

Interreg Programme
Danube Region



Co-funded by
the European Union

Financial management

Mirjana Arsenić Petrović
Senior Finance Officer

Nashoan Al-Awli
Finance Officer

20 November 2023

Lead applicant webinar

Call for proposals





Project budget planning

Eligibility of expenditure

How to fill in AF in Jems - budget part



Project budget planning

Cost categories from PP level:

- Build up the partners' budgets on the basis of their activities by defining the costs per cost categories and periods
- The budgets of the project partners will produce the total budget overview for partners per cost categories and periods

Simplified costs options:

- Preparation costs: use of lump sum (18,500 EUR)
- Staff costs: possibility for flat rate (20% of direct costs)
- Office and administration: flat rate (15% of staff costs)
- Travel and accommodation: flat rate (15% of staff costs)



Sources of funding:

- 80% INTERREG Funds
- 20% own contribution/state contribution (where applicable) – national level information, NCP support

Control costs (only in case of AT, DE and MD PPs):

- To be planned under external experts and services cost category
- Information to be provided by NCP

Use of the EURO

- Project budget (and partner budget) to be planned in Euro
- All expenditure to be reported in Euro
- EU contribution will be transferred to the LP in Euro



Spending forecast of the project

- Planning the project budget per reporting periods
- Spending forecasts given at partner level will “produce” the project spending forecast
- Periods have to cover **6 months**, starting from the month of the approval date of the project, except the first and the last reporting period that can be different than 6 months



Spending forecast of the project

- Should be in line with the time plan of the project
 - Activities fulfilled within the reporting period, i.e. expenditure incurred, expenditure paid within the reporting period, validated expenditure of the reporting period
- Should be realistic
 - Consider the timeframe for each activity, including also the time needed for public procurements and payments

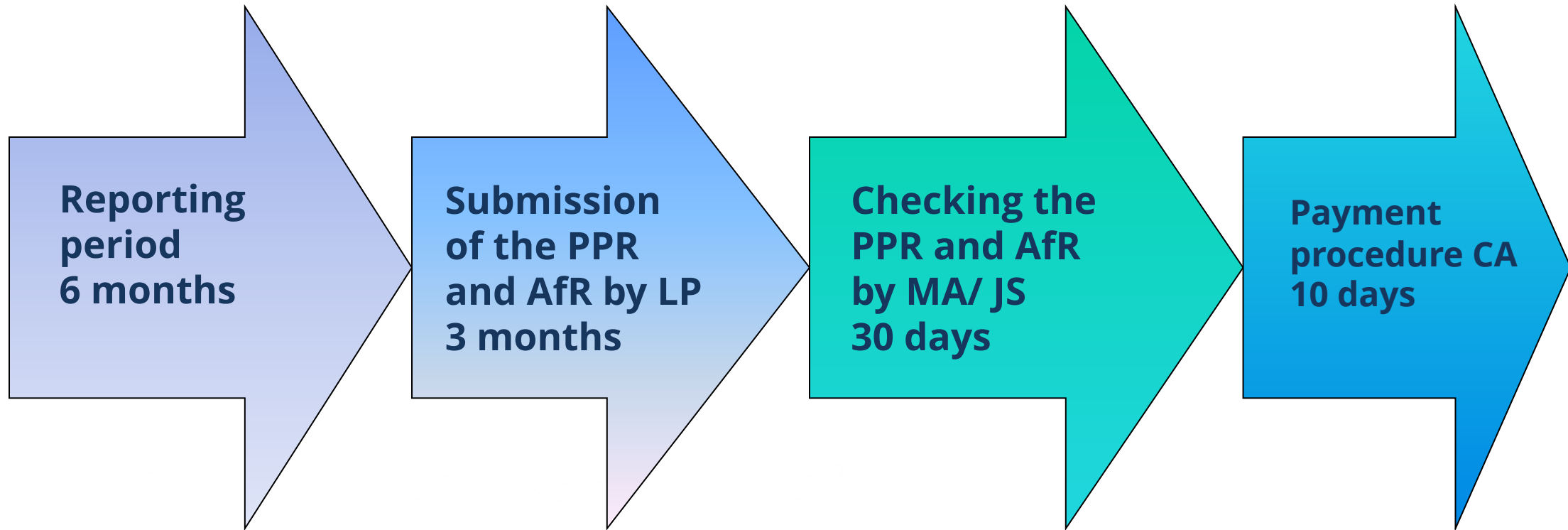


Spending forecast of the project

- The project spending forecast will be part of the subsidy contract
- Underspending can lead to project decommitment



Timeframe of reimbursement





Eligibility of expenditure

Hierarchy of rules

Non-eligible costs

Eligibility in time

Eligibility of expenditure by cost categories



Hierarchy of rules

1. EU Regulations
2. Programme rules

Manual on Eligibility of Expenditure (Version 2.0 - date: October 2023)

3. National (including specific institutional) rules

The eligibility rules laid down in the Manual on eligibility of expenditure shall not be overruled by national or institutional legislation



Non-eligible costs

- Interest on debt
- Value added tax ('VAT'), **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
- Fines, financial penalties and expenditure on legal disputes and litigation
- Costs of **gifts**
- Costs related to fluctuation of foreign exchange rate
- Purchase of land and existing buildings
- In-kind contribution (including unpaid voluntary work)
- Project expenditure split among project partners (i.e. sharing of „common costs“)



Eligibility in time

Eligible project expenditure has to be actually **incurred and paid between the starting date of the project and the project end date** as defined in approved application form

Exceptions

- **Preparation costs**
- **Control costs** related to the last progress report and application for reimbursement
- Expenditure incurred in the last reporting period
to be paid within 60 calendar days from the end date of the project

