



Sharing Expertise

Eligibility rules – how they differ between programmes and what project partners need to know?

12 May 2009 | Belfast





Legal requirements for eligibility rules in 2007 - 2013 Territorial Cooperation projects

- § 56 EC 1083/2006
- § 7 and 13 EC 1080/2006
- § 48-53 EC 1828/2006
- Programme eligibility rules
- MS national rules
- Eligibility rules of the organisation



**What all project partners
need to know about eligibility?**



Some basics for all project partners ...

To be eligible all costs must be:

- Necessary to the implementation of the project
- Part of the approved Application Form
- Incurred within the dates specified in the Subsidy Contract
- Reasonable, justified, consistent with the internal rules of the organisation, EU and MS national rules
- Supported by receipts, invoices or accounting documents of equivalent probative value - to secure audit trail
- In line with the principle of sound financial management: effectiveness, economy and efficiency
- Additional: Add value to the project and programme area



During control, a controller will raise these questions for each cost item you claim:

- Is this covered in relevant EU regulations?
- Is this covered in the programme rules?
- Is this covered in national rules?
- Does it actively contribute to fulfilling projects' objectives?

- Will it provide benefit for the programme area?



Lessons learnt from the past



The most common problems detected during financial controls of project partners

- Timesheets wrong
- Overhead calculations wrong
- No evidence of tendering
- Documents constituting audit trail are not available
- Ineligible expenditure included in payment claim
- Missing signatures, wrong dates etc.
- Publicity and visibility requirements not respected
- Wrong exchange rates used
- Ineligible expenditure reported



Public procurement - the most common failing

- Principles of procurement (Free movement of goods, right of establishment, freedom to provide services, non-discrimination and equal treatment, transparency, proportionality and mutual recognition) apply to all contracts
- Most common full tender threshold = €206,000 but check directives for many exceptions
- Even when below threshold amounts should apply three written offers approach (after web-based call for tenders)
- NB: in some programmes (NWE) Lead Partner is responsible for ensuring tendering in all partners
- If you do not do it (and do not document it), you risk losing full value of the contract



Ineligible costs in 2007 - 2013

- Recoverable VAT
- Fines, financial penalties and fees for legal disputes
- Interest on debt
- Decommissioning nuclear power stations
- Housing*
- Exchange rate loss (or gain)
- Land purchase over 10% of project budget (NB higher amounts allowed in exceptional cases of environmental protection)

* May be subject to change

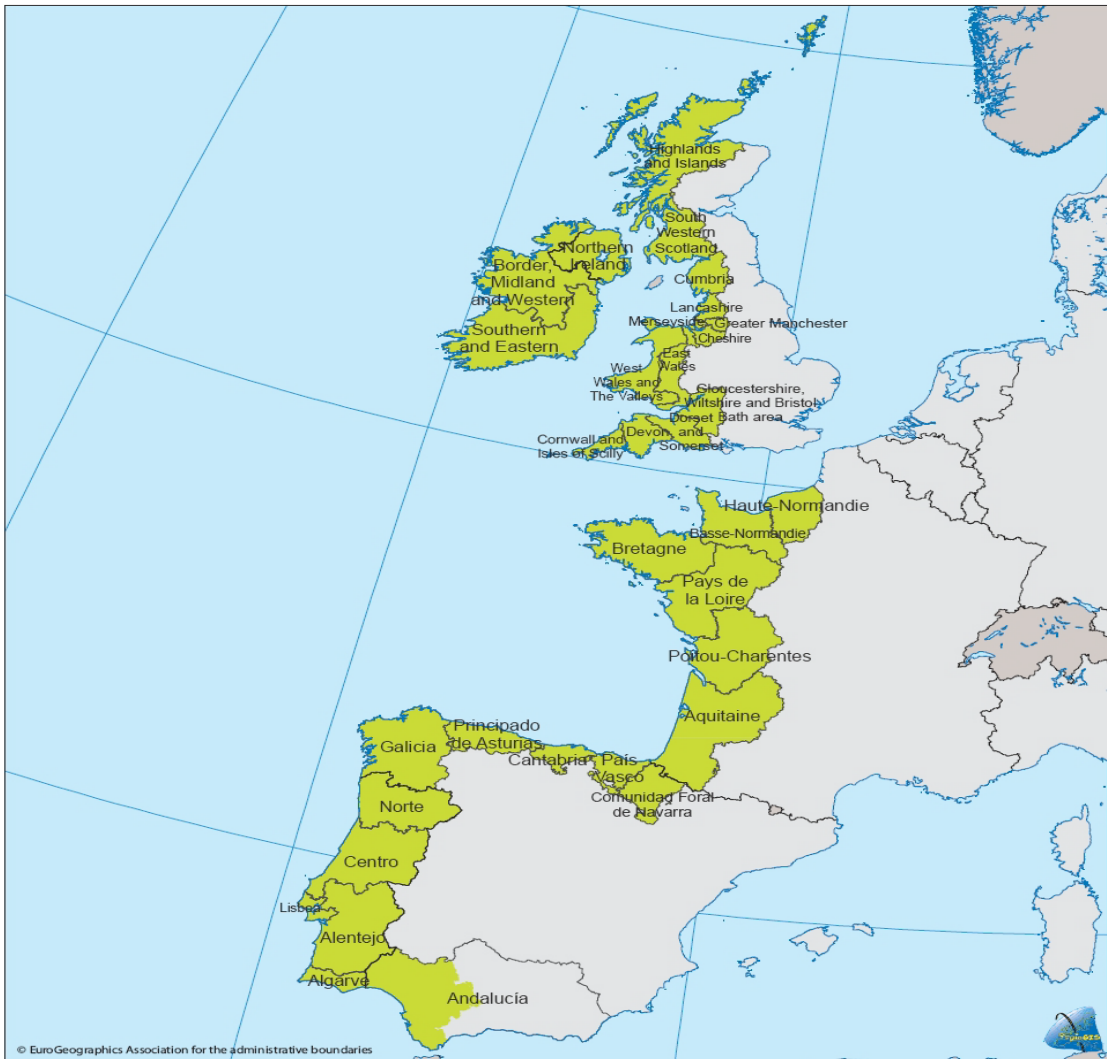


Eligibility rules in the selected European Territorial Cooperation Programmes 2007 - 2013

