

Support to employment in less developed municipalities in Montenegro

**The Ministry of Finance of Montenegro – the Directorate for Finance and
Contracting of the EU Assistance Funds**

**Multi-annual Action Programme for Montenegro on Employment,
Education and Social Policies (2015-2017)**

INFORMATION SESSION

21/10/2020

Sectoral Operational Program for Employment, Education and Social Policy (2015-2017)

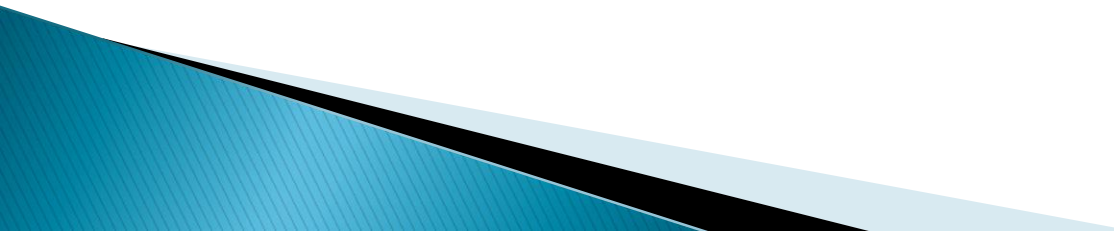
"Support to employment in less developed municipalities in Montenegro "

BUDGET

**Zorana Bulatović
Financial controller
Directorate for Financing and Contracting of EU Aid (CFCU), Ministry
of Finance of Montenegro**



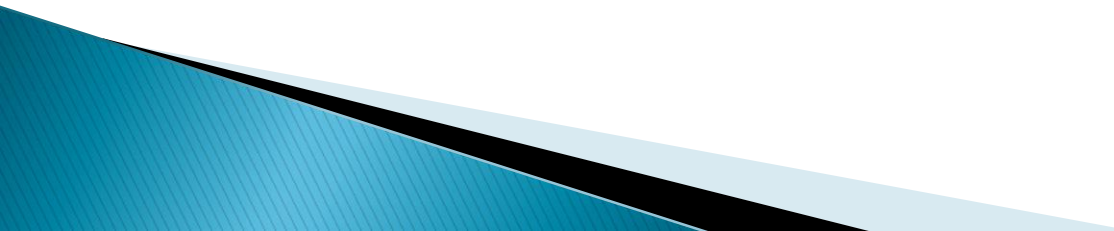
Presentation content

- ▶ General description of the budget
 - ▶ Eligible and ineligible costs
 - ▶ Simplified cost options
 - ▶ Budget structure
 - ▶ Eligibility of costs
 - ▶ Sources of financing
 - ▶ The most common mistakes
- 

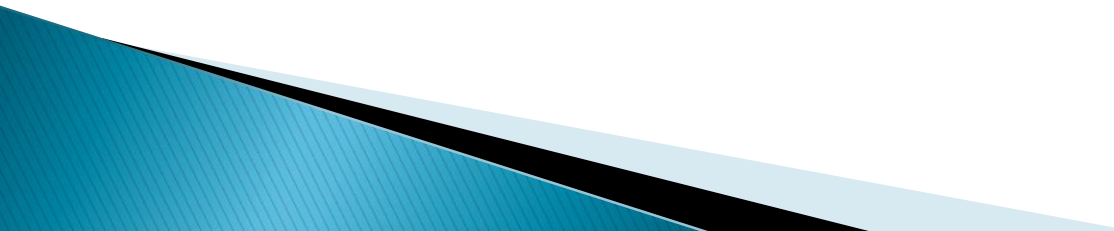
Budget

- ▶ Mandatory part of the application package
- ▶ Along with the activity plan and the logical matrix is the most important implementation tool
- ▶ Connection between planning, implementation and control of project activities (basis for financial reports)
- ▶ Cost planning is necessary for the implementation of project activities
- ▶ Description of budget items: detailed and divided into main components
- ▶ The number of units and the value must be specified for each budget line
- ▶ The budget must include costs relating to the project as a whole, regardless of the part financed by the Contracting Authority.
- ▶ The actual costs incurred will be presented in the financial report and compared with the costs from the budget.

