

## Programme general rules on eligibility of expenditure

### Priority Axis 1 - 6

#### **Legal basis for determining the eligibility of expenditure:**

- Regulation No. 1303/2013 of the European Parliament and of the Council of December 17, 2013 establishing common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, as well as establishing general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal
- Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes
- Regulation (EU, Euratom) No. 966/2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (the Financial Regulation);
- Interreg V-A Romania-Hungary Cooperation Programme document, approved through EC Decision No. 9112 adopted on 09/12/2015.

In compliance with article 18, paragraph 2 of Regulation (EU) 1299/2013 – ETC, without prejudice to the eligibility rules laid down in or on the basis of Articles 65 to 71 of Regulation (EU) No 1303/2013 - CPR, Regulation (EU) No 1301/2013 – ERDF, Regulation (EU) 1299/2013 – ETC and the Commission Delegated Regulation No. 481/2014, “the participating Member States in the monitoring committee, shall establish additional rules on eligibility of expenditure for the cooperation programme as a whole”.

**These *additional rules* are set hereunder and posted on the Programme’ and all other relevant websites.**

Furthermore, according to article 18, paragraph 3 of ETC Regulation, for matters not covered by eligibility rules laid down in, or on the basis of, Articles 65 to 71 of CPR, ERDF Regulation, or the delegated act (CDR no. 481/2014) or in the rules established jointly by the participating Member States, the national rules of the Member State in which the expenditure is incurred shall apply.

**Thus, precedence and priority order of the rules on eligibility of expenditures reads as follows:**

- I. EU level rules
- II. Programme level rules

### III. National rules

Please note that national rules cannot abolish or restrict the rules established at a higher level (EU and programme rules). The eligibility rules laid down hereunder cannot be overruled by national or institutional legislation.

Also, stricter programme and national rules may be set and applied in areas that are not precisely regulated at the EU level.

Please note that these are general rules, on Programme level. Specific rules are defined in the Guide for Applicants, dedicated for each Call for proposals.

#### **Expenditures have to be eligible in order to be covered by financial support.**

The budget is, therefore, both a cost estimate and a maximum ceiling for "eligible costs/expenditure".

The eligibility of expenditure applies to both public and own private contribution, so **it is not possible to consider an ineligible expenditure as own private contribution.**

**Costs are eligible if they comply with the following general and cumulative conditions:**

1. cost is **directly related** to the operation, is **necessary** for initiating and carrying out the operation;
2. costs must **comply** with the principles of sound financial management (principle of efficiency, effectiveness and economy) in particular value for money and cost-effectiveness;
3. cost is **in line** with the provisions of the subsidy contract, co-financing contracts / national and European legislation;
4. cost is **committed** by the beneficiary after submission of the application for financing; also, in order to be eligible, the expenditures must be **incurred after** approval by the Monitoring Committee, but until the last day of implementation period included; the costs have to be **paid out** at the latest in 30 days after the end of the project implementation period, but no later than 31 December 2023;
  - exception to this rule is made only for **preparation costs**, which must be **incurred** between 1 January 2014 and the date of the submission of the application for financing; in order to be eligible, preparation costs must be paid out no later than 60 days after the project' approval by the MC and included in the first *Partner Beneficiary Report, Validation Request* and afferent *Reimbursement Claim*.
5. all expenditures must comply with the principle of **real costs**, with the exception of the costs calculated as *flat rates*;
6. all costs incurred must be **free from bias and conflict of interest**; that is the case when a decision is compromised for reasons involving family, emotional life, political or national affinity, or where any economic interest or any other interest is shared with another person;

7. cost is **borne** by the beneficiary, respectively is **paid out** by the beneficiary and is recorded in the beneficiaries' **accounts** and tax documents, is identifiable and verifiable, and is backed-up by legal and valid supporting documents, except for any office and administrative costs that are reported and further-on reimbursed as a *flat-rate* cost of the eligible staff direct costs;
8. all expenditures relate to activities that have not been financed from other financial instruments and/or **other public funds**;
9. all expenditures are **backed-up** by invoices or other documents with equivalent probative value directly attributable to a certain project partner, with the exception of the costs calculated as *flat-rate*;
10. cost is **verified and validated as eligible** by the first level controllers.