1. **Atlantic Area**
2. Northern Periphery
3. North West Europe
4. INTERREG IVC
5. URBACT II

Atlantic Area Programme 2007 - 2013

- ERDF rate: Max 65%



Structural Funds 2007 - 2013: Transnational Cooperation Atlantic Coast

- EU27 Cooperation areas
- Other cooperation areas

0 500 Km



Atlantic Area 2007 - 2013 Programme: Budget lines and eligibility of expenditure

1. Human resources
2. Services supply
3. Operational costs
4. Travel and accommodation
5. Meeting and seminars
6. Promotion and dissemination
7. Equipment
8. Other expenditure



1. Human resources

- Personnel directly involved in the project
- Staff costs based on real costs (payslips, timesheets, mission statement indicating % of time dedicated to the project)
- Staff costs include employer's proportion of social charges
- Calculated for each staff member and based on monthly payslips
- Timesheets need to be certified at least once a month
- Estimation of time devoted to project is not eligible
- Overtime is eligible only if paid as extra hours
- Unpaid voluntary work is eligible if included as contribution in-kind and its value is estimated based on a standard rate
- Cannot exceed 50% of the eligible costs, unless justified



2. Services supply

- Sub-contracting costs are eligible if the work is essential to the project and the price is reasonable
- Costs of sub-contracting between project partners is not eligible
- Audit and financial control costs are eligible for partners from MS operating decentralised control system
- External expertise must be specified in the application: nature of services, partner responsible for public procurement and sub-contracting and allocated budget



3. Operational costs

- Costs associated with the implementation of the project but not specific actions
- Capped at max 25% of Human Resource costs
- Calculation method and the rules of allocation need to be presented in the application form
- Include items like e.g. office rent and maintenance, electricity, heating, water, compulsory insurance, telephone, fax, internet, mailing, stationary and other costs necessary for project implementation



4. Travel and accommodation

- May be charged to the project if comply with partner's established internal rules and MS national rules
- All tickets, invoices and receipts must be kept by partners so that their eligibility can be checked and audited
- Costs must be directly related to, and necessary for, the effective delivery of the project
- Cover economy class travel on public transport



5. Meetings and seminars

- Costs related to meetings and seminars (rent, equipment, meals) are eligible if approved in the application form
- Partner is responsible for ensuring that public procurement rules are observed in selecting a company/service provider and that contracts are awarded at normal market prices



6. Promotion and dissemination

- Expenditure related to promotion costs of the project e.g. website, promotional materials, printed publications
- Public procurement rules must be observed in selecting a company/service provider and contracts must be awarded at market prices



7. Equipment

- Durable equipment can be eligible (computers, laboratory equipment, machine tools, measuring instruments etc.) if it is necessary for the project delivery
- Purchase costs can be eligible if not previously claimed in other EU or national programmes
- If depreciation costs are claimed: in line with tax and national rules applicable for the organisation (pro rata rate based on the amount of time that the equipment will be used on project's benefit)



8. Depreciation

- If depreciation costs are claimed:
 - They must be in line with tax and national rules applicable for the organisation (pro rata rate based on the amount of time the equipment will be used on project's benefit).
 - They have not previously been claimed in other national or EU funded programmes.
 - Depreciation should be made in accordance with the tax and the rules applicable to the partner and generally accepted for items of the same kind Only the portion of the equipment's depreciation corresponding to the duration of the project
- Second-hand equipment is also eligible with a depreciated value.



9. Other costs

- Any kind of other expenditure which do not fit previous budget lines e.g.:
- **Small infrastructure** (exceptionally e.g. physical work and utilities in the public interest) if it is crucial for the achievement of project objectives and if they benefit the partnership
- Purchase of land up to max 10% of the total project budget if necessary for achievement of project objectives. This limit can be exceeded (monitoring committee decision), in exceptional and duly justified cases for reasons of protecting the environment



1. Who can be a partner? Legal bodies under public or private law (e.g. national, regional, local authorities, universities, research and development agencies, not for profit organisations)
2. Any of these organisations may act as a LP
3. Private organisations may participate as partners but receive ERDF only for travel, accommodation and audit
4. N+2 can be shared between programme and projects
5. Joint/shared expenditures are possible BUT you need to check with your FLC that the payment method agreed among partners is acceptable



6. Advance payment of 3% of the total ERDF granted to the project can be paid to LP after signing Subsidy Contract
7. Associated partners (involved in implementation but do not receive ERDF)
8. To convert payment claims to €: Monthly exchange rate given by Commission for the month the invoice was paid must be used:
<http://ec.europa.eu/budget/inforeuro/index.cfm>
9. Preparation costs: Max 5% of total project eligible costs or 20.000€ - whichever is the lowest



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- 2. Northern Periphery**
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Northern Periphery Programme 2007-2013

- Budget: €35.115 million ERDF and €10.155 million ERDF equivalent
- Priorities:
 1. Promoting innovation and competitiveness in remote and peripheral areas
 2. Sustainable development of natural and community resources
- Status: 21 main projects, 21 preparatory projects.
- Funding committed to date: 49%
- 9 main projects currently under consideration; decision June 2009



Northern Periphery Programme 2007-2013

- EU Member States
 - Finland
 - Ireland
 - Northern Ireland
 - Scotland
 - Sweden

- Non EU countries
 - Faroe Islands
 - Greenland
 - Iceland
 - Norway





Statement of Expenditure (SoE)



