MANAGING AUTHORITY
OF EUROPEAN TERRITORIAL
COOPERATION PROGRAMMES

ΕΙΔΙΚΗ ΥΠΗΡΕΣΙΑ ΔΙΑΧΕΙΡΙΣΗΣ
ΤΩΝ ΕΠΙΧΕΙΡΗΣΙΑΚΩΝ ΠΡΟΓΡΑΜΜΑΤΩΝ
ΤΟΥ ΣΤΟΧΟΥ «ΕΥΡΩΠΑΪΚΗ ΕΔΑΦΙΚΗ ΣΥΝΕΡΓΑΣΙΑ»

European Union

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Balkan-Mediterranean Programme Launching Event -

Info Day on 1st Call for Project Proposals

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Eligibility of expenses: applicable rules

Hierarchy of rules on eligibility of expenditure

Rules defined in EU legal framework

Due to the fact that **the Programme is co-financed from ERDF**, all general rules concerning the eligibility of expenditure regarding the structural funds are applicable, as follows:

- Financial Regulation (EU) 966/2012 on financial rules applicable to the general budget of the Union;
- Common Provisions Regulation (EU) 1303/2013 where Articles 6 and 65 to 71 give specific provisions on applicable law as well as on eligibility of expenditure;
- ERDF Regulation (EU) 1301/2013 where Article 3 gives specific provisions on the eligibility of activities under the ERDF;
- ETC Regulation (EU) 1299/2013 where Articles 18 to 20 give specific provisions on eligibility of expenditure applicable to programmes of the European Territorial Cooperation goal;
- Commission Delegated Regulation (EC) 481/2014 on eligibility of expenditure – specific rules for cooperation programmes.

Programme rules

Additional rules on eligibility of expenditure for the BalkanMed Programme:
•Established jointly in the BalkanMed Programme Monitoring Committee
•Apply to the BalkanMed Programme as a whole
•Without prejudice to the rules on EU level

National rules

•For any other matters not covered by EU rules and Programme rules
•Stricter rules in areas prescribed by EU rules

Eligibility rules set out by the BalkanMed Programme must be respected.

Eligibility of expenditure

Eligible expenditures

- **Preparation costs** - eligible if they are incurred **between January 1st, 2014 and the date when the full application is submitted** by the Lead Partner for the present Call for Project Proposals and paid between January 1st, 2014 and within two months after the date of last signature at the Subsidy Contract for the present Call for Project Proposals. Payments made after this date cannot be considered as preparation costs.
- **Eligible date of activities:** 01/01/2014 – official submission date by the Lead Partner

Detailed eligibility rules on activities and related expenditure are described in the Project Implementation Manual.

- The payment of preparation costs must be **foreseen in the first spending forecast period** and reported in the first Project Progress Report; in practice this means that they could be paid also after the submission of the Application Form [at latest two (2) months after the signature of the Subsidy Contract], on the understanding that the related expenditure must be reported within the first Progress Report, otherwise they will not be reimbursed by the Programme;
- **For preparation costs, the budget lines *Office & Administrative, Equipment* and *Investments/Works* are not eligible**.
- Preparation costs are only **eligible if foreseen in the approved Application Form**, thus only partners having stated preparation costs in WP1/ Deliverable 1.x.1 per project partner of the approved Application Form can claim this type of costs;
- Preparation costs must be **related exclusively to preparation activities** (such as the finalization of the application documents, the organization of joint meetings, the development of preparatory studies, analysis and researches for activities preliminary to the project) carried out between the starting date of eligibility and the date on which the Application Form is submitted by the LP;
- The eligible preparation costs respect the ceilings established by the reference Call for Project Proposals.

Eligibility of expenditure

Eligible expenditures

- **Project implementation costs** – **eligible if they are incurred and invoiced before the official ending date** established by the Subsidy Contract, unless are incurred and invoiced in the last reporting period, in accordance with the Subsidy Contract and the approved Application Form;
- **Travel and accommodation costs for observer partners** - **eligible if they are paid by the related partner** organisations listed in the Application Form and be **budgeted and reported under external expertise**.
- **Eligible date of activities:** 01/01/2014 – project end date in accordance with the Subsidy Contract

  Detailed eligibility rules on activities and related expenditure are described in the Project Implementation Manual.
- The implementation period is the period that goes from the starting date of the project to its closing date, in accordance with the Subsidy Contract and the approved Application Form and its following amendments. Consequently as a general rule, **implementation costs** are eligible if related to activities implemented within this implementation period.
- The rules concerning the ***starting date of the eligibility expenditure*** of projects is established by the respective Call for Project Proposal. At the earliest, costs are eligible from the day indicated in the related Call for Project Proposals. **Partners may decide at their own risk to start the implementation activities before the project is finally selected for granting.**
- **Costs related to the negotiation of requests** put forward by the Managing Authority or by the Monitoring Committee and that must be fulfilled **prior to contracting** are in all cases to be considered as **implementation** and not preparation **costs**.
- The ***ending date*** of the project indicates when all the project activities have to be concluded.