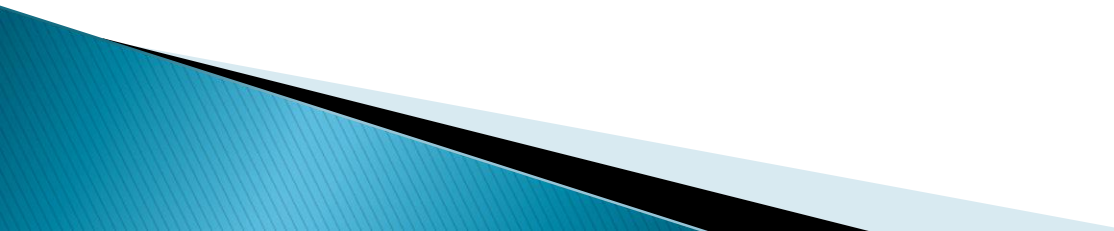
Costs must be:

- ▶ Eligible
 - ▶ Necessary for the realization of the project and related activities
 - ▶ Costs should be based on real market prices
 - ▶ Without VAT
- 

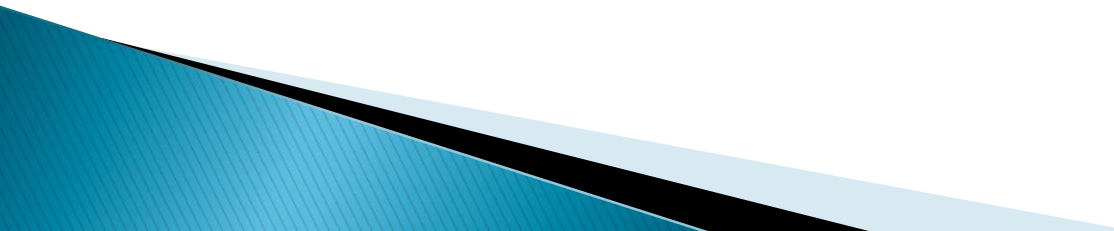
Eligible costs

- ▶ Eligible costs are the actual costs, incurred by the beneficiaries or their partners, that meet the following criteria:
 - ▶ a) incurred during the implementation of the project
 - ▶ b) are listed in the total project budget
 - ▶ c) they are necessary for the implementation of the project
 - ▶ d) they are recognizable and available for verification, they are recorded in the account of the beneficiary or the beneficiary's partners
 - ▶ e) they must be reasonable, justified and in accordance with the requirements of sound financial management
- 

Ineligible costs

- ▶ a) bank provisions;
 - ▶ b) reserves for losses, debts or contingent liabilities;
 - ▶ c) costs reported by the beneficiary and financed from another grant program;
 - ▶ d) purchase, rental or leasing of land and existing buildings except when necessary for the implementation of the project and under the conditions specified in the Special Conditions of Contract;
 - ▶ e) losses caused by exchange rate differences;
 - ▶ f) third party lending;
 - ▶ g) in kind contributions;
- 

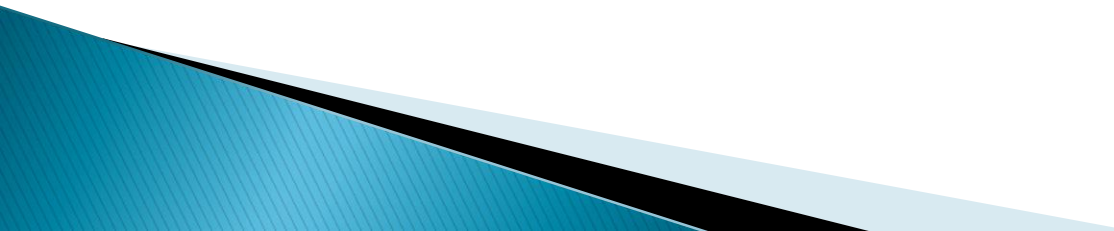
Budget cost planning

- ▶ Budget expenditures can be planned in two ways:
 - ▶ as a real cost, e.g. per month, per km, per item...
 - ▶ using the Simplified cost option
- 