Northern Periphery Programme
2007-2013

Project Title:	0		
Project partner:	0		
Partner country:	0		
Reference no.:	0		
IS Partner from 20% area:	<input type="checkbox"/>		
NMS Partner from 20% area:	<input type="checkbox"/>		
NMS Partner from 10% area:	<input type="checkbox"/>	<i>Note: If 10% partner, please fill in information of responsible Lead Partner below</i>	
Lead Partner responsible:		Country:	Partner no.:
Other partner:	<input type="checkbox"/>		

Cost and co-financing statement for Northern Periphery projects

This statement refers to the period from: to:
Partner claim no.:

PROJECT COSTS INCURRED (all amounts in euro)

Types of Expenditure	Approved budget	Certified cost, earlier reporting periods	Claimed cost, current period	Project cost, accumulated	
1. Staff costs incl. social contributions				0,00	
2. Travel and accomodation				0,00	
3. External experts				0,00	
4. Office costs (directly allocated)				0,00	
5. Office costs (distributed proportionally)				0,00	
6. Promotion / publications, Seminars / conferences, Meetings				0,00	
7. Equipment and supplies				0,00	
8. Other (including 1 st level control)				0,00	
9. In kind costs				0,00	
10. Share of common costs				0,00	
Total expenditure	0,00	0,00	0,00	0,00	
Deducted: Received common cost payments				0,00	
Deducted: Project revenue				0,00	
Deducted: In kind costs	0,00	0,00	0,00	0,00	
Project net cost	0,00	0,00	0,00	0,00	#DIV/0!



Northern Periphery Programme: Common Eligibility Rules

- Staff costs including social contributions
- Travel and accommodation
- External experts
- Office costs
 - directly allocated
 - distributed proportionally
- Seminars / conferences, meetings, promotion, publication
- Equipment and supplies (Including small scale investments)
- Other costs
- Common costs
- In kind costs
- Indicative list of ineligible expenditure
- Project revenues



- **Staff costs including social contributions**
 - a) They are based on and supported by legal contracts / employment agreements
 - b) They are documented:
 - If staff from the Lead Partner's/partner's ordinary operations are assigned to part time work in the project, work performed should be reported in detail by the use of timesheets. Timesheets must state name, date/time and activity and must be signed by the employee and his/her manager. By signing the timesheet the manager also certifies the additionality of project work and that activities specified on the timesheet are not double financed.
 - c) Hourly rates should be calculated according to the following model:
Monthly salary + social contribution charge / Normal (= contracted) amount of working hours per month
 - d) Social contribution charge can only include legally required charges
 - e) No extra charges besides social contribution charges are included in the hourly rate
 - f) Fringe benefits are not included



- Travel and accommodation
 - a) The most economic way of transport has been used (exceptions for sustainable alternative)
 - b) The travel took place within the programme area
 - c) The accommodation cost is in the middle price range. Higher price ranges (>140 EUR /night) must be duly justified and motivated on the individual invoice.
 - d) Daily allowances are in line with the conditions set for public authorities in the country concerned



- External experts
 - a) The work of the external expert is essential to the project
 - b) Rates charged by the external expert are reasonable. Daily rates over 800 EUR must be carefully motivated to be considered as eligible
 - c) Rates are in relation to level of experience and expertise
 - d) Project partners cannot be contracted as external experts
 - e) Sub-contracting by external experts is not eligible



- Office costs (directly allocated)

Examples of eligible costs in this category are:

- a) Premises costs such as rent, heat, light, water and service charges related solely to the project and corresponding to the m² space used for project activities. Besides standard accounting material, a copy of the underlying agreement for the premises is obligatory for eligibility.
- b) Administrative costs such as phone calls, postage, copying and office supplies related solely to the project



- Office costs (distributed proportionally) 1 (3)

General provisions of eligibility

- a) It must be impossible to allocate the costs directly to the project
- b) Proportionally distributed office costs must be attributable to the implementation of the project
- c) The distribution rate may not exceed 25% of direct salary cost (hourly rate calculated according to 1 (c))
- d) The costs must be properly documented through accounting material and periodically reviewed



- Office costs (distributed proportionally) 2 (3)

The costs must be distributed according to the following model:

- 1) Calculate total allowed office expenditure to be distributed proportionally/year [x]
- 2) Calculate total no. of hours worked in the organisation/year [y]

$$[x]/[y] = \text{proportional cost/hour } [z]$$

Eligible cost is retrieved by multiplying [z] by the number of hours worked in the project according to the timesheets.



- Office costs (distributed proportionally) 3 (3)

Detailed list of costs allowed in this category:

- a) Administrative service; Book-keeping, salary administration, postal / telephone services, copying and centralized computer support
- b) Office supplies
- c) Premises costs such rent, heat, light, water and service charges (NOTE: This section has been updated in the Common Eligibility Rules, previous statement was incorrect)

NOTE ONLY THIS MODEL IS ELIGIBLE



- Promotion / publications, seminars / conferences, meetings
 - a) Costs related to all aspects of promotion and publications specific to the project
 - b) Costs related to organising and participating in seminars / conferences and meetings

Note that meals/catering should be of a moderate nature and according to normal standards in each partner country. Excessive entertainment is not to be regarded as eligible expenditure. All meals/catering must be supported by a list of participants and a statement outlining the purpose of the occasion.



- Other costs

Other costs which are eligible according to general principles and regulations and necessary for the implementation of the project may be placed under this category



- Common costs

This expenditure category should contain a separate accounting of each project partners' share of the total common costs for administrating the project on behalf of the project partnership. The individual eligibility rules in each of the other expenditure categories shall apply on the expenditure accounted for in this category.



- **Claiming Common Costs**
- Certification of common costs has to be done by the holder of the common cost's First Level Controller (FLC).
- A specific template for Common Cost certification has to be filled in by the FLC
- The holder of the common cost will include the total common cost in the Statement of Expenditure for the reporting period when the cost was originally occurred
- Distribution of common costs is made by an invoice between the different partners, the invoice should be supported by documentation that common costs have been certified by the holder's First Level Controller.

