



First SECURE Open Call

Financial Information: How to fill in the Proposal Budget Form and Meet Evaluation Criteria

Writing a SECURE lump sum proposal



Prepare your application

To write the SECURE lump sum proposal, **you have to:**

- Use the proposal template and the proposal budget template available on secure4smes.eu website [First SECURE Open Call](#)
- Present objectives, methodology, expected outcomes and impacts in line with the Open Calls Application Guidelines as in [Open Calls Application Guidelines](#) document
- Describe in detail the activities covered by each work package

Justifying the budget

To justify the lump sum, you must provide a **detailed budget table** with cost estimations.

- All costs must be expressed in EUR (€)
- Estimations must approximate your actual costs
- Costs must comply with the eligibility criteria of the Digital Europe Programme Annotated Grant Agreement (DEP AGA), as explained in the Proposal Budget Guidelines
- Although the grant is a lump sum, the calculation must be based on realistic cost assumptions

Ensure consistency

Budget coherence and internal consistency

- All cost items must be clearly linked to the activities described in the technical proposal.
- Assumptions must be understandable and costs necessary, avoiding over- or under-budgeting.

Correct budget allocation

- All costs must be entered under the appropriate category.
- Avoid incorrect or “catch-all” allocations.

Eligible Costs - General definition

The costs must be:

- ***actually incurred*** by the beneficiary
- ***incurred during the period of implementation of the Project***
- ***entered as eligible costs*** in the estimated budget, ***under the relevant budget category***
- ***incurred in connection with the Project and necessary for its implementation***
- ***identifiable and verifiable, and recorded in the beneficiary's accounts*** in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices
- ***complied with the applicable national law on taxes, labour and social security***
- ***reasonable, justified*** and ***must comply*** with the principle of ***sound financial management***, in particular regarding ***economy and efficiency***



If any of the above conditions is not met, the cost is not eligible and will be rejected

Eligible Costs - Direct costs



Cost of **the time worked for the project**

by:

- Employees
- Natural person under direct contract
- Seconded person
- SME owners and natural person beneficiaries



The **assignment to third parties, by contract, of specific tasks of the project action**, without transferring overall **responsibility for the action**, which **remains with** the cascading grant **beneficiary**



Instrumental assets, infrastructure, or other fixed assets necessary for project implementation.

Eligible costs are calculated as **depreciation quota proportional to the project duration and the rate of actual use for project activities**



Costs for goods and services from external suppliers supporting project activities

(e.g., consumables, dissemination, certificates, translations, publications)

Personnel Costs in pills

Employees - Eligibility Criteria

Who?



- Personnel working for the beneficiary
- Assigned to the project
- Employment contract
- Equivalent appointing act



- Staff provided by a temporary work agency
- Seconded staff
- Self-employed people

What?



- Fixed salary
- Social security contributions
- Taxes
- Fixed/variable complements
- Other payments linked to the remuneration



- Remuneration which has not been an actual cost
- Arbitrary bonuses
- Payments of dividends

Personnel Costs in pills

Employees - Actual Costs Calculation



Day-equivalents worked
on the project (up to a
maximum declarable)

X

Daily rate

Maximum declarable:

- 215 day-equivalents per person per year -> 18 days per month (215 days/12 months)

Daily rate calculation:

- Total annual employment costs ÷ Annual productive days
- Includes: gross salary, social security, taxes, and other remuneration-related costs
- Based on beneficiary's usual accounting practices
- *For part-time employees:* day-equivalents adjusted proportionally to Full Time Equivalent %

Requirements:

- Time records must be kept to justify the day-equivalents worked on the project
- Costs must be consistent with beneficiary's usual cost accounting practices
- No profit margin allowed on personnel costs

Personnel Costs in pills

Employees - Unit Costs Calculation

For beneficiaries using unit costs to calculate personnel costs, the daily rate is determined according to the beneficiary's usual cost accounting practices:

$$\frac{\text{Total staff costs* of the beneficiary in the last closed full financial year}}{\text{Annual work units** in the last closed full financial year}} \div 215 \text{ days}$$

Daily rate

***Total staff costs** = Costs recorded in accordance with accounting standards and reported under staff costs in statutory accounts

****Annual work units** = Definition under Article 5 of Annex to Commission Recommendation 2003/361/EC of 6 May 2003

Key points:

- Maximum: 215 day-equivalents per person per year -> 18 days per month (215 days/12 months)

Daily rate calculation:

- For part-time employees: day-equivalents adjusted proportionally to FTE%
- Calculated based on beneficiary's last closed financial year

Personnel Costs in pills

Natural Person under direct contract & Seconded Person - Eligibility Criteria



Who?



- People assigned to the project
- Self-employed natural person
- Seconded persons



- Employees
- SME (co) owners
- Staff provided by a temporary work agency

- Working **conditions similar to those of beneficiary's employees** in terms of work organisation, tasks and working place
- The **results** of work **belong to the beneficiary**
- **Remuneration costs are not significantly different from beneficiary's employees** performing similar tasks
- **Remuneration must be based on working time**, not on delivering specific outputs/products

Natural Person under direct contract

The person works under a direct contract that is not an employment contract. The person is hired under either:

- A direct contract signed between the beneficiary entity and the natural person

Or

- A contract signed between the beneficiary and a legal entity fully owned by the natural person, the natural person being the only staff hired by the entity

Example: In-house consultants

Seconded person

Temporary transfer of an employee from a third party (employer) to the beneficiary, against payment and under a secondment agreement.

