

Interreg
Euro-MED



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TECHNICAL MEETING

Eligibility of expenditure and budget

Call 4 Thematic Projects
Priorities Smarter and Greener MED

17th April 2024

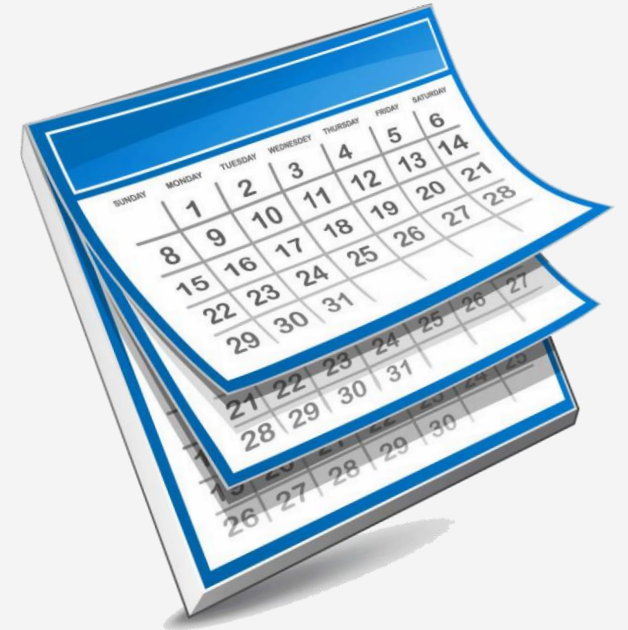
To support drafting of applications

04/04: Partnership, logical framework, strategic framework

15/04: Workplan, Indicators, Mandatory Activities,
Communication activities, Investments

➔ 17/04: **Budget, eligibility of expenditures, state aid**

16/05 : Q&A session



Agenda

10h00 – 11h10 Introduction

How to build a budget for this call?

Detailed rules regarding the eligibility of expenditure

State aid rules

11h10 - 11h30 Q & A / Break

11h30 - 12h30 How to complete the budget in the Application Form and submit your proposal in Jems?

Key dates

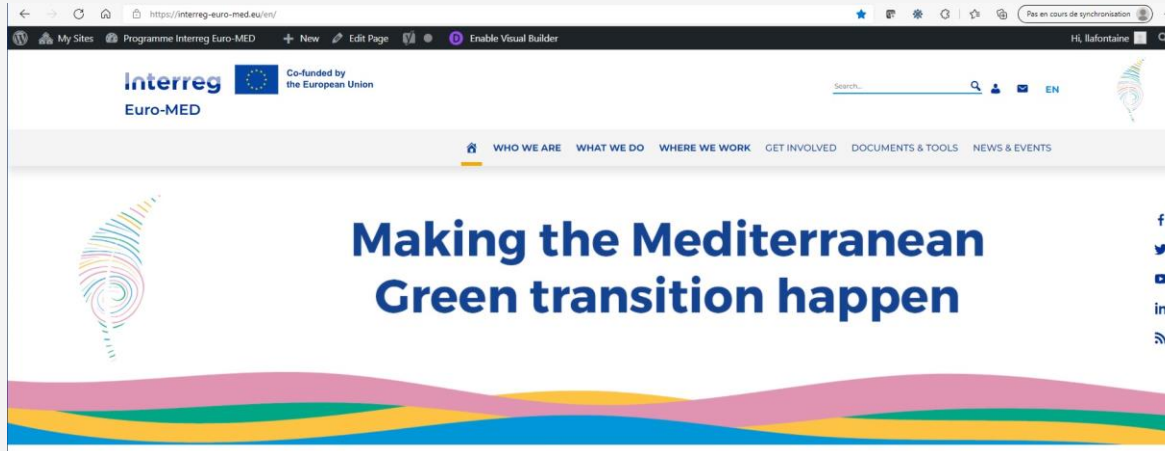
[Get involved - Programme Interreg Euro-MED \(interreg-euro-med.eu\)](https://interreg-euro-med.eu)

Key Steps	Dates
Opening of the Call	12th March 2024 at 13:00 (Brussels time)
Closure of the call	12th June 2024 at 13:00 (Brussels time)
Submission of mandatory annexes	26th June 2024
Assessment of proposals (one step assessment)	Between June 2024 and January 2025
Selection by the Monitoring Committee	February 2025
Pre-contracting and contracting procedures	Between February and March 2025
Starting date of the projects	1st April 2025

