

EXPERTS PRESENTATION

Definitions

What is the difference between purchase costs and subcontracting ?

Definitions

Purchase costs	Subcontracting
Contractors support the beneficiary in the implementation of the project tasks.	Subcontractors provide services to implement a specific task (or an important part of it) included in your Work Plan.
The beneficiary is performing the task – the contractor just supports it.	The subcontractor is in charge of the whole task (or an important part of it), the beneficiary supports and checks the results.
Just a generic description in the <u>Description of the Action</u> part of the Grant Agreement, not a direct reference to the services or the provider.	Must be defined and detailed in the proposal (definition does not necessarily include the name of subcontracted entity).
<u>Indirect costs</u> apply to purchase costs.	Indirect costs do not apply.

Definitions

But purchase and subcontracting also bear important similarities. They both must be based either on the best value for money or the lowest price. Equally, selection of contractors and subcontractors cannot be subject to [conflict of interest](#).

Definitions

Experts are considered as being the personnel of the contractor regardless of whether they are self-employed or employed by a third party, if the following cumulative conditions are fulfilled in accordance with the terms of reference of the service contract:

- a. a contractor has a contract to engage the expert to work for it;
- b. the expert must work under the direct instructions/supervision of the contractor;
- c. the expert must work in the premises defined in the terms of reference (if applicable);
- d. the output of the work belongs to the contractor;
- e. travel and subsistence costs related to such expert's participation in activities defined in the contract or to travel relating to the implementation of the contract is directly invoiced by the contractor to the contracting authority;
- f. the expert uses the contractor's infrastructure and administrative support (i.e. user of the 'overheads').

Replacement or removal of experts

Where an expert listed in Annex IV of the contract has to be removed or replaced during the implementation of a contract, the replacement must possess equivalent or better qualifications and experience, and the fee/rate may in no circumstances exceed that of the expert replaced.

In case there is an agreement to replace an expert, it should be formalised through an addendum. The project manager should prepare an explanatory note (using PRAG annex a6) confirming that the new expert has at least equivalent qualifications as those of the expert to be replaced and that the fees remain unchanged, or that the new expert meets the minimum requirements indicated in the Terms of Reference and that the fees have been renegotiated downwards. The documentary proof (e.g. expert's profile, diplomas) of the expert to be replaced and of the new expert should be annexed to the note, together with the statement of exclusivity and availability of the new expert. If the contracting authority is the European Commission, this note must also be accompanied by a confirmation that the representative of the partner country accepts the new expert.

Global price contracts

Examples of global price activities:

Studies, evaluations, audits, organisation of events such as conferences, training sessions. Studies include a variety of tasks like identification and preparation of projects, feasibility studies, economic and market studies, technical studies, drafting a legal document, evaluations and audits.

No minimum requirements for experts are defined.

The contractor will select the best possible staff to deliver the expected output(s). It is up to the contractor to define the precise inputs of the experts. In duly motivated cases, minimum requirements can be requested. In some cases, the team needs to have a certain expertise, for instance expertise in statistics.

It is however up to the contractor to define which experts will have this expertise and the role of these experts within the team. In this case “statistics” will be part of the minimum requirements of the team of experts as a whole.

The contracting authority cannot request the Expert’s Profile and Statements of Exclusivity and Availability. As a consequence, for a global price contract the same expert may be proposed in more than one offer submitted in reply to the same tender procedure.

Timesheets for experts or supporting documents for expenses incurred will not be requested to process payments since global price contracts do not entail any reimbursable expenses/incidental expenditure and are not subject to an expenditure verification.

Fee-based contracts

Project supervision, technical assistance, facilitation in a multi-stakeholder process (depending on the complexity of the environment).

Where the output is unpredictable, or where the workload to achieve the specified output is impossible to quantify in advance, fee-based contracts are more appropriate, as it is economically more advantageous to pay the services on the basis of time actually worked.

