




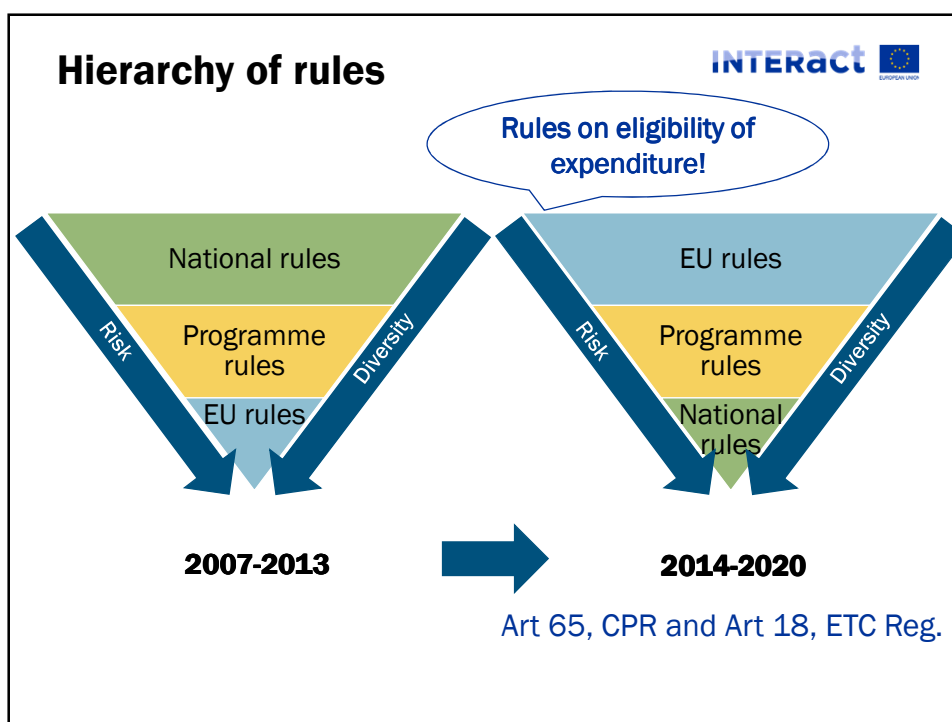
Project Development - Rules on eligibility of expenditure