Eligibility of expenditure

Eligible expenditures

- **Project closure costs** – eligible if **(1)** **all implementation-related costs incurred and invoiced in the last reporting period** ***are paid*** by Project Partners within three (3) months after the end date of project implementation and **(2)** **related to the elaboration and submission of the last Project Progress Report, the Final Progress Report and to the project administrative closure activities (first level control, staff costs, insurance, bank expenses)**, and ***are incurred, invoiced and paid*** out within three (3) months after the official ending date of the project.
- **Eligible date of activities:** project end date in accordance with the Subsidy Contract - three (3) months after the end date of project implementation

Project Partners are allowed to pay the costs related to project activities also after the ending date, but ***no later than three (3) months after it*** and provided that they are anyway paid within the 31st December 2023. This means that within three (3) months after the ending date stated in the Application Form, Project Partners must conclude ***all payments,*** otherwise the related expenditures are not eligible.

Project expenditure and applicable rules

Commission Delegated Regulation (EU) No 481/2014 [5+1 budget lines]

- Staff costs
- Office & Administrative costs
- Travel & Accommodation costs
- External Expertise & Services costs
- Equipment expenditure
- *Infrastructure expenditure and costs of Works*

Simplified cost options

- **Possible use of flat rate on:**
  - **Staff costs** - flat rate of (up to) 20% of direct costs other than staff costs, or
  - **Office & Administrative costs** - flat rate of (up to) 15% of staff costs.

By applying the flat rate option, the expenditures related are **not a subject to FLC verification** and the Project Partners do not need to document that the expenditure has been incurred and paid.

- May be subject to control by the **Audit Authority**;
- May **alter if the budget changes** (after negotiations prior to contracting or after a budget modification)

Flat rates are best suited to costs that are relatively low and for which verification is costly.

Eligibility of expenditure

Eligibility of Staff costs

Expenditure on costs of staff members employed by the partner organisation, who are formally engaged to work on the project:

- full-time,
- part-time,
- part-time with a fixed percentage of time dedicated to the project per month - *No registration of the working time is required*
- part-time with a flexible number of hours worked on the project per month
- contracted on an hourly basis

Staff costs comprise **actual salaries <u>plus</u> social security, health insurance and other statutory costs** included in the remuneration (all calculated in accordance with the national legislation).

Forms of reimbursement

- **Staff costs** can be reimbursed by the programme either on the basis of:
  - I. real costs, or
  - II. flat rate of (up to) 20% of direct costs other than staff costs

Eligibility of expenditure

Eligibility of Office & Administrative costs

Expenditure on operating and administrative expenses of the partner organisation that support delivery of project activities.

Forms of reimbursement

- **Office & Administrative costs** can be reimbursed by the programme either on the basis of:
  - I. real costs, or
  - II. flat rate of (up to) 15% of staff costs

Office equipment, IT hardware and software, and furniture and fittings are budgeted and reported under equipment expenditure.

Only IT system support of an administrative nature falls under the O&A budget line.

Eligibility of expenditure

An example of calculating 'Staff costs' and 'Office & Administration costs' within the budget limits

•**Staff costs** for **each project partner cannot exceed 40% of its total budget** (having subtracted before the amount of Staff costs and Office & Administration costs from the initial total budget), regardless of the calculation option selected.
•**Office &Administration costs** for **each project partner cannot exceed 7% of its total budget** (having subtracted before the amount of Office & Administration costs from the initial total budget), regardless of the calculation option selected.
•The **first step** is to define the direct costs (A) and then move on to calculating the Staff Costs, the Office & Administration Costs and finally the total budget.

