

ANNEX K

GUIDELINES for SIMPLIFIED COST OPTIONS

For Union financed GRANT CONTRACTS

1. Introduction

For all grant procedures (calls for proposals and direct award), only the following SCOs can be proposed by applicants:

- **unit costs:** these cover all or certain specific categories of eligible costs which are clearly identified (as indicated in the budget at proposal stage) and are expressed in amounts per unit.
Example: unit cost per brochure produced and delivered to participants in the context of a seminar; unit costs for small local transportation or other expenses in the context of specific activities such as a vaccine distribution (often in expense categories with many small value items and/or with poor documentation), etc.
- **lump sums:** these cover in global terms all or certain specific categories of eligible costs which can be clearly identified (as indicated in the budget at proposal stage).
Example: global cost for the organisation of an opening event, global cost for the production of information videos etc.
- **flat rate financing:** this covers specific categories of eligible costs which can be clearly identified (as indicated in the budget at proposal stage) and are expressed as a percentage of other eligible costs. Please note that flat-rate financing is input based and therefore cannot be proposed by applicants. However, it can be proposed by co-applicants who are pillar-assessed entities, when receiving a grant awarded directly without a call for proposals as part of “other SCOs”.

→ a combination of these forms

Simplified cost options can apply to one or more of the direct cost headings of the budget (i.e. cost headings 1 to 6), or to sub-cost headings or to specific cost items within these cost headings.

Simplified costs options (SCOs) which can be proposed by non-pillar assessed entities are "output or result based SCOs". This category includes costs linked to outputs, results, activities, deliverables in the framework of a specific project (for example the determination of a lump sum for the organisation of a conference, or for the realisation of a determined output/activity). Where possible and appropriate, lump sums or unit costs shall be determined in such a way to allow their payment upon achievement of concrete outputs and/or results.

Flat rates cannot be used for output or result based SCOs but only in the framework of “other SCOs”.

Output based SCOs can be proposed by the beneficiary (no threshold is applicable) at proposal's stage (Grant application form – Full application). In case the evaluation committee and the contracting authority are not satisfied with the quality of the justification provided, reimbursement on the basis of actually incurred costs is always possible.

Applicants can propose simplified cost options at the full application stage¹. The evaluation committee and the contracting authority will decide whether such costs can be accepted during the contracting phase on the basis of the budget submitted. The contracting authority will base its decision on an

¹ In case of open calls, with the submission of the application form.

analysis of the budget presented against the conditions set in these guidelines. Please note that for grants awarded without a call for proposal, output or result-based SCOs may be admissible only if an evaluation committee has been appointed.

In case the evaluation committee and the contracting authority are not satisfied with the quality of the justification provided, reimbursement based on actually incurred costs is always possible. In this case, the budget shall be adapted accordingly.

2. Provisions applicable to output or result based SCOs :

- Once simplified cost amounts (as specified in the action budget) have been assessed and approved by the evaluation committee and the contracting authority such costs will not be subject to an ex post verification of actual underlying cost data. Hence, auditors will not be required to check supporting documents to verify the actual costs incurred but they will verify the correct application of the method and formula for the calculation of the cost based on related inputs and relevant quantitative and qualitative information.
- Beneficiaries shall keep adequate records and documentation to prove that the costs are declared according to the agreed method and formula and that the qualitative and quantitative conditions have been respected.
- If a verification/audit reveals that the calculation methods used by the beneficiary(ies) or its affiliated entity(ies) to determine unit costs and lump sums are not in line with relevant conditions or factual information (e.g. the generating events have not occurred), the contracting authority may establish such costs as not eligible and recover up to the amount of the simplified cost options used.

Example of a Budget for an action with some output-based SCOs:

NB: Information to be included in the action budget in case of simplified cost options

Applicants proposing output or result-based simplified cost options must clearly indicate in the first worksheet of the action budget, each heading/item² of eligible costs concerned by this type of financing, i.e. state in capital letters 'UNIT COST' (per output/activity, etc.) or 'LUMP SUM' in the Unit column, as in the example below.

Budget for the action	All years			
Costs	Unit	# of units	Unit value (in EUR)	Costs (in EUR)
1. Human resources				
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)				
1.1.1 Technical staff				
1.1.1.1 Event managers in charge of the final conference organisation	UNIT COST (per conference organisation)	3	3.500	10.500

² Use different lines for each type of simplified cost options and per beneficiary.

1.1.2 Administrative/ support staff				
Subtotal Human resources				
2. Travel				
2.1. International travel	LUMP SUM			5.000
2.2 Local transportation	LUMP SUM			2.400
Subtotal Travel				
5. Other costs, services				
5.1 Publications				
5.2 Studies, research	LUMP SUM			8.000
5.5 Translation, interpreters	UNIT COST (per conference organisation)	2	800	1.600
5.7 Cost of conferences/seminars				
5.7.1 Room meeting/ rental	UNIT COST (per conference organisation)	4	500	2.000
5.7.2 Room meeting/equipment	UNIT COST (per conference organisation)	4	375	1.500
Subtotal Other costs, services				
6. Other				
6.1 Other services				
6.1.1 Vaccine distribution (Activity X)	UNIT COST (per vaccine)	20.000	40	800.000
Subtotal Other				

In the above example:

- The costs for Event managers (subheading 1.1.1.1) and interpreters (subheading 5.5) exclusively working for the final conference (example of activity), will be reimbursed only on the basis of the results achieved (final conference organisation) and defined by the Action. The same applies for costs related to the rental and equipment of room meeting dedicated to the final conference (subheading 5.7.1 and 5.7.2). Once the result is achieved, the reimbursement is possible.

The costs for the vaccine distribution (subheading 6.1.1) will include for example: the purchase, the logistics, management and delivery, the storage, the medical staff administering vaccination, and related costs, etc. Once the output, previously described in the Action, related to the activity X is achieved, the reimbursement of subheading 6.1.1 is possible.

The beneficiary should determine the amount per unit on the basis of statistical data, expert judgment, beneficiary's accounting practice etc. In case the evaluation committee rejects the methodology presented, these costs can be reimbursed as actual costs incurred. Additional information should be provided in the justification sheet.

- The cost for Travel (heading 2) and studies, research (subheading 5.2) if carried out in accordance with the conditions agreed in the description of the action and in the justification of the budget (number and details of flights; studies according to the terms of reference), will be reimbursed as lump sum once the specific output is achieved. Additional information on the calculation method should be provided in the justification sheet.

Moreover, applicants must in the second column of the justification sheet and for each corresponding budget item or heading:

- describe the information and methods used to establish the amounts of unit costs or lump sums for the costs to which these refer, for output or result based SCOs.

- explain the formulas for calculation of the final eligible amount.³

³ Example:

- *Specific costs related to the organization of an event: number of participants at the event * total cost per participant etc.*

