Summary of **FINANCIAL GUIDELINES** for the project ***“In situ Conservation and Use of Crop Wild Relatives in three ACP countries of SADC Region”*** funded by the **EUROPEAN COMMISSION**

1. **General Obligations – (article 1 of Annex II –General conditions)**- Bioversity alone is accountable to ACP group, but the conditions applicable under articles 1,3,4,5,6,7,8,0,14,16 and 17 are also applicable to partners.   
   - Any contracts concluded should respect contract award procedures and rules of nationality and origin as set out in annex IV  
   - We have no sub-contracts provided for under this project
2. **Reporting (Article 2 of Annex II)**

The Beneficiary must draw up interim reports and a final report. These reports shall consist of a narrative section and a financial section and shall conform to the model in Annex VI (Annex E provided to partners in LoA’s). They shall cover the Action as a whole, regardless of which part of it is financed by the contracting Authority (meaning: needs to include in-kind also).

An interim report must accompany every request for payment and include a forecast budget for the subsequent 12-month period.

The interim report must be accompanied by the expenditure verification report as provided by the auditor.

The Beneficiary guarantees that the rights of the European Commission, of the European Anti-Fraud Office and the European Court of Auditors as well as of any external auditor authorized by the Contracting Authority carrying out verifications as required per Article 15.6 (Grant agreement) to carry out audits, checks and verification shall be equally applicable, under the same conditions and according to the same rules as those set out in this Article 16 (Grant Agreement) to the Beneficiary’s partners, contractors and sub-grantees.

In addition to the previously mentioned reports, the documents required to support the expenditures are the following:

* Accounting records (computerized or manual) from the Beneficiary’s accounting system such as general ledger, sub ledgers and payroll accounts, fixed assets registers and other relevant accounting information;
* Proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
* Poof of commitments such as contracts and order forms;
* Proof of delivery of services such as approved reports, time sheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates) etc.;
* Proof of receipt of goods such as delivery slips from suppliers;
* Proof of completion of works, such as acceptance certificates;
* Proof of purchase such as invoices and receipts;
* Proof of payment such as bank statement, debit notices, proof of settlement by the contractor;
* Proof that taxes and/or VAT that have been paid cannot actually be reclaimed;
* For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
* Staff and payroll records such as contracts, salary statements, time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary. For expatriate and/or European-based staff analyses and breakdowns of expenditure per month of actual work; assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary.

1. **Amendment of the contract/Variances (article 9 of Annex II of general conditions)**

* A variance of a maximum of 15% is allowed between the budget lines within the same main budget heading (e.g. 2. Travel) where the variance does not affect the basic purpose of the Action.
* A variance of a maximum of 15% is allowed between the main budget headings (e.g. 2. Travel - 4. Local office) where the variance does not affect the basic purpose of the action but needs to be communicated without delay to the Contracting Authority.
* **The above mentioned method may not be used to amend the headings for administrative costs or contingency reserve**
* **A variation greater than 15% will require an official amendment to the budget**
* **Any remarkable variance to the personnel costs (if a staff member allocates more of his/her time to the project than initially budgeted), will need to be informed in writing without delay to the Contracting Authority)**

**Changes of address, bank account or auditor may simply be notified, although this does not stop the Contracting Authority from opposing the Beneficiary’s choice of bank account or auditor.**

1. **Eligibility of costs (article 14 of Annex II General Conditions)**

Eligible costs are costs incurred during the implementation of the action (exception of cost relating to final reports, expenditure verification and evaluation of the action), must be indicated in the estimated overall budget and necessary for the implementation of the action, accurately recorded in accounting in accordance with the beneficiaries usual accounting practices and costs must be reasonable and justified.

**Examples of non-eligible costs**

* Debts and debt service charges;
* Provisions for losses or potential future liabilities;
* Interest owed;
* Costs declared by the Beneficiary and covered by another action of workprogram;
* Purchases of land or buildings, except where necessary for the direct implementation of the Action, in which case ownership must be transferred to the final beneficiaries and/or local partners, at the latest at the end of the Action;
* Currency exchange losses;
* Credits to third parties, unless otherwise specified in the Special Conditions

*The currency of the grant is EURO and therefore all the reporting will be done in the same currency. In the case real costs are borne in other currencies, the conversion into EURO shall be done at the rate made up by* ***the average of the rates published in InforEuro for the months covered by the relevant report****. (Direct link to InforEuro:* [*http://ec.europa.eu/budget/contracts\_grants/info\_contracts/inforeuro/inforeuro\_en.cfm*](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)*)*

1. **Various types of expenditures**

**Personnel Costs**

The personnel costs for the staff assigned to the action will need to be charged corresponding to the actual gross salaries, including social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary (or its partners), as the case may be, unless it is justified by showing that it is essential to carry out the action.

