

LIST OF ELIGIBLE EXPENDITURES
for Interreg - IPA CBC Romania – Serbia Programme
Applicable to Priority axes 1-4

Having regard to:

The Interreg - IPA CBC Romania – Serbia Programme as adopted by European Commission Decision C(2015) 5667 of 06.08.2015

The Financing Agreement signed between the European Commission, Government of the Republic of Serbia and the Managing Authority of the Interreg - IPA CBC Romania – Serbia Programme;

Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);

Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);

Articles 61, 65(4) and (6) to (9) and (11), 66 to 68, 69(1) and (2) and 71 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down 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 and laying down 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 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on the specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006;

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) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external instruments;

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;

Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;

Based on the general rule that what is not explicitly mentioned by the above-mentioned Regulations and documents as ineligible is eligible, the Joint Monitoring Committee of Interreg - IPA CBC Romania – Serbia has adopted the following indicative list of eligible expenditure for projects financed under Priority Axis 1 to 4:

The starting date for the eligibility of expenditure as follows:

– **For Romania:** Expenditure is eligible if it has been incurred and paid by the beneficiary between 01.01.2014-31.12.2023.

For the Republic of Serbia: Expenditure is eligible if it has **been incurred and paid by the beneficiary after 26.09.2014 and before 31.12.2023;**

Article 1.

- (1) Expenditure under Interreg - IPA CBC Romania – Serbia is considered eligible if:
 - a) is 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.
 - b) is in line with the provisions of the subsidy contract, co-financing contracts/ monitoring agreement¹, national and European legislation;
 - c) the costs are definitively borne by the beneficiary and would not have arisen without the project.
 - d) 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.
 - e) As an exception from point (d) audit activities are eligible if implemented during 1 month after the end of the implementation period 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.
 - f) As an exception from point (d) preparation costs are eligible if they were incurred between 1.01.2014 and the submission of the Application Form, for Romanian beneficiaries and between **26.09.2014** and the submission of the Application Form for Serbian beneficiaries;

¹ For Romanian public central authorities, which conclude with the MA a monitoring agreement instead of a subsidy contract.

- g) 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;
- h) is recorded in the beneficiaries' accounts and tax documents, is identifiable and verifiable, and is backed up by supporting documents;
- i) the expenditure has been incurred with the observance of programme relevant public procurement rules;
- j) is verified and validated as eligible by the First Level Control Unit within the Cross-Border Cooperation Regional Office Timi oara for Romanian beneficiaries and the first level controllers designated by the National Authority for Serbian beneficiaries;
- k) has not been subject to financing from other public funds;
- l) is included in the present list of eligible expenditure.

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 18, paragraph 3 of Regulation 1299/2013, for matters not covered by eligibility rules laid down in, or on the basis of, Articles 65 to 71 of Regulation (EU) No 1303/2013, Regulation (EU) No 1301/2013, in the Commission Delegated Regulation no. 481/2014 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:

- a) fines, financial penalties and expenditure on legal disputes and litigation;
- b) costs of gifts, except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information;
- c) costs related to fluctuation of foreign exchange rate;
- d) interest on debt;
- e) the purchase of land;
- f) value added tax (VAT) except where it is non-recoverable under national VAT legislation²;
- g) the decommissioning and the construction of nuclear power stations;
- h) investment to achieve the reduction of greenhouse gas emissions from activities falling under Annex I to Directive 2003/87/EC of the European Parliament and of the Council (1);
- i) the manufacturing, processing and marketing of tobacco and tobacco

² Recoverability of VAT refers to the capacity of the beneficiary to recover the VAT and not to the actual recovery of VAT.

products;

- j) undertakings in difficulties as defined under Union State aid rules;
- k) investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.
- l) in-kind contribution and leasing;
- m) costs related to the purchase of second hand equipment;
- n) costs related to operations which have been physically completed or fully implemented before the application for funding under the cross-border cooperation programme is submitted by the beneficiary, irrespective of whether all related payments have been made by the beneficiary;
- o) costs declared by the beneficiary and covered by another project or programme receiving an EU grant;
- p) other expenditure as may be provided for in the Financing Agreement.

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 - IPA CBC Romania – Serbia Programme:

- a) Staff costs;
- b) Office and administration expenditure;
- c) Travel and accommodation costs;
- d) External expertise and services costs;
- e) Equipment expenditure;
- f) Infrastructure and works;
- g) Expenditure related to activities outside the programme area.

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

Article 6. Project preparation costs

- (1) Preparation costs are eligible in amount of maximum 10% of total eligible expenditure at project level.
- (2) Preparation costs shall be reimbursed based on real cost principle (supported by documents) and shall include costs related to the following categories of expenditures:

- a) Travel and accommodation costs related to meetings between project beneficiaries;
- b) External expertise and services;
- c) 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 plan, impact assessments, location studies/appraisals, including their technical verification.

Article 7. Staff costs³

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:

- (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 organisation where the individual staff member is actually working; and
- (iii) 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

³ All **direct** staff costs must be budgeted **under Staff costs budget line, only in the WP Management based on the real costs principle!**

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

Direct staff costs are those salaries paid for the staff involved in the main activities of the project (e.g project manager, financial manager, technical staff such as engineer, laboratory staff, etc).

