

Estonia-Russia Cross Border
Cooperation Programme
2014-2020

LIPs: Eligibility of costs

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Grant: eligibility



- Not exceed an overall ceiling expressed as a percentage and an absolute value

- Shall not have the purpose or effect of producing a profit within the framework of the project



**NON-PROFIT
principle
within
projects!**

Any project including an infrastructure component shall repay the **Programme contribution** if

within **five years** of the project closure or within the period of time set out in state aid rules, where applicable, it is subject to a substantial change affecting its **nature, objectives or implementation conditions** which would result in undermining its original objectives



Cost eligibility



Exceptions

Incurred
during Project
implementation
period

Final
report

Grant
awarded
retroactively



Cost eligibility

Grant may be awarded retroactively

- **Need to start the project** before the contract is signed;

For approved LIPs

- Costs **related to studies and documentation** for projects including an infrastructure component

Eligible if they incurred from 01 January, 2016



Cost eligibility



Eligible direct costs



Costs of staff assigned to the project

Costs of activities which the beneficiary would not carry out if the project was not undertaken

Must not exceed those normally borne by the beneficiary unless it is demonstrated that this is essential to carry out the project

Relate to actual gross salaries including social security charges and other remuneration-related costs



Eligible direct costs

Travel and subsistence costs of staff and other persons taking part in the project



Not exceed the costs normally paid by the beneficiary

Not exceed the rates published by the Commission if reimbursed on the basis of lump sums, unit costs or flat rate financing

Eligible direct costs



Purchase or rental costs for equipment (new or used) and suppliers - correspond to market prices

Cost of consumables specifically purchased for the project

Costs entailed by contracts awarded by the beneficiaries for the purposes of the project

Costs deriving directly from requirements imposed by the *Implementing Rules* and the project such as:

- information and visibility operations,
- evaluations, external audits,
- translations including financial service costs (such as costs of bank transfers, etc.)

Ineligible costs



Costs incurred before and after the project implementation period (some exceptions related to making the final report and retroactive costs)



Debts and debt service charges (interest)



Provisions for losses or liabilities



Costs already financed by the Union budget and/or international funds budget



Ineligible costs



Purchases of land or buildings (exceed 10 % of the eligible expenditure of the project)



Exchange-rate losses



Duties, taxes and charges, including recoverable VAT



Loans to third parties



Fines, financial penalties and expenses of litigation



Contributions in kind



**Except
non-recoverable
under the
relevant national
tax legislation**

*The cost of staff assigned
to a project shall not be
considered a contribution
in kind*

Project budget



Full Application Form



- ✓ **STAFF**
- ✓ **TRAVEL & ACCOMMODATION**
- ✓ **EQUIPMENT**
- ✓ **OFFICE & ADMINISTRATION**
- ✓ **EXTERNAL EXPERTISE & SERVICES**
- ✓ **INVESTMENT**

REVENUE

In case of profit generation project eligible costs will be reduced in the amount of profit

STAFF

- ✧ Only costs of the staff assigned directly to the Project;
- ✧ Cost shall correspond to actual gross salaries (including wages, employment taxes, social charges) and must not exceed those normally borne by the employer;
- ✧ Staff costs should be comparable with the salaries on the market;
- ✧ Full time/part time work for the project (based on employment contract)



Sufficiently **justified** and **documented** in beneficiary document recording system and accountancy according to **national legislation and internal procedures of concrete beneficiary**



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the Republic of Estonia and the Russian Federation

TRAVEL & ACCOMMODATION

- ✕ Directly related to and essential for the effective implementation of the project;
- ✕ Travel costs of **project staff** (tickets, accommodation costs, daily allowances, per diems - for RUS NGOs, kilometre allowances, visa costs, travel insurance expenses, etc.);
- ✕ Usual practice of organization should be used in setting the daily allowance and accommodation rates. Rates may not exceed maximum limits (national legislation and internal procedures of the concrete organisation);
- ✕ All travel and accommodation costs for **external experts** must be included into their service contracts and budgeted in the BH "External expertise and services";
- ✕ Trips outside the programme territory to be planned under separate BL.



ALL costs to be supported by the documentary evidence (business trip requests, orders and reports, agendas, travel tickets, invoices, boarding passes, etc.)



EQUIPMENT

- ✦ Purchase or rent of equipment (new or used), supplies specifically needed for project implementation;
- ✦ Listed in project budget and correspond to market prices;
- ✦ Used equipment cannot be originally bought by public funds (another project etc.) and price to be lower than for same new equipment;
- ✦ The technical specification of the equipment met the applicable requirements of rule of origin



Below EUR 100 000 per contract
supplies do not need to originate
from eligible countries

Must comply
with **the information
and visibility rules**

OFFICE & ADMINISTRATION

- ✦ Related to office running for the purposes of the project.
For instance - office rent, telecommunication, IT systems, office consumables, postal services, heating, electricity, water, maintenance, etc.
- ✦ Flat-rate based costs: up to 7% of eligible direct costs **excluding** costs incurred in relation to the provision of **infrastructure**
- ✦ Calculated on the basis of a fair, equitable and verifiable calculation method



Determining methods (Article 50 (2), IR:

