

Alpine Space Programme

European Territorial Cooperation 2007 - 2013

ELIGIBILITY RULES

→ Relevant for all project participants from the EU Member States:

Austria
France
Germany
Italy
Slovenia

Introduction

The present paper shall provide guidance for project applicants, project participants (PP) requesting ERDF co-funding and first level control bodies as regards the funding conditions in the "Alpine Space" programme. Please keep in mind that the list of expenses presented as ineligible in the following sections is not exhaustive.

The preconditions for eligibility defined in the EU regulations and the Operational Programme (OP) as well as any national eligibility rules stricter than those defined in the following remain unaffected.

Should there be a question related to the eligibility of expenses that is not answered by this paper, it should be discussed with the Alpine Space Contact Points (ACP), the Joint Technical Secretariat (JTS) or the national First Level Control (FLC) coordination body.

The programme bodies of the "Alpine Space" defined the following cost categories:

- + Staff
- + External experts and services
- + Investments
- + General expenses
- + Financial charges and guarantee costs

General principles

A general condition for the eligibility of all kinds of expenses is the compliance with the principles of efficiency, economy and expediency of all actions. Especially the cost/benefit ratio has to be ensured.

Furthermore all expenses - independent from the respective cost category - have to be project-related, in line with national and EU rules and shall have a legal basis (contract etc).

Additionally only expenses based on actual payments are eligible. The execution of the payment has to be checked by the FLC bodies without any exceptions.

Only expenses occurred on the level of the respective project participant (PP) are eligible. Expenses based on invoices that are not addressed to the PP respectively expenses based on payments that have not been initialised by the PP itself and costs that are not finally borne by the PP itself are not eligible.

1 Staff

1.1 General principles

Project-related staff costs of public or private PP are eligible provided that

- + they are appropriate to the salaries paid for comparable staff in the public-authorities/administrations of the respective member state¹,
- + they are traceable from the approved application form (AF),
- + they are documented (work performed shall be reported in detail),
- + they are based on contracts, legal acts or formal institutional agreements. Payments or services with monetary value, which are given or paid to the employee without a legal commitment (e.g. *ad hoc* allowances, bonuses), are not eligible.
- + contracts between affiliated institutions (i.e. contracts between organisations that are formally divided, but personally, financially or functionally connected) are eligible if only verified actual and eligible costs without any additional fees are charged. For proof of that, the affiliated institution has to provide the project partner with time sheets and staff costs calculations following the programme rules which the project partner has to submit to the first level control for verification.

Eligible are therefore gross salaries including social contributions and other remunerations for the employees if they have a formal legal basis as well as costs arising from project related travels. Fringe benefits are not eligible.

Only real costs (i.e. actually paid out, excluding internal operations posted on expense accounts) can be taken into consideration – based on payslips or other documentation of similar status.

Furthermore, it has to be highlighted that

- + the total amount of personnel costs has to be proportional to the qualification of the human resources involved and the amount of work dedicated to the project;
- + staff recruitment for project purposes by both – public and private PP - has to follow the respective rules for selection in public authorities (e.g. public announcement of vacancy).

1.2 Specific rules

a) Staff costs of public PP:

Staff costs of public PP are not eligible, if they arise from the statutory responsibilities of the public authority or the authority's day-to-day management, monitoring and control tasks (e.g. project generation as task of a unit in a public administration according to the statutes of the organisation).

b) Involvement of public employees:

There are three possibilities on how public employees (e.g. university employees, civil servants) can be involved in the implementation of a project:

¹ Staff costs exceeding these salaries considerably without any fair justification (e.g. extra-pay for specific qualification or for foreign assignment) cannot be accepted – only the amount comparable to public salaries shall be certified as eligible expenditure.