**IMPORTANT:**

- ***Projects may be started after the approval of the project by the MC (but this will be on the risk of the applicants). Nevertheless, the costs will be eligible only in case the project is finally selected for financing and subject to the conclusion and execution of the subsidy contract.***
- ***Every project must follow and comply with the publicity and information requirements laid down, in the EU Regulation No. 1303/2013 (Annex XII, section 2.2), and in the Visual Identity Manual (VIM) of the Programme.***
- ***Procurements shall comply with national regulations applicable at the time of the launch of tendering procedures and, irrespective of the amount or type of beneficiary, with the principles of transparency, non-discrimination and equal treatment.***
- ***Eligibility of costs for purchase of equipment, services and work is subject to the full respect of national public procurement rules, according to the thresholds, and for the type of entities as defined in the national law besides the EU and programme rules. For expenditure where no public procurement procedure is required by the national law (below national threshold):***
  1. Above EUR 2,500 (excluding VAT): Beneficiaries must perform and document the execution of adequate market searches (proper justification of the estimated cost, the terms of references, at least 3 valid, comparable, independent offers and the documented summary, including the justification of the selection of the winning bid, HU beneficiaries using centralized e-procurement services and RO beneficiaries preferably using SEAP – electronic system for public procurement).
    - a. This is meant to provide a sound knowledge and sufficient information on the relevant market, allowing for a sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price to be paid.

- b. Consequently, the value and the complexity of the service should be reflected in the specification and breakdown of the terms of reference, as well as in the respective offer.
    - c. For ordering similar services / external expertise which has already been procured in the period of 3 months counted back at the time of the procurement, collecting of the bids (three independent offers) is not an obligation, but the previously requested offers can be used as proof.
  - 2. Below EUR 2,500 (excluding VAT): the principles of sound financial management must be applied, but no specific proof of the market price is required. Note that procurement must not be split artificially to circumvent the 2500 Euro threshold. More strict approach can be applied on National level.
- In order to ensure compliance with market prices, any purchase of goods, services or works (or other comparable transactions) will be carried out through a competitive, transparent, non-discriminatory and unconditional procedure. Regardless the procurement procedure, in case only one bid is submitted, this will not normally be sufficient to prove the market price. In this case, to justify the market price, for validation of the expenditure, 2 additional valid, comparable, independent offers will be provided (websites pricelists, if available).

**Any procurement above EUR 2,500 net, will be widely publicized, through at least the following channels: the Programme's website, the beneficiary's website. The announcement will be published prior to launching the procurement process.**

- As a general rule, the eligible expenditures shall be ***incurred in the eligible programme area***, respectively on the territory of the following 8 counties: Satu Mare, Bihor, Arad and Timiș from Romania; Szabolcs-Szatmár-Bereg, Hajdú-Bihar, Békés and Csongrád from Hungary.

**Exceptions** from this rule are made for activities and related expenditures developed/incurred ***outside the eligible area***, having a significant importance and impact in the Programme' area, and directly implemented for the benefit of the Programme area. Total amount for such activities and expenditures shall be limited to ***maximum 10% of the support from the ERDF at project level***.

Nonetheless, please bear in mind that **no investment in equipment or infrastructure, be that endowment or works, shall be placed outside the eligible area!**

This aspect shall be duly verified during the assessment and selection procedure, thus it shall be specifically presented in the Application.

**The following cost/expenditure categories, presented in the budget tables as main budgetary lines, are to be considered eligible:**

- a) Staff costs;
- b) Office and administrative expenditure;
- c) Travel and accommodation costs;
- d) External expertise and services costs;
- e) Equipment expenditure;
- f) Infrastructure and works.

**Costs not in compliance with the rules on the eligibility of expenditures are ineligible and shall be covered from own financial sources, apart from the project' budget.**

**Examples of costs falling under the above cost/expenditure categories are to be found in the attached Matrix of Costs.**

#### ***Preparation costs – specific conditions***

As specified above, the preparation costs<sup>1</sup> can only be eligible if they were **incurred** on or after the 1 January 2014 and before the submission of applications in the given Call for proposals.