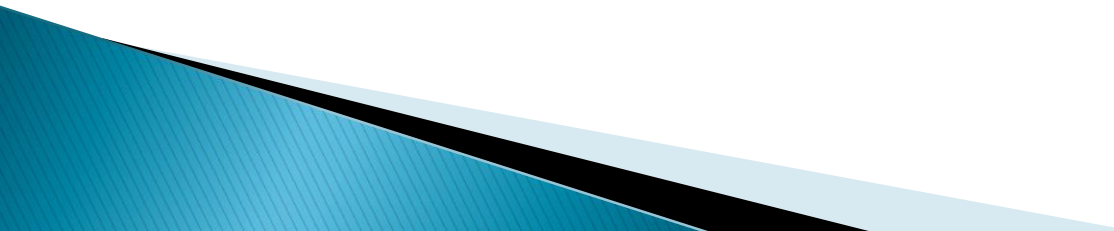
Simplified cost options

- ▶ They can be used in all budget items
- ▶ Simplified costs can be:
 - ▶ **unit costs:** cover all or certain specific categories of eligible costs that can be clearly identified (as indicated in the Budget, at the proposal stage) and that are expressed in amounts per unit
 - ▶ lump sums: cover globally all or certain specific categories of eligible costs.

Simplified cost options

- ▶ **flat-rate financing:** they cover certain categories of eligible costs and are expressed as a percentage of other eligible costs.
 - ▶ Candidates must clearly state e.g. “UNIT COST” (per month, flight ...), “LUMP SUM” or “FLAT RATE” for each eligible cost item to which this applies.
- 

Project budget

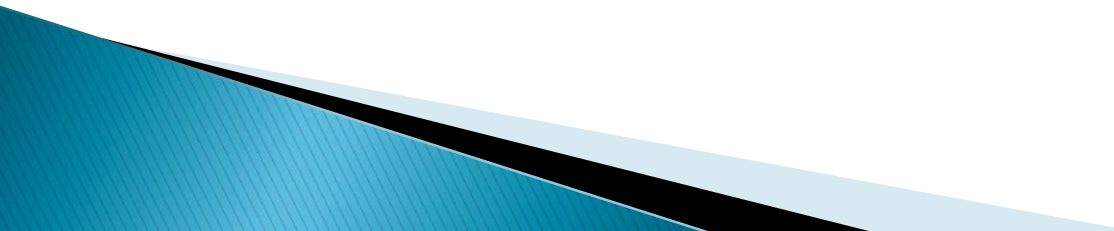
- ▶ The project budget contains 6 main categories, which are divided into subcategories
 - ▶ The first column lists the budget items required in the project - rows can be added but the main categories and subcategories cannot be changed.
 - ▶ The first part of the table refers to all years, and the second part to the first year
 - ▶ Each new item has a new number (eg. 1.1.1 Technical, Project Manager 1.1.1.1, 1.1.1.2 Project Assistant, etc.)
- 