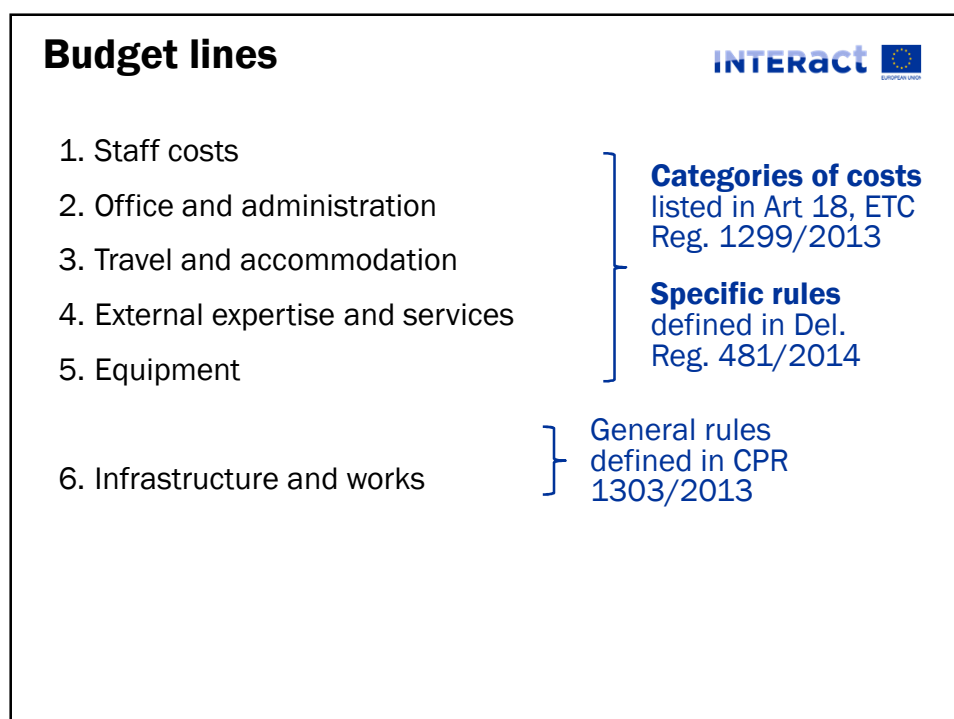
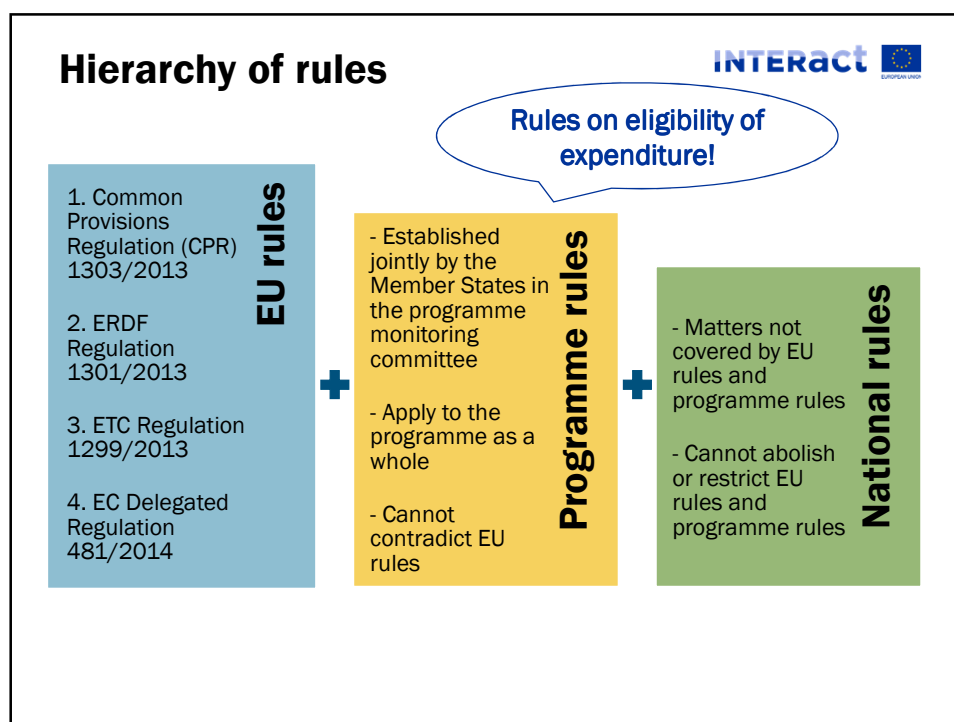
Interreg Finance Management Camp
14 – 17 November 2017| Lille, France

