

Guidance on Cost Category Descriptions

The following provides a brief guidance on cost categories and how these should be used for budgeting. All partners **must** familiarise themselves with the Annotated Model Grant Agreement (AMGA) to ensure their costs are being budgeted and incurred in line with H2020 eligibility requirements. The relevant page references have been included for your reference against each cost type.

AMGA: https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

Short examples have been provided. Please ensure your cost category descriptions adequately and fully explain the total budget in each cost category. Descriptions should provide enough detail to allow a third party (i.e. EIT or EIT Climate-KIC) to review and understand how the budget is made up. Inadequate cost category explanations may be rejected.

Contents

A Personnel (€).....	3
A3ai Personnel seconded by a third party against payment - working on the premises of KIC Partner (€)	3
A3aii Personnel seconded by a third party against payment - NOT working on the premises of KIC Partner (€)	3
A3bi Personnel seconded by a third party free of charge - working on the premises of KIC Partner (€).....	4
A3bii Personnel seconded by a third party free of charge - NOT working on the premises of KIC Partner (€)	4
D1 Travel & subsistence*	4
D2 Depreciation (€)	5
D2b Depreciation costs for equipment, infrastructure or other assets - in kind on the premises of the KIC partner (€).....	5
D2c Depreciation costs for equipment, infrastructure or other assets - in kind not on the premises of the KIC partner (€).....	6
D3 Cost of other goods and services (€)	6
D3d Other goods and services - in kind on the premises of the KIC Partner (€)	6
D3e Other goods and services - in kind not on the premises of the KIC Partner (€)	7
D4: Capitalised and operating costs of Large Infrastructure	7
D5: Costs of Internally Invoiced Goods and Services	7
Indirect costs (25%).....	8
B. Subcontracting	8
C1: Sub-granting/Financial Support to 3rd Parties	9
Prizes	10
Unit costs of EIT Labelled masters programme (excl. management costs)	10
Unit costs of EIT labelled doctoral programmes.....	11
Lump sum costs of the management of EIT labelled Master degrees.....	11

Cost Category	Cost Category Explanation - Please review H2020 Annotated Model Grant Agreement for more comprehensive details	Example Cost Category Explanations
A Personnel (€)	<p>There are three types of personnel costs that may be budgeted here.</p> <p>1. Employees under direct contract, actual costs or unit costs. This covers costs of employees working under a standard employment contract. Costs should be calculated on basis of actual or unit costs multiplied by anticipated time to be spent on the action, e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action. AMGA pages 44-70.</p> <p>2. Natural Persons working under direct contract. This covers in-house consultants with a direct contract with beneficiary (cannot be a contract with a third party). The person must work under conditions very similar to that of an employee, e.g. work in same premises, results of work belong to beneficiary, remuneration should not be significantly different to employees performing similar tasks. Please carefully review AMGA to ascertain if these conditions are met. If not, then costs should be budgeted for under subcontracting and meet the relevant eligibility criteria. Costs should be calculated on same basis as employees, e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action. AMGA pages 71-74.</p> <p>4. Personnel, SME owners without a salary. If SME owners are not in receipt of a salary then you may use the until costs applicable to your country. These until costs can be found in Annex V to the SGA2020 on the partner information page: http://www.climate-kic.org/download/48928/ This budget option is only applicable to individuals who are SME owners and you must be able to provide evidence that no payment of salary is made to them or a third party on their behalf. Costs should be budgeted on basis of hourly rate identified from Annex V multiplied by anticipated hours to be spent on the action. AMGA pages 76-77</p>	<p>WHAT: Estimated FTE and job descriptions of Personnel working on the KAVA. For GDPR reasons personnel should not be directly named.</p> <p><i>e.g. 1 FTE Analyst for duration of project, 0.2 FTE Manager for duration of project</i></p>
A3ai Personnel seconded by a third party against payment - working on the premises of KIC Partner (€)	<p>This cost category is specifically for personnel under a secondment agreement which is paid for by the partner, and where that person is working on the premises of the partner.</p> <p>Costs should be actual and calculated in the same way as other staff costs are budgeted, e.g. e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action.</p> <p>AMGA pages 75-76</p>	<p>WHAT: Estimated FTE and job descriptions/job title of Personnel working on the KAVA. Named third party providing/from which the personnel is provided.</p> <p><i>e.g. Named Third Party to provide seconded personnel - Data Analyst for 0.5 FTE in order to review research results from WP3, at approximate cost of €40,000.</i></p>
A3aii Personnel seconded by a third party against payment - NOT working on the premises of KIC Partner (€)	<p>This cost category is specifically for personnel under a secondment agreement which is paid for by the partner, but where that person is not working on the premises of the partner.</p> <p>Costs should be actual, and calculated in the same way as other staff costs are budgeted, e.g. e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action.</p> <p>AMGA pages 75-76</p>	<p>WHAT: Estimated FTE and job descriptions/job title of Personnel working on the KAVA. Named third party providing from which the personnel is provided.</p> <p><i>e.g. Named Third Party to provide seconded personnel - Data Analyst for 0.5 FTE in order to review research results from WP3, at approximate cost of €40,000.</i></p>

