**Annex F**

**LIST OF ELIGIBLE EXPENDITURES**

**for (INTERREG VI-A) IPA Romania Serbia programme**

**Applicable to Priority axes 1-3**

Having regard to:

The (Interreg VI-A) IPA Romania - Serbia programme as adopted by European Commission Decision no. 5322/2022;

The Financing Agreement signed between the European Commission, Government of the Republic of Serbia and the Managing Authority of the (Interreg VI-A) IPA Romania - Serbia programme;

Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy;

Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments;

Commission Notice Guidelines on the use of Simplified Cost Options within the European Structural and Investment Funds (ESIF) – Revised Version (2021);

The Monitoring Committee of (Interreg VI-A) IPA Romania - Serbia programme has adopted the following **-** list of eligible expenditure for projects financed under Priority Axis 1 to 3:

**The eligibility period of expenditure is as follows:**

Expenditure is eligible if it has been incurred and paid by the beneficiary between 01.01.2021-31.12.2029. However, for Serbian partners, expenditure shall be eligible if it has been incurred and paid in the preparation and implementation of Interreg operations from 1 January 2021, but may be claimed from the programme after the date when the financing agreement was concluded.

**Article 1**.

1. Expenditure under (Interreg VI-A) IPA Romania - Serbia programme is considered eligible if:
2. is deemed necessary for initiating and carrying out the project and complies with the principles of sound financial management, in particular value for money and cost-effectiveness. Where costs are deemed not necessary or excessive (e.g., during assessment or later, during the implementation stage), they should be removed from the calculation basis or adjusted to the justifiable level.
3. is in line with the provisions of the subsidy contract, co-financing contracts, applicable national and European legislation;
4. the costs are definitively borne by the beneficiary and would not have arisen without the project.
5. All costs are subject to Programme applicable rules and procedures (e.g public procurement, publicity and information) and ensure that all contracts comply with the basic principles of transparency, non-discrimination and equal treatment.
6. Each partner of an Interreg project must display durable plaques or billboards clearly visible to the public, presenting the emblem of the Union in accordance with the technical characteristics laid down in Annex IX CPR. Plaques or billboards should be displayed as soon as the physical implementation of an Interreg project involving physical investment or the purchase of equipment starts or the purchased equipment has been installed. These apply to projects supported by Interreg, where total costs exceed EUR 100 000.
7. Costs are eligible if no other EU funds have contributed towards the financing of the same expenditure item; i.e., no double-funding is permissible (Article 63(9) CPR).
8. is committed by the beneficiary after the entry into force of the subsidy contract and before the end of the implementation period of the operation and paid during 1 month after this period at the latest and provided that they are necessary for the operation and are stipulated in the budget of the operation.
9. as an exception from point (d), project preparation costs are eligible if they have incurred between 1.01.2021 and the date when the subsidy contract is signed by the last party;
10. as an exception from point (d), project closure costs are eligible if they have been incurred after the end date of project implementation and before the submission of the final project report.
11. the expenditure has actually been paid out. Expenditure is considered to be paid when the amount is debited from the beneficiary’s institution bank account. The date when the invoice was issued, recorded or booked in the accounting system does not count as a payment date;
12. is recorded in the beneficiaries’ accounts and tax documents, is identifiable and verifiable, and is backed up by supporting documents;
13. the expenditure has been incurred with the observance of Programme’s relevant public procurement rules;
14. is verified and validated as eligible by the designated controllers for Romanian and Serbian beneficiaries;
15. has not been subject to financing from other public funds;
16. in-kind contributions are not eligible under the Programme.

**Article 2**. The provisions of the present document shall be supplemented by the provisions of the Applicant’s Guide, valid for the respective call for proposals.

**Article 3**. According to article 37, paragraph 3 of Regulation (EU) 2021/1059, for matters not covered by the eligibility rules laid down in Articles 63 to 68 of Regulation (EU) 2021/1060, in Articles 5 and 7 of Regulation (EU) 2021/1058 and in Chapter V of Regulation (EU) 2021/1059 or in the present rules established jointly by the participating countries, the national rules of the country in which the expenditure is incurred shall apply.

**Article 4**. The following costs are not eligible:

1. fines, financial penalties and expenditure on legal disputes and litigation;
2. costs of gifts;
3. costs related to fluctuation of foreign exchange rate;
4. interest on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
5. the purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned; for derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15%.

