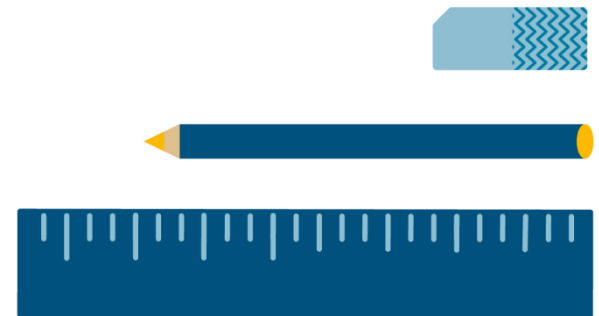


Project Development - Rules on eligibility of expenditure

Project Management training

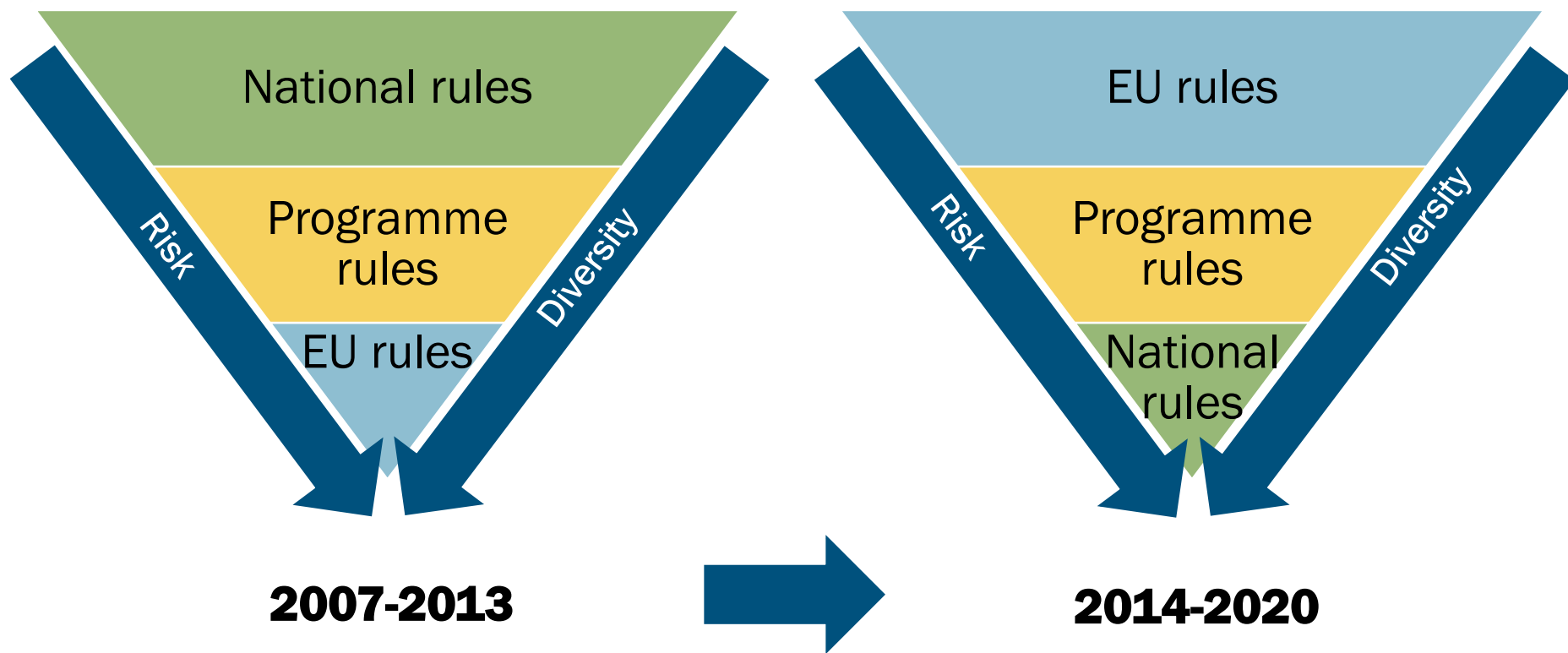
26-27 April 2018 | Malta

Tsveta Aleksandrova, Interact



Hierarchy of rules

Rules on eligibility of expenditure!



Art 65, CPR and Art 18, ETC Reg.

Hierarchy of rules

Rules on eligibility of
expenditure!

1. Common
Provisions
Regulation (CPR)
1303/2013

2. ERDF
Regulation
1301/2013

3. ETC Regulation
1299/2013

4. EC Delegated
Regulation
481/2014

EU rules



- Established
jointly by the
Member States in
the programme
monitoring
committee

- Apply to the
programme as a
whole

- Cannot
contradict EU
rules

Programme rules



- Matters not
covered by EU
rules and
programme rules

- Cannot abolish
or restrict EU
rules and
programme rules

National rules

Budget lines

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

Categories of costs
listed in Art 18, ETC
Reg. 1299/2013

Specific rules
defined in Del. Reg.
481/2014

6. Infrastructure and works

General rules
defined in CPR
1303/2013

Forms of reimbursement


Real costs

Simplified cost options

Flat rate

Standard scale of unit cost

Lump sum

- 
- Options applied in 2007-2013
 - Options in CPR 1303/2013 and ETC Reg. 1299/2013
 - Ex-ante calculations

Flat rate

- 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



6 fact sheets on budget lines

- WHAT costs
- HOW calculated
- HOW justified

Available on Interact website

Staff cost

Eligible cost

- Full and part-time work on the project
- Salary payments and other linked costs
 - all costs fixed in *employment document/ law*
 - salaries related to responsibilities specified in *job description*

Forms of reimbursement

- Real costs (*payslips and proof of payment*)
- Simplified cost options
 - Flat rate
 - Standard scale of unit costs

Staff costs – Real costs

Full-time on the project

total gross
employment cost

Part-time on the project

Fixed % of time per
month

$\% * \text{gross employment cost}$

Time varies every
month

$\text{hourly rate} * \text{hours worked on the project}$

Contracted on an hourly basis

Hourly rate defined
in the contract

$\text{hourly rate} * \text{hours worked on the project}$

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
<u>MONTHLY working hours</u>	160	140	143,33
Working hour 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

Eligible cost

- Operating and administrative expenses of the partner organisation that support delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

Forms of reimbursement

- Real costs
- Flat rate

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
- Equipment purchased before the project approval and used for the project purpose

Types of activities and allocation of costs

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