

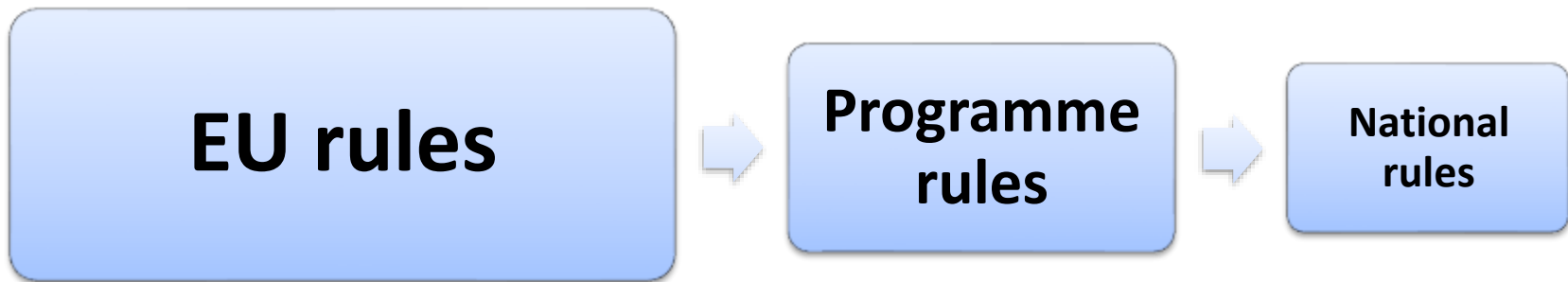
Eligibility of expenditures

**Trainings for potential beneficiaries during
4th call for proposals**

Suwałki
26 June 2019



Hierarchy of rules



Support rate

85% from ERDF

15% beneficiaries
contribution

No advance
payments

Good advices and recommendations

- Start preparing a project budget from the early stage of project planning.
- Evaluate your financial capacities.

Activities need to reach the outputs and results



Calculation of project expenditure

Establish a separate bank account for the project

Polish beneficiaries – separate bank account in EUR

Eligible expenditures

Incurred and paid by beneficiary during the project implementation period

Essential for the project's implementation

Justified, in compliance with the principles of efficiency, economy and effectiveness, reasonable (cost effective)

Consistent with the applicable EU Programme and national rules and in accordance with the principles of sound financial management

Identifiable, verifiable and determined in accordance with the relevant accounting principles (exception: flat rates and lump sums)

Not double-financed



Budget categories

1. Staff costs

2. Office and administrative expenditure

3. Travel and accommodation costs

4. External expertise and service costs

5. Equipment expenditure

6. Infrastructure and works

7. Preparation costs

Delegated
regulation on
ETC eligibility
rules

Created
additionally for
the purpose of
the Programme

Staff costs

One option must be selected by the project:

Flat rate is calculated as **10%** of direct project costs foreseen in budget categories 3-6 by each beneficiary.

Reporting on **real costs basis**.

Staff costs

FLATE RATE

Calculated and afterwards reimbursed on the basis of flat rate of 10 % of eligible direct project costs (budget categories 3-6 incurred in certain reporting periods)

Has to be used by all project beneficiaries (EXCEPTION in case some beneficiaries foresee zero staff costs and others are using flat rate)

Services for project administration are not eligible

Will not require any documentation from the project beneficiaries

Neither checked nor monitored

Staff costs

REAL COSTS BASIS

Calculated individually for each project employee on the basis of real costs.

“Real costs” mean that staff costs are actually paid out basing on the pay slips or documents of equivalent probative value.

Overheads and any other office and administrative expenditure cannot be included under this budget category.

Daily allowances and any other travel and accommodation costs cannot be included under this budget category.

Staff costs

In case project selects **real costs basis**

Staff costs of employees in line with the valid employment/work contract and costs of natural persons working for the beneficiary under a contract other than an employment/work contract and receiving salary payments.

Regularly employed or employed solely for project implementation period under the employment document.

Eligible components :

- Salary (fixed in the employment documents) and
- Other costs directly linked to the salary payment, incurred and paid by the employer (provided they are in line stated by law or with the employment policy of the project beneficiary), such as:
 - employment taxes,
 - social taxes,
 - holidays,
 - pension part from the taxes etc.

