

# Lead Partner Seminar

**21 January 2021**

**Eligibility of expenditures**

MA/JS of the Interreg IPA CBC Italy-Albania-Montenegro

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# WHAT COSTS ARE ELIGIBLE?



- ❑ **Principles of economy:** the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- ❑ **Principle of efficiency:** the best relationship between resources employed and results achieved.
- ❑ **Principle of effectiveness:** attainment of the specific objectives set and the achievement of the expected results.
- ❑ **Necessary for activities (AF) / reasonable**
- ❑ **Actually incurred and paid in eligible period/area/partner**

# WHAT COSTS ARE ELIGIBLE?



## ➤ Identified in separate or integrated accounts

- Beneficiaries may have a separate set of accounts specifically for the project, or may include the project's accounts in their own accounting system, ensuring that the project's records are still easily identifiable.
- The account system shall be run in accordance with the accounting rules that apply in the country concerned,

# WHAT COSTS ARE ELIGIBLE?



- **No double financing / ineligible items (69 CPR, 43 IPA IR, 2 DR)**  
**e.g.:**
  - interest on debt, value added tax (VAT) recoverable under national VAT legislation,
  - purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure for the operation (15% in case of derelict sites and for those formerly in industrial use which comprise buildings),
  - fines, financial penalties and expenditure on legal disputes and litigation
  - costs of gifts, except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information;

# WHAT COSTS ARE ELIGIBLE?



- costs related to fluctuation of foreign exchange rate
  - splitting cost items among project partners (i.e. sharing of common costs);
  - fees between beneficiaries of a same project for services, equipment, infrastructure and works carried out within the project;
  - in kind contributions as defined in Article 69(1) of the Common Provisions Regulation etc.
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- **Euro/exchange rate (month of submission to FLC)**
  - **Complying with EU, programme and national rules**

# WHAT KIND OF COSTS?



## **ETC eligibility EC Del. Reg. no. 481/2014**

- Staff
- Office and administration (O&A)
- Travel and accommodation (T&A)
- External experts and services (External)
- Equipment
- Infrastructure and works (Works)



# WHAT STAFF COSTS?



**Attention to calculation methods: Real costs /flat rate**

**Attention to contract nature: e.g. internal staff equivalent**

- Full time
- Part time fixed % / flexible no. of hrs.
- Hourly contract



# WHAT STAFF COSTS?



## HOURLY RATE:

- an hourly rate may be calculated by dividing the latest documented annual gross employment costs by 1720 hours for persons working full time, or by a corresponding pro-rata of 1720 hours, for persons working part-time
- where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the contract for employment, duly adjusted for a 12-month period



# WHAT STAFF COSTS?



## FLAT RATE:

- Up to 20% unless operation includes contracts above the EU thresholds for works or supply or service
- The beneficiary has to demonstrate that it has at least one employee involved in the project. This is done through a self-declaration issued by the beneficiary's legal representative (or delegated person) certifying that at least one employee of the beneficiary institution has worked in the project in the concerned reporting period

# AUDIT TRAIL/STAFF COSTS



Required documents	Real Cost					20% flat rate
	Full Time	Part Time			Hourly rate set in the contract	
		Fixed %	Flexible n. hours (hourly rate on annual basis)	Flexible n. hours (hourly rate on monthly basis)		
Recruitment procedure documents of new staff involved in project activities (if relevant)	✓	✓	✓	✓	✓	✗
Employment/work contract	✓	✓	✓	✓	✓	✗
Official assignment to the project	✓	✓	✓	✓	✓	✗
Gross Salary/Hourly Rate Sheet	✓	✓	✓	✓	✓	✗
Pay-slips	✓	✓	✓	✓	✓	✗
Periodic task report	✓	✓	✗	✗	✗	✗
Timesheet	✗	✗	✓	✓	✓	✗
Salary payment documents	✓	✓	✓	✓	✓	✗
Payment documents concerning any other costs directly linked to salary	✓	✓	✓	✓	✓	✗

