



FactSheet

No. 1.4

What can be co-financed? The programme's eligibility rules

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Background information

The EU Regulations and Delegated Acts¹ include common eligibility rules to be respected by all European Territorial Cooperation programmes. Based on these documents and following Article 18 of Regulation (EU) No 1299/2013, the Alpine Space programme (ASP) has defined eligibility rules valid for all beneficiaries (meaning lead partner and its project partners) coming from the EU Member States of the cooperation area. These eligibility rules do not apply to expenditure of project participants from Switzerland and Liechtenstein as they are not eligible for European Regional Development Fund (ERDF) co-financing.

Guidance

The ASP eligibility rules specify and complement the eligibility rules laid down by the EU Regulations and Delegated Acts. The programme tailored the rules to its specificities where allowed.

According to article 18 of Regulation (EU) No 1299/2013 eligibility rules on national level are only applicable for matters not covered by eligibility rules on EU or programme level. Nonetheless, applicable national law remains unaffected in case it is stricter than the EU or ASP eligibility rules.

This factsheet includes information on general principles of eligibility (including information on preparation costs, eligibility period and exchange rates) and describes the detailed ASP eligibility rules covering the following budget lines:

- A. Staff costs
- B. Office and administration expenditure
- C. Travel and accommodation costs
- D. External expertise and services costs
- E. Equipment expenditure

Beneficiaries are herewith strongly recommended to seek advice at the respective First Level Control Body, the Alpine Space Contact Points or the Joint Secretariat if there is any issue related to the eligibility of expenditure that is not answered by the present eligibility rules.

¹ Delegated Acts are non-legislative acts from the European Commission to implement Regulations of the European Parliament and of the Council.



General principles of eligibility

The main **preconditions for eligibility of all expenditure** incurred are the following:

- The expenditure is essential for the implementation of a project and would not have been incurred if the project had not been carried out (additionality).
- Cancellation costs (e.g. venue, catering, travel and accommodation) or costs of any unused travel tickets or booking are ineligible. Such costs can only be declared eligible if cancellation is due to unforeseeable, external circumstances (e.g. force majeure like natural disasters or epidemics) and if costs are not recoverable by any means and the justification is documented.
- Double financing is not allowed. In case of financial contributions of third parties specifically assigned to the project or any of its actions, the following rules shall apply:
 - Expenditure which is already co-financed from another EU-funding source shall not be reported to and cannot be co-financed by the programme.
 - Expenditure that is already financed in total by any public subsidy shall not be reported to and cannot be co-financed by the programme.
 - Expenditure that is co-financed partially by any public subsidy can be considered for co-financing only if the financial contribution of the latter is not exceeding the share of the national contribution to the project expenditure according to the approved application form. In any other case the ERDF contribution shall be reduced accordingly (so that the total funding is not exceeding the beneficiary's expenditure).²
- Financial contributions that are not dedicated to the specific project approved by the programme are not of any relevance for the calculation of the ERDF co-financing.
- Costs incurred by public authorities (e.g.: staff costs relating to the preparation and implementation of a project) shall be eligible only if these costs do not arise from their statutory responsibilities or day-to-day management, monitoring and control tasks.

² Explanatory example: PP Alps planned a total budget of EUR 100.000 (85% and therefore EUR 85.000 ERDF, and a fixed national subsidy from federal level amounting to EUR 15.000). After implementation the PP reported eligible expenditure in the amount of EUR 95.000 only. As the national subsidy was granted in the total of EUR 15.000, the ERDF co-financing rate decreases and the final ERDF co-financing will amount to EUR 80.000 only.



