



# **ENI CBC MED**

## **Capitalization Projects**

### **Training for Lead Beneficiaries and Auditors**

## **ELIGIBILITY OF EXPENSES**

Italy, 05.04.2022

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# GENERAL RULES ON ELIGIBILITY OF EXPENSES



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# IR 897/2014, art.48.2 let a)-g)

- ✓ Incurred during the implementation period of the project
- ✓ Indicated in the estimated overall budget for the project
- ✓ Necessary for the implementation of the project
- ✓ Identifiable and verifiable
- ✓ Comply with the requirements of applicable tax and social legislation
- ✓ They are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency
- ✓ Supported by expenditure and payment documents (i.e.: contracts, invoices, proofs of payment documents etc.)



## FAQ

What about the expenditure verification and final evaluation expenses or preparatory costs, falling before/after the project implementation?

**AN EXCEPTION TO THE «ACTUAL COST RULE» FORESSEEN ONLY IN THESE SPECIFIC CASES!**

# ELIGIBLE COSTS



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## DIRECT COSTS

- ✓ **To be incurred** by each organization involved in the partnership
- ✓ **To be supported** by original expenditure documents as well as by the occurred payment documents
- ✓ Belonging to different **COST CATEGORIES OR BUDGET COST CATEGORIES**



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# COST CATEGORIES

0. Preparatory costs
1. Human resources
2. Travel / subsistence costs
3. Infrastructures
4. Equipment and supplies
5. External Services
6. Other costs





# 0. Preparatory costs

- ✓ incurred after the publication of the call for proposals and before the deadline for the submission
- ✓ not exceeding the amount of 10.000 euro at project level
- ✓ travel and subsistence costs only for staff employed by the Beneficiary and/or the Partners
- ✓ proven by supporting documents
- ✓ reported in the first interim report



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# 1. Human Resources

- ✓ Costs related to the actual time worked for the implementation of the project by the permanent or temporary (ad hoc recruited) employees of the LB and PPs organisations;
- ✓ Staff costs from non-partner organizations are not eligible;
- ✓ Actual gross salaries costs including social security charges and other components deriving from the national legislation of the country;
- ✓ Salaries and other costs must not exceed those normally borne by the LB and/or the PPs (duly justified);
- ✓ Unpaid voluntary work is not eligible.





## FAQ

Are the incentives or performance bonus of the HR involved into the project implementation eligible?

**NO!**

Can overtime be charged to the project under the Staff costs category?

**Only if the total job time of the concerned staff is devoted to the project.**

# NEWS

## Chapter 7 PIM published on the Programme website (July 2021):

- ✓ HR, par.7.1.2
- ✓ External Services, par. 7.1.6
- ✓ Conflict of Interest, par. 7.2

### 7. FINANCIAL MANAGEMENT



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# NEWS

**New Timesheet template for Part-Time Staff working on different ENI CBC MED projects, available on the Programme website:**

avoiding double funding risk due to multiple assignments of the same HR to different ENI CBC MED projects within the same working period (mandatory!)



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## 2. Travel and Subsistence

- ✓ incurred by staff or any other person taking part in the project and having a clear link with project activities (e.g.: stakeholders or participants invited to project events).
- ✓ subsistence costs can either be reported as “reimbursed costs” or “per diem” (reimbursed on the basis of flat rate allowances).

## 2. Travel and Subsistence

### Travel costs normally include:

- ✓ Fuel (vehicles belonging to the Ben/PP only)
- ✓ Kilometer costs (in case of private car rental)
- ✓ Taxi or car rental (only when public transportation is not available)
- ✓ Public transportation (trains, planes, buses, etc.)

### Subsistence costs may include:

- ✓ Accommodation / Meals
- ✓ Local travels / Sundry Expenses



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## FAQ

What about travel and subsistence costs for external experts and service providers involved into the project implementation?

**THESE COSTS FALL UNDER THE EXTERNAL EXPERTISE CC.**

Daily Travels of project staff from home to office and return are eligible as TR & Sub Costs?