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<p>A3bi Personnel seconded by a third party free of charge - working on the premises of KIC Partner (€)</p>	<p>This cost category is specifically for personnel under a secondment agreement which provided free of charge by a third party, i.e. is not paid for by the partner but is instead is an in-kind contribution. Additionally, the personnel concerned will be working directly on the premises of the partner.</p> <p>Actual costs must reflect the actual costs incurred by the third party providing the personnel (and evidenced in their accounts). Costs should be calculated in the same way as other staff costs are budgeted, e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 75-76 AND pages 141-143</p>	<p>WHAT: Estimated FTE and job descriptions/job title of Personnel working on the KAVA. Named third party providing from which the personnel is provided.</p> <p><i>e.g. Named Third Party to provide personnel as in-kind contribution free of charge - Data Analyst for 0.5 FTE in order to review research results from WP3, at approximate cost of €40,000.</i></p>
<p>A3bii Personnel seconded by a third party free of charge - NOT working on the premises of KIC Partner (€)</p>	<p>This cost category is specifically for personnel under a secondment agreement which provided free of charge by a third party, i.e. is not paid for by the partner but is instead is an in-kind contribution. Additionally, the personnel concerned will not working on the premises of the partner but continue to work at third party premises or elsewhere.</p> <p>Actual costs must reflect the actual costs incurred by the third party providing the personnel (and evidenced in their accounts) Costs should be calculated in the same way as other staff costs are budgeted, e.g. e.g. hourly rate based on actual costs multiplied by anticipated hours to be spent on action.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 75-76 AND pages 141-143</p>	<p>WHAT: Estimated FTE and job descriptions/job title of Personnel working on the KAVA. Named third party providing from which the personnel is provided.</p> <p><i>e.g. Named Third Party to provide personnel as in-kind contribution free of charge - Data Analyst for 0.5 FTE in order to review research results from WP3, at approximate cost of €40,000.</i></p>
<p>D1 Travel & subsistence*</p>	<p>Travel and subsistence costs relating to the delivery of the project. Costs generally should be for travel and subsistence for personnel of the beneficiaries. Partners may also include travel for experts participating in the action on an ad hoc basis provided this is explicitly foreseen in the budget (and description). Costs should be budgeted on actual basis.</p> <p>AMGA pages 80-81</p>	<p>WHAT: Estimated number of travels and a short description of the purpose</p> <p><i>e.g. Travel for project lead to the following meetings: Project plenary meeting / Project stakeholder workshops x 2. Assumed cost of 700 EUR per trip</i></p>

