

How to deal with project adjustments: technical and budget changes

23 Febraury 2021



What can be amended	What cannot be amended
<ul style="list-style-type: none"> • Partnership • Duration • Content (activities, results and outputs and target value indicators) • Budget 	<ul style="list-style-type: none"> • Basic purpose of the project (objectives, results and outputs, indicators) • Total amount of the grant • % of co-financing • % of administrative costs and contingency reserve

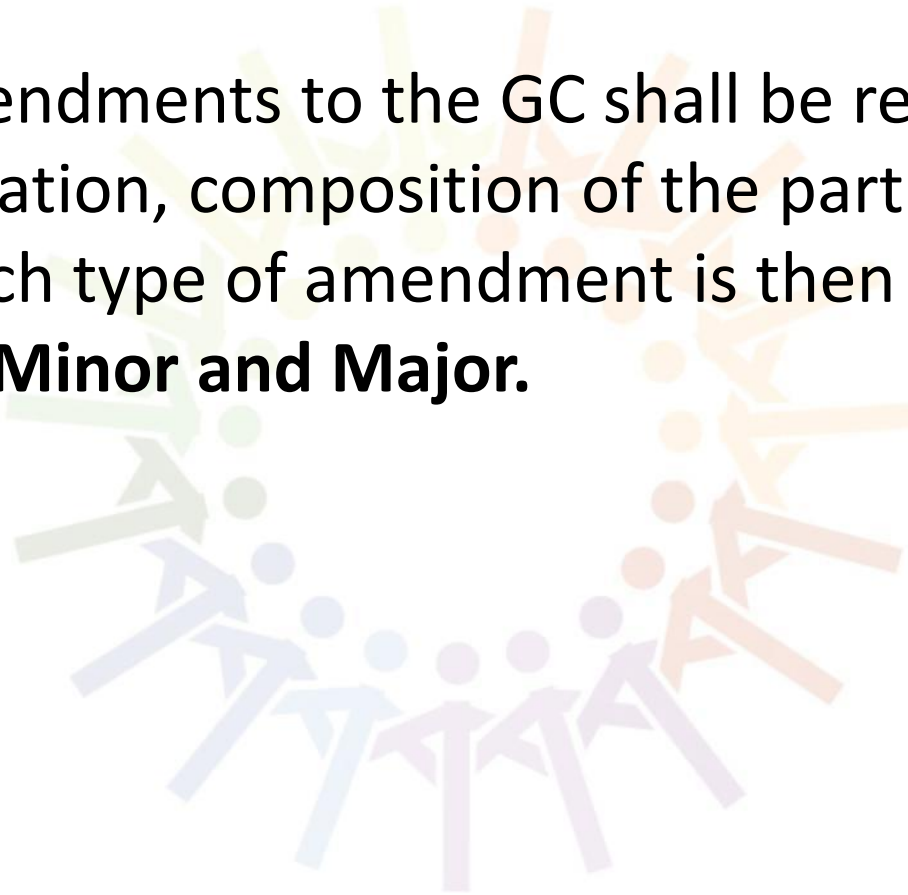
⇒ **References:**

⇒ **Grant Contract – art 9**

⇒ **Project Implementation Manual – chapter 5**

Types of amendment

- Type of amendments to the GC shall be referred to: budget, duration, composition of the partnership and content. Each type of amendment is then further detailed as **Minor and Major**.



Types of amendment

MINOR AMENDMENT

Changes of limited operational and financial impact (< 20 %)

The LB notifies the MA/JTS at the latest in the next report

1 allowed per year

A formal JMC approval is not required

MAJOR AMENDMENT

Changes affecting outputs indicators, partnership, duration, budget (> 20%)

To be agreed with the JTS/MA and approved by the JMC

1 allowed per lifetime of the project

An Addendum to the Grant Contract has to be signed

BUDGET

- Minor budget changes involve a variation of up to 20% of the amount originally established for the concerned cost category and/or at partner level, and that does not have a significant impact on the project implementation.

Examples of minor budget changes are:

- ☐ Transfer of funds between the cost categories “Human Resources” and “External Services” accounting to less than 20 % of the amount of the cost category with the lowest budget;
- ☐ Budget transfer between PP2 and PP5 of less than 20 % of the budget of the partner with the lowest budget;
- ☐ Removal of a budget line; / Introduction of a new budget line within the same Cost Category .