1. Budget for the Action¹

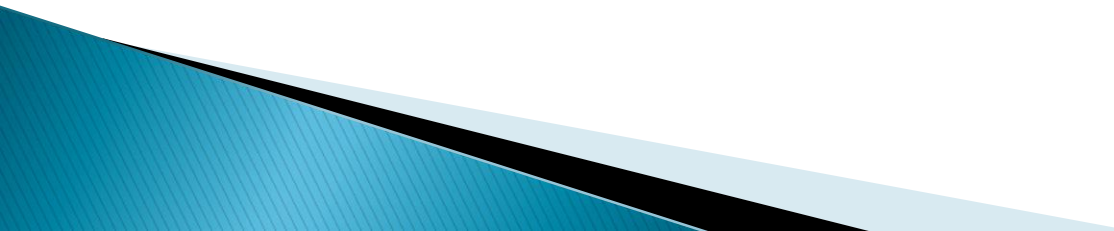
	All Years				Year 1 ²			
Costs	Unit ¹³	# of units	Unit value (in EUR)	Total Cost (in EUR) ³	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
1. Human Resources ¹⁴								
1.1 Salaries (gross salaries including social security charges and other related costs, local staff) ⁴								
1.1.1 Technical	Per month				Per month			
1.1.2 Administrative/ support staff	Per month				Per month			
1.2 Salaries (gross salaries including social security charges and other related costs, expat/int. staff)	Per month				Per month			
1.3 Per diems for missions/travel ⁵								
1.3.1 Abroad (staff assigned to the Action)	Per diem				Per diem			
1.3.2 Local (staff assigned to the Action)	Per diem				Per diem			
1.3.3 Seminar/conference participants	Per diem				Per diem			
Subtotal Human Resources								
2. Travel ⁶								
2.1. International travel	Per flight				Per flight			
2.2 Local transportation	Per month				Per month			
Subtotal Travel								
3. Equipment and supplies ⁷								
3.1 Purchase or rent of vehicles	Per vehicle				Per vehicle			
3.2 Furniture, computer equipment								
3.3 Machines, tools...								
3.4 Spare parts/equipment for machines, tools								
3.5 Other (please specify)								
Subtotal Equipment and supplies								

4. Local office								
4.1 Vehicle costs	Per month				Per month			
4.2 Office rent	Per month				Per month			
4.3 Consumables - office supplies	Per month				Per month			
4.4 Other services (tel/fax, electricity/heating, maintenance)	Per month				Per month			
Subtotal Local office								
5. Other costs, services ⁸								
5.1 Publications ⁹								
5.2 Studies, research ⁹								
5.3 Expenditure verification/Audit								
5.4 Evaluation costs								
5.5 Translation, interpreters								
5.6 Financial services (bank guarantee costs etc.)								
5.7 Costs of conferences/seminars ⁹								
5.8. Visibility actions ¹⁰								
Subtotal Other costs, services								
6. Other								
Subtotal Other								
7. Subtotal direct eligible costs of the Action (1-6)								
8. Indirect costs (maximum 7% of 7, subtotal of direct eligible costs of the Action)								
9. Total eligible costs of the Action, excluding reserve (7+ 8)								
10. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)								
11. Total eligible costs (9+10)								
12. - Taxes ¹¹ - Contributions in kind ¹²								
13. Total accepted ¹¹ costs of the Action (11+12)								

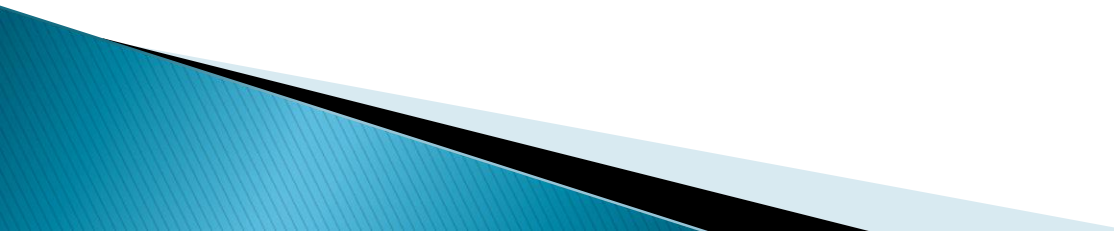
Human resources

- ▶ Salary costs under this budget heading can be planned for project team members i.e. already employed by the lead grant beneficiary or partner of the lead beneficiary, or in some specific cases persons that are newly engaged
 - ▶ Next to the name of the budget line ex. 1.1.1.1 Project manager, the percentage of engagement in the project must be stated.
 - ▶ Column *Number of units* refers the total number of months during which the employee is engaged.
 - ▶ Column *Unit value* refers to gross 2 salary (including all taxes and contributions) of employees engaged in the project.
- 