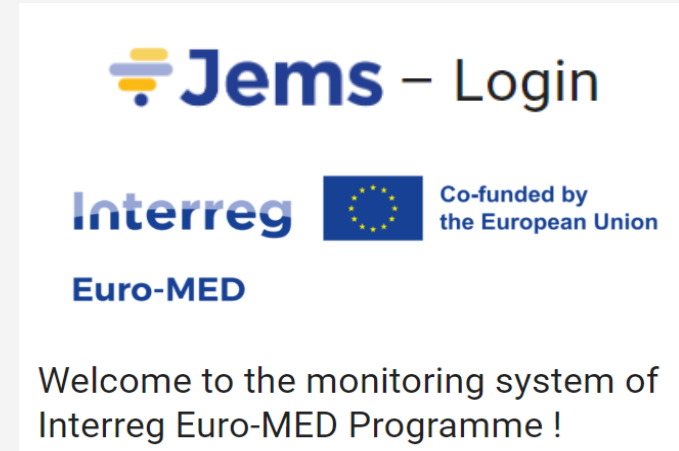
* This calendar is subject to change without notice.

Introduction - Link to key information

[Programme Interreg Euro-MED](https://interreg-euro-med.eu/en/)



[Joint Electronic Monitoring System](#)

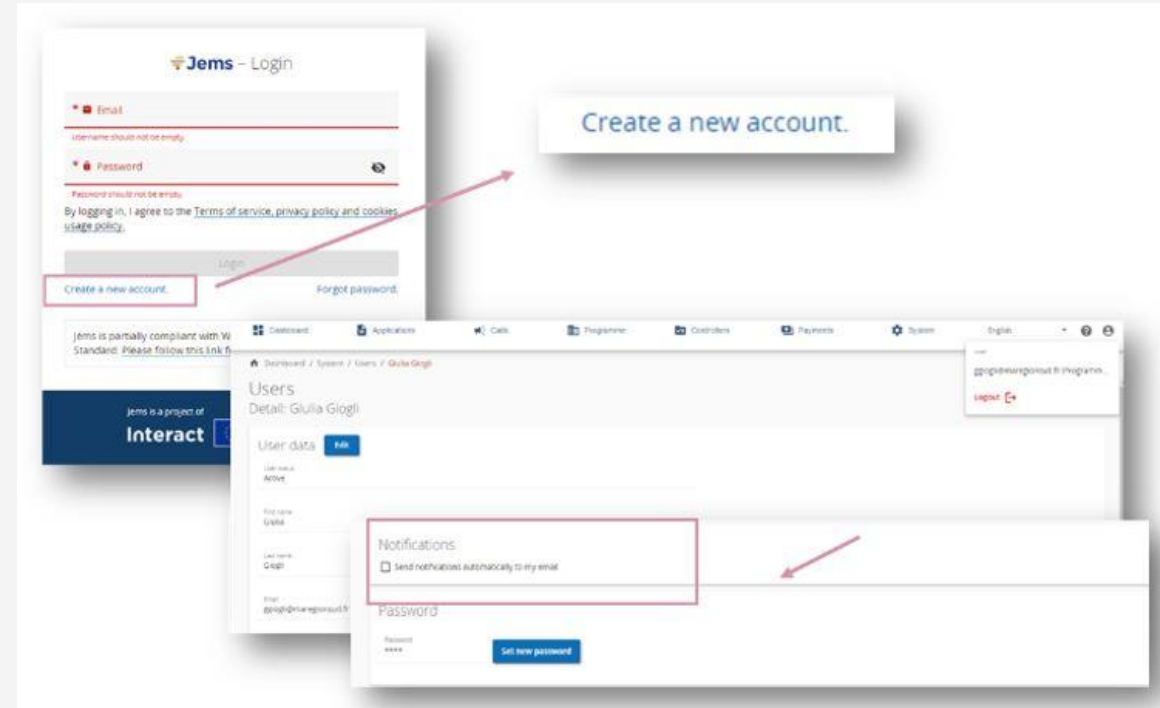


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Application through JEMS

- If you already have a JEMS account, use it
- If not, create one:

1. Connect to the Jems website: <https://jems.interreg-euromed.eu>
2. Click on **create a new account**
3. **Fill in** all the information requested
4. Find the **validation mail** in your inbox to validate your account (check your spam inbox if you didn't receive it)
5. **Fill in your profile** and authorise the reception of notification in order to be alerted by email once the AF is submitted.