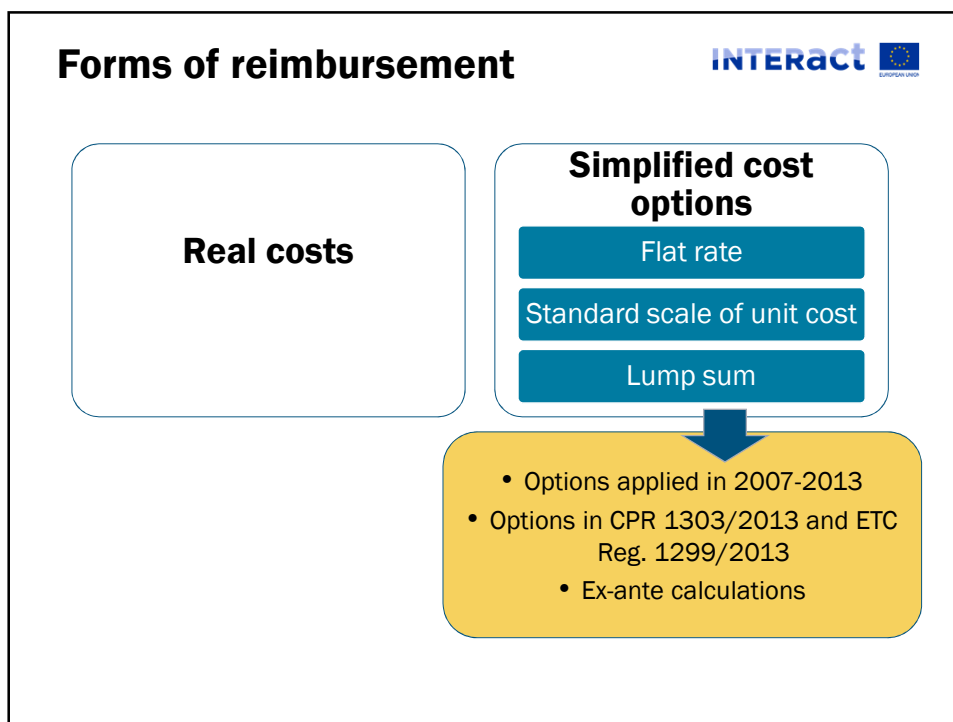
Malgorzata Zdunek, Interact Programme












Flat rate

INTERact 

- calculation of costs of a specific budget line(s)
- calculated by applying a percentage fixed in advance
- percentage applied to one/several other budget lines

Example:

Up to **15% of eligible direct staff costs**

Staff costs * 0,15 = Office and Administration costs

Standard scale of unit costs



- calculation of all or part of costs of a specific budget line
- calculated by applying a standard unit cost fixed in advance
- applied to easily identifiable quantities

Example:

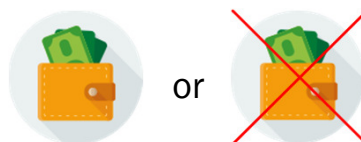
Cost for advisory service based on historical data

Number of days * EUR 350

Lump sum



- calculation of all or part of costs of the project
- subject to achievement of predefined outputs/activities
- single payment – maximum limit **EUR 100.000 of public contribution per project**



Example:

Project preparation costs

Costs of predefined project activities

Small projects / people-to-people projects

Ineligible expenditure: non-exhaustive list

Art. 69, CPR 1303/2013

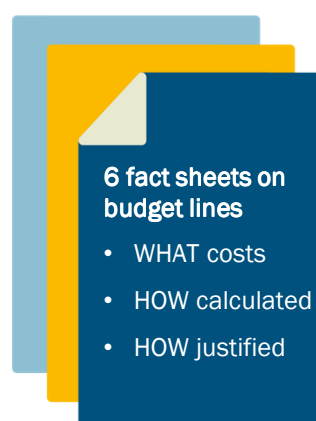
- Interest on debt
- Purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure
- Recoverable VAT

Del. Reg. 481/2014

- Fines, financial penalties, expenditure on legal disputes and litigation
- Costs of gifts (except gifts not exceeding EUR 50, related to promotion, communication, publicity or information)
- Costs of fluctuation of foreign exchange currency

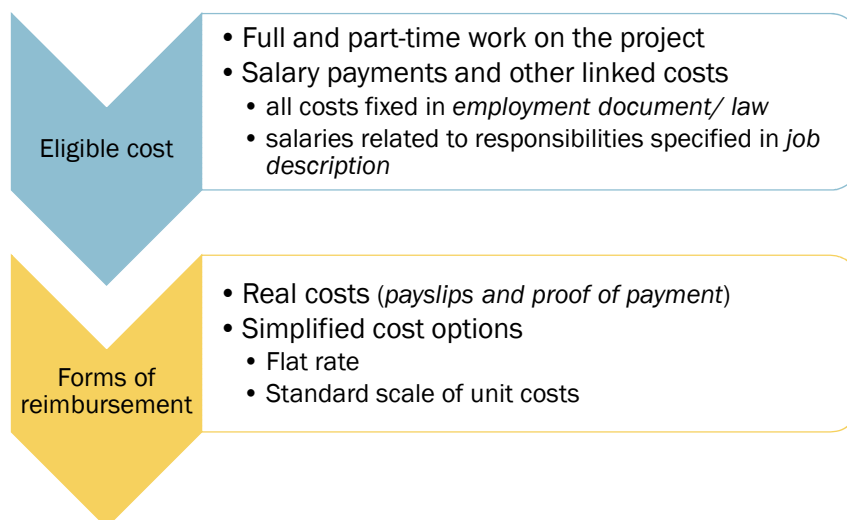
Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Infrastructure and works