Fee – based contracts

For fee-based contracts, invoices shall be accompanied by copies of, or extracts from, the corresponding approved timesheets to verify the amount invoiced for the time input of the experts.

Therefore, in case of fee-based contracts, timesheets recording the days or hours worked by the contractor's personnel shall be maintained by the contractor. The timesheets shall be:

- filled in and signed by the experts;
- shall be approved on a monthly basis by any person authorised by the contractor;
- shall also be approved by the project manager, or any person authorised by the contracting authority or the contracting authority itself.

The timesheets shall include at least the following information: the name and the position of the expert; the contract title and number; the month and the year; the days of the month and the days of the week of that month; the days worked; the per diems requested and a description of the activities performed. A minimum of 7 hours worked are deemed to be equivalent to one day worked. If the expert works less than a day, the time shall be indicated as part of a day. For the purposes of invoicing, the time input for each reporting period shall be rounded to the nearest whole number of days worked for that period.

Fee-based contracts

Incidental expenditure (fee-based contracts)

The fee rates for all experts must include the remuneration paid to the experts and all the administrative costs of employing the relevant experts (see Section 3.2.2.). Moreover, the contractor must ensure that experts are adequately supported and equipped.

In particular, it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. In addition, no equipment is to be purchased on behalf of the contracting authority/partner country as part of a service contract or transferred to the contracting authority/partner country at the end of a service contract.

Any equipment related to a service contract that is to be acquired by the partner country must be purchased by means of a separate supply tender procedure.

As a consequence, incidental expenditure is exceptional and cannot be used for costs that should be covered by the contractor as part of its fee rates. The general rule is that the items included under the incidental expenditures should be kept at a minimum. The incidental expenditure that is allowed should explicitly be described in the terms of reference. The amount given in the terms of reference as the provision for incidental expenditure is simply an upper limit on the incidental costs. It need not be estimated exactly, and it does not matter that the actual costs are more or less than the estimated amounts of the components, within a reasonable margin of error.

QUESTION:

Can a new expert not mentioned in the project be involved with person/time and travels?

Answer

Travel and subsistence costs may also be eligible for persons that participate in the action on an ad-hoc basis (e.g. attending specific meetings), if this complies with the general and specific eligibility conditions in Article 6.1 and 6.2.C, in particular being necessary for the implementation of the action, and their participation is foreseen in Annex 1, or their participation is specifically justified in the periodic technical report and approved by the granting authority (simplified approval procedure).

In line with the beneficiary's usual practices on travel, the beneficiary may purchase itself or reimburse these persons. Experts that are not part of the personnel cost but are subcontracted can be involved in the implementation on of the action and travel costs should be included in the subcontracting amounts. If their participation is not foreseen in Annex 1 it should specifically be justified in the periodic technical report and approved by the granting authority (simplified approval procedure).

QUESTION:

Regarding the recent increase in unit costs related to travels, does each partner in a consortium decide itself whether to use the new or old unit costs for its financial reporting?

Or should the entire consortium instead apply the same unit costs (understanding that the total EU contribution cannot be increased)?

Reply

For the grant agreements signed prior to the adoption of amending Decision, it is the choice of each beneficiary to use or not the increased rate. It is not necessary to have a coordinated approach

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/unit-cost-decision-travel_en.pdf

QUESTION:

How to deal with meeting meals that are paid by the meeting organizer vs. subsistence unit costs of the meeting participants

Reply:

Decision C(2021)35, as amended: The unit costs shall cover all eligible costs related to travel, accommodation and subsistence, as relevant. Where unit costs are used to reimburse expenditure to one or all of these categories of costs, no additional costs related to those categories may be reimbursed. The subsistence unit cost is intended to cover meals and other incidental expenses. Since accommodation will in most cases also be paid on the basis of unit costs, there is no need to check whether breakfast was included in the cost of the hotel. If the person is entitled to a subsistence cost, this can be paid irrespective of whether the person received a meal paid by the meeting organiser.