The seconded person:

- remains employed and paid by the third party
- works for the beneficiary, under its control
- normally works at the beneficiary's premises

Best practice: secondment agreement should detail tasks, payments, duration and location.

Example: A software developer employed by an IT company is seconded to the SME to support a cybersecurity project task

Personnel Costs in pills

SME owners

Who?



Owners or co-owners of the SME beneficiary **not receiving a salary**



SME owners who **receive a salary** registered in the SME accounts



Important: An SME owner CAN receive a salary from their own company:

- SME owner **with salary** registered in accounts → declare as **Employees**
- SME owner **without salary** (e.g. remunerated only via dividends/profits) → declare as **SME Owner (A.4)**

The granting authority may verify that the SME owner does not receive a salary

SME owner costs must be declared as unit costs, calculated as follows:

Daily rate = EUR 5,080 / 18 days × country correction coefficient (= EUR 282.22 × country correction coefficient)

Country correction coefficients expressed as percentages - see [Table 1 of HE Work Programme – MSCA in force at time of call](#) e.g. Italy = 97,4% → EUR 282.22 × 0.974 = EUR 274.88/day

Maximum: 215 day-equivalents per year -> 18 days per month (215 days/12 months)

Subcontracting and Purchase Costs in pills

Who?



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Maximum: 215 day-equivalents per year -> 18 days per month (215 days/12 months)

Subcontracting and Purchase Costs in pills

Subcontracting

Definition:

Subcontracting Contracts for goods, works or services that are **part of the action tasks** described in the project, implemented by a third party instead of the beneficiary

Examples:

- Organisation of a conference **set as a project task**
- A penetration test **set as a specific task** in the project and carried out by an external cybersecurity company
- Purchase of a server **set as a specific task** in the project (e.g. procurement of cybersecurity infrastructure)

Purchase Costs

Definition:

Purchase Costs Contracts for goods, works or services **necessary to implement the action** but which do **not constitute** an action task described in the project

Examples:

- Audit certificate, translation of documents, publication of brochures
- Website creation as a project management tool (not a project task)
 - Rental/purchase of a server to **support project activities** (not a project task)
- A penetration test purchased as a **support tool** for the project (not a project task)



Please ***provide a clear and detailed breakdown of subcontracting and purchase costs with a brief description for each item*** to enable evaluators to verify that each cost is correctly allocated to its budget category

Equipment costs in pills

Definition: Instrumental assets, infrastructure or other fixed assets necessary for the implementation of the project

Eligibility rules (DEP AGA):

- Only **depreciation costs** are eligible (not full purchase cost)
- Depreciation must be **proportional** to the project duration and actual use for project activities



Additional rule (First SECURE Open Call): Equipment costs cannot exceed **80% of total eligible costs**

Examples:

- Depreciation of a firewall used for cybersecurity testing activities
- Depreciation of a server purchased and used for project activities
- Depreciation of laptops assigned to personnel working on the project

Equipment vs Subcontracting examples:

- A **server purchased** by the beneficiary and used for project activities → **Equipment**
- A **server set as a specific procurement task** in the project and purchased through a third party → **Subcontracting**
- **Cybersecurity hardware purchased** by the beneficiary → **Equipment**
- **Cybersecurity hardware procurement set as a project task** carried out by a third party → **Subcontracting**



Please, ***provide a clear and detailed breakdown of equipment costs with a brief description for each item***, to enable evaluators to verify that each cost is correctly allocated to its budget category

How evaluators will assess the coherence between Proposal and Budget

1. Proposal–Budget Coherence

- All cost items are clearly linked to the activities described in the technical proposal
- Scope, timing and resources are consistent
- There are no activities without resources and no significant resources without corresponding outputs

Evaluators will assess:

2. Credibility of Cost Assumptions

- Quantities, unit rates, duration and effort are clearly explained
- Personnel input reflects the actual workload described
- Costs are necessary and proportionate to the scale of the project

3. Correct Budget Allocation

- Costs are entered under the appropriate budget categories
- Personnel, subcontracting, purchase and equipment costs are correctly described, distinguished and allocated
- Equipment respects the 80% limit and includes depreciation only

4. Compliance with Eligibility Rules (DEP AGA)

- All costs are expressed in EUR
- Personnel and SME owner costs are calculated in line with DEP AGA provisions
- Costs are realistic, reasonable and properly justified

5. Lump Sum Plausibility

- The lump sum amount is supported by a detailed and credible cost estimation
- The overall budget is coherent with the workplan — cost estimations must be realistic and verifiable

Please be aware that **costs entered under the wrong budget category will not be approved**

Thank you for your attention!

If you have any further questions, please consult the [FAQs](#)

or write to us at the email address below

submission-support@secure4sme.eu