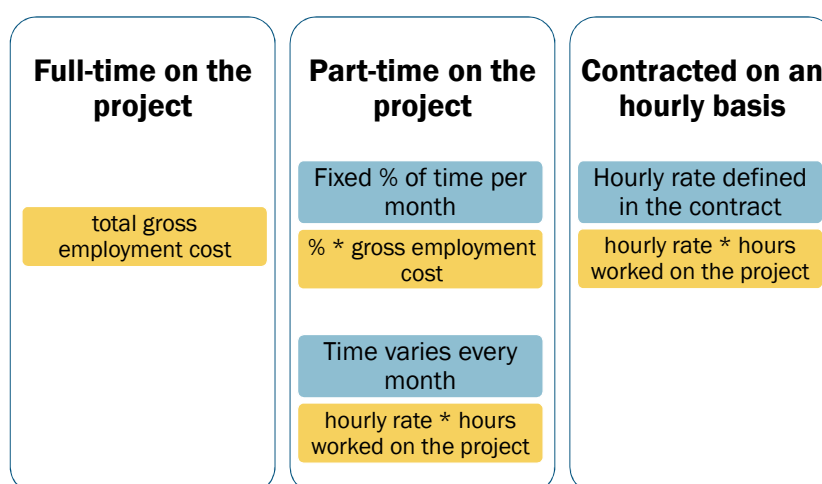


Available on Interact website

Staff costs



Staff costs – Real costs



Staff costs – Real costs (hourly rate)



Part-time: flexible number of hours per month

- Hourly rate calculation based on:

Monthly gross employment cost / number of working hours per month

Latest documented annual gross employment cost / standard number of 1720 hours/year

- Hourly rate is multiplied by the number of hours actually worked on the project.

Time registration system: 100% of the working time.

Working time does not include time reserved for holidays, illness, etc.

Staff costs – Real costs Standard number of 1720 hours / year



Example: annual gross employment cost 34.400 EUR

Option	<u>Working time</u> fixed in contract		Standard 1720 hours/year
MONTHLY <u>working hours</u>	160	140	143,33
Working hours a YEAR	1920	1680	1720
Hourly rate	$34.400/1920 = 17,9$	$34.400/1680 = 20,5$	$34.400/1720 = 20$
Hours on the project	10 hours	10 hours	10 hours
STAFF COST	$17,9 \times 10 = 179 \text{ €}$	$20,5 \times 10 = 205 \text{ €}$	$20 \times 10 = 200 \text{ €}$

Working time does not include time reserved to holidays, illness.

Time registration system: 100% of the working time.

Staff costs – Minimum requirements for time registration

- Identification: project title, organisation name, employee name
- Signatures: employee, line manager
- Working time recorded per month

Date	Project work description	No. of hours worked on the project	Other activities (No. of hours)	Total
12.06.2015	Work package 1	5	3	8
13.06.2015	Work package 2	8	0	8
TOTAL		13	3	100% working time

Staff costs – Flat rate

Art. 19, ETC Reg.

Staff costs of an operation may be calculated at a flat rate of up to 20 % of the direct costs other than the staff costs of the operation

- can apply on individual partner level
- partners do not need to provide audit trail for staff costs (but for direct costs)

Each partner can decide on the reimbursement option, unless applicable options are set at programme level.

