

## ISSUE OF LEAD ORGANISATION'S LOCAL STAFF AND LOCAL OFFICE COSTS

Some Delegations have questioned the eligibility of lead organisation's local staff costs and / or local office costs , and argued that these costs should be covered within the 7% of administrative costs (and hence that grant beneficiaries could not include them in the direct costs).

Some delegations also restrict the eligibility of staff if the cost of the person is charged by less than 50% to the EC presented budget. This is not correct.

On that particular issue, an **internal interpretation note has been issued within EuropeAid in Brussels**, which should also have been forwarded to the respective Delegations. This note states that lead organisation's local staff costs and / or local office costs may be eligible as direct as long as:

- they are necessary for the implementation of the project (and comply with the other requirements of article 14 of the General Conditions);
- and that there is no double-funding of the same costs (between direct and indirect budget headings). In particular, it is advised to explain to the Delegation your organisation's practice / approach regarding direct and indirect costs (the majority of European grant beneficiaries have for instance an indirect cost practice according to which they consider all their costs incurred by the organisation in Europe as indirect, except when they can show a direct link to the action with supporting documents (e.g. airplane tickets), and all their costs in the country of operation as direct).

In addition, you may refer to the EuropeAid practical guide, section 6.4.10.2 of EuropeAid, available on [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm) , which states: *"The budget proposed for the action by the successful applicant at the call for proposals stage must be corrected to remove any arithmetical errors or ineligible costs prior to signing the contract. The Description of the action is corrected accordingly if need be. Other clarifications or minor corrections may be brought to the Description of the action or to the budget in so far as they would not call into question the grant award decision or be contrary to the equal treatment of applicants and:*

- *Relate to aspects clearly identified by the Evaluation Committee; or*
- *Aim at taking into consideration the changes which have occurred since the date of receipt of the proposal*

*Those modifications may in any case not lead to an increase of the amount of the grant nor of the percentage of the co-financing fixed by the Evaluation Committee.*

***Any other alteration to the successful applicant's proposal or negotiation with him is prohibited.(...)"***

That means that Delegations are not authorised to make selected organisations modify the original proposal if the requested changes were not identified by the evaluators when assessing the proposals. It is then possible to refer to this article of the EuropeAid practical guide and ask the Delegation to forward you the comments of the evaluation committee on the proposal, notably the comments concerning the costs efficiency and budget of the proposal. If the changes that are asked by the Delegation are not clearly identified by the evaluators, then any requested modifications must be approved by the head of Delegation.