



Baltic Sea Region

Programme 2007-2013

Programme eligibility rules

Joint Technical Secretariat

German Information Seminar for FLC
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Content

1. Where to find the relevant rules?
2. Programme eligibility rules
 - per budget line
 - horizontal rules
3. Other relevant issues

1. Rules at different levels

- EU rules
- Programme rules

- National, regional, local rules
- Rules of the partner organisations

1. EU & Programme rules

- **Programme Manual**
 - Website: eu.baltic.net
 - ✓ FAQ
 - ✓ Country specific information
 - ✓ Management Toolkit ...
 - Project Implementation Newsletter
- (EU regulations & guidelines)
- (Operational Programme)

2. Budget line specific rules

BL1 – Personnel

BL2 – External services

BL3 – Travel and accommodation

BL4 – Equipment and investment

BL5 – Other direct costs

BL1 – Personnel: Documentation

Personnel costs of project staff

- ✓ Employment/labour contract
- ✓ Payslips/other adequate accounting documents
- ✓ Payment proof (e.g. bank statement)

Unpaid voluntary work

- ✓ Written agreement
 - ✓ Documentation of the work value calculation
-
- ✓ Signed time sheets
-
- ✓ Other documents required by first level controller

BL1 – Personnel: Please ensure that...

- Salary is **actually paid**
- **Timesheets** correspond to calculation / internal documents
- **Voluntary payments** (e.g. bonuses) are not included
- **Overheads/indirect administration costs** are not included

BL1 – Personnel: Please know that...

- **Freelancers / independent contractors** in BL2
- Personnel costs of **other departments / internal agencies** also need timesheets
- **Daily / weekly working time** cannot exceed national limits
- **Insurance** for voluntary workers is eligible

2. Budget line specific rules

BL1 – Personnel

BL2 – External services

BL3 – Travel and accommodation

BL4 – Equipment and investment

BL5 – Other direct costs

BL2 – External services: Documentation

- ✓ Observance of public procurement rules / Bid-at-three rule!
- ✓ Contract
- ✓ Invoice (incl. project reference and service details)
- ✓ Payment proof

BL2 – External services: Please ensure that...

- **Project partners do not contract each other** or their employees
- **Actual payment** exists
- In case **advance payments** are reported:
 - Invoice
 - Service (partially or fully) delivered
- External services **clearly described** in Progress Report and cost itemisation list

BL2 – External services: Please know that...

- Usually **internal agencies / in-house consultants** belong to BL1+5
- **Public procurement** rules / bid-at-three rule always to be observed, also if:
 - Service only offered by a limited number of providers
 - Contract with associated organisation
 - Contract with supplier from outside EU
- **Entertainment costs** (e.g. guided city tour) not eligible
- Language and other **standard courses** not eligible

2. Budget line specific rules

BL1 – Personnel

BL2 – External services

BL3 – Travel and accommodation

BL4 – Equipment and investment

BL5 – Other direct costs

BL3 – Travel and accommodation: Documentation

- ✓ Agenda / programme of the meeting / event
- ✓ Travel report / equivalent memo
- ✓ Original tickets and other original documentary evidence
- ✓ Payment proof

BL3 – Travel and accommodation: Please ensure that...

- Costs do not exceed **national / EU limits**
- Travel in **first / business class** is justified
- **Subsistence allowance** for third person is not included
- Use of **car or taxi** is justified (e.g. most economic)
- Travel **outside EU and Programme area** was approved
- Travel **connected to the project activities**

BL3 – Travel and accommodation: Please know that...

- **COM per diem rates** are only upper limits, but no lump sums!
- **Purchase / leasing of a car** not eligible
- **CO₂ emission compensation** certificate not eligible
- Travel costs of **associated organisation or unpaid voluntary workers** are eligible
- Travel costs of external service providers usually belong to BL2

2. Budget line specific rules

BL1 – Personnel

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BL3 – Travel and accommodation

BL4 – Equipment and investment

BL5 – Other direct costs

BL4 – Equipment and investment: Documentation

- ✓ Contract
- ✓ Invoice (incl. project reference and service details)
- ✓ Payment proof
- ✓ Observance of public procurement rules / Bid-at-three rule!
- ✓ Equipment: calculation of depreciation costs

BL4 – Equipment and investment: Please know that...