Table 1 – Example of minor budget change among cost categories

Cost category	budget contracted	proposed shift	difference	%
Human Resources	1.292.790,00	1.378.962,00	86.172,00	6,67%
Travel and Subsistence	209.680,00	217.560,00	7.880,00	3,76%
Infrastructures	1.050.000,00	985.000,00	-65.000,00	-6,19%
Equipment and Supplies	224.678,00	224.678,00	0,00	0,00%
External Services	318.269,00	289.217,00	-29.052,00	-9,13%
Other	0,00	0,00	0,00	0,00%
Subtotal direct costs	3.095.417,00	3.095.417,00	0,00	

Table 2 – Example of minor budget change among partners

Partner	budget contracted (direct costs - excluding administrative %)	proposed shift	difference	%
BEN	818.578,00	796.512,00	-€ 22.066,00	-2,70%
PP1	381.190,00	429.007,00	€ 47.817,00	12,54%
PP2	768.601,00	693.601,00	-€ 75.000,00	-9,76%
PP3	488.450,00	563.450,00	€ 75.000,00	15,35%
PP4	638.598,00	612.847,00	-€ 25.751,00	-4,03%
Subtotal direct costs	3.095.417,00	3.095.417,00	0,00	

Major budget changes

- Major budget changes involve a variation of more than 20% of the initial budget at cost categories, partners and/or having an impact on the expected results, outputs and their indicators.
- ATTENTION: Budget changes (%) are cumulative and always calculated on the basis of the approved budget, as originally contracted or modified by a major amendment.

Table 3 – Example of major budget change among Cost Categories

Cost category	budget contracted	proposed shift	difference	%
Human Resources	1.292.790,00	1.378.962,00	86.172,00	6,67%
Travel and Subsistence	209.680,00	217.560,00	7.880,00	3,76%
Infrastructures	1.050.000,00	985.000,00	-65.000,00	-6,19%
Equipment and Supplies	224.678,00	278.097,00	53.419,00	23,78%
External Services	318.269,00	235.798,00	-82.471,00	-25,91%
Other	0,00	0,00	0,00	0,00%
Subtotal direct costs	3.095.417,00	3.095.417,00	0,00	

Table 4 – Example of major budget change among Partners

Partner	budget contracted (direct costs - excluding administrative %)	proposed shift	difference	%
BEN	818.578,00	796.512,00	-€ 22.066,00	-2,70%
PP1	381.190,00	429.007,00	€ 47.817,00	12,54%
PP2	768.601,00	588.601,00	-€ 180.000,00	-23,42%
PP3	488.450,00	668.450,00	€ 180.000,00	36,85%
PP4	638.598,00	612.847,00	-€ 25.751,00	-4,03%
Subtotal direct costs	3.095.417,00	3.095.417,00	0,00	

Duration

❑ The request of modification of the project duration (for the extension of the project's implementation) is considered **a major amendment** and therefore requires prior approval by the JTS/MA and the JMC.

❑ The request of extension has to be submitted at least 2 months before the closing date as per GC.

PARTNERSHIP

- Any partner change is considered as a major amendment, withdrawal of a partner, or by the redistribution of its tasks among the remaining ones or replacement by a new one , imply an amendment to all annexes of the Grant Contract.
- Withdrawal, replacement and/or inclusion of an associated partner can be considered as a minor change.

CONTENT

- Content-related modifications are those concerning activities, outputs, results and their indicators.
- **Examples of minor changes are:**
 - ☐ Adjusting activity description;
 - ☐ Modification of the activity overview with no consequences on the output delivery;
 - ☐ Changing communication tools.

CONTENT

- Major content changes are those substantially impacting the expected results, outputs and their indicators as stated in the description of the project, which need to be modified due to unexpected external circumstances which prevent their completion as planned in terms of timing and resources.



MINOR AMENDMENT Procedures

- Collect all minor changes from your partners and integrated in one request
- Consult with your JTS officers before proceeding with submission of minor changes on MIS in agreement with the rest of the Partners
- The JTS carries out an assessment of the impact of the requested changes
- If needed, a clarification process with the LB by the JTS may be started, due to insufficient/unclear information to carry out the assessment.
- JTS ask the LB to submit/record the minor changes through the MIS
- There is no need for authorization by the MA/ JMC

MAJOR AMENDMENT Procedures

- BEN prepare a request (using a dedicated form: **(BENEFICIARY'S EXPLANATORY REPORT)** in agreement with the rest of the Partners : (All partners should send written approval of proposed Major changes to the BEN)
- Consult with your JTS officers before proceeding with submission of major changes on MIS
- Submit the request for the amendment through the MIS
- The JTS carries out an assessment of the impact of the requested changes If needed, a clarification process may be started, due to insufficient/unclear information to carry out the assessment.

MAJOR AMENDMENT Procedures

- Answer the clarifications if needed by MA/JMC
- The request shall be submitted at least 30 days before the date on which the amendment should enter into force,
- The approval of a major amendment requires the endorsement of the JTS, MA and JMC.
- In the event the major change is approved, the MA and the LB will sign the Addendum to the GC.
- The amendment – and the eligibility of the related costs and actions – enters in force upon the signature by both parties.