This point shall not apply to operations concerning environmental conservation;

1. value added tax (VAT) except where it is non-recoverable under national VAT legislation.

**Article 5**. Without prejudice to the eligibility rules laid down in the Regulations and documents listed in the Preamble of this document, the following expenditure categories shall be eligible for financing within the (Interreg VI-A) IPA Romania Serbia programme:

1. Staff costs;
2. Office and administration expenditure;
3. Travel and accommodation costs;
4. External expertise and services costs;
5. Equipment expenditure;
6. Infrastructure and works;
7. Expenditure related to activities outside the Programme area.

Costs under d, e, f, g are eligible if incurred in accordance with public procurement rules relevant for the beneficiaries under the Programme.

**Article 6. Project preparation costs**

Project preparation costs cover all costs linked to the preparation of the Application and further costs related to the conditions clearing until the contracting of the project.

Preparation costs shall be reimbursed using lump sums, as follows:

* 13,500 euro (IPA), at project level, for project preparation expenditures for infrastructure investment projects
* 10,000 euro (IPA), at project level, for project preparation expenditures for equipment investment projects.

The project preparation lump sum may cover the following types of expenditures:

* Travel and accommodation costs related to meetings between project beneficiaries;
* External expertise and services;
* Feasibility study or equivalent technical documents, Cost Benefit Analysis, studies and costs for documentation necessary to obtain the necessary endorsements and authorizations, documentation concerning the urban planning, impact assessments, location studies/appraisals, including their technical verification, market analysis, fees in accordance with the national legislation.

Beneficiaries will be granted the lump sum by MA for project preparation after the subsidy contract is signed by the last party. No checks will be performed, the output on which the project preparation sum is granted is the signed subsidy contract

**Article 7. Staff costs[[1]](#footnote-1)**

Staff costs **shall be reimbursed as a flat rate** of up to 20 % of the direct costs other than the direct staff costs, at partner level. Staff costs must relate to activities which the partner organisation undertakes due to project implementation.

However, where the direct costs of that operation include public works contracts which exceed the threshold set out in point (a) of Article 4 of Directive 2014/24/EU, the application of the above flat rate requires to perform a calculation to determine the applicable rate.

Staff costs cover costs of staff members employed by the partner organisation who are directly working on the project. Staff costs include salary payments and other costs directly linked to salary payments, and paid by the employer (such as employment taxes and social security, including pensions) in line with the employment/ work contract**[[2]](#footnote-2)** or other documents, in accordance with the legislation

All costs incurred by the beneficiary and validated under the following cost categories are to be regarded as direct costs for the purpose of calculating the flat rate:

* External expertise and services costs;
* Equipment expenditure;
* Costs for infrastructure and works.

Documented direct costs that form the basis for the staff costs calculation must be incurred and paid by the partner institution as real costs and must not include any indirect costs that cannot be directly and fully allocated to the project.

Direct costs are those costs that are directly related to the implementation of the operation or project where the direct link with this individual operation or project can be demonstrated.

Although no management verifications will be performed, the following provisions shall be observed:

1. Expenditure on staff costs shall consist of gross employment costs of staff employed by the beneficiary in one of the following ways:

(a) full time;

(b) part-time with a fixed percentage of time worked per month;

(c) part-time with a flexible number of hours worked per month; or

(d) on an hourly basis.

2. Expenditure on staff costs shall be limited to the following:

(a) salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment/work contract, an appointment decision (both hereinafter referred to as ‘employment document’) or by law, relating to responsibilities specified in the job description of the staff member concerned;

(b) any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council provided that they are:

1. fixed in an employment document or by law;
2. in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and
3. not recoverable by the employer.

With regard to point (a), payments to natural persons working for the beneficiary under a contract other than an employment/work contract may be assimilated to salary payments and such a contract considered as an employment document.

**Article 8. Office and administrative expenditure**

Office and administrative costs cover general office and administration expenditures related to the project. This covers, for example: maintenance of the office, stationary, postage, etc.

**Office and administrative** costs shall be reimbursed as a flat rate of up to 7% of eligible direct costs, at partner level. Total office & administrative flat rate is calculated by applying the rate (%) to the sum of direct costs.