**NO**





## FAQ

Are first class tickets eligible under the Travel cc?

**AS A GENERAL RULE, FOR TRAVEL THE MOST ECONOMIC FORM OF TRANSPORT MUST BE USED – E.G. ECONOMY CLASS AIR FARES – WHERE ‘ECONOMIC’ DOES NOT MEAN THE ‘CHEAPEST’ BUT THE BEST VALUE/PRICE RATIO**

### 3. Infrastructures

Infrastructures (e.g.: solar plants, organic waste treatment plants etc.) are defined as basic facilities, and installations providing services needed for project implementation.

- ✓ **thoroughly identified and justified in the submitted e-form**, and their environmental impact was described.
- ✓ following **specific procurement procedures according to the thresholds** indicated in art. 52, 55 and to 56 of the ENI Implementing Regulation 897/2014.



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## FAQ

Can public works for restoring/adapting existing infrastructures be included into the Infrastructure cc?

**YES!**

## 4. Equipment and supplies

**Purchasing or leasing** costs for equipment and durables (new or used) specifically identified in the e-form and exclusively devoted for the purpose of the project including their installation and transportation costs

- ✓ following **specific procurement procedures according to the thresholds** indicated in art. 52, 55 and to 56 of the ENI Implementing Regulation 897/2014.



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## FAQ

Can I purchase PC, tablet whenever I need during the project life?

**NO! THIS KIND OF EQUIPMENT MUST BE PURCHASED WITHIN THE FIRST 6 MONTHS OF THE PROJECT IMPLEMENTATION (THEY SHALL BE NECESSARY FOR PROJECT IMPLEMENTATION)**

**WARNING**

- ✓ Derogations: due to exceptional circumstances (detailed request submitted by the LB), and only with the prior written authorization of the MA.
- ✓ Derogations cannot be approved ex-post, especially after a long time. In this case, the concerned partner should assess whether all the equipment listed is still needed to implement properly the project and, if this is the case, justify the delay, purchasing it in the following report.

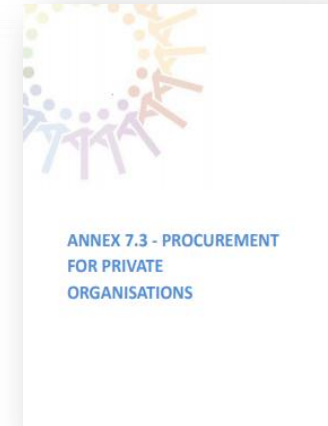


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**WARNING**

Please check the following:

- ✓ **ANNEX 7.3, PIM ON PROCUREMENT PROCEDURES TO BE HELD BY PRIVATE ENTITIES**
- ✓ **ANNEX 1, DMCS ON SPECIFIC PROCEDURES TO BE ENSURED AT NATIONAL LEVEL**
- ✓ **OTHER NATIONAL INFORMATION**



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## 5. External Services

External service providers who are subcontracted to carry out certain tasks/activities linked to delivery of the project (e.g.: external expenditures verification, studies, information and dissemination activities, short-term equipment rental for events organization, evaluations, translation, etc.) and financial services costs such as the cost of bank transfers and financial guarantees.



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**BEAR IN MIND THE DIFFERENCES  
BETWEEN HR AND EXTERNAL EXPERTS!  
(PIM, Chapter 7)**



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## 6. Other Costs

**Sub-grants:** financial support to third parties (also physical persons) to be involved in the implementation of some project activities and **only if duly justified and explained in the E-form.**