Drawing up my budget

Programme Manual -> I.D. Drawing up my budget

Guiding principles

- **Sound financial management:** Economy, Efficiency, Effectiveness (Financial Reg 2018/1046)
- Budgeting in **Euros** and activities to be implemented mainly in the Interreg **Euro-MED cooperation area**
- Project budget developed in **close cooperation** with partners
- Project to be developed per budget **categories (6) and periods**
- Total project budget must be in line with the work plan

Co-financing of operations

ETC projects are co-financed by the **Interreg Fund** (ERDF + IPA)

- The Interreg fund represents **80% of the total eligible budget** of the project for all partners
- The remaining **20% of the budget** is provided by the partners who must ensure the co-financing of their activities by the following sources of funding:
 - Public own contribution
 - Automatic public contribution (i.e. Italy, Greece, Bulgaria)
 - Other public contribution
 - Private own contribution
 - Other private contribution

Reminder:
Total Budget
Max 2,5 M€ (Test)
Max 1,5 M€ (Transfer)

Forms of reimbursement

Real Costs

- The project partners commit and pay the expenditures.
They justify expenditure by means of invoices or any other equivalent accounting document.
They ensure that expenditure is referenced in an accounting system, and is based on the performance of works, services or supplies.



Simplified Cost Option

➤ **Lump sum for preparation costs**

Total amount **37.000 €**

This lump sum is fixed and compulsory for all projects and is paid once the Subsidy Contract will be signed.

➤ **Flat rate for office and administration**

Fixed 15% of eligible staff costs, mandatory for all partners.

➤ **Flat rate for travel and accommodation**

The flat rate for the calculation of travel expenditure varies according to the country in which the project partner is based

- 15% Partner from an EU Member State
- 22% Partner from an IPA State

Lump sum for preparation costs

Art. 53(3) CPR (EU) 2021/1060.

The amount covers all the costs incurred for the preparation and submission of the project proposal until the starting date of expenses eligibility period

- Total amount 37.000 €
- This lump sum is compulsory for all projects and is paid once the Subsidy Contract will be signed
- Extension of the mechanism to IPA partners
- All partners participating to the drafting should benefit from this lump sum
- As for 2014-2020 Preparation cost distribution among partners should be set during the Application Form drafting phase

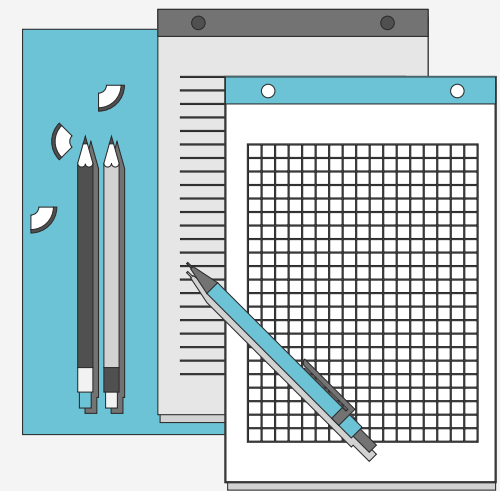


Key points to be agreed with your pps



Agree the following 4 key points with your Pps:

- The origin and amount of co-financing
- Travel and accommodation method
- Share of Preparations costs
- State aid relevance activities + follow-up actions (if any)



This information will appear in the declaration to be signed by your PPs

If the project is approved, any change in these elements would have a significant impact on project's start-up phase.

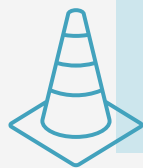
Solid Application Form
=
Solid Project Implementation

Value Added Tax (VAT)

According to [Article 64 of Regulation \(EU\) No 2021/1060 \(CPR\)](#) Value Added Tax (VAT) is non eligible, except:

- for operations the total cost of which is below **EUR 5 000 000** (including VAT)
- for operations the total cost of which is at least **EUR 5 000 000** (including VAT) where it is non-recoverable under national VAT legislation

In the framework of Interreg Euro-MED, All partners can therefore budget their costs and declare expenditure including the VAT, **except for:**



Project Partner with an aid granted under GBER Art 20 cannot, under any circumstances, report value added tax (VAT) if it is refundable under their applicable national tax law