- + they work outside the regular employment status for the PP that is a different body than the public employer – in that case this sideline job has to be formally approved by the public employer, has to be based on a contract, the work is to be performed clearly outside the regular working time (e.g. weekend or holidays – to be checked during flc), the remuneration for the sideline job is to be paid by the PP that can then request an ERDF co-funding => these costs are to be considered as "external experts" (e.g. university employee that provides a study to a private/public PP).
- + they work outside the regular employment status for the public employer that is also acting as PP – in that case a proper legal basis is to be ensured, the work is to be performed clearly outside the regular working time (e.g. weekend or holidays – to be checked during flc), the remuneration for the sideline job is to be paid by the public employer that can then request an ERDF co-funding => these costs are to be considered as "staff costs" and therefore have to follow the rules as set out in section 1.1 especially as regards the amount of compensation (e.g. civil servant that moderates outside the regular working time a workshop that is organised by its public employer)
- + they work during the regular employment status and working time – in that case the public employer has to be a PP, it shall assign the employee officially to the project and can then ask for a co-funding of the salary (based on corresponding time sheets)

c) Staff costs related to already contracted staff:

A clear assignment including information on the extent of involvement (part/full time) to the project is mandatory (eligibility starts with the assignment).

d) Staff costs related to part time employment/assignment:

In case of part-time assignment of employed staff to the project, all working hours (not only the project-related one) must be documented by the use of timesheets stating name, project concerned, date/time and activity. The form provided by the programme has to be used. The timesheets must be signed by the individual person claiming to have spent the hours working on the project and by his/her line-manager or any other person authorised.

Costs related to overtime premiums can only be allocated to the project proportionally.

e) Staff costs based on self employed private PP:

Self-employed private PP whose salary costs are not regulated by any contract may apply for funding for acceptable salary costs. The basis of the salaries has to be comparable to public employees or similar service providers. The PP has to provide well documented evidence of these "opportunity costs"². General managing tasks are to be considered as not project-related and therefore ineligible.

f) Unpaid voluntary work:

Co-funding of unpaid voluntary work is excluded.

g) Travel and accommodation costs:

Generally public PP shall follow the regulation of their organisation whereas private PP shall follow the regulation of the public organisation providing the national public co-funding.

² What would it cost if the service were provided by an employee?
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Unless this is regulated in the above mentioned organisations the following specific rules shall be applied. All deviations have to be well justified.

- + the most economic way of transport has to be used considering, if possible, the most environmentally friendly one.
- + accommodation costs can be accepted without reservation if they are in the middle price range.
- + project meetings shall take place within the programme area. Travel expenses outside the programme area are considered as eligible if they are traceable from the application form. Meetings in Brussels are generally to be considered as eligible.
- + daily allowances are eligible if they are in line with the conditions set for public authorities of the respective member state. The travel time claimed for the per diem payment must be grounded in facts (e.g. duration of event) and must match the travel documentation (e.g. flight times).
- + airfare is eligible from a distance of 400 km and under the condition of an economy class ticket. Below a distance of 400 km it is eligible if it is the cheapest means of transport.
- + the use of private cars or company cars is only allowed if it is verifiably the most economic means of transport or if it is saving time considerably. Only the tax-based mileage allowance can be accepted.

2 External experts and services

2.1 General principles

Expenses will be considered as eligible for consultancy (e.g. project management, technical expertise, costs for external FLC) and services (e.g. IT services, printing and layout of I&P products, catering and event organisation).

It must be guaranteed that the expenses reflect the usual market rates, i.e. by requesting comparable offers from different providers.

The following general rules for this cost category are agreed:

- + public procurement rules have to be respected by public and private PP, full documentation of the procurement is obligatory – in case no documentation is provided, expenses shall not be considered as eligible.
- + PP cannot be contracted as external expert or subcontractor.
- + if external experts are hired, a legal basis is mandatory (a clear contract based on the specification of services and related to the project has to be set up).
- + in case of CTA³ outsourced by one PP, the co-financing countries have to accept the national public procurement law of the Member State the implementing partner is located in.
- + comparison of costs and economic efficiency are central objectives.
- + contracts between affiliated institutions (i.e. contracts between organisations that are formally divided, but personally, financially or functionally connected) are eligible if only verified actual and eligible costs without any additional fees are charged.

³ CTA = Common Transnational Activity – for more information please have a look on the fact sheet dedicated to this.
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2.2 Specific rules

For “catering” the following rules shall apply:

- + the related events have to be traceable from the approved AF.
- + documentation of the participants shall be provided (participation list).
- + catering expenses for internal working meetings among project participants are not eligible.
- + dinner receptions are allowed only in exceptional cases for external events (event shall be traceable from AF).
- + specific detailed rules on national level (i.e. ineligibility of cost related to alcohol) have to be respected.

