

# KARELIA

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## Budgeting

Cost types  
Finance  
VAT



Joensuu 23.1.2019

## Cost types for regular project

1. Staff
2. Travel
3. Equipment and supplies
4. Small-scale investments
5. External expertise and services
6. Administrative costs
7. Investments



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## 1. Staff (Programme Manual, page 59.)

- Cost related to activities which the project partners would not carry out if the project was not undertaken.
- **Only Project personnel** Salary + Compulsory social charges (the basic unit is monthly salary)
- The project work is based on the **employment contract** or document
- The salary is based on and paid in national currency



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## 2. Travel (Programme Manual, page 63.)

- **Only project personnels** expenditure on travel, accomodation and daily allowance on trips related to the project implementation.
- Accommodation, Visa cost, travel, taxi fares, car mileage, insurances which are necessary in order to carry out a trip.
- Seminars organised by MA must be budgeted



## 3. Equipment and supplies (Programme Manual, page 66.)

- Project related tools and devices needed **for the project personnel** in order to perform their daily work
- Computer, smartphone etc. **Used by the Project personnel**
- Are necessary, in market prices and are foreseen in the budget

## 4. Small-scale investments (Programme Manual, page 66.)

- Tools and devices **related to the activities and outputs of the Project**
- Are **not** used by the project personnel
- The output is a classroom. ( the materials, computers, furnitures etc.)

## 5. External expertise and services

(Programme Manual, page 68. Procurement: page 80. )

- The cost of an external expert / service provider
- The work, that cannot be done by the Project personnel
- Is foreseen in the budget, is based on a contract and is paid against invoices.
- **External Audit** (must be ) With every Payment request

## 6. Administrative costs (Programme Manual, page 69.)

- Is linked to the project implementation and is funded by flat rate basis.
- Max 7% of the subtotal cost of the project, excluding investments.
- Daily office running costs: rent, heating, electricity, accounting, internet connection, phone bill, paper, pencils etc.



## 7. Investments (Programme Manual, page 70.)

- Is related to infrastructure such as roads, energy networks, telecommunication etc.
- Building materials, labour costs, external expertise and services related to investments.

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# Project Finance

- Programme funding max 90%
- Own contribution min 10%



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## Own contribution (Programme Manual, page 78.)

- 10% of Project costs is covered by the project Partners (all)
- 100% of the project **eligible costs** are reported in the financial report and max 90% is being applied from the Programme



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# Accounting

Decentralised model

Partly decentralised model



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## Decentralised model (Programme Manual, page 50.)

- The project costs are recorded into lead partner`s and partner`s accounting records
- External audit for every partner with Financial report
- The lead partner is responsible for maintaining the consolidated financial report of the project
- The most common and primary model
- All Partners are Reporting



## Partly decentralised model (Programme Manual, page 50.)

- IF only minor **salary** and **travel** costs will be incurred to a project partner
- The partner pays the incurred costs first and then charges the costs from the partner afterwards by **invoice**
- Invoicing partner and Reporting partner
- Arrangement **is approved** by the Managing authority and the Lead partner
- These partners must be from the same country



## Value Added Tax

### **Non eligible:**

Organisation can recover the VAT = Budgeting without the VAT

### **Eligible:**

Organisation can't recover the VAT = Budgeting with the VAT

- If not sure, contact to your tax authority