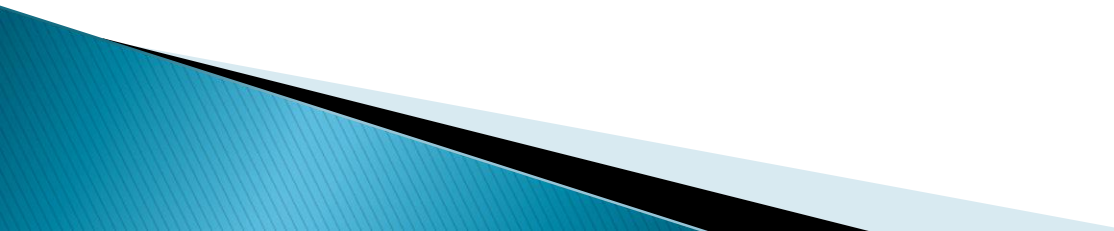
Human resources - per diem:

- ▶ For local subsistence allowance, use an appropriate per diem rate that is in line with the per diem normally paid by your organization, or alternative recover direct costs.
 - ▶ Since per diems should not exceed the rates normally borne by the beneficiary (GC Article 14.2), it is also possible to account per diems on direct costs basis. In this case one should add budget lines for accommodation, subsistence, etc.
 - ▶ In line with National law or with the Internal act of the institution
 - ▶ Transportation costs are planned through the budget line - Travel
- 

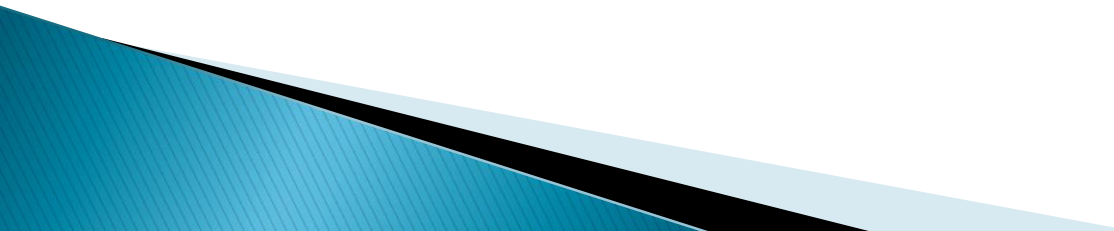
Travel expenses

- ▶ Public transport (bus, plane, train) - actual amounts
 - ▶ Use of private car - € 0.25 x fuel price x km
 - ▶ The estimated number of kilometers should be stated and justified
 - ▶ Use of official vehicle: actual costs for fuel, toll should be foreseen).
- 

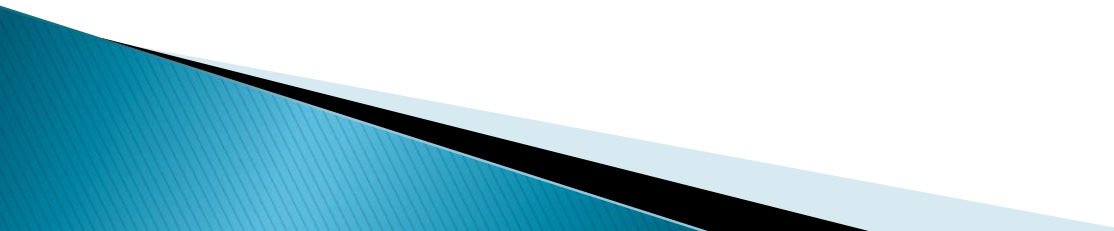
Equipment and supplies

- ▶ Purchase of equipment and furniture;
 - ▶ Each item should be listed (e.g., "office furniture" is not correct, but „a desk, computer, chair, closet, shelf,“ etc., is correct)
 - ▶ In line with actual market prices
 - ▶ The procurement procedure should be carried out in accordance with the PRAG
- 