- Equipment / investment cannot be financed by **other financial instrument or project**
- Equipment which is already **fully depreciated cannot be reported**
- Equipment / investment has to be listed in **project data form**
- Equipment / investment has to comply with **information and publicity rules**
- Equipment of **part-time employees** is fully eligible

2. Budget line specific rules

BL1 – Personnel

BL2 – External services

BL3 – Travel and accommodation

BL4 – Equipment and investment

BL5 – Other direct costs

BL5 – Other direct costs: Documentation

- ✓ Invoice (incl. project reference and service details)
- ✓ Payment proof
- ✓ Observance of public procurement rules / Bid-at-three rule!


BL5 – Other direct costs: Please know that...

- The following is not eligible:
 - General costs allocated on a **percentage or pro rata basis** (Overheads (indirect administrative costs))
 - National transfer charges, exchange rate losses and debit interest
 - Awards and prizes
- Rooms cannot be provided as **in-kind contribution**

2. Horizontal rules

- a) No contracting between project partners
- b) Conflict of interests
- c) Budget flexibility
- d) Public procurement**
- e) Bid-at-three rule**
- f) Publicity rules**
- g) VAT and other financial charges
- h) Cash in-flows
- i) Interest and equivalent benefits
- j) Use of programme co-financing outside the EU and programme area**

a) No contracting between project partners

- No contracting for carrying out project activities
- No profit margin
- Cost-sharing  Contracting



b) Conflict of interest

- Person involved compromised by family, political etc. reasons
- All necessary precautions to be undertaken



d) Public procurement

- Principles: transparency, equality and objectivity

Special issues

- Limited number of service providers
- External service providers in the preparation phase
- Lead Partner's liability regarding other Project Partners
- NGOs not falling under the laws applicable to public institutions



e) Bid-at-three rule

- Value of purchase **below** the institutional, national and Community thresholds

BUT

- Value of purchase **above 5,000 EUR** excl. VAT
- Collection of 3 offers
- Proper documentation

f) Publicity rules

- Indication of the EU's participation
- Indication of the BSR Programme 2007-2013

- Recovery of funds unduly paid!

