (contrary to real costs), defined in advance and based on averages, surveys and other data.

The method to calculate SCOs is defined in advance and is based on activities, outputs, results (i.e., lump sum, unit cost), or as a fixed percentage of some other costs (i.e., flat rate).



Why use SCOs?



Reduce beneficiaries' workload

Allow wider target groups to access programme funds

Reduce beneficiaries' financial management costs

Speed up payments

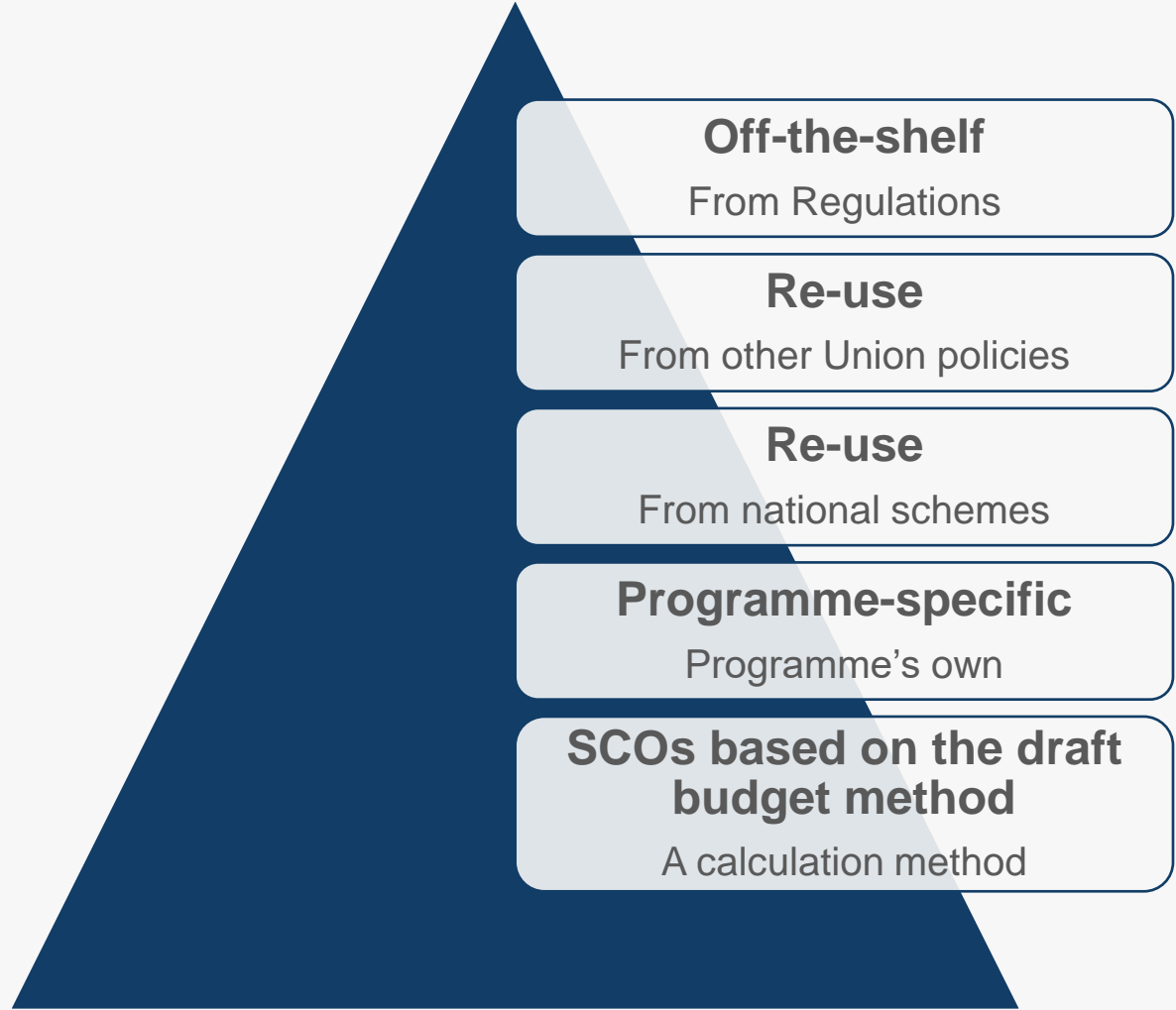
Reduce resources and administration for programmes