Preparation costs shall be **paid out** in maximum 60 days after the project is approved by the MC.

**Preparation costs cover solely *Travel and accommodation* and *External expertise and services costs*.**

**Exceptionally, the costs for all infrastructure and works related mandatory permits necessary in order to comply with the rules of the respective call will be accepted under *Infrastructure and works* budget line (e.g. urban planning certificate).**

The rate of the eligible preparation cost shall generally not exceed 5% of the total eligible project cost. However, **the differentiation of types of preparatory costs based on type of projects and limitations are to be set in the Guide for Applicants package of the relevant CfP, and posted on the Programme' website.**

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<sup>1</sup> Out of which, the elaboration of application may add up to the amount of maximum 1% of the total eligible costs, but no more than 15,000 €, and shall be proportionate with the project complexity.

***NOTE: Preparation costs may be reported only once, into the first Partner Beneficiary Report, and claimed into its corresponding Validation Request and afferent first Reimbursement Claim, to be submitted after the project is contracted.***

**Staff costs**

Staff costs, covering internal management or internal expertise costs are eligible under the following conditions: costs of any salary and/or remuneration are eligible only for those employees who are directly employed by the concerned PB, and execute project related tasks.

Staff costs have to be reimbursed on a real costs basis - depending on the assignment (full-time, part-time, contracted on an hourly basis) to work on the project and for each individual.

- (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 pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council provided that they are:
    - (i) fixed in an employment document or by law;
    - (ii) in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organization where the individual staff member is actually working; and
    - (iii) not recoverable by the employer
- (3) Staff costs related to individuals who work on part-time assignment on the operation, shall be calculated as either:
  - a) a fixed percentage of the gross employment cost, in line with a fixed percentage of time worked on the operation, with no obligation to establish a separate working time registration system; or
  - b) a flexible share of the gross employment cost, in line with a number of hours varying from one month to the other worked on the operation, based on a

time registration system covering 100 % of the working time of the employee; or

c) on an hourly basis.

(4) For part-time assignments point (a) of paragraph 3 the employer shall issue a document for each employee setting out the percentage of time to be worked on the operation. The staff can be allocated to **work full-time** (100% of the working time is allocated to the project) **or part-time** for the project.

(5) As regards staff costs related to individuals who, according to the employment document, work on an **hourly basis**, such costs shall be eligible applying the number of hours actually worked on the operation to the hourly rate agreed in the employment document based on a working time registration.

**Staff costs may be reimbursed on a real cost basis (proven by the employment document and pay slips).**

**NOTE: Staff costs of the employees of the institution involved in the project are to be considered cash contribution and not in-kind contribution! (In kind contribution means unpaid voluntary work, and the value of that work is determined by taking into account the verified time spent and the rate of remuneration for equivalent work.**

Generally, the employment document (employment/work contract) is the main reference document.

In addition, tasks and responsibilities shall be specified in the job description of the staff member concerned.

Also, **timesheets** shall be required in the following cases:

- In case of the staff costs of the individuals who work on an hourly basis according to the employment document, since such costs are eligible applying the number of hours actually worked on the operation to the hourly rate agreed in the employment document, based on a working time registration system.
- To justify staff costs related to individuals who work on a part-time assignment on the operation with a flexible share of the gross employment cost (number of hours varying from one month to the other).

***The above rules apply to any other additional benefits incurred and paid by the employer over the monthly salary. Additional benefits must be directly linked to the salary payments and figure on the payslip. Ad-hoc regulations for additional benefits, ad-hoc salary increases or bonuses applicable only to the project are not eligible.***

Overtime is eligible only in case it is directly related to the project, it is foreseen in the employment document and it is in line with national legislation and the standard practice of the beneficiary, and on the basis of appropriate time registration system. In case of part time employment, overtime shall be proportionally allocated to the project.

### **Office and administrative expenditure<sup>2</sup>**

Office and administrative expenditure shall be budgeted, reported and reimbursed as a **flat-rate of maximum 15%** of eligible staff costs.

By applying the flat-rate option, beneficiaries do not need to document that the expenditure has been incurred and paid, or that the flat-rate corresponds to the reality.