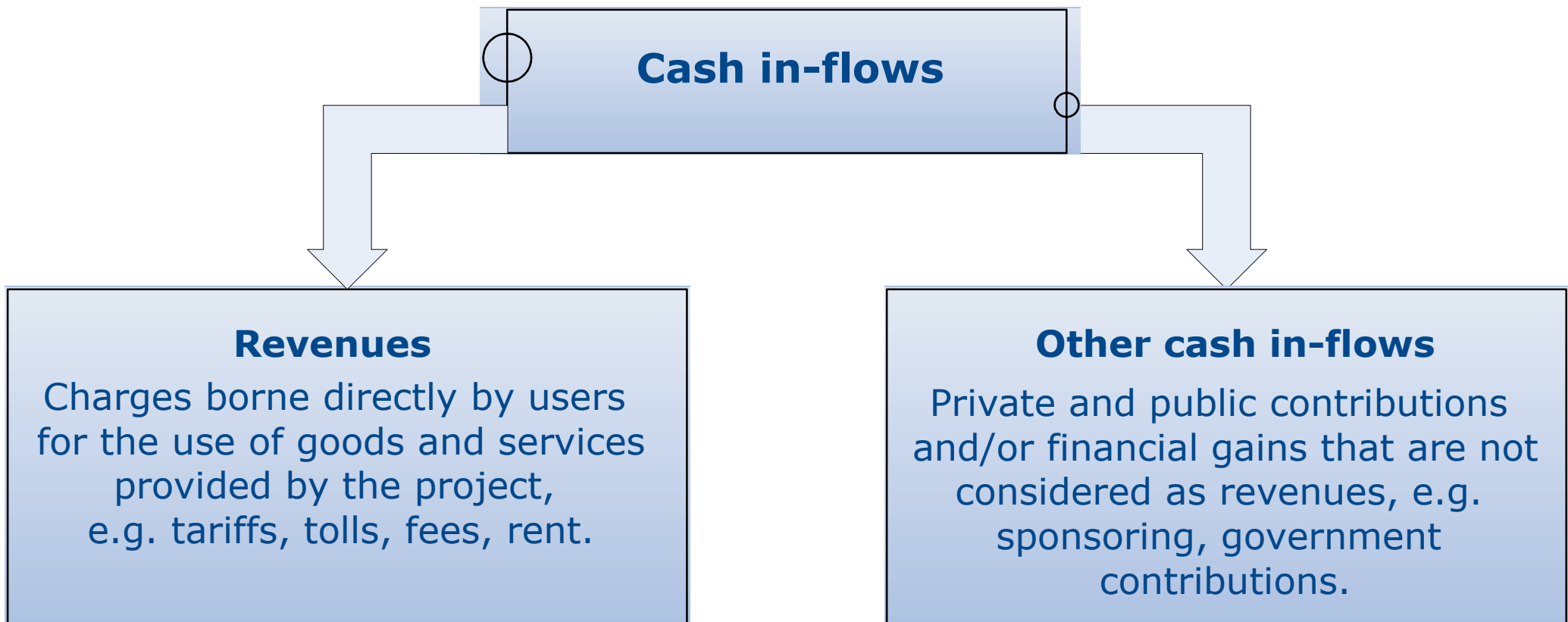


g) VAT and other financial charges



- **Only not recoverable VAT** is eligible
- **Financial charges** e.g. for transnational transactions, bank accounts of project **are eligible**
- **Debit interests, exchange rate losses are NOT eligible**

h) Treatment of cash in-flows



h) Examples of cash-in flows

Investments in infrastructure

- Revenues: User fee: Info points, science parks, technology centres
- Other cash in-flows: Government contribution for construction

Other goods and services

- Revenues: Service fees, attendance fees for project workshops
- Other cash in-flows: Contribution of private equity to the development of courses

h) Treatment of revenues

- Project Data Form
- Project implementation
 - In the Progress report
 - Information to FLC
 - Deduction from the eligible expenditure
- Project closure
 - Reference period/5 years following the project completion

h) Treatment of other cash in-flows

- Public contributions
 - NO double financing
 - co-financing NOT higher than partner's contribution
 - funding under ONLY one operational programme
- Private contributions
 - NOT ELIGIBLE – Complementary activities (FR_8)
 - e.g. airline company sponsoring air fares of PP



j) Use of programme co-financing outside the EU

10% rule (ERDF)



Who/What is concerned?

(Parts of) project activities
... located outside the EU ...
... could be inside the
programme area
(e.g. BY, NO, RU).



Condition?

Expenditure for the
benefit of the regions
of EU in programme area



Limit?

ERDF co-financing to the
expenditure \leq 10% of
total ERDF co-financing

!!! NOT applicable to Norwegian and Belarusian partners !!!

j) Use of programme co-financing outside the EU

- NOT applicable to Norwegian and Belarusian partners

Special issues:

- Hiring an external service provider outside the EU territory
- Involvement of Russian organisations
- Norwegian partner as implementing partner

3. Other relevant issues

I. Cost sharing

II. Use of euro

III. Partner reports

I. Cost sharing – Please ensure...

- Procedure:
 - Cost sharing agreement
 - Implementing partner sends cost sharing invoices/financial notes
- Reporting:
 - **No double reporting of project partners' cost shares**
 - Overview on the cost shares for the Lead Partner
 - Advance payments for cost shares were not reported
- First level controller of Implementing partner validates all costs

II. Use of the EURO (Exchange rate calculation)

- All funds in EUR
- Other currency to EUR
- Monthly accounting **exchange rate** of the European Commission
<http://ec.europa.eu/budget/inforeuro/>
- When converting 4 digits after the comma
- Financial report chapter of the Programme Manual

Monthly accounting exchange rate of the EC



European Commission > Budget

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Site map

2009-5

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Accounting rate of the euro and conversion rate used for the calculation of, for instance, the reimbursement of medical expenditure, mission costs and subsistence costs, travelling time allowance and travel expenses of persons from outside called to meetings by the European Commission.

The Commission would point out that this document is strictly informative in nature and does not give the users any rights.

The rates indicated are the market rates for the penultimate day of the previous month quoted by the European Central Bank or, depending on availability, provide the delegations or other appropriate sources close to that date.

Num. country code	Country	Alpha country code	Currencies	ISO code	Rate
Currencies quoted daily by the European Central Bank					
068	Bulgaria	BG	Lev (New)	BGN	1,955800
061	Czech Republic	CZ	Czech koruna	CZK	26,690000
008	Denmark	DK	Danish krone	DKK	7,448300
053	Estonia	EE	Estonian kroon	EEK	15,646600
064	Hungary	HU	forint	HUF	289,200000
054	Latvia	LV	Latvian lats	LVL	0,709200
055	Lithuania	LT	Lithuanian litas	LTL	3,452800
060	Poland	PL	zloty	PLN	4,414000
066	Romania	RO	New Romanian Leu	RON	4,139300
030	Sweden	SE	Swedish krona	SEK	10,759700

III. Partner report

- Optional templates on **eu.baltic.net**
- Includes Cost itemisation list
- Only own costs of the partner !
(shared costs not included or indicative only)
- Increased risk: Double-reporting of cost shares



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