Indirect staff costs are those paid for the staff involved only in administrative tasks (e.g driver, secretary, account of the beneficiary institution, cleaning personnel).

salary payments and such a contract considered as an employment document.

3. **Direct** staff costs will be reimbursed on a real cost basis (proven by the employment document and payslips).

4. 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.

5. For part-time assignments under point (a) of paragraph 4, the employer shall issue a document for each employee setting out the percentage of time to be worked on the operation.

6. For part-time assignments under point (b) of paragraph 4, the reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:

(i) dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours; or

(ii) dividing the latest documented annual gross employment cost by 1 720 hours in accordance with Article 68(2) of Regulation (EU) No 1303/2013. The hourly rate shall be multiplied by the number of hours actually worked on the operation.

7. 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 system.

8. As a general rule, each salary must be in line with the latest documented salary level for the same or similar position.

Article 8. Office and administrative expenditure

(1) Office and administrative expenditure shall be reimbursed as a flat rate of 5% of direct costs of the project and shall be limited to the following elements:

a) Office rent;

b) Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurance);

c) Utilities (e.g. electricity, heating, water);

d) Office supplies (e.g. furniture, stationary, photocopying);

e) General accounting provided inside the beneficiary organization;

f) Archives;

g) Maintenance, cleaning and repairs;

h) Security;

- i) IT systems support;
- j) Communication (e.g. telephone, fax, internet, postal services, business cards);
- k) Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
- l) Charges for transnational financial transactions.

Article 9. Travel and accommodation costs

- (1) Expenditure on travel and accommodation costs shall be limited to the following elements:
 - a) Travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll and parking fees);
 - b) the costs of meals;
 - c) Accommodation costs;
 - d) Visa costs;
 - e) Daily allowances.
- (2) The travel and accommodation expenses of external experts and service providers fall under external expertise and services costs listed in Article 10.
- (3) Direct payment of expenditure under this Article by an employee of the beneficiary shall be supported by a proof of reimbursement by the beneficiary to that employee.
- (4) 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) Expenditure on external expertise and service 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 beneficiaries of the operation:
 - a) Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
 - b) Training;
 - c) Translations;
 - d) IT systems and website development, modifications and updates;
 - e) Promotion, communication, publicity or information (including publications) linked to an operation or to the Interreg - IPA CBC Romania – Serbia Programme as such;
 - f) Financial management;
 - g) Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
 - h) Participation in events (e.g. registration fees);

- i) Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- j) Intellectual property rights;
- k) Verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 and Article 23(4) of Regulation (EU) No 1299/2013;
- l) 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 Joint Monitoring Committee;
- m) Travel and accommodation for external experts, guests, speakers, chairpersons of meetings and service providers;
- n) Other specific expertise and services needed for operations.

Article 11. Equipment expenditure

- (1) Expenditure for the financing of equipment purchased or rented by the beneficiary of the operation other than those covered by Article 8 shall be limited to the following:
 - a) office equipment;
 - b) IT hardware and software;
 - c) Furniture and fittings;
 - d) Laboratory equipment;
 - e) Machines and instruments;
 - f) Tools or devices;
 - g) Vehicles;
 - h) Other specific equipment needed for operations.

Article 12. Infrastructure and works

- (1) The following costs related to infrastructure and works are eligible:
 - (a) Consultancy, surveys preparation, technical assistance related to infrastructure and works:
 - (i) Surveys, including geotechnical, geological, hydrologic, hydro-geotechnical, photometric and stability surveys, concerning the investment location;
 - (ii) Other studies, including traffic studies, opportunity studies, according to the objectives of the project proposed to be financed;
 - (iii) Design and engineering, technical projects, detailed technical plans, documentation necessary to obtain the necessary endorsements and authorizations, documentation concerning the urban planning plan, impact assessments, location studies/appraisals, including their technical verification;

(iv) Expenditures with the supervision of the works by the construction inspectors;

(b) Organization of the site, thus, 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;

(iv) Temporary provision with utility and salubrity services;

(v) Provision with guard services;

(c) 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 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, fees for the issuance of certain documents, as necessary for the project implementation or requested by the MA.

(d) 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, dissembling, 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.

(e) Main investment:

(i) Costs of construction, or upgrading of roads, road sections, bridges, border passing points for ferry boats, 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) Consolidation of banks, setting up retention areas, including building emergency situation management centres;
 - (v) Costs related to forestation/reforestation aiming to mitigate the flood and/or landslide risk;
 - (vi) Costs related to sanitation and reforestation of river banks, building flood and coastal defence;
 - (vii) Costs related to infrastructure that helps reduce the risk and mitigate disasters;
 - (viii) 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;
- (f) 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.

Article 13. Expenditure related to activities outside the programme area

- (1) The managing authority may accept that all or part of an operation is implemented outside the programme area, provided that all the following conditions are satisfied:
- (a) the operation is for the benefit of the programme area;
 - (b) the total amount allocated under the cross-border cooperation programme to operations located outside the programme area does not exceed 20 % of the support from the Union at programme and project level;
 - (c) the obligations of the managing and audit authorities in relation to management, control and audit concerning the operation are fulfilled by the cross-border cooperation programme authorities.