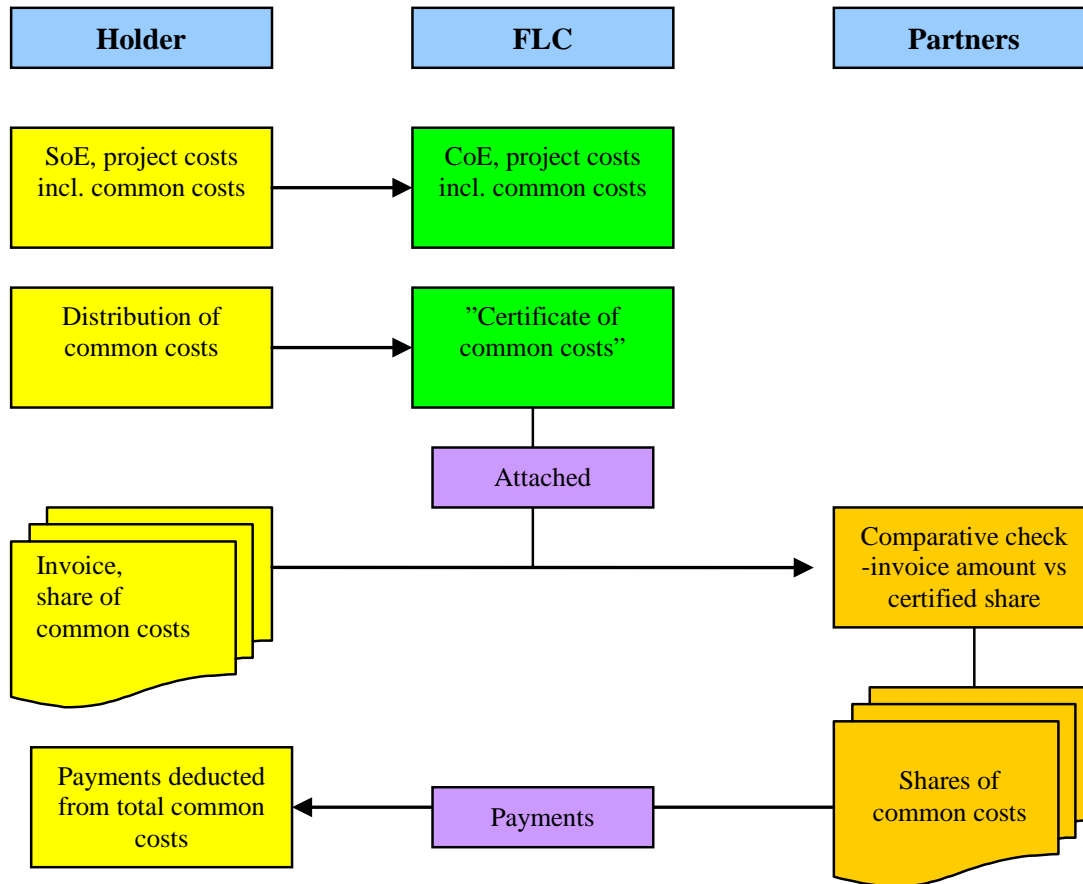


- ## Claiming Common Costs

- The partners will include their share of the common costs in the Statement of Expenditure for the reporting period when the common costs were paid and put into their accounts
- The holder will report the common cost payments from other partners in the Statement of Expenditure, most likely in a specific budget line, for the reporting period when the payments were received and registered in the accounts. The payment will reduce the common cost to a net cost for common activities in the Lead Partner's Statement of Expenditure, and not be reported as a revenue.



• Claiming Common Costs





- In kind costs

- a) Only public or public equivalent in-kind contributions from organisations outside the partnership are eligible
- b) They consist of the provision of land or real estate, equipment or raw materials, research or professional work
- c) Their value can be independently assessed and audited;
 - Value of land or real estate must be certified by an independent qualified valuer or duly authorised official body
 - For research and professional work, the eligibility rules for “staff costs including social contributions” shall apply

The co-financing from the Northern Periphery Programme can not exceed the total eligible expenditure excluding the value of in kind contributions



- In kind costs

Demonstrating an in-kind contribution as a certified cost will not generate ERDF or ERDF equivalent funding unless actual costs have been spent by the project partner. ERDF or ERDF equivalent funding will only be paid out fully if the full share of in-kind AND cash match funding can be demonstrated in the claim. It is of the highest relevance that any in-kind contribution is contributed to the project at the same pace as the project implementation/spending takes place.



- **Indicative list of ineligible expenditure**

- a) Fees for financial transactions (except for transnational transaction charges)
- b) Interest on debt, loan charges or costs resulting from the deferral of payments to creditors
- c) Exchange rate losses or other costs tied to currency exchange
- d) Fines, other legal fees or court costs
- e) Costs for finance leases or other hire purchase arrangements
- f) Redundancy payments
- g) Payments into private pension schemes
- h) Bad debts
- i) Overtime pay for part time workers in the project
- j) Purchase of land
- k) Decommissioning of nuclear power stations
- l) Housing
- m) Recoverable VAT
- n) Unpaid costs



- Project revenues

Eligible expenditure shall be reduced with revenues generated by the project. The following is to be regarded as revenue:

- a) Revenues generated by sales, lease, services and fees or other similar activities
- b) Revenues in other form than money

Revenues generated by the project shall be accounted for continuously by the project partner



- **Public Match Funding**

Both In-kind and Cash match funding have to be paid out to its share of the project expenditures when claiming.

When certifying ensure that match funding payments are being certified and that enough is paid out at every given point.

Note: A public organisation which is participating can always state that that their match funding share has been paid out as an “advance”, due to their legal status.



- Lead Partner's FLC responsibility

The NPP does not require the first level controller of the Lead Partner to check the complete claim. According to EC guidelines this is within the scope of the Lead Partner's FLC.

In January, a letter was sent to Lead Partners to explain that they are responsible for making sure that costs incurred by the partnership are related to eligible project activities.

