



TECHNICAL MEETING

Eligibility of expenditure and budget

Call 2 Thematic Projects
Priorities Smarter and Greener MED

22nd September 2022

On-line Technical meetings to support drafting of applications

07/07: Partnership, logical framework, Indicators

08/09: Workplan, Mandatory Activities

➡ 22/09: Budget eligibility of expenditures

06/10 : Q&A session



Submission deadline: 27th October 13:00



Agenda

10h00 – 11h20 Introduction

Drawing up my budget

Detailed rules regarding the eligibility of expenditure

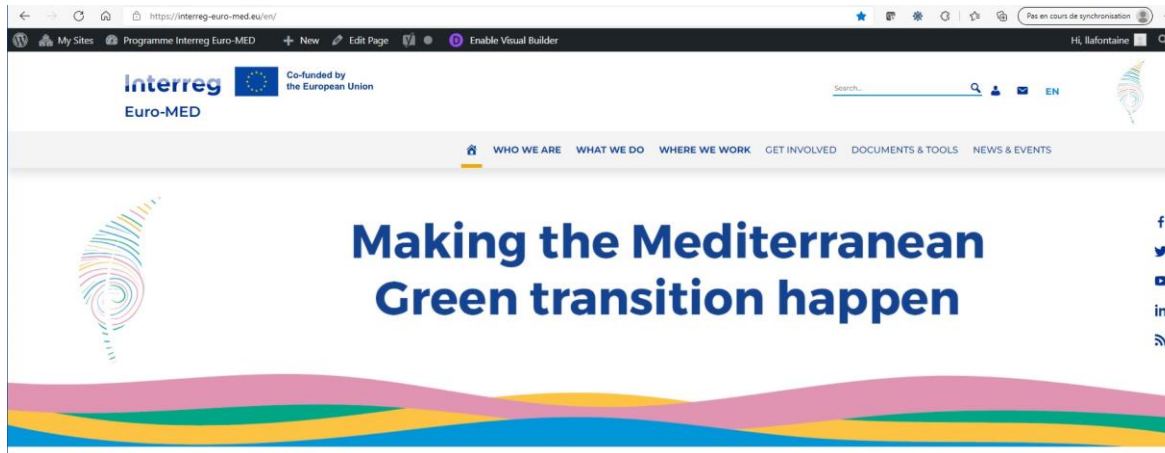
11h20 - 11h50 How to complete the budget in the Application Form in Jems?

11h50 - 12h00 Q&A + Conclusion

Introduction - Link to key information

On the Programme websites

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



[Joint Electronic Monitoring System](#)

 **Jems** – Login

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Welcome to the monitoring system of
Interreg Euro-MED Programme !

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

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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 (27 or 33 months)
- 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 and Greece)
 - Other public contribution
 - Private own contribution
 - Other private contribution

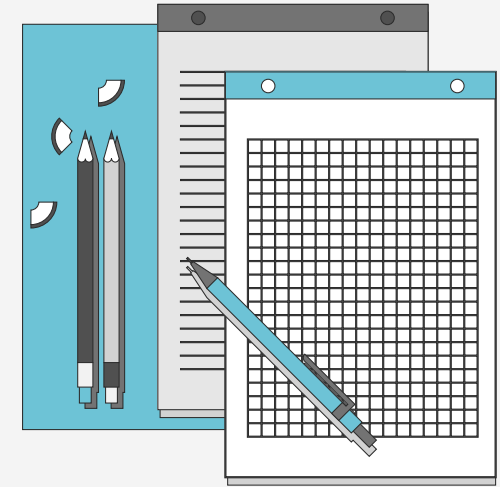
Reminder:
Total Budget
Max 600 000€ (Study)
Max 3 M€ (Test)
Max 1 M€ (Transfer)

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

The Value Added Tax (VAT)

According to Article 64 of CPR Regulation (EU) No 2021/1060, 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, VAT is always eligible as part of project expenditure for all projects with a total cost of less than EUR 5 000 000 (VAT included)

All partners can therefore budget their costs and declare expenditure including the VAT

Drawing up my budget

Activities to budget

Communication: no dedicated WP in the Application Form

- No budget for the creation of a project logo, management tool or website costs
- Budget for the human resources needed to manage the website, the social networks and the Basecamp animation

Management: no dedicated WP in the Application Form

- Budget for the human resources needed for the implementation of project activities and reporting activities (Coordination, narrative and financial reporting)

Drawing up my budget

Compulsory activities to budget

- Mandatory activities

Mentioned in the chapter “Designing the project activities” of the Programme Manual and in the specific ToR

Results Amplification Strategy

Participation in at least 2 events per year and periodic exchanges of information with Programme in order to contribute to the Results Amplification Strategy and to the Programme activities

Specific cooperation activities to be integrated for cooperation with ISO1 projects

- Carbon offsetting

A tool for calculating the carbon offsetting of your project activities will be made available by the Programme and will allow to identify the corresponding budget

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

> A new concept structuring your work plan

> Only for projects integrating Pilot actions = MED02 test projects only

- Investment to be detailed in the work plan and clearly related to pilot activities .
- Balanced costs in regard to the expected project results
- Self declaration to be signed by each pp with mandatory rules to be applied for investments
- Necessary for the correct implementation of the activity and dedicated to it
- Can integrate costs from : external expertise and services, equipment infrastructure and works
- Costs related to an investment must be identified as such and justified in the A.Form.
- Costs for investment can be fully declared by Pps once the activity is implemented
- Material ownership - 5 years compulsory limit.