The following expenditures are not eligible:

- additional voluntary health insurance or pension contribution;
- additional payments to the staff working on project which are not based on the regular employment contract conditions (bonuses, premiums etc.);
- severance pay;
- remuneration of a person working on a project under a civil law contract, who is also an employee of the beneficiary, except for specific task contracts (umowa o dzieło) – **regarding Polish beneficiaries.**

Office and administrative expenditure

Budget category 2. „Office and administrative expenditure” – **flat rate of 15% of eligible staff costs**

Automatic
calculation in the
Application Form

Neither checked,
nor monitored.

No need to
provide any
supporting
documents.

Office and administrative expenditure

Office and administrative expenditure
are **limited to:**

office rent

utilities (e.g. electricity, heating, water)

office supplies

general accounting provided inside the beneficiary organizations

archives

maintenance, cleaning and repairs

insurance and taxes related to the buildings (e.g. fire, theft insurances)

security

IT systems

Office and administrative expenditure

Office and administrative expenditure
are **limited to:**

communication (e.g. telephone, fax, internet, postal service, business cards);

bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened

charges for transnational financial transactions

Office and administrative expenditure

General principles

Office equipment, IT hardware and software, and furniture, and fittings cannot be included under this budget line; these costs must be reported as equipment expenditure.

Costs of FLC of the Lithuanian project beneficiary cannot be included under this budget category; they must be reported under the *External expertise and services costs* budget category.

Travel and accommodation costs

The category concerns travel expenditure **only of employees of the beneficiary institution** if:

- directly related to the activities implemented in the project in locations other than usual place of residence of these employees, or
- necessary for project administration and having a valuable contribution to the implementation of the project and the delivery of the project outputs.

Costs should be in line with travel and accommodation policy/rules of the project beneficiary

Remember about effectiveness, cost-efficiency, eco-friendliness and national limits

Public transport has priority over private/company cars and taxis

Cancellation costs borne by beneficiary – eligible only in case of „force majeure”

Costs outside the Programme area can be eligible if necessary to reach the project results

Travel and accommodation costs

Closed list of eligible expenditures

travel costs (e.g., tickets, travel and car insurance, fuel, car mileage, toll and parking fees)

costs of meals

accommodation costs

visa costs

daily allowances

Travel and accommodation costs

Examples of ineligible expenditures

Travel and accommodation costs of external experts and service providers (eligible under *External expertise and services costs* budget category).

Travel and accommodation costs of participants of events organised by the project, when the participants do not contribute to delivery of the project results.

Daily allowances and accommodation costs in the amount higher than rates established in the national law.

External expertise and service costs

The category includes expenditure for external service/expertise providers

Connection to the implementation of certain project tasks that cannot be carried out by the project beneficiaries themselves.

The work by external experts and service providers must be essential to the project and have to be linked to activities foreseen in the AF.

Public procurement rules should be respected (EU, Programme, national and internal).

Staff of project beneficiaries cannot be contracted as external service providers by any other beneficiary.

Advance payments: accepted only in specific cases.
Partial payments: only after the part of the contracted services are delivered; indicated in the service contract.

External expertise and service costs

External service/expertise provider

- legal body or natural person other than beneficiary organisation/employee, who is subcontracted to carry out certain tasks/activities linked to delivery of the project results

If a project beneficiary cannot implement a certain task, it may be reallocated to another project beneficiary or procured to an external service provider

Payments: on the basis of contracts or written agreements as well as invoices or requests for reimbursement

Staff of project beneficiary cannot be contracted as external experts

External expertise and service costs

Examples of eligible expenditures

training

translations

IT and website development, modifications and updates

promotion, communication, publicity or information linked to an operation or to a Programme

financial management

services related to the organisation and implementation of events or meetings

participation in events (e.g. registration fees)

intellectual property rights

travel and accommodation for external experts, speakers, chairpersons and service providers

other specific expertise and services needed for project

External expertise and service costs

Examples of ineligible expenditures

Costs of compensation/wages for professional artists and authors.

Expenditure for basic courses (e.g. language, accounting, use of MS Office package).