Still, the national legislation into force must be respected. In case an alert for irregularity regarding these costs is submitted/detected, supporting documents which document that these expenditures have been incurred and paid (contracts, invoices, proof of payment, etc.) may be requested for control purposes and financial corrections applied, if the case.

**Office and administrative expenditure cannot be claimed as direct cost under any other budget lines.**

The types of expenditures included under this budget line (an exhaustive list) are provided in article 4 of the Commission Delegated Regulation (EU) No 481/2014.

### **Travel and accommodation costs**

Travel and accommodation costs should include all costs for **travelling inland and abroad** needed **for implementing the project**, in line with the national legislation applicable for the respective beneficiaries.

Costs for **travel, daily allowances/per diems and accommodation** are eligible **exclusively for those persons** (project staff, legal representative) **who execute tasks directly related to the project** in the eligible Programme area, and they are directly employed by the project beneficiaries (including the Lead).

**NOTE: If external experts undertake activities in the frame of the project, their travel expenses shall be included in the service contracts, and shall be indicated and further-on claimed under the External expertise and services cost.**

Travel and accommodation costs must be **clearly linked to the project**: they must be justified by activities carried out within the project (e.g. participation in events, meetings organized by the project/project beneficiaries, meetings with the MA/JS, seminars, conferences organized in the framework of the Interreg V-A Romania-Hungary, etc.).

The **duration** of the travel shall be clearly linked to the concerned event/meeting and cannot be longer than from the day before to the day after the concerned meeting, unless it is clearly justified and documented. Further overnights and related costs (e.g. extra hotel costs, extra daily allowances/per-diems, additional staff costs) not justified shall not be eligible.

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<sup>2</sup> Any deduction operated on staff costs along the verification of expenditures shall impact accordingly the eligible amount of office and administrative expenditure



Travel and accommodation costs must be definitely **borne by the beneficiary – the legal entity**. Direct payment of costs by a staff member of the beneficiary must be supported by a proof of reimbursement from the employer before submitting the expenditure for validation to the Controller.

The types of expenditures included under this budget line (an exhaustive list) are provided in article 5 of the Commission Delegated Regulation (EU) No 481/2014.

As a general rule for travelling, **the most economical way of transport has to be used**.

For distances longer than 300 km, air transport may be used. Plane tickets for economy class should be eligible only.

First/business class is eligible only in exceptional cases, which must be thoroughly justified and documented, i.e. urgency of travel and economy class tickets not available – to be proven.

**Daily rates for the accommodation costs shall not exceed the amounts defined according to the Council Regulation (EC, Euratom) No 337/2007 of 27 March 2007 (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R0337&from=EN>). Higher daily rates can be accepted in exceptional and duly justified cases, e.g. hotel available only for higher daily rate, due to the location of the event (e.g. Brussels).**

***In addition, costs fixed by the European Commission for per diems abroad are not allowed to be exceeded:***

<http://ec.europa.eu/europeaid/sites/devco/files/perdiem-rate-20150318.pdf>

Romanian beneficiaries should use ***daily allowance***, as regulated by Romanian legislation.

**Daily allowances are eligible if granted according to Romanian national legislation applicable for public institutions.**

**For any bodies other than public institutions, in Romania, the maximum amounts allowed are the ceilings for public institutions multiplied by 2.5.**

**The accommodation costs for Romanian beneficiaries must observe the provisions of the Romanian national legislation for public institutions.**

Hungarian beneficiaries should use ***per diems***, as regulated in their organisation's internal rules. In this case, costs for accommodation, and local transport costs are eligible above the costs of per diems. The sum of eligible costs (per diems, accommodation and local travel costs altogether) cannot exceed the maximum rate defined by the European Commission for per diems. In case if the organisation does not have internal rules related to the rate of per diems, one of the following two methods should be applied:

- In case of using the rate defined by the European Commission for per diems abroad as the base for calculation, costs have to cover expenses for accommodation, food and beverages, and local transportation costs, i.e. more accommodation, food and

local transport costs are not eligible. As defined by the EC, these rates can only be applied in case of missions requiring an overnight stay.