Compliance with State Aid

Art 107 of the Treaty of Functioning EU

*Any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort **competition** by favouring certain **undertakings** or the production of certain goods*

- The co-financing of **activities** falling under state aid rules is prohibited in the European Union → exemptions for project partners participating in Interreg projects
- Interreg Euro-MED Programme framework: State Aid scheme only applies to partners located in EU Member States, partners located in IPA countries CANNOT carry out any economic activity
- Self-check to be done by each partner during the Application Form drafting (before budgeting)
- Interreg Euro-MED Programme framework: **State aid relevant activities** can be co-financed as project's activities only if they are in strict compliance with:
 - Article 20 of the General Block Exemption Regulation (GBER) or
 - De Minimis Regulation

Compliance with State Aid

The “State aid criteria self-check”

The result of the check may lead to one or more of the following scenarios:

- No State aid relevance. In this case no conditions are set in the Application Form
- Risk of State aid relevancy , each partner should identify the perimeter of the risk :
 - Risk can be removed.

In case of project's approval, activities could be amended in order to eliminate the State aid relevance (e.g. wide dissemination, also to competitors, of certain project outputs).

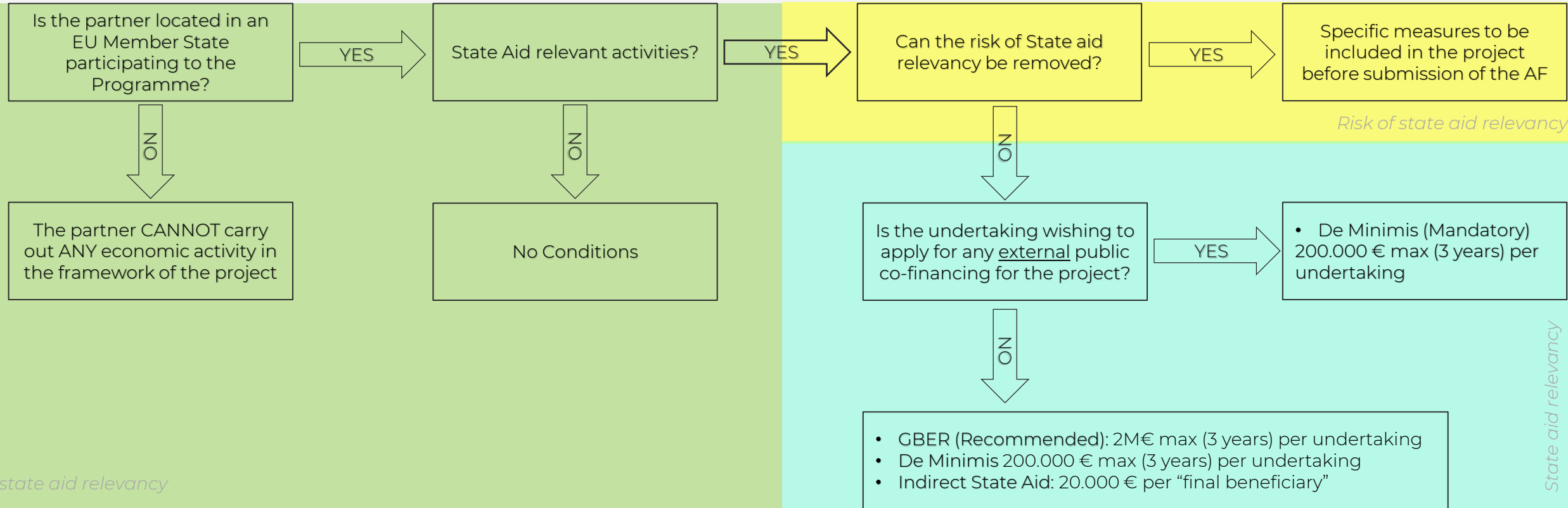
→ specific conditions or budget reduction could be proposed

- Direct/indirect State aid confirmed for one or more partners.

The entire budget allocated to the concerned partner is considered as State aid relevant under the General Block Exemptions Regulation (GBER) or under *De minimis*,

→ specific conditions or budget reduction will be proposed

STATE AID CRITERIA SELF-CHECK



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

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 who's 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



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 = 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

Automatic flat rate calculated based on eligible staff costs

- Simplified cost option foreseen by Art. 54(b) CPR (EU) 1060/2021
- 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 institution 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 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)

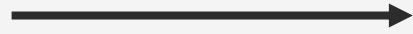


Simplified cost option - main characteristics and advantages

- 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 installation, maintenance of your pilot 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 and the corresponding amount!

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 (A.Form)
- Any equipment to be used for project management must be reasonably purchased at the beginning of the project
- The use of such equipment should be in line with the staff effort planned and project activities
- 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 must be clearly necessary for the pilot implementation and stated as such in the A.F.

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

Formalize the link to your investment through the budget section

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 the investment in infrastructure and works, 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 equipment 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

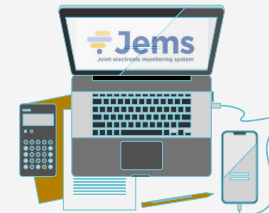
Reference :
Art 44 Reg 1059/2021
Programme Manual

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”

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

The document must be signed by all active partners

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

Conclusion: Tools to help you submit your application

Programme website – what's in it for you?

Online forums: one per mission

Search for potential partners



FAQ

Regularly updated

3 pages of interest for potential applicants

- Get involved
- Call 2
- Documents & tools

3 pages of interest

Get involved

- Information about calls (calendar, open & past calls)
- Access to forums
- Access to Jems

Call 2

- Short description of the call & targeted project types
- Events to support you
- Documents: Terms of Reference, etc.

Documents & tools

- Programme documents (cooperation Programme, Manual)
- Tutorials
- User manuals (Jems, etc.)
- FAQ

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QUESTIONS AND ANSWERS TIME !



Thanks for joining
and all the best for your project
proposal!

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Making the Mediterranean Green Transition happen