



MED PROGRAMME

Seminar for First Level Controllers

Thessaloniki – 24th September 2010

ELIGIBILITY OF EXPENDITURES





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- Reference documents
(EU – MED – national rules)
- Eligibility – principles
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Reference documents [1]



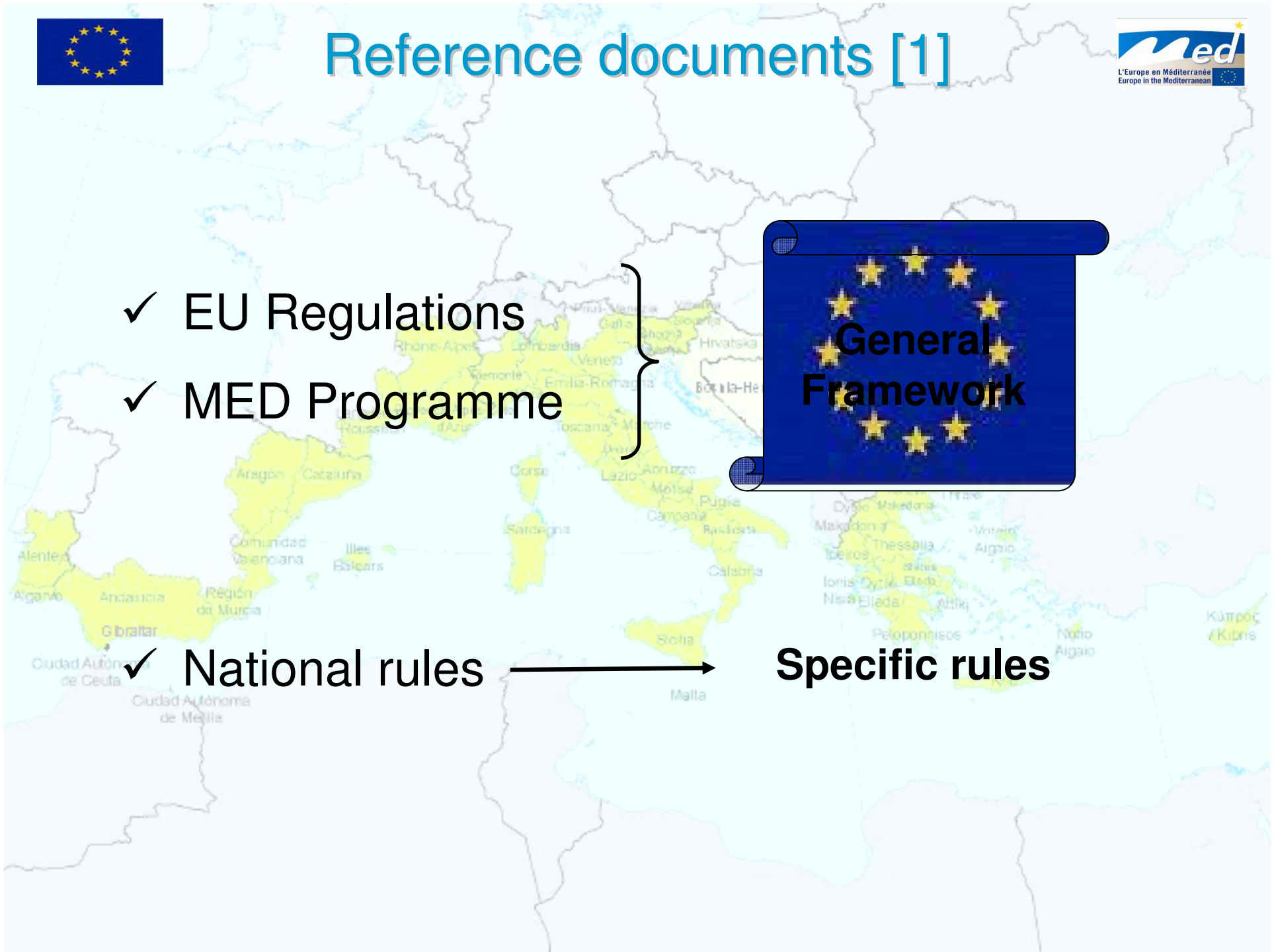
- ✓ EU Regulations
- ✓ MED Programme



✓ National rules



Specific rules





Reference documents [2]