- Any revenues generated by project activities must be deducted from the total eligible costs claimed.³
- The expenditure must comply with the principles of **efficiency, economy and effectiveness**. Especially the cost/benefit ratio has to be ensured.
- Only expenses incurred on the level of the respective project participant (PP) are eligible. Expenses based on invoices that are not addressed to the PP respectively expenses based on payments that have not been initialised by the PP itself and costs that are not finally borne by the PP itself are not eligible.
- The expenditure must comply with the principle of real costs except for specific cases such as flat rate, lump sum or depreciation as further detailed in this factsheet.
- Beneficiaries are responsible for minimising any possible risk of conflicts of interest. Specific attention should be given especially within the framework of procurement processes.
- Expenses related to contracts between beneficiaries concerning the delivery of services, supplies or works among themselves cannot be co-financed.⁴
- Expenses of organisations contracted via in-house procurement⁵ can be considered as eligible as long as based on verified actual and eligible costs without any additional fees charged. The respective expenses shall be reported in the budget lines they would normally belong to if directly incurred by the project partner. The present eligibility rules therefore apply in full to organisations contracted via in-house procurement too (i.e. staff costs calculation for an employee of such an organisation is the same as the one for an employee of the project partner)⁶. The same rule shall apply to contracts concluded between public bodies falling outside the scope of the EU public procurement directive (Article 12 (4) of Directive 2014/24/EU).
- All expenditure is supported by invoices and proofs of payment or documents of equivalent probative value. Electronic invoices can be accepted if they meet the requirements set out in national law and include information on the funding programme and the reference number and the name (acronym) of the project. If applicable (e.g. same document covering different cost items), a statement on the share claimed as eligible has to be indicated too.
- When applicable, the relevant public procurement procedures have to be observed.

³ See relevant factsheet.

⁴ I.a. expenses based on activities formerly known as “CTA”

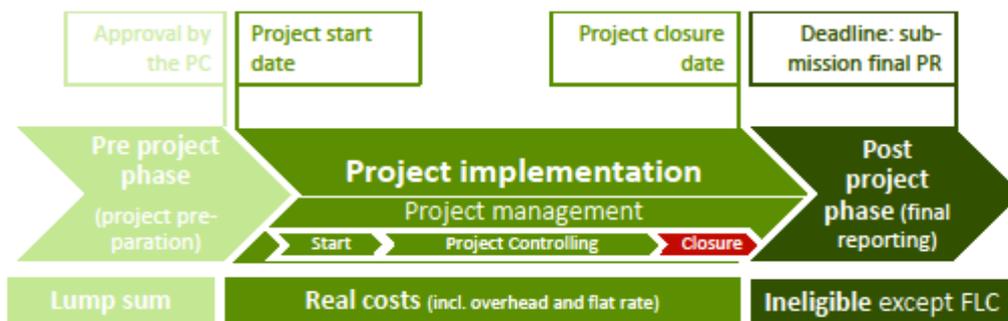
⁵ Formerly known as affiliated institutions in the Alpine Space Programme 2007-2013

⁶ See factsheet on public procurement



- Any expenditure reported to ASP must be in euro. Therefore, expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiary by using the monthly accounting exchange rate of the Commission in the month during which the expenditure was submitted for verification to the first level controller.⁷

Additionally, the expenditure must be incurred in the eligible period. Following the programme’s definition, each project consists of three project phases.



Project preparation: It comprises all activities related to the elaboration of the expression of interest (EoI) and application form (AF) and ends with the approval of the project by the Programme Committee. For the preparation activities, the programme grants a **lump sum of EUR 20.000 for total eligible costs** (corresponding to maximum EUR 17.000 ERDF) if the project is approved. Therefore, costs incurred during the preparation phase can never be claimed on a real costs basis (even if paid after the project approval). This lump sum covers all project preparation costs and shall be shared among the project beneficiaries in proportion to their involvement in the preparation of the project (to be detailed in the application form). No further documentation is necessary; i.e. project beneficiaries do not need to document that the expenditure has been incurred and paid, or that the lump sum corresponds to the reality.

Project implementation: The implementation starts after the project approval⁸ and lasts until all activities related to the approved work packages (including project management) of the project have been completed. Costs related to the project implementation and incurred between the project start date and the project closure date (both dates to be specified in the application form) are eligible unless they violate any of the

⁷ http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

⁸ Further details may be provided in the terms of reference of the respective call and the guidance for EoI and AF.



eligibility rules as outlined in this paper⁹. The project partners are recommended to foresee sufficient resources for the administrative project closure (e.g. for the reporting to the LP, the drafting of the final report, preparation of the first level control) and to finalise all activities within this phase.

Post project phase: Any costs related to activities implemented in this phase are ineligible with the exception of the costs related to the first level control of the last reporting period (to be invoiced by the first level control body and paid by the beneficiary before the issuing of the certification).