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D2 Depreciation (€)	<p>Depreciation relates to all equipment budgeted for the implementation of the project. Partners must ensure equipment costs are budgeted for in line with their usual accounting practice (fixed asset policy), and that the equipment usage is apportioned to the project appropriately.</p> <p>If partner's fixed asset policy dictates that the equipment should be capitalised over its useful life, then the partner can only budget for the portion that relates to the duration of the project. Partners should also be mindful of this in multiyear projects, and that the budget for equipment may need to be split into financial years as appropriate regardless of what year the purchase is made in. e.g. if a partner purchases a server with a useful life of 3 years for €300 on 1st Jan and is required to capitalise this in accordance with its fixed asset policy, then it can report €100 in 2020 for the computer. If the project is active in subsequent years the partner would be able to report an additional €100 in 2021, and in 2022 the remaining €100. If, however, the partner is not involved in delivering the project in 2021 and 2022 then they would be unable to budget the costs relevant to 2021 and 2022, and therefore would be able to budget a maximum of €100 in 2020.</p> <p>AMGA pages 82-86</p>	<p>WHAT: Description of each equipment item, including how it is relevant to the project and noting any apportionment, including usage or depreciation</p> <p><i>e.g.</i></p> <ul style="list-style-type: none"> • 5,000 EUR full purchase cost of server purchased for data processing in order to carry out WP3 of project, processing large volumes of data. • 10,000 EUR depreciation amount of greenhouse equipment (total value EUR 500,000 over useful life of 10 years), apportioned to project use (20%), in order to test soils as detailed in WP5.
D2b Depreciation costs for equipment, infrastructure or other assets - in kind on the premises of the KIC partner (€)	<p>The same eligibility rules apply to equipment provided in-kind by third parties as under D2 Depreciation. The costs reported should be actual costs and reconcile with the third party's accounting system, likewise the third party's fixed asset policy should also be applied.</p> <p>This specific cost category is for equipment provided in-kind by third parties which is used directly on the premises of the partner.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 82-86 AND pages 141-143</p>	<p>WHAT: Description of each equipment item, including how it is relevant to the project and noting any apportionment, including usage or depreciation together with named third party providing the in-kind contribution.</p> <p><i>e.g. Named third party to provide server as in-kind contribution free of charge to enable partner to process large volumes of data in order to test WP3. Full purchase price of the server is €5000 and in accordance with named third parties fixed asset policy full value will be recognised in year.</i></p>

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D2c Depreciation costs for equipment, infrastructure or other assets - in kind not on the premises of the KIC partner (€)	<p>The same eligibility rules apply to equipment provided in-kind by third parties as under D2 Depreciation. The costs reported should be actual costs and reconcile with the third party's accounting system, likewise the third party's fixed asset policy should also be applied.</p> <p>This specific cost category is for equipment provided in-kind by third parties which is not used directly on the premises of the partner, i.e. is retained at third party premises or used elsewhere.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 82-86 AND pages 141-143</p>	<p>WHAT: Description of each equipment item, including how it is relevant to the project and noting any apportionment, including usage or depreciation together with named third party providing the in-kind contribution.</p> <p><i>e.g. Named third party to provide access to large data processing server as in-kind contribution free of charge to enable partner to process large volumes of data in order to test WP3. Full purchase price of the server is €50,000 and capitalised over 5 years. Apportioned project use is 20%, therefore in-kind contribution from named third party is €2,000</i></p>
D3 Cost of other goods and services (€)	<p>Costs of other goods and services (not subcontracts) relating to the delivery of the project, such as consumables, room hire, printing etc.</p> <p>NB – if you are unsure about the difference between subcontracts and services the AMGA provides a good table on page 130 outlining the different characteristics of third parties which is a useful tool to aid with correctly categorising.</p> <p>AMGA pages 87-89</p>	<p>WHAT: Outline planned expenditure, and identify events where applicable, i.e. if costs included consumables or catering for meetings, then should include an estimate of the number of events.</p> <p><i>eg: •Venue hire and catering for 2 x stakeholder workshop for approximately 30 persons (3000 EUR each)</i></p> <p><i>•Venue hire and catering for 3 x project meetings for 10 project personnel (1500 EUR each)</i></p> <p><i>•Photographer for 1 x venture competition event (2000 EUR)</i></p>
D3d Other goods and services - in kind on the premises of the KIC Partner (€)	<p>The same eligibility rules apply to other goods and services provided in-kind by third parties as under D3 Costs of Other goods and services. The costs reported should be actual costs and reconcile with the third party's accounting system.</p> <p>This specific cost category is for other goods and services provided in-kind by third parties which are used directly on the premises of the partner.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 87-89 AND pages 141-143</p>	<p>WHAT: Outline planned services, facilities, events or consumable costs as appropriate and usage where applicable as well as third party providing the in-kind contribution.</p> <p><i>e.g. Photographer provided by Named Third Party free of charge to photograph venture competition event at a cost to third party of €500</i></p>