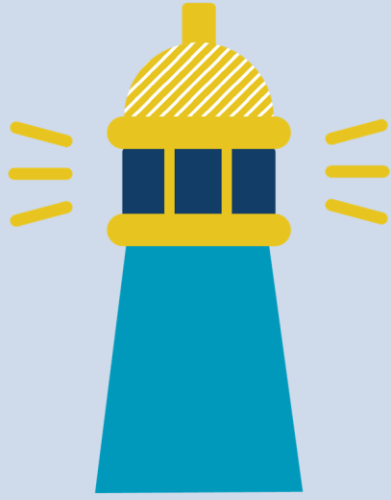
Reduce error rate and irregularities

Simplify verification and audit phases

Allow focusing on results

5 ways to establish an SCO in 2021-2027





SCO's Which Types are there?

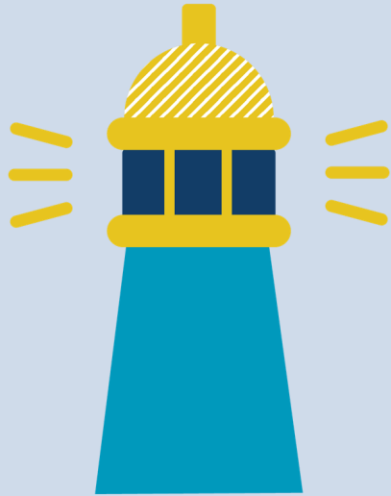
Flat Rates

Lump sums

Unit costs

Draft budget





Flat rates

Which are there?

- ❖ Staff cost flat rate based on direct cost
- ❖ Office and administrative costs flat rate based on direct staff cost
- ❖ Office and administrative costs flat rate based on direct cost
- ❖ Travel and accommodation flat rate based on direct staff cost
- ❖ Other costs based on staff costs



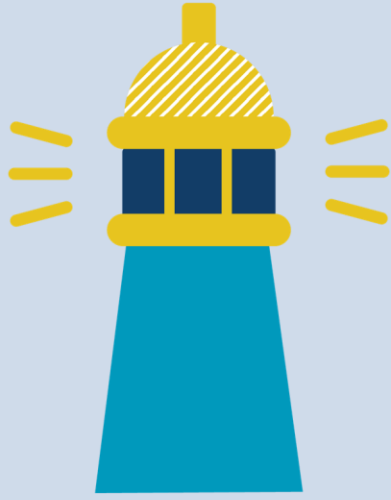


Lump sums

What are they?

- ❖ Covering multiple cost categories
- ❖ Usually in units of 1
- ❖ Based on the achieving of an activity/milestone/output/deliverable.
- ❖ Often in Euro not in other currencies



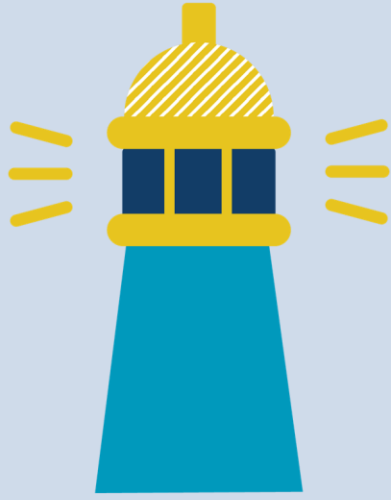


Unit costs

What are they?

- ❖ Covering multiple- or a single cost category
- ❖ Usually more than 1 unit
- ❖ Easier way to report certain costs based on units rather than real costs (e.g. standard hourly rate for staff)
- ❖ Can be in Euro or in foreign currencies





Project proposed unit costs/lump sums

What are they?

- ❖ Similar as unit costs and lump sums but proposed by the project
- ❖ They are also called Draft budget.
- ❖ A project completes the Application Form in terms of Work plan and gives a rough estimation of the related costs through a lump sum or unit costs.



A draft budget method

A calculation method to establish a *project-specific* SCO(s).
Draft budget ≠ SCO

Applicant submits a draft budget to the programme (with real costs; proper documentation).

Programme can include SCOs in the draft budget method (e.g., 15% for office and admin)



Programme assesses the draft budget proposal (case-by-case basis).

Programme transforms proposal into an SCO(s) – in grant agreement:

- establishing milestones to be delivered and payment triggers.