The personnel cost will need to be documented by the following documentation:

* Staff and payroll records such as contracts, salary statements, time sheets
* For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary
* For expatriate and/or European based staff (if the action is implemented in Europe) analyses and breakdowns of expenditure per month of actual work; assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary.

**Per Diem**

A Per Diem can be disbursed **only** when there is an **overnight stay**. The Per Diem covers accommodation, meals, local travel within the place of mission and sundry expenses. Any flat-rate reimbursement of the subsistence costs must not exceed rates set out in the budget which correspond to the scales published by the European Commission at the time of signing the contract.

Note: Per Diem also cover airport transfers in the place of destination and can therefore not be claimed separately. Airport transfers in the place of departure (home-airport) can be claimed separately and should be charged to the budget line for travel.

**Expenses relating to airport taxis and visa expenses that are not covered by the Per Diem, should not be reported against the Per Diem budget line, but the budget line “2.1. International travel”. Boarding passes will need to be kept as supporting documentation for the airfare travel.**

**Taxes**

Taxes, including VAT are eligible expenditures where the Regulation and/or Financing Agreement with the third country under which the Contact is financed do not exclude coverage of taxes and the Beneficiary (or, where applicable, its partners) can show it cannot reclaim. Notwithstanding, the Beneficiary (or its partners) will not have to show it cannot reclaim taxes in any of the following cases (article 14.7 of annex II General conditions) :

* Where the amount of taxes per invoice is less than EUR 200, within a maximum of EUR 2,500, representing not more than 5% of the Contracting Authority’s contribution;
* Where the Beneficiary (or its partners) can demonstrate that the steps necessary for recovery of taxes oblige it to incur costs in a country where it only performs the relevant operations on an ad hoc and isolated basis; and that these costs for recovery (e.g. registration fees in the country or the costs for appointing a tax representative, declaration fees etc.) clearly exceed the amount of the taxes declared to the Contracting Authority;
* Where a country has been declared in crisis situation or in the need for emergency and post-emergency assistance by the European Commission. This exception is limited to the period in which the declaration is in force. The Beneficiary shall be informed in writing thereof.
* Where the Action relates to the protection of fundamental rights of peoples, as provided for in the Special Conditions
* *The Beneficiary (or its partners) shall certify that the concerned taxes have not been or will not be recovered from the local tax authorities and prove that the above requirements are met at the latest when submitting the final report.*

**Local transportation costs**

In the case the own/organizations car is used for local transportation, to support the expenditure of fuel and oil expenses, the supporting documentation required is the following:

* summary list of the distance covered
* evidence for the average consumption of the vehicles used
* receipts for fuel and maintenance costs

1. **Procurement**

**The rule of origin**

Supplies acquired by the Beneficiary (and its partners) in the context of the grant, must be wholly obtained and produced in the **EU member states** or **official ACP member states and the tenderer must state the origin of supplies**. Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.

Contractors must present proof of origin to the Beneficiary no later than when the first invoice is presented, for equipment’s and vehicles of a unit cost on purchase of more than Euro 5,000. The certificate of origin must be made out by the competent authorities of the country of origin of the supplies and must comply with the rules laid down by the relevant Community legislation.

**Note: In exceptional cases, the Commission may allow nationals of countries other than those of the EU member states and official ACP member states to tender for contracts on the basis of specific conditions, but the authorization of such must be sought prior to the purchase.**

**Rules common to all tender procedures**

The tender documents must be drafted in accordance with best international practice. If they do not have their own documents, Beneficiaries may use the models published on the European Commission’s web site relating to external actions. The European Commission will not publish the tender documents established by the Beneficiary.

The time-limits for receipt of tenders and requests to participate must be long enough to allow interested parties a reasonable and appropriate period to prepare and submit their tenders. All requests to participate and tenders declared as satisfying the requirements must be evaluated and ranked by an evaluation committee on the basis of the exclusion, selection and award criteria announced in advance. This committee must have an odd number of members, at least three, with all the technical and administrative capacities necessary to give an informed opinion on the tenders.

**Rules applicable to service contracts**

**Service contracts worth less than Euro 200,000** must be awarded by means of a negotiated procedure without publication, in which the Beneficiary consults at least three service providers of its choice and negotiates the terms of the contract with one or more of them.

**For services of a value of Euro 10,000 or less**, the Beneficiary may place orders on the basis of a single tender.

**Rules applicable to supply contracts**

**Supply contracts for less than Euro 60,000** must be awarded by means of a negotiated procedure without publication, in which the beneficiary consults at least three suppliers of its choice and negotiates the terms of the contract with one or more of them.

**For supplies of a value of Euro 10,000** or less, the Beneficiary (and its partners) may place orders on the basis of a single tender.