For this reason the Lead Partner needs a partner activity report and a transaction list from each partner. This ensures both that a Lead Partner knows what activities should be completed by individual partners and that individual partners will be paid for their activities carried in accordance with the activity plan.



- N+2 status for NPP

N+2 is an automatic decommitment of non-used EU (ERDF) funding, which means that budgeted money for NPP in 2007 has to be spent by the end of 2009. Money not being spent will automatically be taken back by the European Commission.

Projects **NOT** meeting the expected reporting conditions face the risk that their project ERDF budget is de-committed (reduced). Projects meeting the conditions will not be affected by the automatic de-commitment under Articles 93 & 97 of EC regulation 1083/2006.



- N+2 status for NPP

All projects are expected to meet the following conditions for the reporting period up to 31st of March 2009:

1. Ensure that at least 65 % of total budgeted ERDF project expenditures up to the end of 2008 have been certified.
2. Submit your Statement of Expenditure with correct supporting documentation to your First Level Controller (FLC) no later than 1st of May 2009. All projects should ensure as a precautionary measure that they receive a Certificate of Expenditures from their FLC no later than 30th of June 2009 and
3. Present a complete project Progress Report, including a Project Claim no later than the 31st of July 2009 deadline to your Desk Officer.



- N+2 status for NPP

If not meeting the conditions, likely actions:

- Possibly decommitment of the project budget / alternatively decommitment of available programme funding
- In addition as a consequence, possibly decommitment of technical assistance, programme administration funding (Secretariat, Regional Contact Points, Managing Authority and other bodies funding)
- One option discussed, use of shorter claiming period for the claim period of April 2009 - September 2009, and require project being behind to claim for the period April 2009 - July 2009 and report a complete claim to the Programme Secretariat no later than 15th of November 2009 (more information early June 2009 and at our Lead Partner Seminar in June 2009)



- Contact Details

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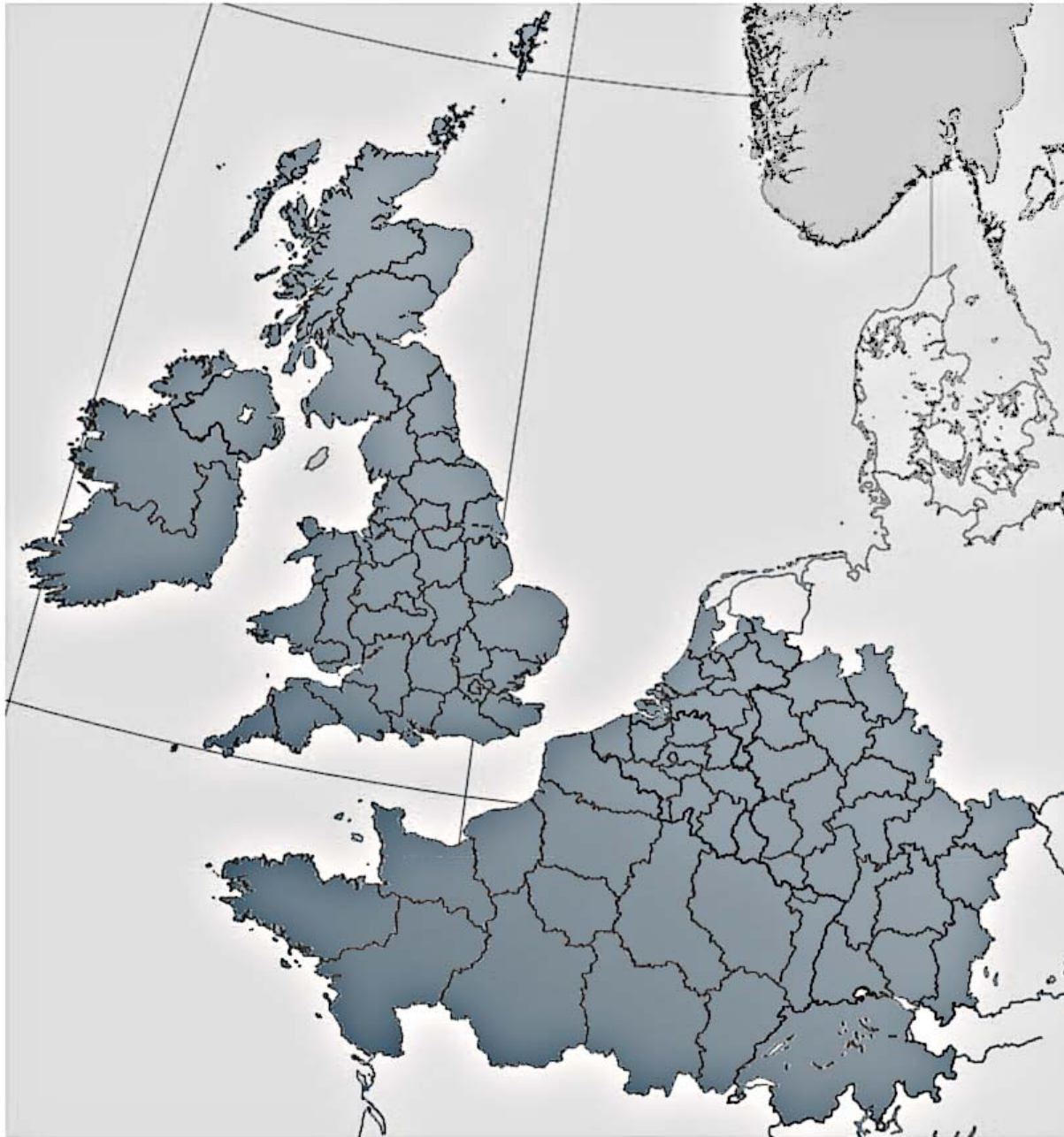
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North West Europe
Programme
2007-2013



Project budget lines: North West Europe programme

Budget Line	
1	Partner Staff
2	External Experts & Consultants
3	Travel & Accommodation
4	Meetings & Seminars
5	Publicity
6	Equipment
7	Investment
8	Audit costs/First level control
9	Administration Costs
	Sub-Total Eligible Cost
10	Revenues
	Total Eligible Cost



1. Staff costs

- Costs of **actual time** worked by **persons directly carrying out the work** under the project and **directly employed** by the partner
- **Must be based on real costs**, supported by **proper documentation (payslips and timesheets)**, calculated on the following basis:
 - Remuneration costs (taken from payroll) = Total gross remuneration + employer's portion of social charges
 - Remuneration costs must be calculated individually for each employee and must be based on the monthly payslip
- **Working time must be recorded** (e.g. timesheets) throughout the duration of the action. The records should be certified at least once a month. Estimates of hours/days worked are not acceptable.
- **Overhead costs cannot be added to staff costs** (to be included under "Administration costs")



2. External Experts & Consultants

Work done by independent consultants must be essential to the project and reasonably priced. Costs must be paid on the basis of **contracts and against invoices**.

