

Estonia-Russia Cross Border
Cooperation Programme
2014-2020

GUIDELINES FOR CALL OF PROPOSALS: budget planning and eligibility

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Principles to be taken into account

Transparency

Equal treatment

Non-discrimination

Objectively

Fair competition



Sound financial management

➤ Economy

in due **time**, in appropriate **quantity** and **quality** and at the **best price**

➤ Efficiency

best relationship between resources and results

➤ Effectiveness

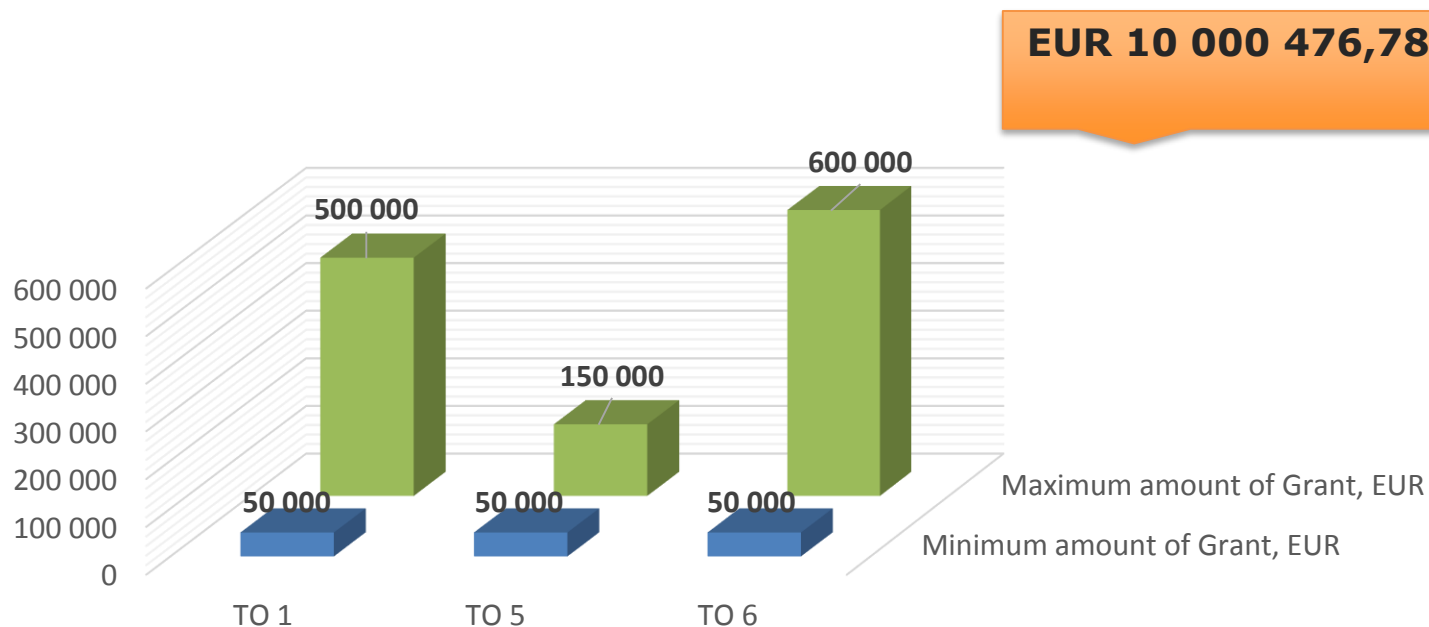
achieving specific **objectives** and intended **results**



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Grant: financial allocation



■ Minimum amount of Grant, EUR

■ Maximum amount of Grant, EUR

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



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.)

Eligible costs

Limited to **travel and subsistence costs** of staff employed by the beneficiaries
(Article 48 (5), IR)



Lump sum in amount of
of 1 000 EUR



Only for
projects to
which grant
will be awarded

Ineligible costs



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



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



Project Summary Form



Full Application Form

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

Difference from the preliminary budget in Project Summary Form **up to 10%**

Except of changes requested by the JMC (after PSF evaluation)

- ✓ **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



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STAFF

- ✧ Only costs of the staff assigned directly to the Project;
- ✧ Cost shall correspond to actual gross salaries (including 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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Co-funded by the European Union
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, kilometre allowances, visa costs, travel insurance expenses, etc.);
- ✕ All travel and accommodation costs for **external experts** must be included into their service contracts and budgeted in the BH “External expertise and services”;
- ✕ 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);
- ✕ 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



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:

- statistical data or similar objective means; or
- 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



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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**

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

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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Co-financing/own contribution



- ✧ Each project must have own contribution of at least 10 % of the total eligible costs



Every beneficiary - at least 10% contribution of their own part of the project budget

- ✧ The co-financing sources - other than the European Union



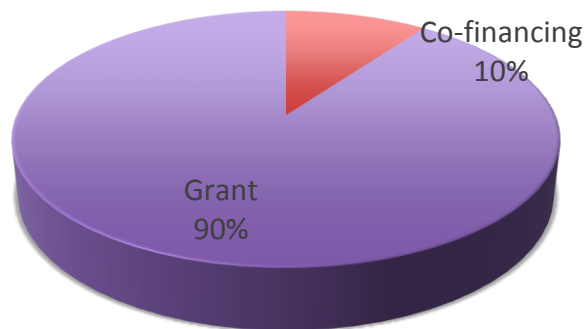
Exception:

- For SMEs from the Russian Federation the maximum co-financing from the Programme **cannot exceed 50%** of the total eligible costs
- For SME from the Republic of Estonia the Programme co-financing rate is in the line with State aid regulations.

Co-financing/own contribution

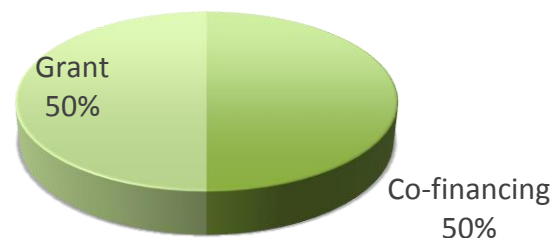
**ALL beneficiaries
except of SMEs**

**Total expenditure in the project`s
accounting records (except of SME)**



■ Co-financing ■ Grant

**Total expenditure in SME
accounting records (RUS)**



■ Co-financing ■ Grant

Payments to the project



1

- Pre-financing (after signing of the Grant Contract)

2

- Interim payment (during the project implementation)

3

- Interim payment (based on cost reimbursement)

4

- Payment of the final balance (upon completion of the project)

**Made in
EURO ONLY**

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**



Let us try it out!

Do you have any questions?