- In case no costs for per diem abroad will be paid, costs for accommodation, meals and local transportation are eligible to be reimbursed. The sum of eligible costs cannot exceed the maximum rate defined by the European Commission for per diems

Taxi costs are eligible, e.g. for travelling to/from the airport/train station, to/from the venue of the event/hotel, in case they are well justified (e.g. the only effective travel solution if public transportation is not available).

Car rental is eligible in exceptional cases and in justified circumstances, e.g. the location of the event is not accessible by public transport, cancellation of travel by public transport, not due to fault of the travelling person, cost-effectiveness due to the number of travelling persons, etc.

### **External expertise and services costs**

Costs are eligible only if related to the use of external expertise: services **paid from the budget** of the projects, **ordered from and completed by an external party**; the service must **directly relate to the supported activities**.

The types of expenditures included under this budget line (a non-exhaustive list) are provided in article 6 of the Commission Delegated Regulation (EU) No 481/2014.

External expertise and services costs are eligible based on specific needs of each project and they will be properly documented, according to the national legislation/program's procedure related to public/direct procurement.

### **NOTE:**

***External services contracts cannot be concluded with employees directly employed by the Beneficiaries. In case of Romanian Partners only service contracts can be concluded, civil contracts are not acceptable. Project partner beneficiaries or their staff cannot be contracted as an external expert or a subcontractor.***

Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers shall be declared under this budget line. In case only the travel and accommodation costs are reimbursed to the external expert (not receiving fee), the contract shall state that only travel costs and accommodation costs supported by invoices will be paid.

Gifts are eligible up to a maximum value of EUR 50 per item and they must be linked to promotion, communication, publicity or information activities included in the application form or approved by the MAJS beforehand. Information and publicity requirements of the Interreg V-A Romania-Hungary Programme shall be respected for the gifts as well.

If applicable, the deliverables respect the information and publicity requirements of the Interreg V-A Romania-Hungary Programme.

Also, please be aware of the following **additional rules**:

- Where the case, the value of **site supervision** is limited to 5 % of the total works contract;
- **Training** programs, if any, must be delivered by certified providers, on specific curricula related to the projects objectives and dedicated to the identified needs of the target groups.

Moreover, it will include measures aiming to promote matching of labour market needs and supply, the development of training and employment programmes focusing on the disadvantaged people so as to promote employment in a more inclusive way.

Expenditure on external expertise and services cannot be split among the project partners, i.e. common/shared costs are not allowed.

### **Equipment expenditure**

Purchase of equipment is eligible only if it is **essential and directly related to the project implementation**, and it is **listed in the approved project budget**.

The equipment shall be **necessary** and exclusively used for project implementation, and should have a **clear contribution to the achievement of the project's objectives**.

Equipment should be clearly and strictly linked to the project (features and functions are in line with the project needs) and exclusively used for the project implementation.

For equipment rented for certain period during the project lifetime, rental costs for the respective period are eligible.

The types of expenditures included under this budget line (a non-exhaustive list) is provided in article 7 of the Commission Delegated Regulation (EU) No 481/2014.

### **Equipment which is part of an investment (endowments):**

In case **equipment is part of or fully represents an investment item** which was listed and approved in the Application Form, **the full cost of the equipment is eligible**.

In case equipment belongs to this category, the following **rules** have to be observed:

- The equipment should be **new**; purchase of second-hand equipment is not eligible.
- The equipment must be a part of an investment output as specified in the Application.
- The equipment should be solely used for the project purposes during the project life, the purpose and ownership of the equipment cannot be changed for at least 5 years after the receipt of the last reimbursement afferent to the project.
- Expenses for purchasing specific installations/equipment for achieving energy savings, as well as systems using renewable/alternative energy sources for streamlining activities for which the financing was requested, may represent maximum 15% of the eligible value of the project.