- a) statistical data or similar objective means; or
- b) by reference to **certified or auditable historical data** of the beneficiary or to its usual cost accounting practices



EXTERNAL EXPERTISE & SERVICES

- ✱ All services/works sub-contracted to an external service provider for the purpose of the project:

- **external management of the project**



In case of lack of necessary human resources in beneficiary's organization needed specialists can be employed on the basis of the service contracts

- consultants, speakers for workshops, experts,
- project events: organisation of meetings, conferences, seminars, trainings;
- translation, interpretation, research,
- information and publicity (visibility actions), publications,
- costs for expenditure verification report (**for beneficiaries from Russian Federation**)
- financial service costs (in particular the bank charges for the project account, the costs of transfers, etc.) and other services for project needs

EXTERNAL EXPERTISE & SERVICES

- ✧ Rates for external experts should be reasonable compared to the level of experience and expertise according to the standard rates in the respective country;

National rules for public procurement to be followed:



- ✧ The Lead beneficiary/beneficiaries as well as associates are not allowed to sub-contract each other or **employees of their organisations**;
- ✧ Project staff **may not act** as external experts or service providers



**Conflict
of interest**



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INVESTMENT

- ✦ Works and services related to construction, renovation, installation of infrastructure and their supervision;
- ✦ Investment financing: **only in case they are necessary for reaching the results of the project and the Programme;**
- ✦ Contingency reserve (not exceed 5 % of direct eligible costs)

As separate budget line
under BH „Investment“

Please list **each work and service contract** as a separate item in a budget

REVENUE

Non-profit rule

- ✦ Similarly, revenues of the project must be recorded by the beneficiaries (collected and entered into accounts);
- ✦ Revenues generated by project added to the sources of funding, provided there is no profit

In case the project generates profit – will be deducted from the total eligible costs



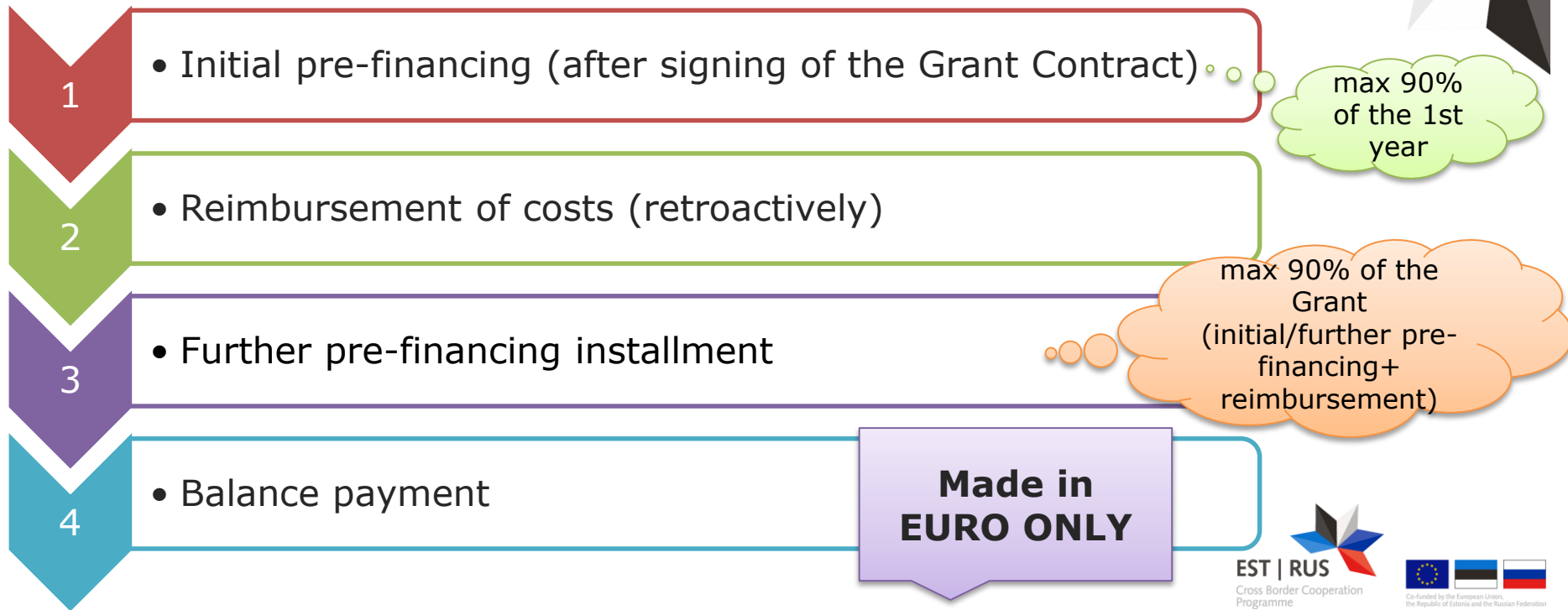
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Payments to the project

Option 1



Payments to the project

Option 2

1

- Balance payment

**Made in
EURO ONLY**

within 45 days after approval of
the Final report

Keeping the Project account



Appropriate accounting and bookkeeping system:

- **a separate accounting system or**
- **an suitable accounting code**



All documents related to the project shall be kept for five years from the date of **payment of the balance to the programme**



Keep it up!

Do you have any questions?