The recommended maximum rate for a senior consultant is **€800 per day** (excluding VAT). Costs above this amount must be **justified** in full by applicants.

It is the Partner's responsibility to ensure that **public procurement rules** are respected and that contracts are awarded at normal market prices.

Travel and accommodation expenses for external experts should be recorded under the external experts budget line.

Exceptions: specific actions such as website development or communications should be recorded under the "Publicity" budget line; all audit related costs are recorded under the "Audit/First level control" budget line.



3. Travel and accommodation eligible if:

- **All tickets, invoices and receipts must be kept by partners so that their eligibility can be checked and audited**
- **Costs must be directly related to, and essential for, the effective delivery of the project and cover economy class travel on public transport**
- **Additional costs for business or first class travel are not eligible**
- **Accommodation for maximum daily subsistence allowances are based on the Commission subsistence allowances paid to experts on assignments requiring an overnight stay^{***}**
- **The recommendations given for each MS are maximum figures in line with EC per diem rates and include breakfast, two main meals and local transportation^{***}**
- **Daily subsistence allowances where an overnight stay is not required are not eligible. In this case, it is expected that only meal costs will be charged to the project.**
- **Expenses for individuals other than staff should be included under the appropriate budget line (external expert, audit, communication).**



4. Meetings & seminars

- Costs related to the **organisation of meetings and events** (renting of premises and equipment, meals, etc), **participation** in meetings and seminars related specifically to the project are eligible under this budget line
- Related travel costs and external expert costs must not be claimed under this budget line (external expert, audit, communication).



5. Publicity

- Expenditure with the main aim of **promoting the project** should be part of this cost category. This includes website, promotional material and printed publications
- **Public procurement rules** must be observed in selecting company or individual who will carry out the assignment



6. Equipment

- Durable equipment charged to the project must be essential for the delivery of the project and used for that purpose
- **A clear distinction must be made between what is included in the investment budget line (where the total cost is eligible) and the equipment budget line (where depreciation should be the rule)**
- Depreciation should be made in accordance with the internal accounting rules of the partners and generally accepted for items of the same kind. Only the portion of the equipment's depreciation **corresponding to the duration of the project and the rate of actual use** for the purpose of the project may be taken into account. Once the eligible amount is determined, it must be claimed in full **at once upon purchase** of the equipment
- Goods purchased before the start of the project can be claimed at a depreciated rate as long as they have not previously been financed by any other source.



7. Investments

- All eligible expenditure must be fully described in the approved Application Form.



8. Administration costs

- Include e.g. office rent, maintenance and furniture, electricity, heating, water, insurances, telephone, fax, internet, stationary and other administrative structure costs
- Limited to a **maximum 10% of the total eligible budget at project level and 20% of the staff costs at partner level**
- When claiming administration costs, partners have 2 options:
 - **Direct costs:** partners directly claim, cost item per cost item. Paid invoices are the underlying proof of expenditure
 - **Indirect costs or overheads:** partners must use the calculation of the total overheads of their organisation and a distribution key related to the partner staff involved in the project. **This must be properly documented and periodically reviewed.**



Revenue

- Lead Partner must keep separate accounts for the project so that all expenditure (costs) and all revenue (receipts) can be posted and audited, and detailed summary reports drawn up.
- **All revenue generated from sales, rentals, subscriptions, fees or other equivalent sources must be reported and must be deducted from the eligible costs.**
- A separate budget line for revenue is included in the Application Form and the payment claim
- In case of revenue-generating projects, the current value of the net revenue from the investment must be estimated over a **specific reference period**
- Where it is not possible to estimate the revenue in advance, the revenue generated within **5 years** following project closure must be reported (§ 55 EC 1083/2006)



Expenditure outside the eligible area

- Any expenditure incurred by NWE partners outside the eligible area (e.g. costs of a meeting or conference held outside the area) must be justified and a clear need for this expenditure must be demonstrated
- LP need programme formal authorisation for such expenditure
- Partners from outside the eligible area can participate in NWE projects in duly justified cases: without their participation the project partnership would be unable to achieve its objectives



In-kind contributions

- Provision of land or real estate, equipment or raw materials, research or professional work or unpaid voluntary work provided free of charge to/by the partners
- Staff paid by the partner organisation is not a contribution in kind
- All contributions should be costed using either an accepted market value for materials or goods or notional salary for individual's time
- In-kind contribution can be claimed only if it was included in the approved Application Form



Private partners

- Private partners can participate in NWE projects but only non-profit making private partners can be LP
- If a private partner is a profit making body, the results of the project must be made public and belong to the programme



Preparation costs

- Costs related to project development and application are eligible if:
 - The activities show a direct, demonstrable connection to the development of the project
 - Costs were incurred up to one year prior to the closure date of the call
- Cover: staff, external experts, travel and subsistence, meetings, publicity
- Must be claimed all at once in a payment claim (usually the first or second one)
- Subject to a ceiling of max €50.000 ERDF