B=A*40%	**Staff costs**	**40,00€**
C=(A+B)*7%	Office & Administration costs	9,80€
A	Travel & Accommodation costs	25,00€
	External Expertise & Services	25,00€
	Equipment	25,00€
	Infrastructure & Works	25,00€
	Total budget	149,80€

Eligibility of expenditure

Eligibility of Travel & Accommodation costs

Expenditure on travel and accommodation costs **of staff of the partner organisation** (participating in project activities and/or are part of the project team) that **relate to delivery of the project** (e.g. participation in project meetings, project size visits, meetings with Programme bodies, seminars, conferences, etc.).

In case of travelling outside the Balkan-Mediterranean area, the travel must be:

- indicated in the approved Application Form
- authorised by the MA/JS prior to the travel

Travel and Accommodation costs for observer partners are budgeted and reported under external expertise.

Eligibility of expenditure

Eligibility of External Expertise & Services costs

Expenditure on external expertise and service costs shall be limited to **services and expertise** (e.g. studies or surveys, training, translations, promotion and communication) provided **by a public or private law body or a natural person other than the beneficiary of the operation**.

Travel and accommodation shall be declared under this budget line:

- for external experts, service providers and natural persons (e.g. speakers, chairpersons, teachers, etc.),
- for observer partners

Respect of EU, Programme and National (including stricter institutional) **public procurement rules** and compliance with the principles of transparency, non-discrimination and equal treatment.

Eligibility of expenditure

Eligibility of Equipment expenditure

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

Costs of equipment are eligible if they have been **approved by the programme and are foreseen in the approved Application Form**.

Respect of EU, Programme and National (including stricter institutional) **public procurement rules** and compliance with the principles of transparency, non-discrimination and equal treatment.

Eligibility of expenditure

Eligibility of Infrastructure expenditure and costs of Works

Expenditure for the financing of **infrastructure and construction works** related to **small-scale investments** in infrastructure that do not fall into the scope of other budget lines.

The BalkanMed Programme does not finance investments in large-scale infrastructure, but **may finance small-scale investment** as facilities, or infrastructures of limited size or scope essential to the successful implementation of a pilot activity with a transnational character and a potential territorial impact.

NB. Transport infrastructure is not eligible (in accordance with the provisions of the programme document).

Project expenditure and applicable rules

Specific programme provisions

- **In-kind contribution** is not allowed in the BalkanMed Programme;
- **Shared costs** are not allowed in the BalkanMed Programme;
- The purchase costs of **second hand equipment** are not allowed in the BalkanMed Programme;
- **Depreciation costs** are not eligible in the BalkanMed Programme;
- **Heavy investments, infrastructures and works**, with the exception of small-scale investments as facilities, and/or infrastructures of limited size or scope in the framework of pilot actions, are not allowed in the BalkanMed Programme.

Financing activities located outside the Balkan-Mediterranean area

The ERDF spent outside the BalkanMed area **cannot exceed 20% of the total ERDF contribution to the project**.

Eligibility of VAT

- If recoverable, it is not eligible – cost not to be included in the AF;
- If non recoverable, it is eligible – cost to be included in the AF.

Eligibility of EU funding

BMP Eligible funding

EU Member States: ERDF funding - IPA Partner States: IPA funding - Observer Partners: No EU funding

Period of eligibility of expenditures Start date: **01 January 2014** Final date: **31 December 2023** *(the N+3 deadline for the final funds committed on 31 December 2020)*	**Albania**	**Bulgaria**	**Cyprus**	**The former Yugoslav Republic of Macedonia**	**Greece**
	National Funding counted as				
Public bodies National, regional or local public authorities	**Own contribution (public)**	**Public**	**Own contribution (public)**	**Public**	**Public**
Bodies governed by public law as defined in Article 2(1) of Directive 2014/24/EU	**Own contribution (public)**	**Public**	**Own contribution (public)**	**Public**	**Public**
Bodies governed by private law - Non-profit	**Own contribution (private)**	**Public**	**Own contribution (private)**	**Public**	**Public**
International organisations - acting under the national law of any BalkanMed Partner State - fulfill criteria foreseen for non-profit bodies governed by private law	**Own contribution (private)**	**Public**	**Own contribution (private)**	**Public**	**Public**
EU co-financing rate:	**85%**				
National co-financing rate:	**15%**				

Other issues

- **No pre-financing payment to ERDF & IPA Project Partners**
- **National co-financing system**
  - **Albania – own contribution (public or private contribution)**
  - **Bulgaria – public contribution**
  - **Cyprus – own contribution (public or private contribution)**
  - **Greece – public contribution**
  - **The former Yugoslav Republic of Macedonia – public contribution**
- **EU co-financing & IPA Lead Partners**

Thank you for your interest!

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