



# Budget flexibility rule used by the project



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## Minor modification

Minor modifications are adjustments that do not have a significant impact on the project. They can be implemented without prior approval of programme bodies within a certain flexibility range

## Major modifications

Going beyond the flexibility limits applicable to minor modifications. Any major modification must be previously approved by the relevant programme bodies.

# MINOR BUDGET MODIFICATION

Flexibility thresholds for increasing budget are monitored on the TOTAL project budget and increases are cumulative.

Increase of budget

- ✓ in any cost category (CC)
- ✓ of the LP or any PP



up to 10% or EUR 20.000  
(whichever is higher)



**Attention:** There are **NO** thresholds applicable to periods i.e. PP can spend more or less than planned in the AF in a given period.

# MINOR BUDGET MODIFICATION



## Required actions

Obtain approval from the LP and provide the approval to the controller

Report verified expenditure within flexibility limit in the Joint finance report (JFR)

Report modification as deviation in the Joint activity report (JAR)



## Restrictions

No increase in the project budget as defined in SC

### Investments (CC5 and CC6)

No investment specification provided under C.4 in the AF cannot be increased above EUR 25.000

The nature, quantity and use of planned investment cannot be changed

If there is no budget allocated under CC6, any increase must be agreed with the MA/JS beforehand, even if minor

State aid contractual conditions setting budget thresholds

Partner(s) receiving State aid within the project under the de minimis regime cannot increase their budget.

# EXAMPLE FOR CC5 EQUIPMENT

TOTAL Project CC5 Equipment € 60.000,00 possible maximum cumulative increase (that the LP can approve to different PPs) is € 20.000

PP2 has € 0 under CC5	PP4 € 10.000 under CC5	PP6 € 40.000 under CC5/WPI1
PP2 needs new laptop that was not foreseen in the AF, increase by € 2.000	PP4 needs more money; amount planned was not enough, increase by € 3.500	PP6 needs more money; amount planned was not enough, increase by € 10.000
<p>LP approves; Cumulative increase for project TOTAL CC5 = € 15.500 (2.000 + 3.500 + 10.000) &lt; € 20.000</p>		
This is possible even if the budget for that specific PP2 under CC5 was € 0.	This is possible because the total cost (incl. the increase) is less than €25.000 and PP4 has no specification for the Investment but only defined Equipment.	Flexibility rule respected and since there was previous an Investment specification (I1) the increase could be approved by the LP.

# MINOR BUDGET MODIFICATION

## Attention

- Exceeding the budget flexibility limits without prior authorisation of the relevant programme bodies will result in the ineligibility of the amount exceeding the threshold.
- LP is responsible to monitor project expenditure to ensure the respect of the budget flexibility thresholds. Therefore, any expenditure carried out by a PP exceeding its overall budget availability as well as the allocation per CC should be authorised by the LP.
- In case of minor budget modifications the national controller should ask the Partner for the LP approval.
- An increase of budget in a CC or PP budget has to result in a decrease of budget in another CC or PP budget. In case of SCOs, an increase in a certain CC (e.g. staff costs) might result in an increase of other CC (e.g. travel and accommodation costs).

# MAJOR BUDGET MODIFICATION

Major modifications are complex changes that have an impact on the partnership, on the intervention logic or on the project budget. Such modifications require prior approval by different programme bodies depending on the type of major modification:

Type of modification	Approval by
Partnership	MC members of the countries where concerned partners are located, and MA
Budget	MA
Work plan	MA
Duration	MA

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