The deadline for payments is defined in Article 3(1) to the Subsidy Contract



Eligibility of expenditure by cost categories

- 1) Staff costs
- 2) Office and administrative expenditure
- 3) Travel and accommodation costs
- 4) External expertise and service costs
- 5) Equipment expenditure
- 6) Infrastructure and works



Staff costs

The costs of the **personnel employed** by the beneficiary institution and executing tasks for the project

Limited to:

- Salary payments
- Any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security



Methods of reimbursement:

1. Real cost basis
2. As a flat rate of 20% of direct costs other than staff costs

Each project partner must choose one of these reimbursement options in the final application form; the selected method **has to remain unchanged through the entire project period.**



Staff cost reimbursed on real costs basis:

Justification and supporting documents necessary

- a) Full-time working on the project (no timesheet necessary)
- b) Part-time work on the project
 - **Part-time with a fixed percentage** of time worked per month on the operation (no timesheets)



Staff cost reimbursed on flat rate basis:

- The 20% flat rate defined in the approved application form shall be automatically applied by Jems for reporting staff costs in each reporting period
- No justification and supporting documents is needed
- In case of **staff costs planned on flat rate basis, no further staff costs incurred on real costs basis can be reported under this cost category or under other cost categories**
- Eligibility of staff costs does not depend on the form of reimbursement



Office and administrative cost

- Flat rate basis of 15% of the eligible staff costs
- In order to use Office and administrative flat rate, the project partner has to select this method in the application form
- No further justification or supporting document is needed
- If the staff costs are not eligible, office and administrative costs cannot be declared
- If the staff costs are declared on flat rate basis, office and administrative costs are eligible
- **Office and administrative costs cannot be claimed as direct cost under other cost categories**



The following types of expenditure are included under this cost category (exhaustive list):

- a. Office rent
- b. Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
- c. Utilities (e.g. electricity, heating, water)
- d. Office supplies
- e. General accounting provided inside the beneficiary organisation
- f. Archives
- g. Maintenance, cleaning and repairs
- h. Security
- i. IT systems
- j. Communication (e.g. telephone, fax, internet, postal services, business cards)
- k. Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- l. Charges for transnational financial transactions



Travel and accommodation costs

Project related travel costs of the project staff employed and Associated Strategic Partner(s) financed by the beneficiary

The travel and accommodation costs may be reimbursed based on:

- the flat rate of the 15% of the staff costs and
- real costs can be chosen in dully justified cases

Possible justified cases (non-exhaustive list):

PPs from not easily accessible areas, non-reimbursement of staff, very low staff costs etc.

The method will be set during condition clearing in the final application form and has to remain unchanged through the entire project period.



Travel and accommodation costs reimbursed on flat rate basis:

- Flat rate basis of 15% of the eligible staff costs
- No justification and supporting documents is needed
- In case travel and accommodation costs are planned on flat rate basis, further travel costs of the **project staff and ASP(s) incurred on real cost bases** cannot be planned under this or under other cost categories
- travel and accommodation costs of the ASP are covered by the flat rate of the “sponsoring” PP- no need to provide justification or supporting documents
- Eligibility of travel and accommodation costs does not depend on the form of reimbursement



Travel and accommodation costs reimbursed on real cost basis:

- Travel costs
- Costs of meals
- Accommodation costs
- Visa costs
- Daily allowances

Attention:

Travel and accommodation costs of the ASPs **shall be planned** in the sponsoring PP budget under Travel and accommodation cost category (and not CC External expertise)

Travels outside the programme area are subject of approval from JS: if possible, to be included already in the AF!



External expertise and services costs

- a. Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks)
- b. Training
- c. Translations
- d. IT systems and website, development, modifications and updates
- e. Promotion, communication, publicity or information linked to the project
- f. Financial management
- g. Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation)
- h. Participation in events (e.g. registration fees)



- i. Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- j. Intellectual property rights
- k. Verifications: Externalised control activities for the verification of the project expenditure by authorised national controllers where it is relevant for the control system of the concerned Partner State
- l. The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee
- m. Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- n. Other specific expertise and services needed for the given project



Attention!

- **Registration fees for participation in events** to be planned under CC External expertise and services costs (and not under BL Travel and accommodation)
- **Stakeholders' travel and accommodation costs** to be planned under CC External expertise (and not under CC Travel and accommodation)
- **Costs of website and project logo** created by PP as a simple communication tool are **not eligible**



Equipment costs

- a. Office equipment
- b. IT hardware and software
- c. Furniture and fittings
- d. Laboratory equipment
- e. Machines and instruments
- f. Tools or devices
- g. Vehicles
- h. Other specific equipment needed for operations



Equipment costs

- Only equipment **listed in the approved AF** are eligible
- **Full costs** of the equipment should be allocated to the project, **if in line with national and institutional regulations**
- **If not**, only depreciation costs shall be allocated to the project
- Rental or leasing costs for a certain period during the project lifetime are eligible



Equipment costs

In justified cases, costs for the purchase of **specific thematic second-hand equipment** may be eligible subject to the following conditions:

- (a) no other assistance has been received for it from the Interreg funds or from the funds listed in point (a) of Article 1(1) of Regulation (EU) 2021/1060;
- (b) its price does not exceed the generally accepted price on the market in question; and
- (c) it has the technical characteristics necessary for the operation and complies with applicable norms and standards.



Costs for Infrastructure and works

- a) Building permits;
 - b) Building material;
 - c) Labour;
 - d) Specialised interventions (e.g. soil remediation, mine-clearing)
- Only small-scale infrastructure is eligible; the **transnational character** of the investment has to be demonstrated; the activity is approved in the application form
 - This cost category should include execution or both design and execution of works as well as site preparation, delivery, handling installation, renovation

Interreg Programme

Danube Region



**Co-funded by
the European Union**

Thank you for your attention!