A. Staff costs

Staff costs cover gross employment costs of persons employed by the beneficiary and working full or part time on the project in line with their respective employment contracts.

Staff costs of beneficiaries can be co-financed by the programme on the basis of:

1. real costs
2. a 20% flat rate of the direct costs reported under the budget lines “travel and accommodation costs”, “external expertise and services costs” and “equipment expenditure”.

Each project partner shall decide on whether to apply the real costs or the flat rate principle in the project application phase (i.e. when elaborating the application form). Its choice is valid for all staff members of the project partner and cannot be modified during the entire project duration.

A.1 Staff costs based on real costs

If staff costs are calculated on the real costs method, the following **principles** have to be obeyed:

- Staff costs have to relate to activities which the beneficiary would not carry out if the project was not undertaken.
- Staff members can either be already employed by the beneficiary or contracted specifically for the project.
- In case of recruitment of staff for a project a job announcement has to be published adequately.
- The staff costs calculation is based on costs actually paid out and proofed by pay slips or documents of equivalent probative value (e.g. data from the project partner accounting system which allows the proof of the payments for each single staff member may be accepted).

⁹ Expenses based on payments initialised with a minor delay after the project implementation period can be accepted as long as the activities have been implemented and the invoices have been issued before the project closure date (time period to be agreed with the FLC body responsible).



- The staff costs must be calculated individually for each staff member.
- A written assignment to the project needs to be issued for each staff member (precondition for eligibility)¹⁰.
- In case of part time assignment of a staff member to the project, a percentage of assignment has to be fixed that is in line with the project related tasks, responsibilities and outputs defined for this employee. This percentage remains applicable for the entire duration of the assignment. It can only be changed in exceptional and well justified cases (e.g., changes in the tasks and responsibilities of the employee). In this case the employer must issue an amendment to the assignment (see audit trail), setting out the changes in detail.

Eligible are the following **cost components**:

- Gross salary including overtime (provided it is paid out),
- Other costs linked to the salary such as employment taxes and social security contributions which have to be borne by the employer if they are stated by law and not recoverable by the employer.

The following **cost components** are **ineligible** under this budget line:

- Unpaid voluntary work (i.e. contribution in kind) is generally not eligible.
- Voluntary payments (e.g. payments not in line with the employment contract or the employment policy of the beneficiary or payments without any legal commitment), bonuses and rewards are not eligible.
- Staff costs for employees not officially assigned to the project are ineligible.
- Overheads cannot be reported under this budget line (to be reported under the budget line “office and administration”).
- Per diems and any other travel and accommodation costs cannot be reported under this budget line (to be reported under the budget line “travel and accommodation”).

Depending on the extent of assignment to the project the following **calculation method** applies:

Full time assignment to the project: 100% of the gross employment costs are eligible (as long as they are in line with the general principles outlined above).

Part-time assignment to the project – fixed percentage of time: The gross employment costs multiplied by the fixed percentage of time worked on the project is eligible. As already highlighted, the percentage shall be fixed in the project assignment.

¹⁰ The minimum requirements as laid down in the model assignment provided by the programme shall be considered.



A.2 Staff costs based on a flat rate

The staff costs are calculated as a **flat rate of 20%** of the beneficiary's direct costs other than staff costs. The eligible amount for staff costs is thus equal to 20% of the total eligible amount declared under the following budget lines:

- Travel and accommodation costs,
- External expertise and services costs,
- Equipment expenditure.

When reporting staff costs using this option, the distribution of costs between work packages shall reflect the distribution between work packages of the respective direct costs (e.g. costs for external experts and equipment amount to 40% of work package 1 and 60% of work package 2; thus 40% of staff costs shall be allocated to work package 1 and 60% to work package 2). If the beneficiary opts for the flat rate financing of direct costs, no other staff costs can be claimed (e.g. direct staff costs).