EU Regulations



- ✓ **Council Regulation (EC) No 1083/2006 General Regulation** + related amendments: (EC) No. 1341/2008 - (EC) - No. 85/2009 - (EC) No. 284/2009
 - ▶ **Art. 56**
- ✓ **Council Regulation (EC) No 1080/2006 ERDF Regulation** + related amendment: (EC) No. 397/2009
 - ▶ **Art. 7; Art. 13**
- ✓ **Commission Regulation (EC) No 1828/2006 Implementing Regulation** + related amendments (EC) No. 846/2009
 - ▶ **Art. 48 to Art. 53**
- ✓ **Directive 2004/18/EC on Public works contracts, public supply contracts and public service contracts** + amendments: Directive 2005/51/EC; Directive 2005/75/EC



Reference documents [3]

MED Programme



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Programme documents

- Download the Operational Programme of the MED Programme: [OP](#)
- Download the Implementation Guide of the MED Programme: [Impl. Guide](#) ← **Implementation Guide**
- Download the first level control guidelines: [First level control guidelines](#) ← **First level control Guidelines**
- Download the Communication Plan of the MED Programme: [COM Plan](#)

Implementation documents

- Download Partnership agreement: [PA](#)
- Download Subsidy Contract: [Subsidy Contract](#)
- Download partnership amendment: [Partnership Amendment](#)
- Download budget amendment: [Budget Amendment](#)
- Download extension amendment: [Extension Amendment](#)
- Download Fact Sheets for project implementation: [Fact Sheets for project implementation](#) ← **Fact Sheets**



Reference documents [4]

National rules



- ✓ Each Member State defines specific rules on eligibility of expenditures - national manuals
- ✓ Project partners and first level controllers should always refer to relevant rules on eligibility defined at national level



In case of doubt please contact NCP + JTS MED



Eligibility [1] Principles

- ✓ **Necessary** to carry out project's activities/objectives
- ✓ **Clearly related** to activities foreseen in the approved AF
- ✓ Incurred **during** eligible periods (preparation-implementation-closure)
- ✓ **Incurred within MED area.**
 - *outside MED area but inside EU territory: duly justified and approved*
 - *outside EU territory: approved case by case*
- ✓ **Real**: actually borne directly by PPs and supported by accounting documents justifying **incurred expenses/payments** (invoices, pay rolls....)
- ✓ Supported by document attesting **administrative procedures** adopted (tenders, contract, ...) .
- ✓ **Respect** EU/Programme relevant rules

✓ Yes

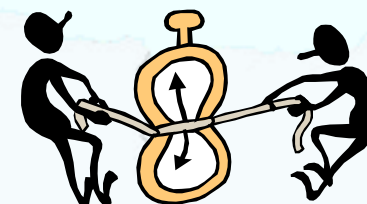


Eligibility [2]



Timeframe - Preparation costs

- ✓ **Engaged** and **invoiced** between:
 - 1st January 2007 - realistic for 2nd call: February 2009
 - date of submission of final AF: 1st February 2010
- ✓ Related **payments** within:
 - **1 month after** the date of submission of the final AF
- ✓ Link with preparation: direct and demonstrable
- ✓ **Limit**: 30.000 €
- ✓ **Claimed**: through 1^o PR. Included in a specific certification of expenditure
PRESAGE: specific period





Eligibility [3]



Timeframe – Implementation/closure costs

- ✓ **Engaged, invoiced and paid out** between:
 - The day after the submission of complete AF
 - Within date of project closure

- ✓ In case costs cannot be paid out within the date of project closure:
 - paid out **within two months** after project closure

- ✓ **Closure administrative expenditures** (First Level Control and staff costs):
 - may be **engaged** and **paid out** within **two months** after project closure



Finalise documents to be submitted to FLC asap

Do not wait the end of the reporting period



Budget Lines [1]