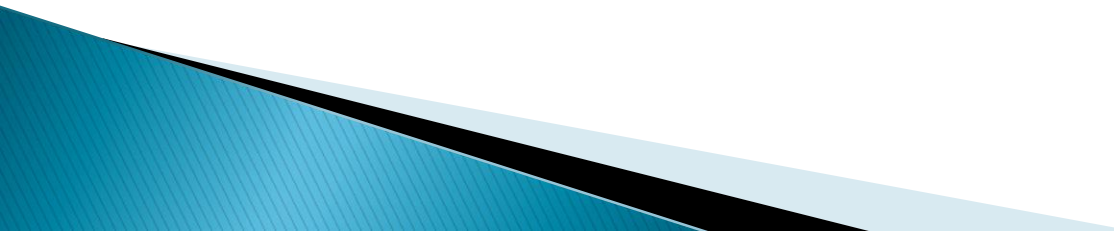
Local office

- ▶ Example of costs that can be planned under this budget heading: car service, electricity/water/heating bills, phone bills, office supplies etc.
 - ▶ If new premises are needed for the project, the cost of rent can be planned in the budget.
 - ▶ Only the actual costs incurred in the implementation of the project can be shown.
 - ▶ Costs can only be justified with invoices and contract in case of office rent.
- 

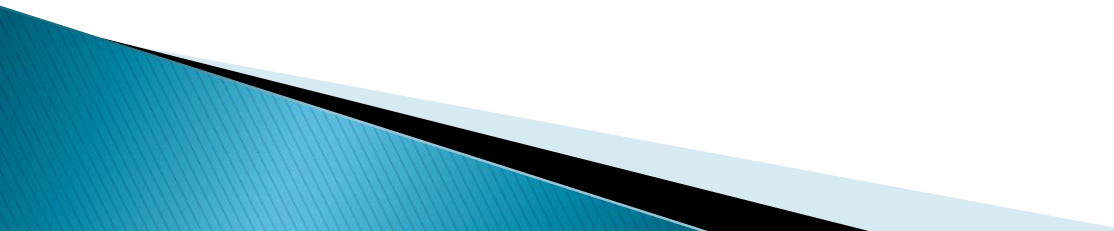
Other costs / services

- ▶ Professional publications, conference costs, auditing, bookkeeping, visibility, etc.
 - ▶ If there is more than 1 study, don't use an average, but breakdown into sub-lines per study. It is ok to use global price per study. The price of the study should be value-for-money in relation to its scope and output.
 - ▶ Check Article 15.6 of the General Conditions, if your grant requires and expenditure verification.
 - ▶ Only indicate a budget if the grant is above € 100,000.
 - ▶ Cost verification - 1-3% of the contract value
- 

Contingency and administrative expenses

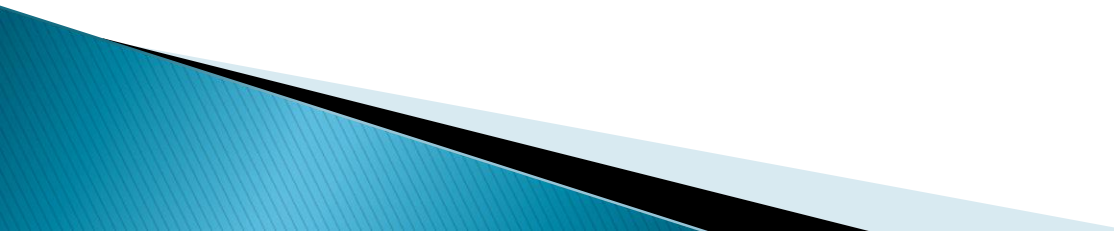
- ▶ Contingency reserve
 - ▶ Max 5% of direct eligible costs
 - ▶ Administrative (indirect) costs 7% of direct eligible costs
 - ▶ For items not listed at the top of the budget
- 

Justification

- ▶ Each cost should be clearly explained.
 - ▶ Left column of the table (Costs) must be identical to the costs listed in List 1 of the budget.
 - ▶ The middle column of the table (Clarification of the budget items) describes how the costs are necessary for the implementation of project-related activities.
 - ▶ In the right column of the table (Justification of the estimated costs) is the calculation of the estimated costs
- 

