

NPP 2007-2013 Programme Manual

Part 4

Common Eligibility Rules

Instructions on the eligibility of project expenditure

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Northern
Periphery
Programme
2007–2013

Innovatively investing
in Europe's Northern
Periphery for a sustainable
and prosperous future



European Union
European Regional Development Fund

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1. Introduction

These Common Eligibility Rules, laying down the details concerning eligibility of expenditure in projects co-financed by the Northern Periphery Programme 2007-2013, shall be applied in all partner countries participating in the programme.

The following expenditure categories have been established for the Northern Periphery Programme 2007-2013:

1. Staff costs including social contributions
2. Travel and accommodation
3. External experts
4. Office costs (directly allocated)
5. Office costs (distributed proportionally)
6. Promotion / publications, seminars / conferences, meetings
7. Equipment and supplies
8. Other costs
9. Common costs
10. In kind costs

A precondition for eligibility of expenditure in the different categories is compliance with the principles of efficiency, economy and expediency of all actions.

Furthermore all expenditure has to be project-related, traceable from the approved application form, arisen during the project period determined by the Managing Authority, entered into the project accounts for the claimed period and paid by the project partner.

All expenditure needs to be supported by accounting documents having a probative value equivalent to invoices. A sufficient audit trail must be secured.

Public procurement rules have to be observed and full documentation of the procurement is obligatory for expenditure to be regarded as eligible.

VAT is only eligible if it is non-recoverable for the partner-organisation concerned and this is supported by a certificate from the tax authorities.

All expenditure has to be in line with Commission Regulations as well as National legislation.

Commission rules on eligibility of expenditure can be found in:

- **Regulation (EC) No 1080/2006, Art 7 and 13**
- **Regulation (EC) No 1081/2006, Art 11**
- **Regulation (EC) No 1083/2006, Art 56**
- **Regulation (EC) No 1828/2006, Art 48-53**

Other Commission rules applicable:

- **Regulation (EC) No 1083/2006, Art 2 (5) and Directive 2004/18/EC (Public procurement)**
- **Regulation (EC) No 1083/2006, Art 54 (State Aid)**
- **Regulation (EC) No 1828/2006, Art 9 (Publicity)**
- **Regulation (EC, Euratom) No 1605/2002, Art 48 (2) (Sound financial management)**
- **Regulation (EC) No 1083/2006, Art 16 (Equality between men and women and nondiscrimination)**
- **Regulation (EC) No 1083/2006, Art 17 (Sustainable development)**
- **Regulation (EC) No 1083/2006, Art 54 (Double financing)**

- **Regulation (EC) No 1083/2006, Art 55 (Generation of revenue)**
- **Regulation (EC) No 1828/2006, Art 24 (d) (Legality and regularity of expenditure paid outside the Community)**

Please note that this list may not be exhaustive.

1.1 Where to find guidance

For further guidance please contact:

- For guidance on Commission Regulations and Common Eligibility rules at application stage, contact the Programme Secretariat.
- Regarding National legislation at application stage, contact your Regional Contact Point for further guidance.
- For guidance on eligibility of expenditure at claiming stage, please contact your National Controller. The contact details are available in Annex I and on the programme website.

Contact details for the Programme Secretariat and the Regional Contact Points can be found in the cover document or on the programme website, www.northernperiphery.eu.

2 Eligibility Rules

1. Staff costs including social contributions

Project-related staff costs including social contributions incurred in Lead Partner / Partner organisations are eligible under the following provisions:

- a. They are based on and supported by legal contracts / employment agreements.
- b. They are documented;

If staff from the Lead Partners / Partners ordinary operations is assigned for part time work in the project, work performed should be reported in detail by the use of timesheets.

The timesheets must state name, date/time and activity. **They must be signed by the employee and his / her manager.** By signing the timesheet the manager also certifies the additionality of the project assignment and that the activities specified on the timesheet are not being double financed.

- c. Hourly rates should be calculated according to the following model:

Monthly salary + social contribution charge

Normal amount of working hours per month

- d. The calculated social contribution charge does only consist of legally required social charges in the Nation concerned.
- e. **No extra charges** besides social contribution charge are included in the hourly rate.
- f. Fringe benefits are **not** included.

2. Travel and accommodation

Project-related travel and accommodation costs are eligible provided that:

- a. The most economic way of transport has been used. Exceptions from this principle must be duly justified and motivated on the individual invoice. Exceptions due to choice of the most sustainable alternative is generally to be seen as eligible (See the NPP Strategic Environmental Assessment report for further guidance).
- b. The travel took place within the programme area. Exceptions must be traceable in the approved application or otherwise approved in advance by the Programme administration. (For travel outside the programme area to be regarded as eligible, it must be shown that the travel is of benefit to the programme area.) Travel expenses concerning meetings with the JPS in Copenhagen are generally to be considered as eligible.
- c. The accommodation cost is in the middle price range. Higher price ranges (>140 EUR /night) must be duly justified and motivated on the individual invoice.
- d. Daily allowances are in line with the conditions set for public authorities in the country concerned.

