



ENI CBC MED

Training Session for BENs/PPs and Auditors

Eligibility of the expenses

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GENERAL RULES ON ELIGIBILITY OF EXPENSES



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IR 897/2014, art.48.2 let a)-g)

- ✓ Incurred during the implementation period of the project
- ✓ Indicated in the estimated overall budget for the project
- ✓ Necessary for the implementation of the project
- ✓ Identifiable and verifiable
- ✓ Comply with the requirements of applicable tax and social legislation
- ✓ they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency
- ✓ Supported by expenditure and payment documents (i.e. contracts, invoices, proofs of payment documents etc.)



FAQ

What about the expenditure verification and final evaluation expenses or preparatory costs, falling before/after the project implementation?

**AN EXCEPTION TO THE
«ACTUAL COST RULE»
FORESSEEN ONLY IN
THESE SPECIFIC CASES!**

ELIGIBLE COSTS



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DIRECT COSTS

- ✓ **To be incurred** by each organization involved in the partnership
- ✓ **To be supported** by original expenditure documents as well as by the occurred payment documents
- ✓ Belonging to different **COST CATEGORIES OR BUDGET COST CATEGORIES**

COST CATEGORIES

- 0. Preparatory costs
 - 1. Human resources
 - 2. Travel / subsistence costs
 - 3. Infrastructures
 - 4. Equipment and supplies
 - 5. Subcontracted Services
 - 6. Other costs



0. Preparatory costs

- ✓ incurred after the publication of the call for proposals and before the deadline for the submission
- ✓ not exceeding the amount of 10.000 euro at project level
- ✓ travel and subsistence costs only for staff employed by the Beneficiary and/or the Partners
- ✓ proven by supporting documents
- ✓ reported in the first interim report

1. Human Resources

- ✓ Costs related to the actual time worked for the implementation of the project by the permanent or temporary (ad hoc recruited) employees of the LB and PPs organisations;
- ✓ Staff costs from non-partner organizations are not eligible;
- ✓ Actual gross salaries costs, including social security charges and other components deriving from the national legislation of the country
- ✓ Salaries and other costs must not exceed those normally borne by the LB and/or the PPs (duly justified);
- ✓ Unpaid voluntary work is not eligible.





FAQ

Are the incentives or performance bonus of the HR involved into the project implementation eligible?

NO!

Can overtime be charged to the project under the Staff costs category?

Only if the total job time of the concerned staff is devoted to the project.



NEWS

New templates soon available on the Programme website: Timesheet, Assignment, Activity Report

- ✓ avoiding multiple assignment of the same HR to different projects in the same working period
- ✓ clear statement of time and activities performed by the HR involved into the projects



BEAR IN MIND THE DIFFERENCES BETWEEN HR AND EXTERNAL EXPERTS! (PIM, CH 7)



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2. Travel and Subsistence

- ✓ incurred by staff or any other person taking part in the project and having a clear link with project activities (e.g., stakeholders or participants invited to project events).
- ✓ subsistence costs can either be reported as “reimbursed costs” or “per diem” (reimbursed on the basis of flat rate allowances).

2. Travel and Subsistence

Travel costs normally include:

- ✓ Fuel (vehicles belonging to the Ben/PP only)
- ✓ Kilometer costs (in case of private car rental)
- ✓ Taxi or car rental (only when public transportation is not available)
- ✓ Public transportation (trains, planes, buses, etc.)

Subsistence costs may include:

- ✓ Accommodation / Meals
- ✓ Local travels / Sundry Expenses



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FAQ

What about travel and subsistence costs for external experts and service providers involved into the project implementation?

THESE COSTS FALL UNDER THE EXTERNAL EXPERTS' CC.



FAQ

Are first class tickets eligible under the Travel cc?

AS A GENERAL RULE, FOR TRAVEL THE MOST ECONOMIC FORM OF TRANSPORT MUST BE USED – E.G. ECONOMY CLASS AIR FARES – WHERE ‘ECONOMIC’ DOES NOT MEAN THE ‘CHEAPEST’ BUT THE BEST VALUE/PRICE RATIO

3. Infrastructures

Basic facilities, and installations providing services needed for project implementation

- ✓ **thoroughly identified and justified in the submitted e-form,** and their environmental impact was described.
- ✓ following **specific procurement procedures according to the thresholds** indicated in art. 52, 55 and to 56 of the ENI Implementing Regulation 897/2014.