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D3e Other goods and services - in kind not on the premises of the KIC Partner (€)	<p>The same eligibility rules apply to other goods and services provided in-kind by third parties as under D3 Costs of Other goods and services. The costs reported should be actual costs and reconcile with the third party's accounting system.</p> <p>This specific cost category is for other goods and services provided in-kind by third parties which are not used directly on the premises of the partner, i.e. is retained at third party premises or used elsewhere.</p> <p>In-kind contributions must be foreseen in the budget in order to be considered eligible, therefore ensure planned in-kind contributions are detailed in the cost category explanation.</p> <p>AMGA pages 87-89 AND pages 141-143</p>	<p>WHAT: Outline planned services, facilities, events or consumable costs as appropriate and usage where applicable as well as third party providing the in-kind contribution. <i>e.g. Research facilities provided by Named Third Party free of charge, at a cost to third party of €5000 per day for access to facilities for 5 days for testing of CO2 properties in cement relative to WP4 and necessary for progression onto WP4 and WP6.</i></p>
D4: Capitalised and operating costs of Large Infrastructure	<p>These are costs of infrastructure with a value of €20m or more. This cost category is extremely unlikely to be relevant for any EIT Climate-KIC projects, therefore if you wish to budget costs under this cost category please contact EIT Climate-KIC to discuss in more detail.</p> <p>AMGA pages 90-100</p>	<p>Please contact EIT Climate-KIC to discuss if you have budget in this cost category.</p>
D5: Costs of Internally Invoiced Goods and Services	<p>These are costs that the partner itself can already provide for the project, e.g. hosting services or research services. In order to be eligible there must be an already established accounting practice, which have been applied consistently regardless of the funder, i.e. the partner must be able to provide evidence of charging out an internal facility at the same cost on previous occasions.</p> <p>Costs must be budgeted as unit costs calculated on the basis of actual costs. There can be no profit margin or costs that would otherwise be considered as ineligible included in this calculation.</p> <p>Note that costs must be foreseen in budget in order to be considered eligible, therefore ensure than all planned costs of internally invoiced goods and services are detailed in cost category explanation.</p> <p>AMGA pages 101-104</p>	<p>WHAT: Details of any planned internally invoiced goods and services. Must include the unit price.</p> <p><i>e.g. 10,000 EUR for use of laboratory space to perform testing of CO2 properties in cement relative to WP4 and necessary for progression onto WP4 and WP6. Estimated time required, 10 hours x €1,000 per hour.</i></p>

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Indirect costs (25%)	<p>This is calculated automatically as 25% of the eligible costs (A, A3ai, A3bi, D2, D1, D2b, D3, D3d, D4, D5).</p> <p>These are costs that are not directly linked to the action implementation, and therefore would otherwise be considered ineligible.</p> <p>Please review AMGA Pages 105-106 for more information.</p>	As this is a flat rate calculation no cost explanation is required
B. Subcontracting	<p>This cost category covers subcontracts that will be awarded to third parties to cover specific tasks. In order to be eligible the nature and estimated costs must be foreseen in the budget.</p> <p>NB – if you are unsure about the difference between subcontracts and services the AMGA provides a good table on page 130 outlining the different characteristics of third parties which is a useful tool to aid with correctly categorising.</p> <p>Please note that subcontracting may only cover a limited part of the action (generally no more than 50% of total project budget, although do discuss this with EIT Climate-KIC if for any reason you expect budget to be higher than this), and that subcontracts must be awarded ensuring best value for money - this generally means partners should ensure that they follow their own procurement policy when selecting third parties, which means that there must be a competitive tender where appropriate.</p> <p>Specific third parties should not be named in the budget, and inclusion of a subcontract in the budget does not ensure best value for money, or denote approval by either EIT or EIT Climate-KIC of the use of any particular third party. The partner is responsible for ensuring best value for money can be demonstrated.</p> <p>Subcontracting must be foreseen in the budget in order to be considered eligible, therefore ensure all planned subcontracts are fully detailed in the cost category explanation (although do not name 3rd parties explicitly).</p> <p>AMGA pages 144-149</p>	<p>WHAT: Estimated cost for each subcontract, and description of anticipated service to be provided. The subcontractor should not be named in the BP, the assumption is that the services should be procured for, and therefore 3rd party would not necessarily be known at this stage.</p> <p>e.g.</p> <ul style="list-style-type: none"> •20,000 EUR subcontract (10000 per subcontract) remuneration for 2 x coaches to support students in the programme; •40,000 EUR subcontract to provide data analysis of our portfolio, drawing together our historic data and matching it with information from our new set of experiments. The subcontractor will also create visuals to enable our community and wider audience to engage with the data.