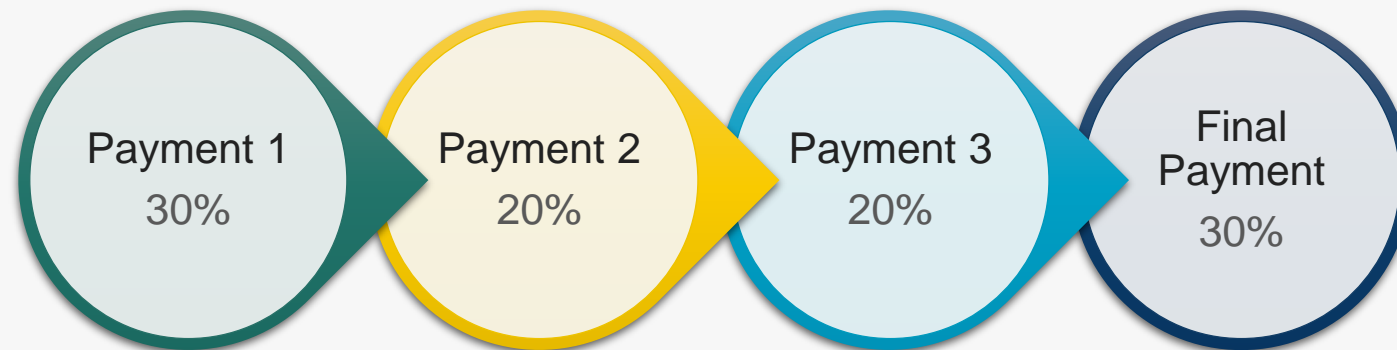


SCOs are used during the project implementation:

- expenditure is reimbursed according to payment triggers;
- control and audit of SCOs and not of initial amounts used in the draft budget proposal (audit of the methodology by the AA though).

Milestones in the draft budget method

- Focus on activities that make up the payment.
- Milestones are not always needed (if the implementation is short and the output is clear).



Briefing note: Manual on the draft budget method

Draft budget method - example

Budget item	Cost*	SCO	Approach
Kick-off meeting	5,000	Lump sum 1 = 20,000	Milestone 1 – delivery of the report X
Data collection	10,000		
Report preparation	5,000		
Marketing campaign design	5,000	Lump sum 2 = 43,000	Milestone 2 – execution of marketing campaign and evaluation study
Marketing campaign execution	20,000		
Evaluation study	5,000		
Staff (20%)	10,000		
Office and admin (15%)	1,500		
Travel and accommodation (15%)	1,500		
Total	63,000	63,000	



Quiz!

What type of SCO would you choose for the following cases?

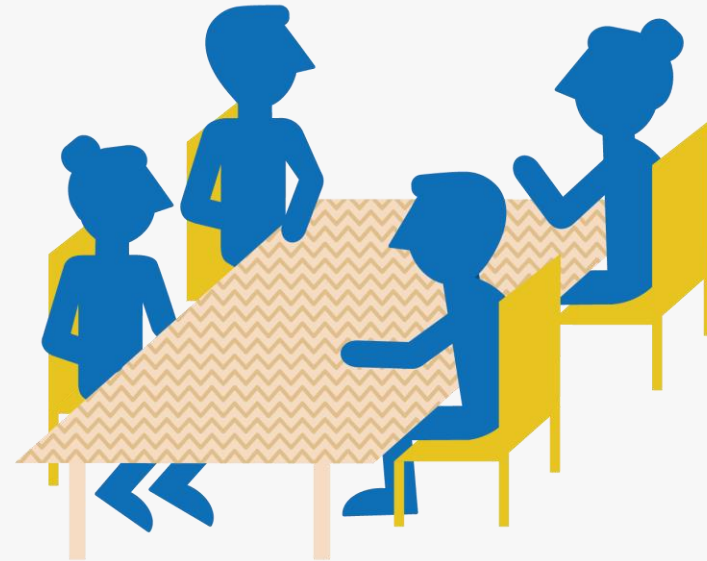
Imagine that all of the options presented so far are possible for the programme!!!

1. An single amount granted to the project for the administrative closure of the project.
2. A standard hourly rate for all the staff of all Belgium partners
3. A project partner that has 80% of his budget for implementing an Investment.





Any questions?



Cooperation works

All materials will be available on:

Interact library / 5th National Contact Point (NCP) network meeting