OPERATING GRANTS

Financial Aspects

HADEA C1.3



16 November 2026

DEFINITION AND GUIDING PRINCIPLES

Definition: An operating grant is a grant that finances the functioning of a body that pursues an aim of general Union interest, or an objective forming part of, and supporting, a Union policy objective.

Co-financing principle: Part of the operational expenditure of a body is to be funded by the beneficiary or covered by contributions other than those made from the Union budget. Therefore, an operating grant cannot fund all the operating costs incurred by the beneficiary body.

Non profit principle: the grant may not have the purpose or effect of producing a profit for the beneficiary; **For-profit organisations** must declare their revenues and, if there is a profit, we will deduct it from the final grant amount *(see art 22.3)*. **This does not apply to actions implemented only by non-profit organisations.**

Non cumulative award principle: the award of more than one grant funded from the Union budget to the same beneficiary for the same action. For operating grants, a beneficiary may be awarded only one operating grant from the Union budget per financial year.

Non retroactivity principle: For operating grants the eligibility period can start at the earliest at the beginning of the budgetary year and can start not earlier than the date of submission of the application;

FINANCIAL RULES

- **Funding rate**: is the fixed percentage used to reimburse eligible costs, as specified in Section 10 of the Call.
- The standard funding rate is **60%**. A higher rate of **80%** may be awarded to organisations that meet the exceptional utility criteria set out in Section 10, page 18, of the Call.
- **Maximum Grant Amount**: Is the maximum amount of funding that the granting authority has available for the grant. It is a ceiling and not necessarily the 'final grant amount'.
- **Final Grant Amount:** is equal or lower to the maximum grant amount. Established at the time of the balance payment and is based on eligible costs declared to the Agency.
- **Calculation of the Final Grant Amount**: Article 22.3.4 of the EU4Health Operating Grants MGA
  - **Step 1-** Calculation of the total accepted EU contribution
  - **Step 2-** Limit to the maximum grant amount
  - **Step 3** -Reduction due to the no-profit rule: Applicable to for profit entities.

PAYMENT ARRANGMENTS

- According to the Call, section 10, subsection reporting and payment arrangements, the following payments are foreseen:
  - **Prefinancing**: 50% of the maximum grant amount. The prefinancing will be paid 30 days from entry into force/10 days before starting date/financial guarantee (if required), whichever is the latest.
  - **Payment of the balance :** the final grant amount will be calculated and the total of earlier payments is higher than the final grant amount , the differenced will be recovered**.**
- Certificates to submit
  - At submission of the application : audit certificates on the annual accounts (2 years) of the applicant (except public bodies or the requested grant amount is not more than EUR 60 000)
  - At submission of the final report: audit certificate on the financial report submitted supports the assessment of the financial report to establish the amount of eligible costs (if requested EU contribution to costs ≥ EUR 100 000)

General eligibility conditions

General conditions and Cumulative requirements:

- **Connected** with the activities as described in the technical annex and included in the estimated budget
- **Necessary** for the implementation of the activities
- **Reasonable and justified-** “good housekeeping”
- **Incurred** within the duration
- **Actually incurred** (= paid) by the beneficiary of the grant
- **Identifiable and verifiable**, in particular being recorded in the accounting records of beneficiary in accordance with accounting standards and the beneficiary’ accounting practices.
- Financial support to 3rd parties is not eligible

BUDGET CATEGORIES –personnel costs (section 10 of the Call)

A.Personnel costs must be declared and calculated **as actual costs** and they are eligible if the comply with the condition of Articles 6.1.a and 6.2.A.1, A.2 and A.3 of the EU4Health Operating Grants MGA.

- **A.1 employees or equivalent:** personnel working under an employment contract, either part of the general management or common services or assigned to the work programme-related activities
- **A.2 Natural persons under direct contract and A.3 seconded persons**: are either part of the general management or common services or assigned to the work programme-related activities and :
  - work under conditions similar to those of an employee;
  - the result of the work belongs to the beneficiary.
- Eligible costs:
  - Costs claimed: salary + social security + taxes;
  - Any other costs included in the remuneration (= statutory charges) based on national law or employment contracts.

BUDGET CATEGORIES –subcontracting costs (section 10 of the Call)

B.**Subcontracting costs** must be declared and calculated as **actual costs** (article 6.1.a and 6.2.B of the EU4Health Operating Grants MGA)

The subcontracting costs relate to subcontracting of work programme-related activities (e.g events).