Expenditures for film making, commercials, audio material, advertisements costs of which deviate to a large extent from the commonly binding market prices.

Costs of expert opinion, consultancy in the area of the beneficiary's appeal from a decision of a national controller or of the MA.

Costs of gifts, except those not exceeding 50 EUR per gift when related to promotion, communication, publicity or information and when communication rules have been respected.

Equipment expenditure

Expenditure for the financing of **equipment purchased, rented or leased** by a beneficiary, necessary to achieve the objectives of the project

Purchase of equipment must be approved by the JMC

Equipment to be used solely for the purpose of the project or the target group in line with objectives of the project (operating and servicing costs are eligible)

Public procurement rules to be applied

Related equipment cannot be purchased, rented or leased from another project beneficiary

Equipment expenditure

Costs of furnishing and equipment of the workplace for employees directly involved in the project on:

- at least half-time basis:

eligible in their proportional amounts.

Second-hand equipment may be eligible if:

- no double financing and
- price does not exceed generally accepted market price and
- necessary for the project and complies with applicable norms and standards.

Clearly indicate future ownership in the Application Form.

Durability principle - equipment should be used by beneficiaries for 5 years after the final payment.

Advance payments for the equipment possible if:

- delivery cannot start without it and
- is indicated in the contract.

Equipment expenditure

Closed list of eligible expenditures

office equipment

IT hardware and software

furniture and fittings

laboratory equipment

machines and instruments

tools or devices

vehicles only in exceptional cases

other specific equipment necessary for the project

Equipment expenditure

Depreciation rules

Only the value of depreciation incurred during project timeframe can be eligible

Non-depreciable equipment
- full cost can be eligible

Equipment rented/leased
(depreciation not applied)
- full cost can be eligible

Equipment partially used for the project – only a pro rata corresponding to the share related to the use for the project can be eligible

Requirement during 4th call for proposals

- **Only 100% of all planned works** (meaning scope and value of the object) which are **included into the technical project** attached to the project AF can be co-financed by the Programme.
- There is no possibility to partly co-finance works according to the technical project.