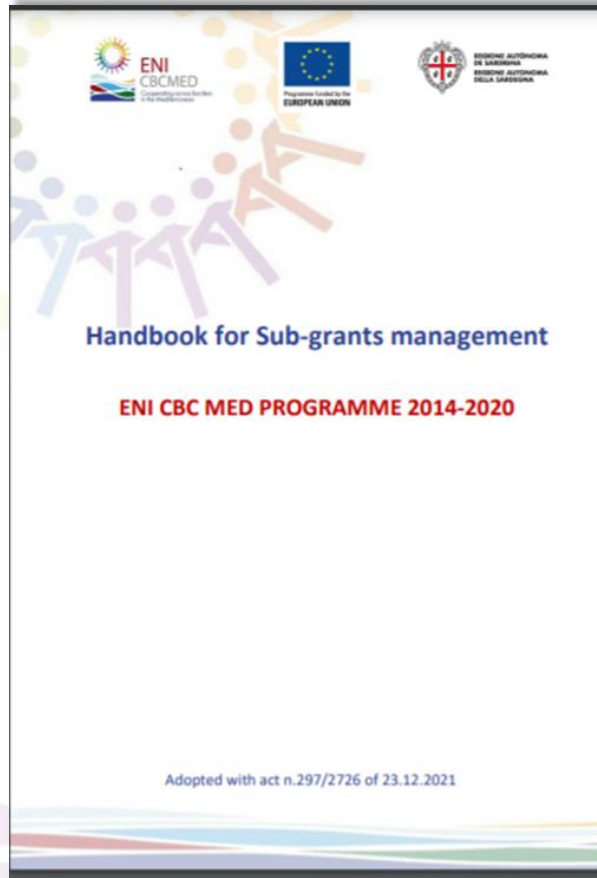
- ✓ Max. 60.000 euro per sub-grantee
- ✓ Expenditures reported on a real cost basis
- ✓ Output-oriented approach



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# NEWS

**Handbook for  
Subgrants  
Management+ Annex  
published on the  
Programme website**



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# Indirect costs:

## Administrative costs

**Administrative costs:** indirect costs incurred by the Lead Beneficiary and its partners.

- ✓ Eligible for flat rate funding, up to a maximum of 7% for each partner direct costs excluding infrastructures costs as resulting from the “administrative cost calculation file” submitted with the e-form.
- ✓ No supporting documents have to be produced to justify these costs during reporting.
- ✓ Administrative costs are not eligible if the LB / partner has received an “operating grant ” financed by the EC.



## What is an operating grant?

**A grant to finance the operating expenditures of an EU body that is pursuing a general European interest or an objective that forms part of an EU policy.**

**NO DOUBLE FUNDING!!**



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# Indirect costs: Contingency Reserve

**Contingency Reserve:** not exceeding 3% of the direct eligible budgeted costs.

- ✓ It can only be used with the prior written authorization of the MA
- ✓ evidence of the unforeseen circumstances which led the project to request the use of the contingency reserve
- ✓ the request must contain the type of cost to be covered, any justification on its calculation as well as the number of partners which will need to use it



## FAQ

Can I ask for a budget/project change in order to amend the amount of the administrative costs or contingency reserve?

**NO! UNDER NO CIRCUMSTANCES**

# Non eligible costs

(IR 897/2014, art. 49 – Official Guidelines – PIM, CH.10)



- Debts and charges (interest), loans, fines, and expenses of litigation;
- Provisions for losses or liabilities;
- Purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the concerned project;
- **Exchange-rate losses;**
- **Duties, taxes and charges, including VAT,** except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate **provisions negotiated with CBC partner countries, as per the provisions of the related Financing Agreement;**
- **Costs for project website and logo.**



# “Double currency”



- The use of “double currency” is allowed if regulated by the National law;
- In such cases all supporting documents (expenditure and payment) must indicate both currencies;
- It’s up to the LB/PP to decide the currency in which the expenditures will be reported into the MIS and then converted in Euro (see next slide);
- In case of different currencies detected into the expenditure/payment documents (ex: Invoice/payment transfer or order), the LB/PP will be asked to report the expenditures into the currency indicated into the expenditure document (ex: invoice).



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**Expenditure incurred by project beneficiaries in a currency other than the Euro, shall be converted into Euro using the monthly accounting exchange rate of the Commission for the month during which the expenditure was submitted for examination**

**( Art.4.8.3 of the JOP / Art.67 of the IR 897/2014)**



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**THANK YOU FOR YOUR ATTENTION**

**MERCI**

**شكراً**



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