- Staff
- Durable goods
- Consumable goods
- Travel and accommodation
- Services
- External expertise
- Promotion, information and publications
- Overheads
- Other



- **FIRST LEVEL CONTROL GUIDELINES**
- **FACT SHEETS**

Detailed practical info on:

- *background information, guidance, supporting docs*
- *allocating costs on budget lines*
- *accounting*



Budget Lines [2]

Staff

- ✓ Directly employed by the PP according to national regular employment contracts
 - **Check national legislation/national eligibility rules**

- ✓ In case of staff working less than 100%, the calculation shall be based on **hourly rate**

- ✓ Cost of **real hours** of employees working on the project
 - **No estimations**

- ✓ **Audit cost** of internal independent controllers

- ✓ **Timesheets**: duly and fully filled in
 - In case the same project partner participates to more than one project, indicate on the monthly time sheet of the concerned person(s) the hours spent at least on all MED projects he/she is involved in



Budget Lines [3]

Staff – Ex. timesheet



MED Project acronym	
Project reference n°	
Project Partner	
Name of the employee	
Month/Year	

	Hours	Projects						Component Description
		MED 1	MED 2	MED 3	MED 4	MED 5	MED 6	
1.								
2.	3	X						C 1 Management
3.								
4.	2		X					
5.								
6.								
7.								
8.	4					X		
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20.								
21.								
22.								
23.								
24.								
25.								
26.								
27.								
28.								
29.								
30.								
31.								
TOTAL HOURS							

Hourly rate:	EUR 0,00
Total Monthly amount (tot. hours X hourly rate)	EUR 0,00

Signature of the employee:	
Date:	
Signature of the employer/director :	
Date:	



Budget Lines [4]

Staff – Calculation hourly cost

- ✓ Based on salary rate (employee's gross salary + employer's charges in accordance with national legislation) of the individual employee who is actually involved in project activities
- ✓ The calculation excludes any administration overheads.

EXAMPLE

Employee's monthly gross salary (incl. employer's contributions)	X
Working monthly days (as foreseen by contract)	Y
Daily rate:	X/Y
Hourly rate:	(X/Y) / daily hours



asap

please check the accuracy of the method of calculation of hourly cost with your FLC/NCP



Budget Lines [5]

Durable/Consumable goods

Durable goods

- ✓ Goods expected to last more than 1 years and subject to depreciation
- ✓ Foreseen in the approved AF
- ✓ **Used exclusively for project's purposes**
 - **Charged 100 %:** if the period from purchase till closure date is longer than the depreciation period
 - **Depreciation** according to relevant national rules
- ✓ **NOT used exclusively for the project purposes:**
 - **Depreciation** according to national relevant rules
 - ☞ Only a share of depreciation corresponding to actual use for project purposes
 - ☞ Share calculated according to a justified and equitable method