A.3 Audit trail

In order to ensure a proper **audit trail** the following documentation is required if the beneficiary follows the **real costs principle**:

- employment contract;
- official, written assignment of the employee to the project activities with information on the main tasks to be performed and outputs to be delivered (the assignment shall also specify information on the involvement on work package level, the duration for which the staff member is assigned to the project and whether the staff member works full time or part-time in the project, in the latter the fixed percentage of time assigned to the project). In case the staff member works for several public funded projects, the official assignment must cover all projects and clearly indicate the funding sources.
- evidence of adequate publicity for the recruitment of new staff involved in project activities;
- pay-slips or documents of equivalent probative value (e.g. internal accountancy documents which allow the proof of the payments for each single staff member);
- a six-monthly task report informing on the activities and outputs on WP level and mentioning any other public funded project worked on within this period as well as confirming that not more than 100% of the staff costs are invoiced to public funded projects (form of the programme shall be used).

When the **20% flat rate option** is applied, it has to be proved that the beneficiary has at least one employee (e.g. by providing a registration at the social insurance agency). Beneficiaries do not need to document that the expenditure has been incurred and paid.



B. Office and administration expenditure

Office and administration expenditure covers operating and administrative expenses of beneficiaries. They are limited to:

- office rent;
- insurance and taxes related to the building where the staff is located and to the equipment of the office (e.g. fire and theft insurances);
- utilities (e.g. electricity, heating, water);
- office supplies (e.g. paper, files, pencils);
- general accounting (provided inside the beneficiary organisations);
- archives;
- maintenance, repair and cleaning;
- security;
- IT systems (hardware and software of general nature);
- communication (e.g. telephone, fax, internet, postal service, business card);
- bank charges for opening and administering an account;
- charges for transnational financial transactions.

Office and administration expenditure is covered by a **flat rate of 15% of the reported staff costs**. The above list is exhaustive and all listed items are to be considered as covered by the flat rate and cannot be reported under any other budget line. If no staff costs are foreseen and reported, no office and administration costs can be charged.

B.1 Audit trail

No specific audit trail is necessary. Project partners do not need to document that the expenditure has been incurred and paid.

C. Travel and accommodation costs

This budget line covers travel and accommodation costs of employees of beneficiaries that relate to project activities. It shall be limited to:

- travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll and parking fees);
- the costs of meals;
- accommodation costs;



- visa costs,
- daily allowances.

The following **principles** shall be obeyed:

- These costs are borne by a beneficiary (direct payment of costs by a staff member must be supported by a proof of reimbursement from the employer) in line with its travel and accommodation policy/rules.
- The choice of transport and accommodation should be led by effectiveness, cost-efficiency and eco-friendliness.
- Travel and accommodation costs of external experts, service providers and observers are ineligible under this budget line (to be reported under the budget line external expertise and services in accordance with the respective contract).
- Only travel and accommodation costs of the following staff members are eligible:
 - responsible person and contact person indicated in the AF and their officially designated substitutes (in case of applying the flat rate for staff);
 - responsible person and contact person indicated in the AF and their officially designated substitutes as well as the staff members officially assigned to the project for the period in question (in case of applying the real costs principle for staff costs calculation).

Any travel and accommodation costs of staff members not listed above are eligible in well justified and documented cases only (active contribution and project-added value to be laid down in detail – to be checked by the FLC body).

- Elements of travel costs covered by the daily allowance of the beneficiary shall not be reimbursed in addition to the daily allowance (e.g. the cost of a meal is not eligible if the concerned staff member receives a daily allowance).
- Airfare is eligible beyond a distance of 400 km. Below a distance of 400 km, it is eligible if it is the cheapest or fastest (time gain above 90 minutes) mean of transport.
- Public transports have priority over private or company cars and taxis. The use of taxis, private or company cars is only allowed in duly justified cases (e.g. if it is verifiably the most economic means of transport or if it substantially saves time).
- Carbon compensation is not eligible.
- Costs of travel and accommodation related to activities outside of the programme cooperation area are only eligible, if they have been included in the approved Application Form or approved beforehand by the Joint Secretariat. In all cases, benefits of such activities to the project and the programme area must be demonstrated.
- Maximum daily allowances which are accepted by the programme are set out in the table below. If these are applied the following shall be considered: this daily allowance covers breakfast, two main meals and



local transportation at the destination. Necessary reductions must be applied whenever costs of selected meals are covered by the hosting organisations or included in the hotel bill (e.g. breakfast).