Decommitment rule

Article 105 of the Regulation 1060/2021

The Commission shall decommit any amount which has not been used for pre-financing [...] or for which a payment application has not been submitted [...] by 31 December of the third calendar year following the year of the budget commitments

Based on table D.3 “Overview budget/period” of the Application Form, any amount not claimed by the project may be reduced by the Programme in case of decommitment

During the project implementation the JS will ensure on a regular basis a budget follow-up, considering the distribution of budget consumption per partner/semester (Tables D.3.1 and D.3.2)

Investment - THEMATIC – TEST PROJECTS

Within the framework of the Programme all infrastructure, technical and IT equipment development, materials and related services for the deployment of the **pilot action**, which are necessary for the delivery of project objective, **are considered as investment**

- Investment dedicated section in the AF under the WPs
- Investment is eligible **only if it appears in the consolidated version of the AF**
- **Eligible costs categories** related to investments: **CC4 , CC5, CC6**
- Cost of fixed investment in equipment and investment in infrastructure are considered as Investment, they refer to the **output of the project which remain in use after the completion of the project**
- **Durability and ownership** requirements (Manual. chapter II.H Closing my project)
- Costs for investment can be **fully declared** by Pps once the activity is implemented

**On the spot
verification by the
NC is mandatory !**

Detailed rules regarding the eligibility of expenditure

Programme Manual -> III. A- Eligibility of expenditures -> Section vii. Categories of costs



Hierarchy of rules on eligibility of expenditure

> EU rules:

- Regulation (EU) n° 2021/1060 (Common Provisions Regulation - CPR);
- Regulation (EU) n° 2021/1058 (ERDF Regulation);
- Regulation (EU) n° 2021/1059 (Interreg Regulation);
- Regulation (EU) n° 2021/1529 (Regulation IPA III).

> Programme Rules:

The Programme rules constitute **additional rules** on the eligibility of expenditure for the Programme as a whole and are set out in the [Programme Manual](#).

> National eligibility rules:

National eligibility rules apply to issues that would not be covered by the above-mentioned EU or Programme eligibility rules and must be checked, prior to the execution of the expenditure, with the relevant National Authority.

Eligibility period

A. Preparation

The costs for the preparation and contracting phase are covered by a lump sum established by the Programme and indicated in the approved Application Form

B. Implementation

The **starting date** of eligibility is the date of the approval of the project by the Programme Committee

All operational expenditures must be related to the implementation of an activity carried out before the **official end date** of the project as established in the most recent version of the approved Application Form

Expenditure, whether related to the implementation of the project or to closure activities, must be **incurred** and **paid** by the end date of the project

Any expenditure paid after this date, whatever the nature of the activity concerned, is ineligible

Categories of costs

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

Staff costs

Eligible costs in this category are limited to the payment of gross salaries of the staff employed by the beneficiary for implementing the project

➤ **One single method for claiming staff** : Fixed monthly percentage.

For each staff member = estimated average of monthly working time spent on the project expressed in percentage

Same percentage within a same reporting period

No need to establish a separate working time registration system

In case of specific contracts check the eligibility of your staff as such with your NA

Reference :

- Art 39 Reg 1059/2021
- Art. 55, 2 Reg 1060/2021
- Programme Manual

Categories of costs

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

Office and administration

Operating and administrative expenditures necessary for the project implementation, the so-called indirect costs.

- Automatic flat rate calculated based on eligible staff costs
- Simplified cost option
- Mandatory for all project partners and fixed at 15%

Those costs are automatically calculated by the Programme on the basis of the staff costs

No expenditure can be declared as real cost under any other cost category



Partner Budget Options

Office and administration flat rate based on direct staff costs

15 % of Staff costs



Reference :

- Art 40 Reg 1059/2021
- Art. 54 b Reg 1060/2021
- Programme Manual

Categories of costs

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

Travel and accommodation

Expenses of the project partner staff for missions essential to the project implementation

The eligible expenditure under this cost category are (exhaustive list):

- Travel costs (e.g. tickets, travel and car insurance, car mileage, toll and parking fees) ;
- Costs of meals ;
- Accommodation costs ;
- Visa costs ;
- Per diem (daily allowances).

Reference :
Art 41 Reg 1059/2021
Programme Manual

Any item of expenditure above listed already covered by a daily allowance should not be reimbursed in addition to the daily allowance.