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INTERREG IVC budget lines

1. Staff
2. Administration
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Sub-projects



1. Staff costs

- Covers full time and part-time staff working for the project
- Person must be directly employed by the project and listed in the application form
- No external staff can be reported under this budget line
- Reporting of staff costs must be based on actual salary and excludes overheads
- Calculation of hourly rate for part-time staff: actual salary/total number of hours
- Need to be supported by working contracts, pay slips, payment proofs, evidence demonstrating value of hourly rate
- Are considered as a cash-contribution and not in-kind contribution



2. Administration

- Can include: stationery, photocopying, mailing, telephone, fax, internet, heating, electricity, office furniture, maintenance, office rent, other administrative expenditure absolutely necessary for project implementation
- Direct or indirect general costs (calculated on pro-rata basis)
- Administration costs need to remain reasonable: < 25% of staff costs
- Need to be in line with EU and MS eligibility rules
- Need to be based on actual costs and capable of verification
- No lump sum or overall estimations are allowed



3. Travel and accommodation

- Only for staff working for the partner organisation and listed in the approved application form
- Within EU and in line with meetings foreseen in the application form
- Outside the EU is possible if mentioned in the application and has been approved by the JTS
- The most economic means of transportation must be used
- Daily allowances are possible as long as they have been paid by the organisation to the employee



4. External expertise and services costs

- Only if paid on the basis of contract/agreement, invoice or request for reimbursement
- Cover e.g. external project coordination or financial management, external independent financial control, website design and hosting, drafting and printing promotion materials, external event organisation, meeting room rental and catering, translation, studies and surveys, cost of external speaker in project meeting if added value can be demonstrated
- Normal market prices resulting from public procurement procedures apply
- Should not exceed 50% of the total project eligible budget



5. Equipment

- Refers to e.g. IT equipment: computer and printer necessary for project management and coordination
- Purchase must respect public procurement rules
- Cannot be a core element of a project: Max 5% of the total project costs



Other eligibility considerations

➤ VAT

If recoverable, cannot be considered as eligible cost

➤ Financial charges

- charges for transnational financial transactions - eligible
- Interest on debt - not eligible
- Bank charges for opening and administering bank account - eligible

➤ In-kind contributions - not eligible

- ### ➤ Revenue (generated e.g. through services, conference fees, sales of brochures) - must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or partly by the co-financed project



Eligibility rules in the selected European Territorial Cooperation Programmes 2007 - 2013

1. Atlantic Area
2. Northern Periphery
3. North West Europe
4. INTERREG IVC
- 5. URBACT II**



URBACT II: Common Eligibility Rules

1. Project coordination
2. Personnel
3. Meetings, conferences, seminars
4. Travel and accommodation
5. Promotion and publications
6. External expertise and audit
7. Other
8. Small scale investment



1. Project coordination

- Comprise administration costs incurred in relation to the management of the network project
- Can also cover e.g. legal fees (e.g. partnership contracts), fees for bank guarantees, insurance fees, courier services, etc.
- **If the budget for project coordination \leq 5% of total project costs, this budget line can be calculated as lump sum**
- **If the budget for project coordination $>$ 5% of total project costs, this budget line needs to be itemised and justified**



1.1 Administration costs

- Include: stationary, photocopying, mailing, telephone, fax and internet, heating, electricity, office furniture, maintenance, office rent, other administration expenditure absolutely necessary for the successful completion of the operation and clearly resulting from project implementation



1.1 Administration costs

Must fulfill the following criteria:

- In line with MS rules and EC regulations (1083/2006 Art. 56; 1080/2006 Art. 7; no. ° 1828/2006 Art. 48 to 53)
- Must be calculated on the basis of actual costs and capable of verification, i.e. based on factual elements in the accounting system which can be verified by an auditor.
- No lump sums, overall estimations or arbitrary keys are allowed
- Must show a direct link to the operation's activities
- Must not have already been financed from other EU-funds
- Must not have already been included in other budget categories or cost items



1.1 Administration costs

May be direct or indirect general costs

- A) **Direct general costs** can be identified as belonging directly to the project
- B) **Indirect general costs** (overheads related to the project activities) are calculated on a pro rata basis on the basis of the actual costs according to a duly justified, fair and equitable method that should remain the same during the whole implementation period.

Indirect cost possible ratio:

- the ratio “number of people working for the operation / number of people working in the organisation or department”
- the ratio “number of hours worked on the operation / number of hours worked in total in the organisation or department”
- the ratio “surface used by the personnel working for the operation/surface of the organisation or department”

Administration costs linked to services provided by external experts must be included in the budget category “External expertise”.



1.1 Administration costs

- EC 1828/2006 Art. 52 provides the possibility to use an average rate, which cannot exceed 25% of the costs which directly affect the level of overheads (e.g. staff costs)
- This average rate must be properly documented and periodically reviewed
- When reporting, it has to be demonstrated that administration costs reflect only costs which were really borne by the organisation and were necessary for project implementation



2. Personnel (including overhead costs)

- All staff costs related directly to the work of a project
- General overhead costs may be included if based on real costs which directly relate to the implementation of the project
- Overhead costs should be allocated pro rata to the operation according to a duly justified fair and equitable method
- Staff costs must be supported by: working contract/equivalent document, must be based on real costs (pay slips, payment proof, calculation evidence for the determination of the staff time value/hourly rate)
- Overall working time (time recordings) and the time spent on carrying out activities in the context of the operation (record of tasks, project specific time sheets)



2. Personnel

- The persons whose staff costs are budgeted and later on reported must be directly employed by the Partner/Lead Partner's organisation officially listed in the Application (e.g. internal project coordinator, financial manager, etc.; in compliance with country specific control requirements)
- Administrative and financial management can be externalised, but the LP cannot delegate its administrative, financial and legal responsibility for the project
- For the project coordination and administrative/financial management, the level of human resources mobilised by the Lead Partner should correspond to 2 full-time posts.



