



EUROPEAN UNION



Annex G: Eligibility of expenditure by budget lines

1. Human resources
2. Travel
3. Equipment and supplies
4. Offices
5. Subcontracted services (external expertise and services)
6. Other costs
7. Contingency reserve
8. Administrative costs

1. Human resources

The costs of the personnel executing tasks for the management of the Action (project coordinator, project manager, assistant, financial manager, etc.) are eligible under the following conditions:

Members of the team of the Action should be directly employed by the Beneficiary's and/or partner(s)' organisation(s) on the basis of a regular work contract between themselves as employees and the Beneficiary's and/or partner(s)' organization(s) as employer(s). The employee(s) could work full-time or part-time for the Action. In instances where the Beneficiary's and/or partner(s)' organization(s) do(es) not have the adequate professionals to perform the tasks related to the Action, external experts may be employed/contracted for these tasks. These costs shall be budgeted under the cost category "*external expertise and services*".

- Staff costs shall be calculated in monthly rates according to the following rules:
 - Only gross salaries based on pay slips or other documentation of similar status can be taken into consideration;
 - Statutory deductions shall be calculated according to the national legislation concerned. No additional charges besides the statutory deductions can be included in the monthly rate;
- Staff costs must be supported by the following documents:
 - Work contracts, which permits the identification of the employment relationship between the staff of the Action and the partner's organization;
 - A clear assignment including information on the extent of involvement with the Action;
 - Pay slips, proofs of payment (e.g. bank statements), and calculation evidence for the determination of the monthly rates of the staff of the Action;
 - Timesheets which prove the overall working time and the time spent on carrying out activities for the Action (name of the employee, date, time and detailed description of the activity); the timesheet must be signed by the Action's assigned employee and by the employer.



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2. Travel



Travel, accommodation and subsistence allowances costs (per diems¹) related to the Action are eligible costs under the following conditions:

- Travelling costs of the “staff of the Action” are eligible. Travelling costs of associate partners and final beneficiaries of the Action will be included in this budget line (for example trainees, participants in seminars and conferences etc.);
- Travels within and to the programme area are eligible costs, exceptionally the location of the JMA;
- Travel insurance;
- As a general rule the most economic² way of transport should be used. Exceptions from this principle must be duly justified in each case;
- Beneficiaries shall apply per diem rates according to PRAG or the national rules of the partner’s organization. Per diem rates must not exceed the scales published by the EC at the time of contract signature (http://ec.europa.eu/europeaid/work/procedures/index_en.htm). Per diems accounted for in the Action include statutory deductions according to the relevant national rules;
- Accommodation costs can be accepted if they are in the middle price range (no more than 150 Euros/night)³. Higher price ranges must be duly justified in each case;
- Visa costs.

3. Equipment and supplies

- Expenditure for purchase of new equipment is eligible under the following conditions:
 - Equipment is necessary for the implementation of the Action and is foreseen in the Budget annexed to the Grant Contract;
 - Equipment should be exclusively used for the implementation of the Action;
 - Suppliers should be selected according to Annex IV of the Grant Contract;
- Expenditure related to purchasing (new), and installation of:
 - Special equipment, software and application necessary for the implementation of the Action (e.g. laboratory and special measurement equipment);
 - Office equipment (e.g. computers, laptops, office furniture, etc.) related to the management of the Action can be eligible in duly justified cases and only if clearly indicated in the Budget annexed to the Grant Contract;
 - Renting of vehicles.

4. Offices

Directly allocated for premises rented especially for the Action⁴ and justified by receipted invoices or accounting documents having an equivalent probative value.

¹ *Per diems* cover accommodation, meals and local travel within the place of the mission and miscellaneous expenses.

² According with the Article 27 of the Council Regulation No.1605/2002 on the Financial Regulation, “The principle of *economy* requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.

³ For countries where the national legislation does not allow the use of per diems.

⁴ The normal rental and service costs are Administrative costs (the last budget line).



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Eligible costs for this category:

- Offices rent (eligible only if an office is rented specifically for the Action);
- Offices supplies (consumables), furniture and other endowments that are directly related to implementation of the Action;
- Internet and fax/phone calls and other running costs (electricity, heating, water, etc.);
- Vehicle costs, offices rent;
- Other services.

5. Subcontracted services (external expertise and services)

Services directly related to the Action and ordered from an external part are eligible for the cost categories listed below, under the following conditions:

- The work of the external expert is essential to the Action;
- Rates charged by the external expert are reasonable and are in relation to level of experience and expertise;
- The selection of the external experts shall comply with Annex IV of the Grant Contract.
- Partners cannot be contracted as an external expert or a subcontractor.

External expertise:

- Travelling costs of external experts shall be included in the service contracts and budgeted under the external experts budget line;
- Professional expertise (e.g. studies, feasibility, impact and land studies, planning documentation, researches);
- Experts for management of the Action, assistant, financial manager, etc (in circumstances whereby the Beneficiary or the partner's organisation does not have the adequate professionals to perform the tasks related to the Action or for shared activities as specified);
- Costs of technical and financial experts, accountancy and costs for expenditure verification, if they are directly linked to the Action and are necessary for its implementation, etc.

Organisation of meetings and events:

- Expenses for organisation of conferences, seminars, meetings, workshops, events directly related to the Action and traceable from the Budget annexed to the Grant Contract;
- Documentation of the participants (participant list) shall be provided in each case of "catering expenses";
- Renting of premises and equipment for events;
- Interpretation at events;
- Printing of materials directly related to events, etc.
- Translation of materials;

Information and publicity costs:

- Costs of brochures and leaflets;
- Press releases, inserts in newspapers;
- Newsletters;
- The design and maintenance of web page for the Action;
- Other publication costs related to the Action but not linked to specific events or seminars, etc.



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Other services concerning costs not linked to specific budget lines, but necessary for the implementation of the Action.

Costs for expenditure verification

Evaluation costs

Financial services:

- Charges for transnational financial transactions;
- Bank charges for opening and administering the account or accounts where the Implementation of an Action requires a separate account or accounts to be opened;
- The cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by national or Community legislation;
- Legal consultancy fees, notarial fees if they are directly linked to the Action and are necessary for its implementation.

6. Other costs:

Any other cost necessary for the implementation of the Action, in line with the national legislations and the Budget of the Action.

7. Contingency reserve

A contingency reserve not exceeding 2% of the direct eligible (total ENPI plus IPA) costs may be included in the Budget of the Action. It can only be used with the prior written authorization of the Joint Managing Authority in case of ENPI funds and CFCU in Turkey for IPA funds.

8. Administrative costs

Administrative costs (maximum 7% of the total direct eligible costs of the Action) - office rent, postal services, fax, phone, internet access, electricity, heating, water, gas, cleaning, security, garbage, stationery, refurbishment and sanitation, office supplies and other reasonable costs.

The general conditions for the use of flat rates are the following:

- The ratio of the number of people working for the Action / number of people working in the organization or department;
- The ratio of the number of hours worked on the Action / number of hours worked in total in the organization or department;
- The ratio of the surface used by the personnel working for the Action / surface of the organization or department.

Eligible costs for this method:

- Administrative service, bookkeeping, salary administration, postal / telephone services, copying and centralized computer support;
- Office supplies;
- Office costs such as office rental fees, electricity, heating, water and service charges related solely to the Action and corresponding to the square meter space used for the activities of the Action. Besides standard accounting material, a copy of the office rental contract/agreement is obligatory for eligibility.