Subcontracting costs are eligible if:

- They fulfil the general eligibility conditions for actual costs as announced in Article 6.1.a of the EU4Health Operating Grants MGA;
- are based either on the best value for money or on the lowest price;
- are not be subject to conflict of interest and
- for beneficiaries that are 'contracting authorities' within the meaning of the EU Public Procurement Directives (Directives 2014/24, 2014/25 and 2009/81) must comply with the applicable national law on public procurement.
- The subcontracting tasks shall be mentioned in Annex 1 of the GA and the relevant costs shall be indicated in Annex 2 of the Grant Agreement.

BUDGET CATEGORIES –purchase costs (section 10 of the Call)

C.**Purchase costs** cover the following budget categories (Article 6.2.C of the EU4Health Operating Grants MGA):

- C.1 Travel and subsistence costs (Article 6.2.C.1 of the EU4Health Operating Grants MGA).
- C.2 Equipment costs (Article 6.2.C.2 of the EU4Health Operating Grants MGA).
- C.3 Other goods, works and services (Article 6.2.C.2 of the EU4Health Operating Grants MGA).

Purchase costs are eligible if:

- they fulfil the genera conditions for actual or unit costs to be eligible (6.1.a or 6.1.b of the Operating Grants MGA);
- are based either on the best value for money or on the lowest price;
- are not be subject to conflict of interest and
- for beneficiaries that are 'contracting authorities' within the meaning of the EU Public Procurement Directives (Directives 2014/24, 2014/25 and 2009/81) must comply with the applicable national law on public procurement.

PURCHASE COSTS –travel and subsistence

C.1Purchases for travel, accommodation and subsistence relate to work programme activities (e.g participation to events, conferences).

They must be declared and calculated **as unit costs** in accordance with the method set out in Annex 2a of the GA.

If a particular instance of travel, accommodation or subsistence is not covered by one of the unit costs mentioned in the authorising decision C(2021)35, **actual costs may be used**.

Travel, subsistence and accommodation costs are eligible if they fulfil the general conditions for unit costs to be eligible (Article 6.1.b) and are purchased in accordance in Article 6.2.C (previous slide).

The amount per unit indicated in Annex 2a that you must use for your grant will always depend on the date on which the call for proposals was opened.

For further information on the calculation of unit costs, please consult the Annotated Grant Agreement (AGA) pages 86-93.

PURCHASE COSTS-equipment

C.2 Purchase costs for equipment must be declared **as depreciation** based **on actual costs**. They include both general operations (e.g. IT, buildings) and work programme activities (e.g. event-specific equipment or software).

Costs for equipment are eligible if:

- they meet the general eligibility conditions for actual costs (Article 6.1.a);
- are purchased in accordance with Article 6.2.C and
- are depreciated according to the beneficiary's usual accounting practices and international accounting standards.

For the calculation of the equipment costs:

- the equipment's purchase price must be depreciated systematically over its useful life. If this exceeds one year, the full cost cannot be charged in a single year;
- depreciated equipment costs can NOT exceed the equipment's purchase price;
- only the portion used on the action may be charged (the amount of use must be auditable);
- depreciation can be charged in line with applicable standards and usual accounting practices, starting when the equipment is received and ready for use.

PURCHASE COSTS-other goods, works and services.

C.3 Purchase costs for other goods, works and services must be declared and calculated as **actual costs.**

Purchase costs for goods, works and services **for general operations** include indicatively water, electricity/gas and heating, telephone, fax, internet and e-mail, postal services, bank services and insurance, accounting and legal advice and office supplies.

Purchase costs for goods, works and services **for work programme-related activities** include indicatively translations, publications, organising a conference, if needed for the action.

Costs for goods, works and services are eligible provided:

- they fulfil the general conditions for actual costs to be eligible;
- are purchased specifically for the action and in accordance with Article 6.2.C.

BUDGET CATEGORY-INDIRECT COSTS

For operating grants, **there is no differentiation between direct and indirect cost** (because the grant aims to a large extent the financing of costs which would normally be considered ‘indirect’, i.e. general management costs, general running costs, etc).

Beneficiaries that have parallel EU action grants and operating grants may claim indirect costs in their action grants **ONLY if they are able to demonstrate cost separation** (i.e. that their operating grants do not cover any costs which are covered by their action grants).

For further information on the combination of operating and actions grants as well as on the cost separation, please consult the Annotated Grant Agreement, page 137-138.

USEFUL SOURCES OF INFORMATION

- For questions related to the financial aspects of your grant agreement, please consult:

— The Call for proposals for operating grants.

— The Model Grant Agreement for Operating Grants.

— The Annotated Grant Agreement (AGA).

— The Online Manual.

Thank you

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European Commission