Project adjustments-Summary

LEFT MENU SECTION	ACTION DETAILS	AMENDMENT TYPE
Info and Summary	Modify Keep keywords	Simple Adjustments –no validation required
Relevance	Add/Modify synergies	Simple Adjustments –no validation required
Logical Framework	Modify expected results indicators (target values)	Minor – (validated by MA/JTS officer)
Partnership		
	Update Partners' contacts details (email, telephone, etc.)	Simple Adjustments –no validation required
	Modify partner information (name, legal status, etc.)	Minor – (validated by MA/JTS officer)
	Add a new Partner	Major – (approved by JMC – addendum to the Contract)
	Disable a Partner	Major – (approved by JMC – addendum to the Contract)
Work packages		
	Add/modify/disable NEW Outputs	Minor – (validated by MA/JTS officer)
	Add/modify/disable Activities	Minor – (validated by MA/JTS officer)
	Modify output indicators (target values)	Minor – (validated by MA/JTS officer)
	Add/modify/disable NEW output indicators	Minor – (validated by MA/JTS officer)
	Add/modify output's target group	Minor – (validated by MA/JTS officer)
Budget shift	Minor if < 20% CostCateg./Partners (on budget contracted)	Major if > 20% (approved by JMC – addendum to the Contract)
	Add/modify/disable/clone linee di budget	Minor – (validated by MA/JTS officer)
	Modify source of funding	Minor – (validated by MA/JTS officer)
	Update section on 50% rule	Minor – (validated by MA/JTS officer)
Financial plan		Minor – (validated by MA/JTS officer)
Financial capacity		Minor – (validated by MA/JTS officer)

When report
minor budget
amendments

Project start 1st Sept. 2020

The end of the project first-
year is 31st August 2021

You can submit the minor
budget at any time during the
implementation period
according to partnership
needs

ATTENTION

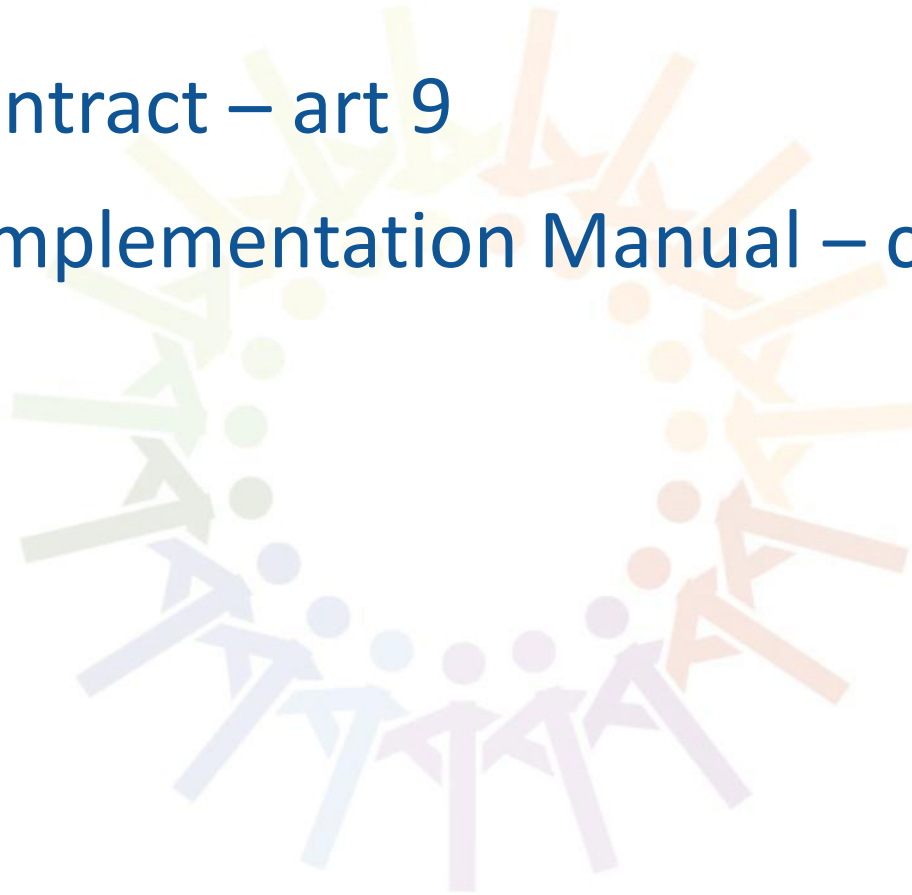
- NB In case of “Project adjustment” ongoing, the report will be in **read-only mode**. Once the project adjustment is completed it is possible to re-edit the report

Key issue

- The LB is responsible for the amendment procedure of the GC.
- All changes will be recorded in the Management and Information System (MIS).

References:

- ⇒ Grant Contract – art 9
- ⇒ Project Implementation Manual – chapter 5



THANK YOU FOR YOUR ATTENTION

MERCI

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DELLA SARDEGNA