2. Justification of the Budget for the Action	All Years	
Costs	Clarification of the budget items	Justification of the estimated costs
	Provide a narrative clarification of each budget item demonstrating the necessity of the costs and how they relate to the action (e.g. through references to the activities and/or results in the Description of the Action).	Provide a justification of the calculation of the estimated costs. Note that the estimation should be based on real costs or on simplified cost options if allowed, as described in section 2.1.5 of the Guidelines for Grants Applicants
1. Human Resources		
1.1 Salaries (gross salaries including social security charges and other related costs, local staff)		
1.1.1 Technical		
1.1.1.1 Project Manager MNE 50%	Project Manager MNE will be responsible for overall coordination of this action in MNE, coordination with project team, reporting, ensuring compliance with procedures and systems, coordination with external experts, with local governments etc. Project manager will be an individual experienced in managing EU projects from RDA BKP team. Project manager will dedicate 50% of the time to this action.	The cost is estimated on the basis of the Project Manager gross salary rate in the RDA BKP including social security charges and other related costs. Calculation: 24 monts x 50% x 1700 EUR = 20400 EUR
1.1.2 Administrative/ support staff		
1.2 Salaries (gross salaries including social security charges and other related costs, expat/int. staff)		
1.3 Per diems for missions/travel		
1.3.1 Abroad (staff assigned to the Action)		
1.3.2 Local (staff assigned to the Action)		
1.3.3 Seminar/conference participants		
Subtotal Human Resources		

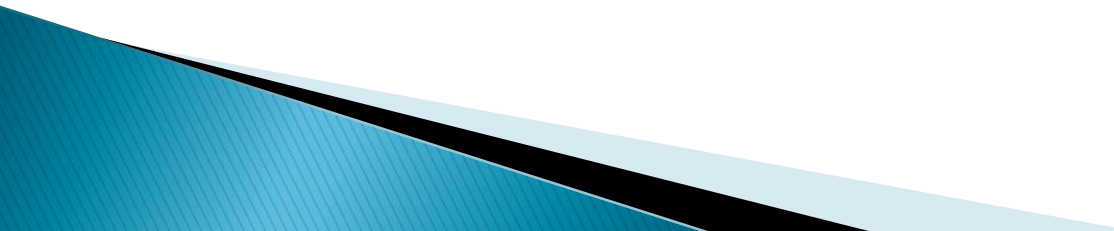
Sources of funding & summary of estimated costs

- ▶ A table listing the sources of project funding.
 - ▶ Other contributions - the amount of the applicant's own financial contribution to the project.
 - ▶ Percentages - format the column as a percentage with two decimal places.
- 

3. Expected sources of funding & summary of estimated costs¹

		Amount	Percentage
		EUR	%
Expected sources of funding			
EU/EDF contribution sought in this application (A)		340,000.00	
Other contributions (Applicant, other Donors etc)			
<i>Name</i>	<i>Conditions</i> ⁶		
<i>Lead applicant</i>		33,000.00	
<i>Co-applicants</i>		27,000.00	
Revenue from the Action			
To be inserted if applicable and allowed by the guidelines: In-kind contributions ⁵			
Expected TOTAL CONTRIBUTIONS		400,000.00	
Estimated Costs			
Estimated TOTAL ELIGIBLE COSTS ² (B)		400,000.00	
EU/EDF contribution expressed as a percentage of total eligible costs ⁴ (A/B x 100)			85
To be inserted if applicable and allowed by the guidelines: Taxes/In-kind contributions ⁵			
Estimated TOTAL ACCEPTED COSTS ³ (C)		400,000.00	
EU/EDF contribution expressed as a percentage of total accepted costs ⁴ (A/C x 100)			85

The most common mistakes

- ▶ Unrealistic costs
 - ▶ Unjustified costs
 - ▶ Errors in reports and calculations
 - ▶ Lack of ability to anticipate costs
 - ▶ Misuse of unit measures for individual budget items
 - ▶ Expenditures planned under the wrong budget item.
- 



Program EU i CG za
zapošljavanje, obrazovanje
i socijalnu zaštitu



Ministarstvo rada
i socijalnog osiguranja



Ministarstvo
finansija



Ovaj program
kofinansiraju Evropska
unija i Vlada Crne Gore



Support to employment in less developed municipalities in Montenegro

THANK YOU!

cfcu@mif.gov.me