# WHAT O&A COSTS?



- Real costs (direct-indirect)/flat rate (15% of eligible Staff)
- Exhaustive list in art. 4 ETC eligibility:
  - office rent
  - insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
  - utilities (e.g. electricity, heating, water)
  - office supplies
  - general accounting provided inside the project partner organisation
  - archives
  - maintenance, cleaning and repairs
  - security

# WHAT O&A COSTS?



- IT system support of an administrative nature, linked to the implementation of the operation
- communication (e.g. telephone, fax, internet, postal services, 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

**Attention: Do not include in other budget lines!**

# WHAT T&A COSTS?



- Real costs occurred by staff, in line with principle of sound financial management:
  - travel costs (e.g. tickets)
  - meals costs
  - accommodation costs
  - visa costs
  - daily allowances

**Attention: Do not include external experts costs!**

# WHAT EXTERNAL COSTS?



- All specific expertise/services needed for projects: e.g. studies or surveys, training, translations, IT systems and website development, modifications and updates, promotion, communication, publicity or information; financial management; services related to the organization and implementation of events or meetings, travel and accommodation for external experts, speakers, chairpersons of meetings, service providers and stakeholders, associated partners; etc.

**Attention: Public procurement rules (IPA, EU and national)**

**Attention: Sound financial management principle**

# WHAT EQUIPMENT COSTS?



- General office equipment
- Specific for the activities: the equipment should be solely used for the project purposes during the project life the purpose and ownership of the equipment cannot be changed for at least 5 years from the last payment to the lead partner

**Attention: Depreciation according to national rules**

**Attention: EU, IPA, national public procurement!**

# WHAT WORKS COSTS?



- Infrastructure only if necessary in the scope of and to achieve the project objectives
- May either refer to an object that will be set up ex-novo or to the adaptation of an already existing infrastructure
- Requirements concerning durability, including ownership and maintenance, as provided for in Article 71 of the Common Provisions Regulation, apply to infrastructures realised within the project

**Attention: EU, IPA and national Public procurement rules**



# PROJECT COMMUNICATION



**Communication is the key to project success.**

It has four strategic functions:

1. help to build strong relationships with stakeholders
2. inform target audiences about project activities
3. give visibility to project objectives and results
4. highlight the role of the European Union

**To be effective, Communication needs  
TIME, RESOURCES AND CONSTANT COMMITMENT**

## COMMUNICATION / To-do's



- Urgently appoint a **Project Communication Manager**
- Send his/her contact details to the JS Communication Officer
- In project communication there are **rules and guidelines.**
- Rules are mandatory, guidelines are suggestions for achieving better results, in line with the indications provided by the programme and by the European Commission.

**PLEASE, RESPECT THE RULES, AND FOLLOW THE GUIDELINES!**

## COMMUNICATION / Main visibility rules



- Project logo includes EU emblem; it must be **clearly visible**, placed in a **prominent position** and with **appropriate size** (see *Visual Identity Manual*)
- Project logo must be used on all **promotional and communication** materials
- **Project poster** must be displayed at premises of each project partner
- **Temporary billboards and permanent plaques** must be displayed on infrastructures >500.000 EUR
- **IPA funding reference** shall be displayed on websites, publications, billboards/plaques





- **Programme Manual – Factsheet 4.5 Communication**
- **Subsidy Contract – Art. 13 Publicity, communication and branding**
- **Programme web portal /TOOLS/ Visual Identity section**
  - Programme Manual – Factsheet 4.1 Reporting procedure
  - Programme Manual – Factsheet 4.10 Eligibility rules
  - Programme Manual – Factsheet 4.4 Financial manag. & FLC guidelines
  
  - Articles 111(4b), Art. 115 to 117, Annex XII – CPR (EU) No 1303/2013
  - Art. 42 – IPA CE Implementing Reg. No. 447/2014
  - Art. 4 – Commission Implementing Regulation (EU) No 821/2014

# Thanks for your attention

## Contacts

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