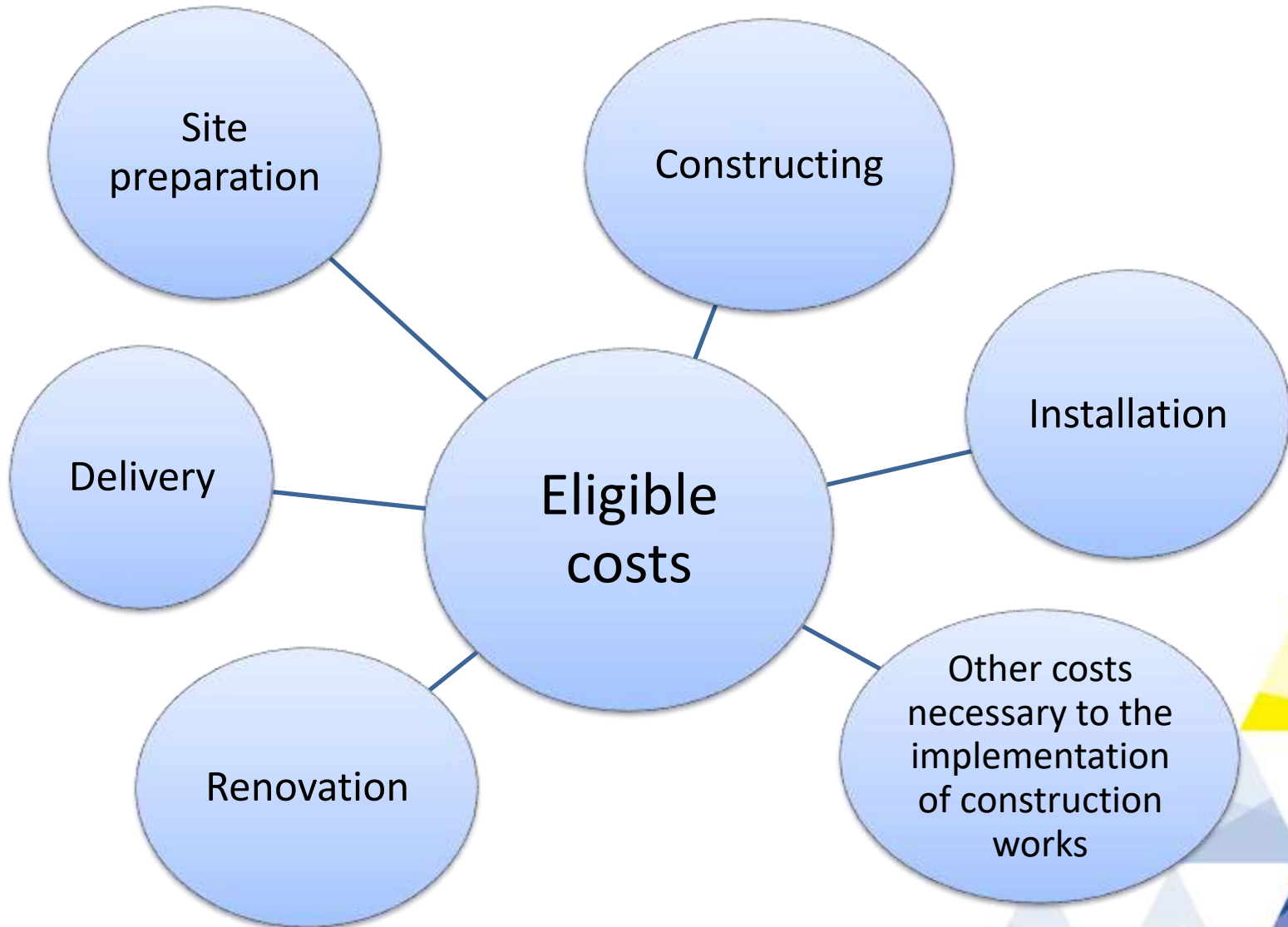
Infrastructure and works

NOTE:

- Accumulated amount of budget categories No 5 and No 6 cannot exceed 85% of total eligible project budget. When accumulated amount of those two categories (No 5 Equipment expenditure costs and No 6 Infrastructure and work costs) exceeds 60% of the total eligible project budget, such a project is treated as an **investment project**.



Infrastructure and works





Infrastructure and works

Eligible if they have been approved by JMC when approving the project for funding

Shall be the result of cross border cooperation actions specifically directed at improving the development of the Programme area

Infrastructure and works

Should be crucial for the achievement of the the project's outputs and results, and if they are clearly described in the AF

Costs are eligible if no other EU/regional/national funds have contributed towards financing of the same expenditure item (no double financing is permissible)



Infrastructure and works

All costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected

All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure and all technical preconditions for the investment have to be fulfilled in order to start the procurement procedures of works

Infrastructure and works

Full costs of infrastructure and construction works may be eligible under this budget category as far as they are fully justified in the framework of the project activities and the final result of infrastructure and construction works is an output of the project

The purpose and ownership of the infrastructure cannot be changed for at least 5 years after the project end date

Preparation costs

Lump sum of fixed amount of **2000,00 EUR** to cover costs incurred by all project beneficiaries in relation to preparation of the Application Form.

These costs will be reimbursed to the lead beneficiary **only once - with the first CPR.**

preparation costs
of travel,
accommodation (if
necessary), per
diems and meals
during
beneficiaries
meetings

preparation costs
for translation
during
beneficiaries
meetings

organization of the
events
(beneficiaries
meetings)

Other rules

Revenue of the projects:

- beneficiaries should estimate any net revenue that will be generated in the project already during the project preparation stage and include the information in the application

State aid:

- any activity which constitutes state aid won't be financed.

Foreseen revenue

- the amount exceeding the national co-financing (15%) for particular activity generating the revenue, shall be deducted from the eligible project costs

Not foreseen revenue

- eligible expenditures shall be decreased by amount of generated net revenue

Ineligible expenditures

Examples of ineligible expenditures

- fines, financial penalties and expenditure on legal disputes and litigation,
- costs incurred and/or paid outside project duration (except for preparation costs),
- costs related to fluctuation of foreign exchange rate,
- interest on debt,
- recoverable VAT,
- charges for national financial transactions,
- in kind contribution

Thank you for your attention