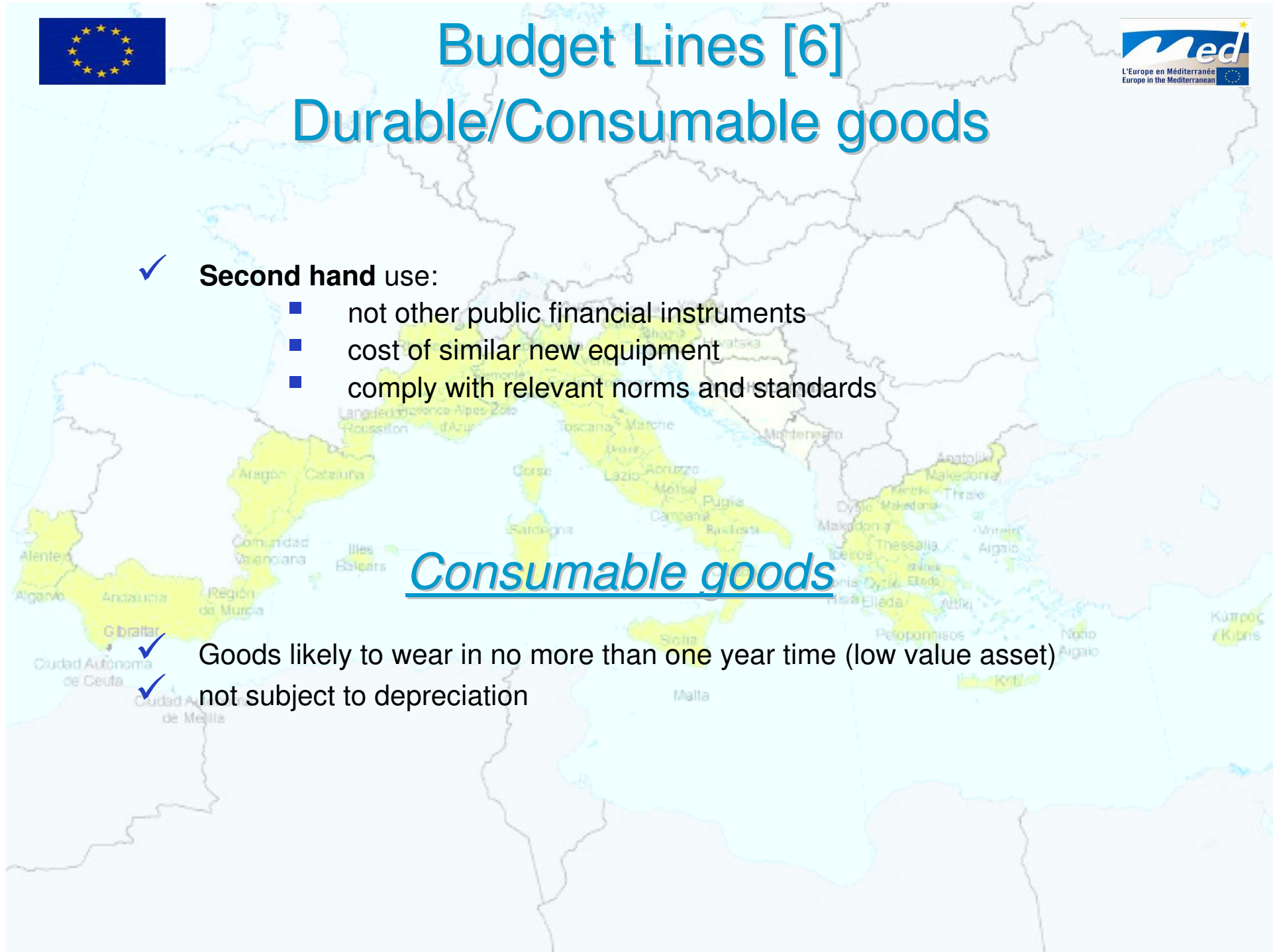
Budget Lines [6]

Durable/Consumable goods

- ✓ **Second hand use:**
 - not other public financial instruments
 - cost of similar new equipment
 - comply with relevant norms and standards

Consumable goods

- ✓ Goods likely to wear in no more than one year time (low value asset)
- ✓ not subject to depreciation





Budget Lines [7]

Travel and accommodation

- ✓ Held by personnel directly employed by partners' structure (STAFF)
- ✓ Travel cost held by external expert: under BL "external experts"

- ✓ **Travel**

- general rule: the most economic way of transport shall be used (economy class, public transports)

- ✓ **Accommodation**

- within national limits

- ✓ **Subsistence allowances**

- not exceed the usual subsistence allowances of public authorities of project partner's country
- comply with rules applicable in that country



Budget Lines [8]

Travel and accommodation



- ✓ Travels **NOT foreseen** in the application form:
 - Please request confirmation, through e-mail, to your project officer

✓ In particular:

Travels

- outside MED area but inside EU territory: duly justified and previously approved by MED Managing bodies
- Outside EU territory: approved case by case. Duly justified



Budget Lines [9]

Services

- ✓ Costs for suppliers of services (translations, interpreting, meeting organisation, premises, catering for events, etc.)
- ✓ When these services have a direct link to promotion costs, it is possible to choose between the “services” budget line and the “promotion” budget line depending on budgetary needs

External experts

Work of independent consultants/experts

- work is essential and the specific work cannot be carried out by PP's personnel (studies and surveys, ...)
- Travel and accommodation expenses
- First level control costs: when it is carried out by external controllers



Budget Lines [10]

Promotion



Costs directly linked to project promotion

- Press releases, inserts in newspapers
- Internet sites
- Events organization
- Printed publications: leaflets, brochures, newsletters and editing, etc...