Travel and accommodation

Calculation methods

Simplified Cost Option (recommended)

15% of eligible staff costs (EU partners)

22% of eligible staff costs (IPA partners)

OR

Real costs

only in case the flat rate is not an appropriate method for the partner for justified reasons

- Each partner **choose** the method to be adopted for the calculation of travel and accommodation
- it will apply for the implementation of **all the Interreg Euro-MED projects** in which the partner participate
- It will not be possible to modify it after the partner's first project has started
- The chosen calculation method and the justification, if any, will be checked by the JS during the pre-contracting phase

Travel and accommodation

Flat rate of eligible staff costs →

- 15% of eligible staff costs (EU partners)
- 22% of eligible staff costs (IPA partners)



Simplified cost option - main characteristics and advantages

- Not necessary to set a detailed budget for travel and accommodation
- No obligation to document or prove that the expenses have been incurred and paid (No audit trail needed!)
- Automatically calculated and reimbursed
- Huge reduction of the control effort and speed up of verifications at all levels
- Time better used by PPs and LP to focus on the project activities, and an accurate reporting

Travel and accommodation

Real costs



> In exceptional and duly justified cases

- Complete audit trail needed, as for 2014-2020 period
- Link to the project and to the implementation of the project must be **documented**
- National and internal eligibility rules to be considered (e. g. maximum daily rate for hotel and daily allowances)
- Costs must be covered by the partner organisation

Audit Trail (not exhaustive)

- Signed mission authorization, agenda, proof of payment, travel tickets, restaurant invoices
- Travel outside the cooperation area and outside the EU, the express approval of the JS is needed

Categories of costs

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

External expertise and services

In case a partner does not have certain competences within its own organisation it is possible to outsource some of the project tasks.

- the costs of expertise and services provided by a public or private entity, or by a natural person not declared as staff of the partner organization
- the cost related to the National Control (Ex First Level Control)
- travel and accommodation costs for external experts, speakers, chairpersons of meetings and service providers
- Costs related to your pilot activity should be linked to the investment

Full compliance with

- EU, Programme and national procurement rules
- the principles of transparency, non-discrimination and equal treatment

Indicate in the **Budget** at least the **description** of each planned expertise/service, the corresponding amount and the award procedure!

Categories of costs

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

Equipment

Equipment **purchased, rented or leased** by the beneficiary that is not already covered by the cost category "office and administrative costs"


- Partners should foresee the costs on a **pro-rata basis or according to a depreciation plan**
- Any equipment to be used for project management must be reasonably purchased at the beginning of the project
- For the equipment located and operated outside the cooperation area and outside the EU, the express approval of the JS is needed
- Equipment related to an investment ("fixed investment in equipment") must be clearly necessary for the pilot implementation and stated as such in the AF.

Indicate in the **Budget** at least the **description** of each type of equipment, the corresponding **amount** and **award procedure**!

Formalize the link to your investment through the budget section

Equipment

Equipment **purchased, rented** or **leased** by the beneficiary and that is not already covered by the cost category "office and administrative costs"

- "fixed investment in equipment" 

Full cost can be claimed

- Equipment not linked to investment 

Depreciation costs according to a depreciation plan corresponding to the period of the use for the project

OR

Renting costs for the period of the use for the project

OR

Leasing costs for the period corresponding to the use for the project

Reference :

Art 43 Reg 1059/2021
Art 67 Reg 1060/2021
Programme Manual

- If the equipment is not used exclusively for the project **proratisation mandatory!**
- In case of **depreciation cost**, ensure that public grants have not contributed towards the acquisition of the depreciated assets, **otherwise it is not eligible!**

Categories of costs

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

Infrastructure and works

The costs related to investment in infrastructure and works, must be necessary to achieve the objectives of the project. Within the Programme, costs for infrastructure and works are eligible only in the framework of pilot activities. This category includes the costs of “fixed investments in infrastructure”

- Partners should foresee the costs (A.Form) and the related investment shall appear in the Work plan
- The use of such infrastructure should be in line with the project activities and expected results
- Infrastructures located outside the Programme cooperation area are prohibited

Indicate in the **Budget** at least the **description of each type of infrastructure and work cost** and the corresponding **amount!**