3 Investment

3.1 General principles

This cost category includes two different kinds of costs:

- + Equipment: not only the purchase price respectively the depreciation costs but also costs for site preparation, delivery, handling and installation.
- + Small scale infrastructure (as pilot action): preparatory and construction costs.

Investments (equipment and small scale infrastructure) **are only eligible if they are listed in section 6.4 of the AF and therefore explicitly approved by the Programme Committee (PC).**

The FLC bodies are responsible to perform on the spot checks of investments in due time and at least once during the project implementation phase.

Contracts between affiliated institutions (i.e. contracts between organisations that are formally divided, but personally, financially or functionally connected) are eligible if only verified actual and eligible costs without any additional fees are charged.

3.2 Equipment

It is to be distinguished between two different kinds of equipment:

- + mobile equipment (movable – e.g. PC, furniture)
- + immobile equipment (installed, fixed on a place – e.g. gauging stations)

Furthermore different rules apply for

- + “administrative” equipment (mostly related to project management tasks)
- + “technical, content related” equipment (mostly related to the content part of the project implementation)

Generally all equipment has to be strictly project related. The full purchase price is only eligible in case that the total economic life and depreciation period are shorter than or equal to the project duration. In all other cases proportional depreciation costs shall be eligible only.

Furthermore the equipment needs to be exclusively used for the project implementation.

Please find in the following some special rules for the different kinds of equipment.

a) Administrative equipment⁴:

PC and costs related to line phones are considered as eligible (proportionality of employed staff and computer equipment has to be ensured – e.g. not more PC than employees). Laptops and mobile phones are only eligible in justified cases (necessity and efficiency).

Printers, office furniture and organizers are considered as ineligible if they are related to project administration activities.

b) Technical equipment (content related)⁵:

Specific “technical” software, technical instruments, PC, mobile phones, laptops, office furniture and printers are considered as eligible if they are content-related and essential for achieving the project results.

c) Depreciation rules:

For the calculation of the depreciation, the fiscal rules shall apply. The following information is required:

- + the cost of the purchased item;
- + the purchasing date;
- + the number of months over which the item is being depreciated,
- + the % of the item use solely devoted to the ERDF project, over the life of the item.

Depreciation costs are only eligible if the purchase itself has not already been co-funded by EU or national funds. The invoice shall therefore be submitted to and checked by the fllc body and shall be validated appropriately so to ensure that the depreciation costs are refunded only once.

d) Second hand equipment:

The purchase costs respectively depreciation costs of second-hand equipment are eligible under the following conditions:

- + The seller must provide a notification which certifies that the equipment had not been acquired with either national or European grant.
- + The price of the equipment shall not exceed its market value and shall be less than the purchase costs of similar new equipment.
- + The equipment shall have the technical characteristic necessary for the project and comply with applicable norms and standards.

e) Immobile equipment

Also for immobile equipment the full purchase price is only eligible in the case that the equipment is available for the project duration its total economic and depreciable life. In all other cases only depreciation costs shall be eligible with one exception: For immobile equipment the whole purchase costs are eligible if

- + they are needed to achieve project results (instrument/output),
- + they are used for project purpose only,
- + they will keep on producing their effects after project closure.

⁴ Equipment related to the pre-defined work packages project preparation, project management and information & publicity.

⁵ Equipment related to the project-related work packages (WP) 4 to 8

Specific declarations of the Lead Partner/PP as regards the observance of all these conditions will be required (attached to reports for FLC certification).

3.3 Small scale infrastructure

Infrastructure investment might be approved by the PC in exceptional cases only. The transnational impact as well as the cost/benefit ratio is to be laid down in detail. The rules above are to be applied accordingly.

4 General expenses

4.1 General principles

The programme distinguishes between two different kind of general expenses:

- + direct general expenses: those costs that can be attributed specifically to the project (see list below).
- + indirect general expenses ("overheads"): those costs that cannot be identified and charged directly to the project without an extensive amount of tracking and accounting (e.g. electricity, rent and heating for offices that have not been installed for the project only and that are prorated to the project according to the hours of work dedicated to the project).

