

Additional Cost Model (AC) – Detailed Explanation

Contractors using the AC model have limited possibilities to charge working time of permanent personnel to the project. Generally speaking only additional cost of additional staff are permitted for such contractors.

The rules according to which the contractors using AC model can charge the project with cost of permanent personnel is explained in detail in the "Guide to Financial Issues" which is available under the following link:

http://europa.eu.int/comm/research/fp6/model-contract/pdf/fp6-guide-financial-issues-feb05_en.pdf

Contractors using the AC model may charge costs of permanent staff involved in the project in the following limited cases:

1. For management of the consortium activities, providing the eligible direct costs can be identified and justified with precision (in these cases the flat rate for overheads is not applied as it covers only direct additional costs) and within the limit of the 7% contribution;
2. For other activities, providing such people have a contract which depends in full or in part upon external funding additional to the normal recurring funding of the contractor. If such permanent people receive the same salary with or without being involved in the Community project (and that salary is not clearly identified as being dependant upon external funding in the contractor's accounts) their costs are not additional even though they may have additional work.

In certain cases, researchers may have a permanent working contract, which depends partially on external funding. For example, in some institutions, professors are paid to work 20 hours per week giving lectures and classes. However, they are expected to complete the other 20 hours per week on externally-funded research projects. The working contract of this researcher mentions explicitly that a part of the salary of the researcher is subject to participation in activities depending on external funding (like the Community financial contribution to an indirect action of FP6). Where the researcher is not involved in activities financially supported by external funding, his/her salary is equal to €5,000. Where the researcher is involved in such activities, his/her salary is €6,000 and the researcher is expected to work additional hours (X equivalent) to carry out the additional work required by the project. Therefore part or all of the difference (€ 1,000) depending of the hours devoted to the EC project may be considered as an additional direct eligible cost.

For contractors working on the AC cost model, time charged for personnel may only be considered as additional eligible costs:

- A. If the personnel concerned is involved at 100% of its working time in the project with the European Communities and the person's contract is a temporary contract for carrying out such work,
- B. If there is clear evidence establishing that the additional hours and associated costs are directly and only due to the involvement of this personnel in the contract with the European Communities and that these additional costs are reimbursed.

Best regards,

RTD A03
European Commission