Formalize the link to your investment through the budget section

Reference :
Art 44 Reg 1059/2021
Programme Manual

Compliance with State Aid



State Aid - Legal Framework

Reference	What
Article 107(1) of the Treaty on the Functioning of the European Union	State Aid definition
Annex XVII of the Regulation 1060/2021 (point 20)	Information whether the public support for the operation will constitute State Aid
Interreg Euro-MED Programme Manual (section iii-B)	Interreg Euro-MED Programme approach on State Aid
GBER : Reg 651/2014 amended by Reg 1237/2021 and Reg 1315/2023	GBER regulation and amendments
De Minimis : Reg 2831/2023 (replacing Reg 1407/2013)	De Minimis regulation and amendments
Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union	Commission provides further clarification on the key concepts relating to the notion of State aid
Guidelines on State aid for environmental protection and energy (2014/C 200/01)	Specific guideline on the notion of State aid environmental protection and energy
DG Competition website of the European Commission	Guideline on the notion of State aid

Compliance with State Aid – Programme approach

State aid relevant activities can be co-financed as project activities only if they are in strict compliance with **Articles 20** (direct aid) and **Article 20a** (indirect aid) of the General Block Exemption Regulation or in compliance with the **De Minimis** Regulation

GBER

Reg 651/2014 amended by Reg 1237/2021 and 1315/2023

De Minimis

Reg 2831/2023 (replacing Reg 1407/2013)

The State aid relevance

ART 20 GBER and De Minimis (direct State Aid)

State aid relevance: the implementation of the activity in the framework of the project gives an economic advantage (a benefit) which a **partner** would not have obtained under normal market conditions.

The co-financing of activities falling under state aid rules is prohibited in the European Union → exemptions for project partners participating in Interreg projects

	Strengths	Weaknesses
GBER Art 20	<ul style="list-style-type: none">• Simplification scheme for ETC• 2,2 M€ ceiling per partner and per project• Ensuring participation of large audience to ETC	<ul style="list-style-type: none">• No external public co-financing admitted• Refundable VAT cannot be reported• Administrative burdens (aid to be declared by Programme)
De Minimis	<ul style="list-style-type: none">• Good scheme for small partners not often in ETC projects• External public co-financing admitted• Refundable VAT could be reported	<ul style="list-style-type: none">• Low participation of the partners to Programmes with MA located in France• Financial constraints for partners:• Limiting the possibility of future collaborations (300 K€ in three years)• Administrative burdens: last 3 years aid to be declared by partners (self-declaration))

Project application

Indirect Aid granted under GBER - Art 20a

- State aid relevance : *the implementation of the activity in the framework of the project gives an economic advantage (a benefit) **to third parties acting as undertaking** (end users/operators) receiving benefits from the project (such as trainings) it would not have obtained under normal market conditions.*
 - e.g : free of charge services, training, or consultancy to companies > the aid is granted to third parties who are the end users of project activities
- indirect State aid granted under GBER Article 20a to an **undertaking** that is the final beneficiary of project activities cannot exceed 22 000 EUR per project
- <https://interreg-euro-med.eu/en/documents-tools-project-applicants/>

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**QUESTIONS AND
ANSWERS TIME !**

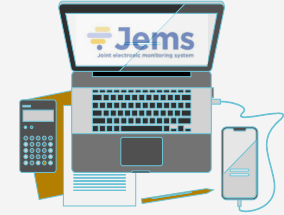


How to complete the budget in Jems*?

[*Joint Electronic Monitoring System](#)



Recommendations for filling-in the AF



- Lead Partner is responsible of filling-in the AF on behalf of all PPs.
- Access as “reader” for PPs to be awarded by the LP
- Recommendations:
 - Fill-in the budget per partner considering the eligible costs categories and agreeing the declaration periods
 - Keep in mind that **preparation costs** are filled-in in another section and must be considered among the total eligible budget
- Execute the “**pre submission check**” → all points must be **green**
- Counter check the budget details with each PP and foresee time for amendments!!!!
- Make your AF assessed by external persons based on the assessment grid provided
- **After submission of the Application Form**, generate and check the “**Partner Declaration**” and “**investment statements**”

Documents to be annexed to the Application Form

- **(Lead) Partner Declaration main content**

- The origin and amount of co-financing
- Travel and accommodation method
- State aid relevance activities + follow-up actions (if any)
- Share of Preparations costs
- If the project is approved, any change in these elements would have a significant impact on project's start-up phase.

- **Statement of Capacity and Compliance with the Principles for Investment**

The documents **must be signed** by all active partners

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and all the best for your project
proposal!

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Making
the **Mediterranean**
Green Transition
happen