Direct general expenses are eligible if they are in line with the following general principles:

- + they are direct costs⁶.
- + they are project related.
- + they have actually occurred and have been paid.
- + they are justified by receipted invoices or accounting documents having a probative equivalent value.
- + they are related to content work packages (all WP except project preparation, project management and Information & Publicity)

While direct general expenses are eligible under the above listed conditions, **indirect general expenses (overheads) are ineligible** and will therefore not be co-funded.

The following eligible general expenses related to content WP might occur:

- + phone calls (upon request detailed listing of the calls are to be provided by the PP to the FLC body)
- + direct costs for rent, heating, electricity, water and office supplies for "technical" offices (i.e. for offices that are essential for the implementation of the project respectively an output of it and for which the instalment is already traceable from the application form)

⁶ Direct costs are those costs that can be attributed specifically to the project.
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5 Financial charges and guarantee costs

5.1 General principles

Financial charges and guarantee costs are only eligible if they are directly linked to the project and are necessary for its preparation or implementation and if they relate to requirements by the Managing Authority/ Certifying Authority.

5.2 Specific rules

a) Charges for financial transactions

Charges for transnational financial transactions between project participants are eligible.

b) Bank charges

Where the implementation of a project requires a separate account to be opened, the bank charges for opening and administering the accounts shall be eligible.

c) Guarantee costs

The cost of guarantees provided by a bank or other financial institution shall be eligible to the extent that the guarantees are required by national or Community legislation.

d) Other financial charges

Any other costs than those listed under a)-d) (e.g. fines, financial penalties, interests) are ineligible.

6 Revenues

Art 55 of Council Regulation (EC) No 1083/2006 deals with the handling of revenues. The eligible expenditure of revenue-generating projects shall not exceed the costs reduced by the revenues. It is therefore to be ensured that all revenues generated by the projects during project implementation but also those revenues that are generated within **five years after** the project implementation are deducted from the project costs and therefore reducing the funding accordingly.

Projects have to indicate a first estimation of possible revenues within the application form and will have to report them steadily via the regular reporting obligations. Furthermore the amount of generated revenues has to be monitored and confirmed by the FLC body within the certification of expenditure.

Within the final report the projects have to provide a further estimation of revenues occurring within the following five years. These will be considered in the calculation of the final balance and will be followed up by the body responsible.

Examples for revenues that might occur on project level could be attendance fees for workshops, sponsorships, advertisements and sales revenues of books and brochures.

7 Indicative list of ineligible expenses

The following list provides an overview on some ineligible expenses. Please keep in mind that this list is not exhaustive. Expenses not listed there are therefore NOT automatically to be considered as eligible.

- + interest on debt
- + expenses related to the purchase of land or building
- + expenses related to the construction of roads
- + expenses related to one-off cultural events
- + expenses related to the performance of artists
- + prizes related to contests and competitions
- + recoverable value added tax
- + overhead costs
- + general expenses related to the WP 1-3
- + fines, financial penalties and expenditure on legal disputes
- + expenses related to the purchase of goods that are not clearly project related (e.g. coffee service, silverware, vehicles)
- + expenses that are invoiced to a third party and therefore not born by the PP
- + unpaid invoice parts (e.g. discounts)
- + expenses related to invoice not addressed to the PP respectively not paid by the PP
- + unpaid voluntary work
- + contributions in kind (no cash flow)
- + representation expenses (e.g. flowers, presents)
- + staff costs not based on time sheets
- + expenses related to external experts and service not based on contracts respectively proper tender documentation
- + expenses related to investments not detailed in the AF
- + expenses related to communication measures that do not fulfil the obligations as set out in Art. 9 of Commission Regulation (EC) 1828/2006 (e.g. missing programme and EU logo, missing ERDF reference)
- + expenses related to catering during meetings among project participants
- + expenses based on activities implemented before the starting date of WP 1
- + expenses based on activities implemented after the date of project closure

Annex

- + Annex 1: Template time sheet for staff hours (available in early 2008)