3. External experts

Costs for external experts / consultants are eligible under the following provisions:

- a. The work of the external expert is essential to the project
- b. Rates charged by the external expert are reasonable. Daily rates over 800 EUR must be carefully motivated to be considered as eligible

- c. Rates are in relation to level of experience and expertise
- d. Project partners cannot be contracted as external experts
- e. Sub-contracting by external experts, not part of the original bid, is only eligible if it forms a minor part of the of the contracted activities and is clearly adding value to the project not leading to any additional costs

4. Office costs (directly allocated)

Examples of eligible costs in this category are:

- a. Premises costs such as rent, heat, light, water and service charges related solely to the project and corresponding to the m2 space used for project activities. Besides standard accounting material, a copy of the underlying premise agreement is obligatory for eligibility.
- b. Administrative costs such as phone calls, postage, copying and office supplies related solely to the project

5. Office costs (distributed proportionally)

Please note that this expenditure category is not applicable in preparatory projects

5.1 General provisions of eligibility

- a. It must be impossible to allocate the costs directly to the project.
- b. Proportionally distributed office costs must be attributable to the implementation of the project.
- c. The distribution rate may not exceed 25% of direct salary cost (hourly rate calculated according to 1.c)
- d. The costs must be properly documented through accounting material and periodically reviewed.
- e. The costs must be distributed according to the following model:
 - i. Calculate total allowed office expenditure to be distributed proportionally/year [x]
 - ii. Calculate total no. of hours worked in the organisation/year [y]
$$[x]/[y] = \text{proportional cost/hour } [z]$$

Eligible cost is retrieved by multiplying [z] by the number of hours worked in the project according to the timesheets.

5.2 Detailed list of costs allowed in this category

- a. Administrative service; Book-keeping, salary administration, postal / telephone services, copying and centralized computer support
- b. Office supplies
- c. Premises costs such as rent, heat, light, water and service charges

6. Promotion / publications, seminars / conferences, meetings

Expenditure under this heading may include the following costs:

- a. Costs related to all aspects of promotion and publications specific to the project such as:
 - i. Design and production of marketing materials, brochures and publications
 - ii. targeted advertising campaigns

- b. Costs related to organising and participating in seminars / conferences and meetings such as:
 - i. Rent for meeting premises
 - ii. Meals / Catering*
 - iii. General transportation (except travelling to / from meeting locations)
 - iv. Conference fees

*Please note that meals/catering should be of a moderate nature and according to normal standards in each partner country. Excessive entertainment is not to be regarded as eligible expenditure. All meals/catering must be supported by a list of participants and a statement outlining the purpose of the occasion.

7. Equipment and supplies (including small scale investments)

7.1 General principles

- a. Cost for equipment includes purchase price as well as costs for site preparation, delivery, handling and installation when applicable.
- b. The equipment must be essential for the delivery of the project, used solely for that purpose and purchased within the eligible project period.
- c. The full purchase price is only eligible if the item is used solely for the project during its total economic and depreciable lifetime. In all other cases only depreciation costs shall be eligible.

7.2 Depreciation rules

For the calculation of depreciation, the following information is required:

- a. The cost and description of the purchased item
- b. The purchasing date; the number of years over which the item is being depreciated (Three years for electronic equipment and five years for other equipment)
- c. The % of the item use devoted solely to the project, over the life of the item

Depreciation expenditure is only eligible provided that the acquisition of the asset is not declared as eligible expenditure.

7.3 Second hand equipment

The purchase cost / depreciation cost of second-hand equipment is eligible under the following conditions:

- a. It must be certified by the seller that the equipment has not previously been co-financed with public funds.
- b. The price of the equipment shall not exceed its market value and shall be less than the purchase costs of similar new equipment.
- c. The equipment shall have the technical characteristic necessary for the project and comply with applicable norms and standards.

8. Other costs

Other costs which are eligible according to general principles and regulations and necessary for the implementation of the project may be placed under this category

Examples:

- a. Charges for transnational financial transactions
- b. Bank charges for opening and administering an account or accounts where the implementation of a project requires a separate account or accounts to be opened
- c. Costs for 1st level control

9. Common costs

This expenditure category should contain a separate accounting of each project partner's share of the total common costs for administrating the project on behalf of the project partnership. The individual eligibility rules in each of the other expenditure categories shall apply on the expenditure accounted for in this category.

10. In kind costs

In kind contributions shall be eligible expenditure if they fulfil the following conditions:

- a. Only public or public equivalent in kind contributions from organisations outside the partnership are eligible
- b. They consist of the provision of land or real estate, equipment or raw materials, research or professional work
- c. Their value can be independently assessed and audited;
 - i. Value of land or real estate must be certified by an independent qualified valuer or duly authorised official body
 - ii. For research and professional work, the eligibility rules for "staff costs including social contributions" shall apply

The co-financing from the Northern Periphery Programme cannot exceed the total eligible expenditure excluding the value of in kind contributions

11. Indicative list of ineligible expenditure

The following expenditure is not eligible in the Northern Periphery Programme:

- a. Purchases and service contracts for any project partner (including private partners) that have not been procured in accordance with EU, national or organisational procurement procedures
- b. Fees for financial transactions (except for transnational transaction charges)
- c. Interest on debt, loan charges or costs resulting from the deferral of payments to creditors
- d. Exchange rate losses or other costs tied to currency exchange
- e. Fines, other legal fees or court costs
- f. Costs for finance leases or other hire purchase arrangements
- g. Redundancy payments
- h. Payments into private pension schemes
- i. Bad debts
- j. Overtime pay for part time workers in the project
- k. Purchase of land
- l. Decommissioning of nuclear power stations
- m. Housing
- n. Recoverable VAT
- o. Unpaid costs

Please note that this list is not exhaustive. For further guidance on individual costs, see section 1.1.

12. Project revenues

Eligible expenditure shall be reduced with revenues generated by the project. The following is to be regarded as revenue:

- a. Revenues generated by sales, lease, services and fees or other similar activities
- b. Revenues in other form than money

Revenues generated by the project shall be accounted for continuously by the project partner