All costs incurred by the beneficiary and validated under the following cost categories are to be regarded as direct costs for the purpose of calculating the flat rate:

* External expertise and services costs,
* Equipment costs,
* Costs for infrastructure and works,
* direct staff costs,
* travel and accommodation costs.

Although no verification checks shall be performed, **office and administrative costs** shall be limited to the following elements:

1. Office rent;
2. Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurance);
3. Utilities (e.g. electricity, heating, water);
4. Office supplies;
5. Accounting (e.g accountant of the organization);
6. Archives;
7. Maintenance, cleaning and repairs;
8. Security;
9. IT systems;
10. Communication (e.g. telephone, fax, internet, postal services, business cards);
11. Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
12. Charges for transnational financial transactions.

The above list is exhaustive, and projects cannot add additional types of costs to this list.

**Article 9. Travel and accommodation costs**

Travel and accommodation costs for the staff involved in the implementation of an operation shall be reimbursed as a flat rate of up to 15 % of the direct staff costs of that operation.

Although no management verification checks shall be performed at programme level, expenditure on travel and accommodation costs shall be limited to the following elements:

1. travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll and parking fees);
2. the costs of meals;
3. accommodation costs;
4. visa costs;
5. daily allowances.

regardless whether such costs are incurred and paid in or outside the programme area, as long as they relate with the project’s delivery and are essential for the effective delivery of the project activities.

Any cost element listed in points (a) to (d) of paragraph 1 covered by a daily allowance shall not be included in addition to the daily allowance.

The above list is exhaustive and projects cannot add additional types of costs to this list.

The travel and accommodation expenses of external experts and service providers fall under external expertise and services costs listed in Article 10.

The beneficiaries shall respect the national legislation regarding the ceilings applicable for travel, accommodation and daily allowance.

**Article 10. External expertise and services costs**

1. The external expertise and service costs should be based on contracts or written agreements concluded with external experts and service providers, and paid based on invoices or equivalent requests for reimbursement. These costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than the beneficiary and all partners of the operation:
2. Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
3. Training;
4. Translations;
5. Development, modifications and updates to IT systems and website;
6. Promotion, communication, publicity, promotional items and activities or information (including publications) linked to an operation or to the (Interreg VI-A) IPA Romania Serbia programme as such;
7. Financial management;
8. Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
9. Participation in events (e.g. registration fees);
10. Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
11. Intellectual property rights;
12. The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the Monitoring Committee;
13. Travel and accommodation for external experts, guests, speakers, chairpersons of meetings and service providers;
14. Other specific expertise and services needed for operations.

**The above list is exhaustive, and projects cannot add additional types of costs to this list.**

**Article 11. Equipment costs**

Expenditure for the financing of equipment purchased, rented or leased by the beneficiary of the operation other than those covered by Article 40 of Regulation (EU) No 2021/1059 shall be limited to the following:

1. office equipment;
2. IT hardware and software;
3. Furniture and fittings;
4. Laboratory equipment;
5. Machines and instruments;
6. Tools or devices;
7. Vehicles;
8. Other specific equipment needed for operations.

**The above list is exhaustive and projects cannot add additional types of costs to this list.**

**Article 12. Costs for infrastructure and works**

Costs for infrastructure and works cover eligible expenditures for infrastructure and works[[3]](#footnote-3) necessary to achieve the objectives of the project. In the case of investment activities, ‘infrastructure and works’ cover the costs of fixed investments[[4]](#footnote-4). These costs should be based on contracts or written agreements concluded with external experts and service providers, and paid based on invoices or requests for reimbursement.

Costs for infrastructure and works shall be limited to the following:

1. purchase of land in accordance with point (b) of Article 64(1) of Regulation (EU) 2021/1060;
2. building permits;
3. building material;
4. labour;
5. specialised interventions (e.g. soil remediation, mine-clearing).

**The above list is exhaustive, and projects cannot add additional types of costs to this list.**

Full costs of infrastructure and works that form part of the project are eligible if they are used solely for the purpose of the project or the target group in line with objectives of the project, and incurred and paid within the eligible period.