Budget Lines [11]

Overheads

✓ Based on real costs and with a direct link with project's implementation

✓ As general rule

- 100% directly chargeable on the project
- Only partially chargeable on the basis of a pro rata calculation method according to a fair, equitable and duly justified method



States decide if both options are eligible

✓ **NOT eligible:**

- Lump sum, general estimations, unjustified calculations

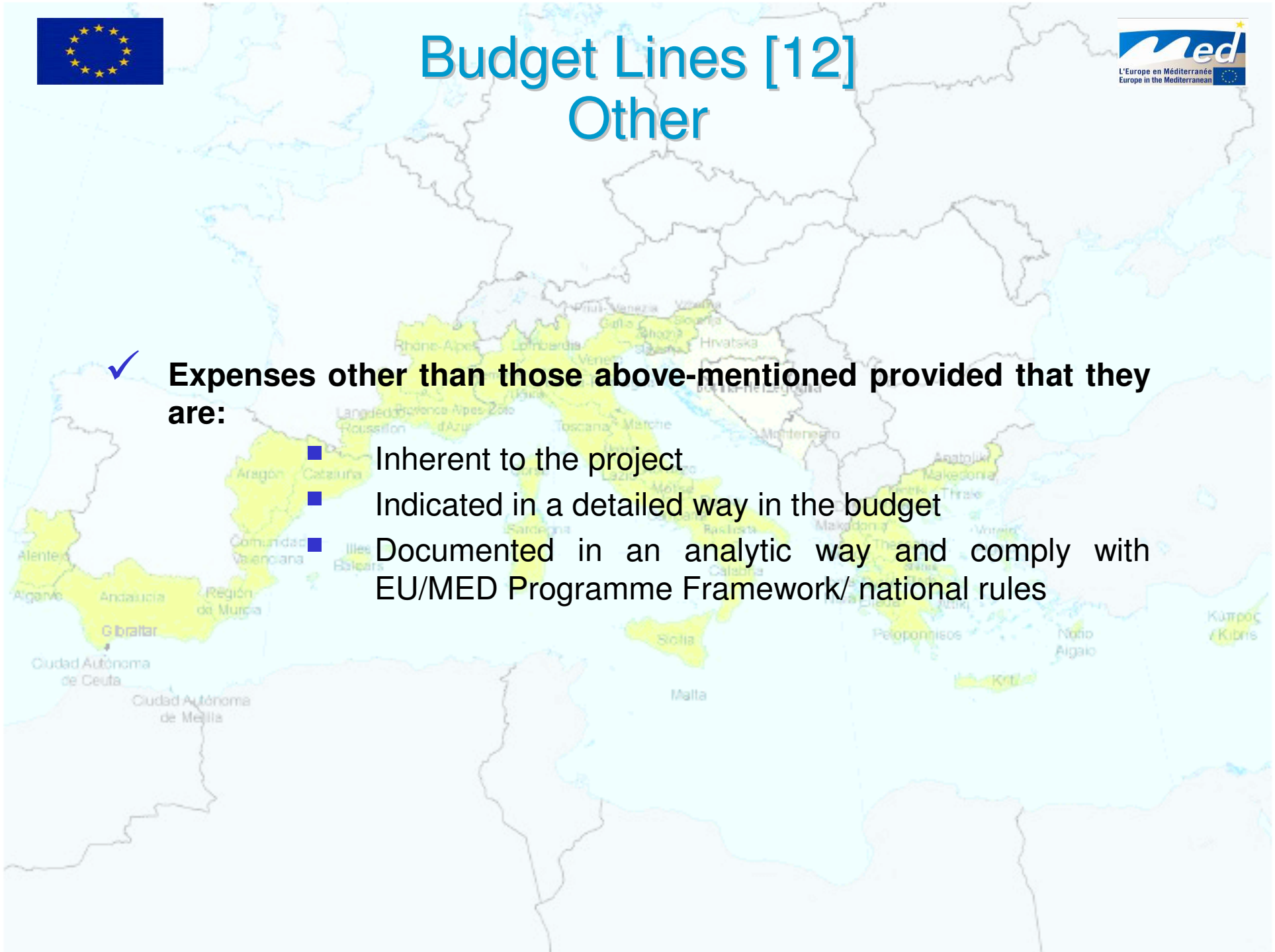


Budget Lines [12] Other



Expenses other than those above-mentioned provided that they are:

- Inherent to the project
- Indicated in a detailed way in the budget
- Documented in an analytic way and comply with EU/MED Programme Framework/ national rules





Supporting documents [1]



Staff

- ✓ List of personnel working on the project
- ✓ Employment/labour contracts or internal service orders
- ✓ Payslips
- ✓ Timesheets
- ✓ Evidence of the calculation method to calculate the hourly cost
- ✓ Proofs of payments of: salary, taxes, security schemes

Durable/Consumable goods, services, external experts, promotion

- ✓ Evidence of compliance to public procurement rules at EU and national level: evidence of selection process
- ✓ Contracts
- ✓ Invoices
- ✓ Durable goods: evidence of the depreciation plan adopted for each element when depreciation applies
- ✓ Proofs of payment



Supporting documents [2]



Travel and accommodation

- ✓ List of personnel working on the project
- ✓ Agenda/programme of meeting/event
- ✓ Signed mission request/authorisation
- ✓ Travel invoices original tickets and all other original documentary evidence (i.e. boarding pass, invoices/other equivalent documents, in the case of e-tickets an e-mail with the booking number serves as a proof etc.)
- ✓ Proofs of payment
- ✓ Use of own car: reimbursement request through mileage sheet, according to national procedures and agreed values



Public procurement [1]



Purchase of Durable/Consumable goods, services, external experts

BACKGROUND INFORMATION



AMOUNTS REGULATED BY EU - NATIONAL/REGIONAL THRESHOLDS