### **NOTE:**

***Contracts cannot be concluded with employees of the Beneficiaries. Project partner beneficiaries and their associates or their staff cannot be contracted as suppliers or subcontractors.***

### **Infrastructure and works**

The **selection of contractors** of investments shall comply with:

- The relevant EU and national public procurement law in force
- The principles of transparency, non-discrimination and equal treatment
- Depending on the nature of investments and works: all compulsory requirements set by Community and national legislation, including the environmental requirements

**The purpose and ownership of the infrastructure cannot be changed for at least 5 years after the financial closure of the project.**

#### ***NOTE:***

***The contractor, a subcontractor or their associates may not be partner(s) in the project.***

***Contracts cannot be concluded with employees of the Beneficiaries.***

The following costs related to infrastructure and works are **eligible**:

- a. **Organization of the site**, including any of the following works, aiming at the preparation of the site designed to the project:
  - (i) Land levelling, making the enclosures around the affected roads or buildings, branching to the utility systems, building of access roads and constructions, reconditioning the existing buildings necessary to the site organization;
  - (ii) Purchase of special traffic signs to signalize the site;
  - (iii) Temporary interruption/deviation of utility system (water supply system, sewerage system, electric lines, gas pipelines, thermal energy lines, communication networks), respectively, transport routes (railroad, fluvial channels or air lines);
  - (iv) Temporary provision with utility and sanitation services;
  - (v) Provision with guard services.
- b. Procedures for obtaining the following **endorsements, authorizations and approvals**, as necessary for the project implementation or requested by the Managing Authority:
  - (i) Urban (planning) certificates, construction authorizations;
  - (ii) Endorsements and authorizations for branching or connecting to the public water supply system, sewerage system, gas supply pipeline, thermal energy system, electricity line, communication networks;
  - (iii) Environmental approvals and authorizations;

- (iv) Prevention and fire-fighting approvals;
  - (v) Other charges and legal taxes related to the infrastructure/works, including those paid to the body designated to exercise the state control in the construction field, fees for obtaining the construction/demolition authorization in view of the site organization, location charges, and fees for the issuance of certain documents, as necessary for the project implementation or requested by the MA.
- c. Land preparation – any works aiming the preparation of the project site – including all the works performed at the commencement of the site preparation activity, consisting of: demolition, disassembling, decommissioning, cleaning of the location, disposal of resulted waste, deviation of utility system routes, vertical arrangements, draining, dewatering, exclusively those works necessary for the basic investment as sewerage related works, dredging, deviation of watercourses.
- d. Main investment:
  - (i) Costs of construction, or upgrading of roads, road sections, bridges, including access roads to the basic investment object, parking areas, enclosures, light signalizing and traffic signs, channels for water draining, dredging of the navigable channels, staying and embankment platforms, footbridges, dams, special facilities for the access of persons with disabilities;
  - (ii) Construction of observation, visit and information centres, recreating centres, reconstruction/recovery of cultural infrastructure;
  - (iii) Costs related to extending, modernizing and rehabilitation of the buildings, object of the basic investment;
  - (iv) Costs related to sanitation and reforestation of river banks, building flood defence;
  - (v) Costs related to infrastructure that helps reduce the risk and mitigate disasters;
  - (vi) Costs for the provision with utilities: branching the buildings object of the basic investment to the electric line/gas pipeline, water supply system, sewerage system, thermal energy line, communication networks;
  - (vii) Land planning and rehabilitation to protect the environment – works and actions designated to the environment protection, including the makeover of the natural landscape after the completion of works: planting trees, makeover of green areas.
- e. Contingency expenses are considered eligible if they are adequately covered by supporting documents and only up to 10% of expenditure for the execution of works related to the basic investment.

In case the road infrastructure involves land acquisition (purchase/expropriations), the costs of land acquisition may be included in the budget up to 5% of the ERDF estimated costs for the investment objective. The total estimated costs for the investment objective will be calculated according to the General Estimate of costs necessary for the investment / construction works, part of the Feasibility Study/DAIW.

***NOTE: For Romania – the GD no. 363/2010 on category of costs is to be taken in consideration.***

### **Ineligible expenditure**

The following costs are not eligible:

- (1) Fines, financial penalties and expenditure on legal disputes and litigation;
- (2) Costs of gifts, except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information;
- (3) Costs related to fluctuation of foreign exchange rate;
- (4) Interest on debt, loans;
- (5) Investments without cross border character;
- (6) Purchase of land and existing buildings;
- (7) Value added tax, except where it is non-recoverable under national VAT legislation;
- (8) In-kind contribution and leasing;
- (9) Depreciation costs;
- (10) Costs related to the purchase of second hand equipment;
- (11) Charges for national financial transactions.