Cost Category	Cost Category Explanation - Please review H2020 Annotated Model Grant Agreement for more comprehensive details	Example Cost Category Explanations
<p>C1: Sub-granting/Financial Support to 3rd Parties</p>	<p>'Financial support' may be given via a grant to natural persons (e.g. allowance, scholarship, fellowship) or legal persons (e.g. seed money to start-ups). This may also cover travel costs for participants of education programmes such as the Journey.</p> <p>There is a financial limit to any legal or natural persons of €60,000 in any grant year, meaning support to any one party cannot exceed this amount.</p> <p>Financial support to third parties must be foreseen in the budget, with the partner detailing the type of financial support and the conditions including how the third party will be selected, for what purposes they may use the support and how this will be paid to them, e.g. cost reimbursement, lump sum etc.</p> <p>There must be a robust and objective selection process in place when awarding financial support to third parties regardless of the value of support available, and this selection process must be detailed in the budget. No third parties should be named in the budget, and it is the responsibility of the partner to ensure there is an objective selection process in place which can be demonstrated.</p> <p>Subgranting (financial support to 3rd parties) must be foreseen in the budget in order to be considered eligible, therefore ensure all planned subgrants are fully detailed in the cost category explanation.</p> <p>Please note financial support to Masters students must now be budgeted and reported against F1: Unit costs of EIT labelled masters programmes, and financial support to PhD students budgeted and reported against F2: Unit costs of EIT labelled doctoral programmes NOT under this cost category.</p> <p>AMGA pages 158-160</p>	<p>WHAT: maximum amount of financial support for each third party, criteria for calculating the amount, types of activities that qualify for financial support, persons or categories of persons that may receive financial support and criteria for giving financial support.</p> <p><i>e.g. 150 000 EUR Grants for project programme, comprising of stages 1,2 and 3 grants. An open call is held for stage 1, with subsequent entry to stages being evaluated on the basis of performance in earlier stages. Successful applicants are awarded up to: 20 000 EUR for stage 1, 25 000 EUR for stage 2, 50 000 EUR for stage 3. These grants are intended to aid and further develop the start-ups business - specific conditions and purpose of these grants will be detailed in the award letters to start-ups and will be tailored to the specific award, but may include personnel, travel, depreciation, consumable or services relevant to developing the business. The calls for the programme applications is synchronised happens twice per calendar year. Payments will be made on a lump sum basis, for the purposes set out in the award letter, based on proof of expenditure submitted by the grantee.</i></p>

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Prizes	<p>Prizes are usually a lump sum given as part of an open competition. Condition for the prize must be detailed in the budget - these include: conditions for participation; award criteria for assessing entries in light of objectives and expected results (criteria must be objective); amount of the prize; payment arrangements (usually in one instalment).</p> <p>Prizes must be foreseen in the budget in order to be considered eligible, therefore ensure all planned prizes are fully detailed in the cost category explanation.</p> <p>AMGA pages 161-162</p>	<p>WHAT: conditions for participation, award criteria, amount of the prize, payment arrangements.</p> <p><i>e.g. 17500 EUR Grant Prize Award Payments for the final of the Venture Competition. The competition open to local competition finalists [local competitions would need to be listed separately with criteria for those clearly outlined] Participants will be assessed by an external jury-style board, and cash prizes awarded to the top 3 with the values of: €10,000, €5,000 and €2,500 respectively. Lump sum cash payment made within 30 days of competition results</i></p>
Unit costs of EIT Labelled masters programme (excl. management costs)	<p>All masters mobility costs should be budgeted here, using the defined unit costs communicated by the education team.</p> <p>This cost category excludes any management costs associated with managing the EIT labelled masters programmes.</p> <p>If you have any specific questions regarding this then please contact the education team.</p>	<p>WHAT: This specifically concerns masters mobility, however conditions for financial support to third parties must still be respected, including detailing maximum amount of financial support for each third party, criteria for calculating the amount, types of activities that qualify for financial support, persons or categories of persons that may receive financial support and criteria for giving financial support.</p> <p><i>e.g. €600 per month per student for mobility away from their home university for a period up to 6 months (maximum award of €3,600) . Up to 20 students will be awarded this mobility on the basis of an application process assessed independently by the partner and EIT Climate-KIC. Students enrolled on an EIT labelled masters programme will be eligible to apply. Number of months mobility awarded will be assessed as part of the application process. Payment will be made via lump sum to students.</i></p>

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Unit costs of EIT labelled doctoral programmes	There are not currently any EIT labelled doctoral programmes within EIT Climate KIC therefore this cost category should not be applicable. However, if you have any questions regarding this then please contact the education team.	n/a
Lump sum costs of the management of EIT labelled Master degrees	This cost category is not currently used by EIT Climate-KIC	n/a