According to the value of the **contract** to be awarded, **EU and nation/regional public procurement rules are to be followed**: goods, both durable and consumable, external expertise and service contract must comply with public procurement rules and related administrative procedures in order to make the expenditure eligible for funding



The stricter rule applies



Public procurement [2]



*Purchase of Durable/Consumable goods, services,
external experts*

MED CONTEXT

Principles of **concurrence, equal treatment, transparency and traceability** shall be respected thus, in the context of MED Programme, for **amounts lower** than the ones fixed by national/regional rules project partners are warmly requested to set up **procedures of simplified selection**

Example:

Catering for a project's conference: request at least 3 offers from 3 different providers before selecting one



VAT



- ✓ VAT does not constitute eligible expenditure unless it is genuinely and definitely borne by the partner and thus cannot be recovered
- ✓ VAT which is recoverable by whatever means cannot be considered as eligible
- ✓ First Level Controllers will have to confirm if the VAT has been really borne by the controlled project partner: checklist annexed to the certification of expenditures



Ineligible expenditures



- ✓ Representation expenditures (e.g. presents, flowers, etc.)
- ✓ Interest on debt
- ✓ Fines
- ✓ Financial penalties
- ✓ Expenditure on legal disputes
- ✓ Exchange losses
- ✓ Expenditures held outside the eligible period
- ✓ Not supported by the relevant public procurement procedures
- ✓ Lump sum, general estimations, unjustified calculations
- ✓ VAT which is recoverable
- ✓ Not justified by project's activities/objectives
- ✓ Not supported by relevant documentation



Revenues



Examples:

- Sale of products
- Sale of merchandise
- Tuition Fees
- Conference Fees
- Services against payment



Control:

- Generation of revenues will be subject to control during certification of expenditure



Deduction:

- If a project generates revenues, the generated net revenue must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed operation



***THANK YOU FOR
YOUR ATTENTION!***

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