3. Meetings, conferences, seminars

- For each event partners need to provide:
 - a) **total budget** including cost of hiring the venue, rental of equipment, documents, translators , interpreters, meals if not covered by daily allowances
 - b) fees of trainers, speakers, facilitators should be mentioned under the “external expertise” budget line
 - c) for each event indicate the purpose, target group, location, duration, number of participants, number of languages in which interpretation is provided
- If an event implies purchase of services, goods, equipment, etc., public procurement rules must followed including EU public procurement rules, national and internal rules of the partner responsible for subcontracting



4. Travel and accommodation

- **Travel:** specify the countries of departure and arrival, type of transport (air - economy class, train, road), unit cost (usually tickets, for car travel the unit can be km)
- **Allowances** paid to project staff or beneficiaries (e.g. trainees, participants in a study tour) who travel abroad or stay away from their usual place of residence **for > 1 day** for the purpose of the project***
- Allowances cover accommodation, meals and sundry expenses (such as tips, laundry, toiletries, buses and taxis).
- **Per diem rates** cannot exceed those paid to experts on missions undertaken in the course of an EC-funded external aid contract***
- Rates available at:
http://europa.eu.int/comm/europeaid/perdiem/liste1_en.htm



4. Travel and accommodation

- For partners traveling outside the URBACT II programme area can be eligible if specified in the Application Form
- Costs for such trips may only be reported if they result from meetings with partners outside the territory of URBACT II programme and are listed in the Application
- For partners from countries outside the URBACT II programme area, traveling to the territory of the URBACT II programme can also be co-financed from ERDF in the context of the project if the costs are budgeted, paid and definitely borne by one of the partners inside territory of the URBACT II programme



5. Promotion and communication

- Specify the nature of promotion activities/publications and justify in relation to project activities
- For each **important promotion** activity provide information on the target group, expected outcome, deliverables, total budget etc.
- For each **important publication** specify the purpose, target group, number of copies, number of pages, language(s) used. Give the total budget per document including costs for editing, translation, printing, mailing, etc.
- Costs for **personnel** in charge of communication and dissemination shall be accounted either in “personnel costs” (if they are directly employed by the Partner/LP organisation) or “External expertise” (if they are external service providers)



6. External expertise and audit

- External experts or speakers involved in meetings and seminars
- External independent financial control (in compliance with country specific control requirements)
- Writing, lay out, printing of promotion material such as newsletter
- External event organisation (if the organisation of the event is subcontracted to an external service provider)
- Studies and surveys
- **Thematic experts** are managed directly by the Programme. Their travel and accommodation costs borne by the project budget, must be accounted in “travel and accommodation” budget



6. External expertise and audit

- Supporting documents: contract/agreement, invoice/request for reimbursement
- Nature of external expertise (e.g. subcontracting of external staff, speakers for workshops, facilitators, translators, trainers, webmaster, studies, services, etc.)
- Each contract should be detailed including: content, total budget, expected outcomes and the procedure for selection of contractor
- No fixed rates or ceilings established by the programme for budgeting and reporting external expertise costs. Normal market rates resulting from public procurement procedures apply
- Audit costs can be included if \leq 3-5% of the total project cost



7. Small scale investment

- In equipment or works necessary for project implementation
- Need to be mentioned in the application
- Have detailed budget
- Have not already been financed by other EU or MS funds
- Have not already been depreciated
- Are not already included in another category
- Purchase should be done well before the end of the project and inventory of the purchased items as well as the documentation of the method for reporting has to be kept for accounting, control and audit purposes
- Public procurement rules applied and it is stated who retains ownership of the investments after project closure



8. Other

- Any other costs, which do not fit under any of the other headings should be fully detailed (description, number of units, unit rate)



VAT and financial charges

VAT

- does not constitute eligible expenditure unless it is genuinely and definitely born by the Partner/Lead Partner's institution
- If recoverable by whatever means, cannot be considered as eligible even if it not actually recovered by the Partner/Lead Partner's institution

FINANCIAL CHARGES

- Charges for transnational financial transactions are eligible
- interest on debt is not eligible
- Where the implementation of an operation requires a separate account to be opened, bank charges for opening and administering the account can be eligible
- Fines, financial penalties and foreign exchange losses are not eligible



In kind, revenue and double funding

IN KIND CONTRIBUTION

- Can be eligible if in line with Art. 51 of EC 1828/2006

REVENUE

- If a project generates revenue e.g. through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed operation
- ERDF funding is calculated on the basis of the total cost reduced by deducted revenue

Double - Funding

- expenditure which is already co-financed from another EU-funding source is not an eligible cost in the context of the URBACT II projects
- If an expenditure item is already fully supported by another MS subsidy, it is also not considered eligible as it would result in double-financing



Selected cost categories: Comparison between programmes



Preparation costs

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
<p>Subject to project approval. Max 5% of total project eligible budget or €20.000 whichever is the lowest if incurred up to 1 year prior to the closure date of the call.</p>	<p>Preparatory projects and seed money projects</p>	<p>Subject to project approval. Capped at max €50.000 ERDF</p>	<p>Subject to project approval Max €30.000</p>	



Advanced payment to project partners

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
Max 3% of total project ERDF				



Staff costs

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
<ul style="list-style-type: none"> -Overtime is eligible if paid as extra hours -capped at max 50% of total project eligible costs 	-	-	-	Can include overhead costs



Administration costs

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
Max 25% of staff costs	Proportional office costs: use formula and not more than 25% of staff costs on partner level	Max 10% of total project eligible budget; And max 20% of staff costs at partner level	Must be reasonable and < 25% of staff costs	If <5% of total project budget - a lump sum; If >5% of total project budget - each cost item must be justified



In-kind contributions

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
Can be eligible (if specified in the Application Form)	If it comes from outside as cost and contribution e.g. Land, NB	Can be eligible (if specified in the Application Form)	Not eligible	Can be eligible (if specified in the Application Form)



ERDF rate for project partners from Northern Ireland

Atlantic Area	Northern Periphery	NWE	IVC	URBACT
Max 65%	60%	50%	75%	Max 70%

Thank you for your attention

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Sharing Expertise



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