

## ANNEX G: Conditions that justify the “Simplified costs” financial regime

### a) Appropriateness of such form of financing with regards to the nature of the project as well as the risks of irregularities and fraud and costs of control

The form of financing chosen for this call for sub-grants is **Simplified Costs**:

**“Standard scales of unit costs” per activity/output.**

This is justified by the following reasons:

- Small magnitude of the sub-grant (maximum 10.000 Euro per sub-grantee), which *per se* prevents possibilities of substantial frauds.  
The removal of the budget to pay external consultants from the budget for sub-grants further limits the risks of irregularities.
- This form of financing is particularly appropriate for the nature of the projects (initiatives) that facilitates the calculation of cost categories related to the outputs:

Costs categories	Unit costs Euro	Output / Deliverable:
<b>1. Mission Costs</b> for the participation to meetings, visits, seminars, trainings, events, fairs strictly related to the implementation of the Initiatives	1.000 per mission	Report of the mission
<b>2. Support to product innovation/development:</b>		
2.1 Pre-production costs (models, samples or prototypes)	400 per item	Documented proof of model, sample, prototype units produced
2.2 Product technical tests	500 per test	Documented proof of test units done
2.3 Product certification	1.500 per certification	Documented proof of certification units done
2.4 Consumables for dyeing (i.e. dyeing materials)	300 per batch	Documented proof of n of dyeing batches done
2.5 Digitalization of samples, models or collection	30 per picture	Documented proof of picture units done
<b>3. Communication:</b>		
3.1 Costs for Marketing & Advertising	300 Euro per advertisement	Documented proof of advertisements done

**b) Identification of the costs or categories of costs covered by the standard scales of unit costs, which shall exclude ineligible costs**

1. **Mission costs:** travel, subsistence, working time of HR. I.e.:
  - average cost of flight: Euro 500
  - average cost of 2 days subsistence: Euro 400
  - average cost of 2 working days: Euro 300
  - Total estimated average cost per mission: Euro 1.200
  - Standard Unit cost:** Euro 1.000
2. **Support to product innovation/development**
  - 2.1 **Pre-production costs** (models, samples or prototypes):  
 Costs per output for raw materials, use of equipment, working time of specialized professionals and technical staff, general costs: from E 300 - to E 700  
 Total estimated average cost per item: E 500  
**Standard Unit cost per item:** Euro 400
  - 2.2 **Product technical tests**  
 Costs per output for test, working time of human resources or preparation and follow-up: from E 400 - to E 800  
 Total estimated average cost per test: E 600  
**Standard Unit cost per test:** Euro 500
  - 2.3 **Product technical certifications**  
 Costs per output for certification, working time of human resources for preparation and follow-up: from E 1.000 - to E 3.000  
 Total estimated average cost per certification: E 2.000  
**Standard Unit cost per certification:** Euro 1.500
  - 2.4 **Consumables for dyeing<sup>1</sup>:**  
 Costs for dyeing materials, including reagents, fixing etc. from E 200 - to E 500 per batch  
 Total estimated average cost per batch: E 350  
**Standard Unit cost per batch:** Euro 300
  - 2.5 **Digitalization of samples, models or collection:**  
 Costs per digitalization of samples, models, collection, including working time of human resources for preparation and follow up from E 20 - to E 50 per picture  
 Total estimated average cost per picture: E 35  
**Standard Unit cost per picture:** Euro 30
3. **Communication**  
 Costs per Marketing & Advertising

<sup>1</sup> Dyeing is normally associated to the production samples, models, collections (2.1)

from E 200 - to E 500 per advertisement

Total estimated average cost per advertisement: E 350

**Standard Unit cost per item:**

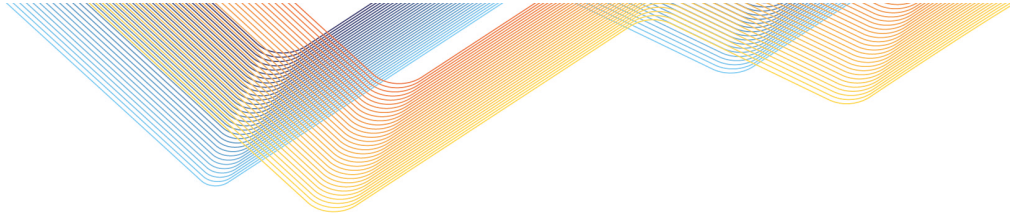
**Euro 300**

**c) Description of the methods for determining standard scales of unit costs:**

The method to determine the unit costs (average of costs per category, variable depending from geographical distances, locations of the activities or where the output is generated, kind of products, etc.) is to define an amount which is below the average costs, *in order not to produce any profit for the applicant*.



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