Maximum daily subsistence allowances and indicative rates for hotels

Regarding daily subsistence allowances and rates for hotels the travel and accommodation policy/rules of the beneficiary shall be obeyed. However, costs higher than indicated in the following limits for daily subsistence allowances are not eligible. Regarding rates for hotels the following figures are indicative. It has to be well justified to the FLC body if higher costs arise.

Country ¹¹ (destination)	daily subsistence allowance	daily rate for hotel
Austria	95	130
France	95	150
Germany	93	115
Italy	95	135
Liechtenstein	120	181
Slovenia	70	110
Switzerland	120	181

C.1 Audit trail

In order to ensure a proper audit trail, the following documentation is required:

- documentation according to the travel and accommodation policy/rules of the beneficiary; in any case it shall keep the following documents:
 - agenda of the event (e.g. meeting, seminar, conference);
 - proof of participation (signed participation list or similar);
 - invoices or daily subsistence allowance claims;
 - transport justifications: (boarding pass, tickets or similar);
 - proofs of payment (receipt, bank account statement or equivalent);

D. External Expertise and Services costs

This budget line covers expenses related to professional services and expertise provided by external service providers (other than the project partners) contracted to carry out certain activities linked to the delivery of the project. This includes:

- studies or surveys exclusively set up or specifically needed for the purpose of the project;

¹¹ Travels outside the programme area remain limited to duly justified cases (see above). For those cases, the applicable indicative maximum daily subsistence and rates for hotel shall apply as set out in Council Regulation (EC, EURATOM) No 337/2007 of 27 March 2007 which can be found [here](#).



- training;
- translations;
- IT systems and website development; modifications and updates;
- promotion, communication, publicity or information;
- financial management;
- services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- participation in events (e.g. registration fees);¹²
- legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- intellectual property rights and consultancy fees;
- first level control of the project;
- certification and audit costs on programme level;
- the provision of guarantees by a bank or other financial institution when required by Union or national law or in a programming document;
- travel and accommodation costs for external experts, speakers, chairpersons of meetings, observers and service providers of the project;
- other specific expertise and services needed.

The following **principles** have to be obeyed:

- Beneficiaries which fulfil the definition of a contracting authority according to the relevant national procurement legislation have to respect these public procurement rules and properly document the procurement procedure.
- All other beneficiaries must ensure adequate market research (e.g. by asking for at least 2 comparative offers, internet researches) for contracts with a value higher than EUR 5,000 excluding VAT. For purchases with an estimated contract value of EUR 50,000 net and more, a call for offers must be published on the programme's dedicated website allowing interested companies appropriate time to file an offer (at least two weeks). The purchase process must be documented in English (as guidance a form has been provided by the programme).
- As legal basis, a written contract (or any document of equivalent probative value) specifying the service to be delivered is necessary between the beneficiary and the service provider.
- The services or expertise are essential to the project.

¹² Any other costs related to the participation in external events such as accommodation, travel costs and daily allowances shall be reported in the budget line 'travel and accommodation costs'.



- Any expenses based on contracts concluded between project beneficiaries or beneficiaries and observers (except the reimbursement of travel and accommodation costs of observers by a beneficiary) are ineligible as neither project partners nor observers shall be contracted as service providers by any other project partner (so to avoid a conflict of interest in the procurement of services and goods).
- Contractual advances are eligible if they are in line with normal commercial law and practice, stipulated in a written contract between the beneficiary and the expert/service provider, supported by receipted invoices and provided that the service/supply has been delivered within the project eligibility period.
- Promotional material is eligible provided that the costs of a single item remain limited and do not exceed EUR 50 and that it clearly serves the objectives of the project communication strategy¹³. Principles of sound financial management must be respected.

D.1 Audit trail

In order to ensure a proper audit trail the following documentation is required:

- evidence of the procurement process in line with applicable procurement and this eligibility rules;
- written contract (or any document of equivalent probative value) laying down the services to be provided with clear reference to the project;
- daily rate together with the number of days contracted and the total amount of the contract must be provided for experts paid on the basis of a daily fee;
- documentation of any change to the contract (any change must comply with the public procurement rules and must be sufficiently documented);
- invoice (or request for reimbursement) providing all relevant information in line with the applicable accountancy rules;
- proof of outputs or services delivered;
- proof of payment.