Valid documents specifying the legal right to perform the project activities in the specific location (land and/or buildings) where the works will be carried out must be obtained before the submission of the project proposal (must be submitted with the Application Form). Valid documents to be provided are as follows:

* 1. ***For public authorities, public bodies and bodies governed by public law:***

- the legal act (e.g. government decision, law, government ordinance, decision of local counties, etc.) stating the fact that the land and/or building/ item of infrastructure is in concession/on long term contract/ in administration/ bailment contract/rent contract/ publicly owned by the applicant/ they hold a right under the real property law over the land and/ or building/ item of infrastructure;

- it must be proved that the land and/ or building/ item of infrastructure is publicly owned or that the duration of the concession/ long term contract/ administration contract/ bailment contract/ rent contract/ any other right under the real property law is for at least 5 years after the completion of the operation and that the owner has given its written agreement saying that the applicant may perform the infrastructure actions on/ in the relevant land/ building/ item of infrastructure. Such a contract should last for at least 5 years after the completion of the operation.

- declaration from the land and/or building/ item of infrastructure owner that the land and/or building/ item of infrastructure is:

* + free of any encumbrances;
  + not the object of a pending litigation;
  + not the object of a claim according to the relevant national legislation.

- documents related to the registration of the land and/or building/ item of infrastructure in the relevant public registers.

* 1. ***FOR NGOs and other non-profit bodies***

- property/ ownership document/ any other right under the real property law for the land and/or building/ item of infrastructure;

- documents related to the registration of the land and/or building/ item of infrastructure, by the NGO, in the relevant public registers.

- the applicant holds the land and/or building/ item of infrastructure under a concession/on long term contract/ bailment contract/ rent contract/ any other right under the real property law.

- it must be proved that the concession/ long term contract/ bailment contract/ rent contract/ any other right under the real property law is for at least 5 years after the completion of the operation and that the owner has given it’s written agreement saying that the applicant may perform the infrastructure actions on/ in the relevant land/ building/ item of infrastructure. Such a contract should last for at least 5 years after the completion of the operation.

- Declaration from the land and/or building/ item of infrastructure owner that the land and/or building/ item of infrastructure is:

* + free of any encumbrances;
  + not the object of a pending litigation;
  + not the object of a claim according to the relevant national legislation.

Purchase of land cannot exceed 10% of the total eligible expenditure of the project. In the case of derelict sites and sites formerly in industrial use (also known as ‘brownfields’) which comprise buildings, the purchase price cannot exceed 15% of the total eligible expenditure. (Article 64(1)(b) CPR).

All costs related to fulfilment of all compulsory requirements should be included in the external expertise and services cost category, unless they are part of an infrastructure contract.

Within 5 years of the final payment to the beneficiary, a project cannot:

* a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
* change ownership of any piece of infrastructure which gives an undue advantage to a firm or a public body;
* substantially change its nature, objectives or implementation conditions which would result in undermining its original objectives.

**Article 13. Project closure costs**

Project closure costs shall be reimbursed as a lump sum of 3,000 euro (IPA), at project level.

The project closure lump sum is granted for the following types of expenditures:

1. Staff costs;
2. External expertise.

Beneficiaries will be automatically granted the lump sum for project closure, by MA, after the approval of the final project report, together with the reimbursement of the final reimbursement claim.

**Article 14. Expenditure related to activities outside the programme area**

As a general rule, activities for which funding is sought, have to be carried out in the area of the programme and applicants are asked to demonstrate that those activities have cross-border impact on the Programme area and contribute to the objectives of the Programme.

As an exception, a part of an operation may be implemented outside the programme area but within the territory of the countries participating to the Programme, provided that the activities contribute to the objectives of the Programme and are in the benefit of the Programme area.

Article 15. In order to be eligible for reimbursement, it is compulsory for all operations and part of an operation that the applicant has among its attributions, according with its statute or according to the national legislation, the implementation of the proposed activities or that the applicant has an agreement with the institutions able to implement such activities, according with its statute or according to the national legislation.

1. All **indirect** staff costs must be budgeted under Office and administration.

   Direct staff costs are those staff costs that are directly related to the implementation of the operation or project where the direct link with this individual operation or project can be demonstrated. [↑](#footnote-ref-1)
2. Both the employment/work contract and an appointment decision/contract of natural persons working for the partner organisation and receiving salary payments are hereinafter referred to as ‘employment document’. [↑](#footnote-ref-2)
3. Investments in infrastructure refer to outputs of the project which remain in use by the partners after completion of the project. [↑](#footnote-ref-3)
4. Fixed investment is the accumulation of physical assets such as machinery, land, buildings, installations, vehicles, or technology. [↑](#footnote-ref-4)