Staff costs – Standard scale of unit costs



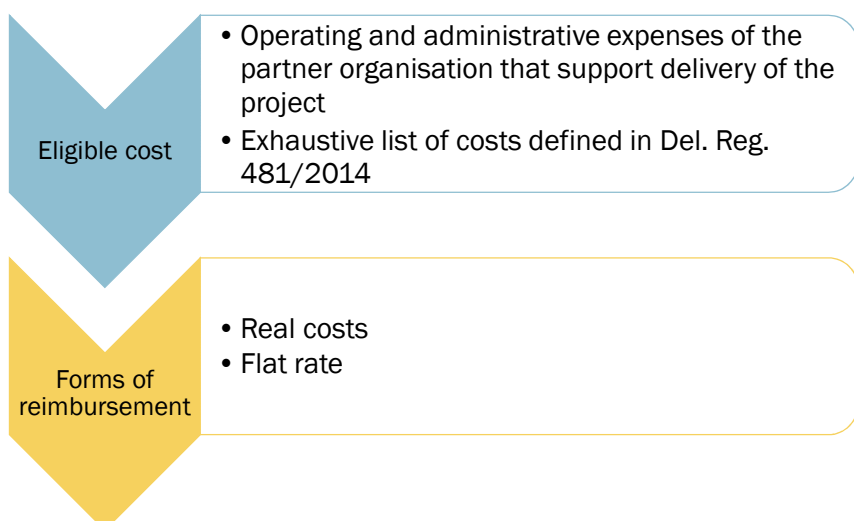
Art. 67, CPR

- Ex-ante calculation based on a fair, equitable and verifiable calculation method

Example		
Category	Annual gross employment cost	Hourly rate (annual gross employment cost / 1720)
1	Below EUR 19.999	11,63
2	EUR 20.000 – 49.999	20,35
3	EUR 50.000 – 74.999	36,34
4	EUR 75.000 – 99.999	50,87
5	Above EUR 100.000	65,41

Data: NWE area, all MS, 5 projects from 2007-2013, 18,5 m ERDF, 51 beneficiary organisations, 297 employees

Office and administration



Office and administration – Flat rate



Art. 68.1, CPR

Indirect costs may be calculated at a flat rate of:

Up to 25% of eligible direct costs

fair, equitable and verifiable calculation method

Up to 15% of eligible direct staff costs

no calculation method required from the programme

- can apply on individual partner level
- partners do not need to provide any audit trail

Travel and accommodation



Eligible cost

- Travel and accommodation costs of **staff of partner organisations** that relate to delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

General principles

- Travel and accommodation of external experts under *External Expertise and Services*
- Daily rates for hotel and subsistence should be respected, in line with national legislation or internal policy of the partner organisation
- Cost related to travel outside the programme area (Art. 5, Del. Reg. 481/2014) – location of the partner

External expertise and services



Eligible cost

- External expertise and services provided by a **public or private body** or a **natural person** outside of the partner organisation
- Open list of costs defined in Del. Reg. 481/2014
...; other specific expertise and services needed for operations

Equipment



Eligible cost

- Equipment **purchased, rented or leased** by a partner, necessary to achieve objectives of the project
- May include costs of equipment already in possession by the partner
- Exhaustive list of costs defined in Del. Reg. 481/2014
...; other specific equipment needed for operations

General principles

- Second-hand equipment is eligible (under conditions, Del. Reg. 481/2014), unless decided otherwise by the programme
- Depreciation is eligible (under conditions, Art. 69 CPR)

Equipment – pro-rata cost and depreciation



Full purchase cost of equipment is eligible, provided:

- Equipment is used solely for the project.
- The total economic and depreciable life-time falls within the period of support.

Otherwise:

Pro-rata

- Equipment partially used for the project (degree of use for the project)

Share has to be calculated according to a justified and equitable method.

Depreciation

- Costs relate to the period of support for the project (period of use)
- Equipment purchased before the project approval and used for the project purpose

Cost calculated in line with legislation or general accounting principles of the partner organisation.

Infrastructure and works



Types of activities supported by ERDF

Productive investment

Fixed investment in equipment

Investment in infrastructure

Networking, exchanges of experiences

Studies, preparatory actions, capacity-building

Costs of activities : Budget lines

Staff costs

Office and administration

Travel and accommodation

External expertise and services

Equipment

Infrastructure and works

Infrastructure and works

Rules on eligibility of infrastructure expenditure

- Covers costs related to investments in infrastructure that do not fall into the scope of other budget lines
- Some general rules defined in CPR 1303/2013; e.g., purchase of land, durability of operations
- No specific rules defined in the Del. Reg. 481/2014

See the fact sheet on the budget line "Infrastructure and works"

Cooperation works

All materials will be available on:

www.interact-eu.net