FAQ

Can public works for restoring/adapting existing infrastructures be included into the Infrastructure cc?

YES!

4. Equipment and supplies

Purchasing or leasing costs for equipment and durables (new or used) specifically identified in the e-form and exclusively devoted for the purpose of the project including their installation and transportation costs

- ✓ following **specific procurement procedures according to the thresholds** indicated in art. 52, 55 and to 56 of the ENI Implementing Regulation 897/2014.

WARNING

- **ANNEX 7.3,PIM ON PROCUREMENT PROCEDURES TO BE HELD BY PRIVATE ENTITIES**
- **ANNEX 1, DMCS ON SPECIFIC PROCEDURES TO BE ENSURED AT NATIONAL LEVEL**

5. Subcontracted Services

- external service providers who are subcontracted to carry out certain tasks/activities linked to delivery of the project (e.g. external expenditures verification, studies, information and dissemination activities, short-term equipment rental for events organisation, evaluations, translation, etc.) and financial services costs such as the cost of bank transfers and financial guarantees.
- the requirements needed in order to carry out the tasks/activities subcontracted, must be clearly stated into the contracts/written agreements, together with the implementation rules and relative compensation (this must be appropriate, reasonable, compliant with pre-set criteria and aligned with the current market rates).
- it is not possible to subcontract the bulk of the project to third parties, either in the case of private or public bodies including internal organizations.



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WARNING

Lead Beneficiaries and Partners are not allowed to subcontract part of their activities among them or to associated partners neither through contracting internal or external staff (including members of the management board, shareholders, associates etc.) nor subcontracting services, supplies and infrastructures among each other within the project.



WARNING

Remind that the contract signed with the Auditor is a contract subject to potential termination, as for the other services subcontracted by your organization*

(*i.e. as a result of the quality control performed by the Programme's Bodies: JTS, MA, CCP)



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6. Other Costs


Costs that meet the general eligibility criteria and do not clearly fall under the other six cost categories.

Sub-grants: financial support to third parties (also physical persons) to be involved in the implementation of some project activities and **only if duly justified and explained in the E-form.**

✓ Max. 60.000 euro per sub-grantee



NEWS



**A Vademecum on subgrants and how to
design a subgrant call soon available on the
Programme website!**



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Indirect costs:

Administrative costs

Administrative costs: indirect costs incurred by the Lead Beneficiary and its partners.

- ✓ Eligible for flat rate funding, up to a maximum of 7% for each partner direct costs excluding infrastructures costs as resulting from the “administrative cost calculation file” submitted with the e-form.
- ✓ No supporting documents have to be produced to justify these costs during reporting.
- ✓ Administrative costs are not eligible if the LB / partner has received an “operating grant ” financed by the EC.



What is an operating grant?

A grant to finance the operating expenditures of a EU body that is pursuing a general European interest or an objective that forms part of a EU policy.

NO DOUBLE FUNDING!!



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Indirect costs:

Contingency Reserve

Contingency Reserve: not exceeding 3% of the direct eligible budgeted costs.

- ✓ It can only be used with the prior written authorization of the MA
- ✓ evidence of the unforeseen circumstances which led the project to request the use of the contingency reserve
- ✓ the request must contain the type of cost to be covered, any justification on its calculation as well as the number of partners which will need to use it



FAQ

Can I ask for a budget/project change in order to amend the amount of the administrative costs or contingency reserve?

NO! UNDER NO CIRCUMSTANCES

Non eligible costs (art. 49, IR 897/2014, let. a)-f))



- a. Debts and charges (interest), Loans, fines, and expenses of litigation;
- b. Provisions for losses or liabilities;
- c. Purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the concerned project;
- d. Exchange-rate losses;
- e. Duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate provisions negotiated with CBC partner countries, as per the provisions of the related Financing Agreement;
- f. Costs for project website and logo (see section 2.6 “Communication and visibility for more information”).



**Expenditure incurred in a
currency other than the euro, by project
beneficiaries, shall be converted into euro using
the monthly
accounting exchange rate of the Commission
for the month during which the expenditure was
submitted
for examination
(Art.4.8.3 of the JOP / Art.67 of the IR 897/2014)**





THANK YOU FOR YOUR ATTENTION

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