E. Equipment Expenditure

In this budget line equipment purchased, rented or leased by a beneficiary, other than those covered by the office and administration budget line, shall be reported. Equipment is limited to the following items:

- office equipment;
- IT hardware and software;
- furniture and fittings;

¹³ For more details on further requirements please consult fact sheet 4.4.



- laboratory equipment;
- machines and instruments;
- tools or devices;
- vehicles;
- any other equipment necessary for the project.

Equipment can only be co-financed if it is necessary for the project implementation or if it is considered as a project output or deliverable.

- An **equipment necessary for the project implementation** is a tool or device used to carry out project activities. It must be necessary for the delivery of the project results and used for that purpose. The full purchase price is eligible if used solely for the purpose of the project and depreciable within the eligible period. Otherwise a pro-rata calculation needs to be carried out on the basis of a justified and equitable method (e.g. the equipment was purchased before the start date of the project or the depreciable lifetime ends after the eligible period which means that only the respective part of costs are eligible).
- An **equipment considered as a project output or deliverable** (small scale investment) is a tool or device that remains in use by the target group after the completion of the project. Such equipment may be approved by the Programme Committee provided that the transnational benefit is well justified in the application form. The full purchase price is eligible.

The following **principles** have to be obeyed:

- Equipment is eligible if it is listed in the approved application form.
- Equipment is eligible if it is not covered by the office and administration costs (e.g. the IT system of the beneficiary is covered by the budget line office and administration while any IT system developed for the project specifically can be included under equipment).
- The relevant public procurement rules must be respected and properly documented by all beneficiaries that are subject to public procurement law (for details see the factsheet on public procurement).
- Costs of equipment which is purchased, rented or leased from another beneficiary are not eligible.
- Second-hand equipment is eligible if not originally acquired with the support of EU funds and if its price does not exceed the generally accepted market price.
- Costs related to the site preparation, delivery or installation of the equipment are eligible.

E.1 Audit trail

In order to ensure a proper audit trail the following documentation is necessary:

- application form in which the respective item of equipment is listed;



- evidence that the procurement was done in line with the applicable public procurement law and these eligibility rules;
- invoice providing all relevant information in line with the applicable accountancy rules;
- proof of payment;
- equipment necessary for the project implementation: applicable calculation scheme for depreciation;
- equipment considered as project output or deliverable: contract laying down the investment to be provided, with clear reference to the project and programme;
- document of the check carried out by the First Level Controller to verify the existence of equipment¹⁴.

F. Ineligible expenses

Non-exhaustive list of ineligible expenditure:

- VAT unless it is genuinely and definitely borne by the project partner;
- interests on debts;
- exchange rate losses;
- national banking charges;
- housing (residential building, domestic architecture);
- purchase of land;
- fines, financial penalties and expenditure on legal disputes and litigation;
- contributions in kind (provision of land, real estate, equipment, unpaid voluntary work...);
- gifts;
- any costs incurred before project approval and after project closure (except the costs related to the first level control of the last reporting period);
- expenditure already funded in total with public funds;
- communication material that is not in line with the programme rules on communication;
- tips;
- fees between beneficiaries of the same project for services, supplies and work carried out within the project;
- costs related to the contracting of employees of the partner organisations as external experts (e.g. as freelancers).

As the list of ineligible expenditure is not exhaustive, expenditure not listed should not be necessarily considered as eligible.

¹⁴ The first level controller of each beneficiary should carry out at least one on-the-spot check during the project implementation. For more details, please refer to the respective factsheet.



Reference Documents

- Regulation (EU) No 1299/2013
- Regulation (EU) No 1303/2013
- Commission Delegated Regulation (EU) No 480/2014
- Commission Delegated Regulation (EU) No 481/2014
- Article 184 of Regulation (EU) No 1268/2012
- EGESIF 14_0012. Guidance for Member States on Management verifications
- EGESIF 14_0017. Guidance on Simplified Cost Options (SCOs). Flat rate financing, Standard scales of unit costs, Lump sum
- EGESIF 14_0030. Public procurements. Guidance for practitioners on the avoidance of common errors in ESI Funded projects
- Alpine Space factsheets on procurement law, revenues and project communication