

**Interreg**



Co-funded by  
the European Union

**IPA** Croatia – Bosnia and  
Herzegovina – Montenegro

# Programme Manual on Eligibility

1st MC meeting  
29-30 March 2023, Kotor, Montenegro





# 1. Introduction

- **Programme Manual on Eligibility** sets Programme rules on eligibility and provides guidance for the beneficiaries requesting IPA III co-funding and for Programme bodies including FLC.
- Rules set shall apply to all projects approved and expenditures declared under this Programme.
- This document sets out the rules on eligibility in accordance with **EU regulations, Programme documents and national legislation.**





## 2. Eligibility of expenditures

- **2.1. Basic conditions of the eligibility of expenditure**
- Eligible expenditures - general requirements:
  - indicated in the estimated overall budget of the operation
  - necessary for the implementation of the operation
  - costs incurred during the implementation period (except preparatory / closure costs)
  - incurred by the LP/PPs of a grant and paid solely by LP/PPs
  - they are identifiable, verifiable and documented
  - costs that comply with the applicable tax and social security legislation
  - not listed as an ineligible expenditure, not double funded
  - etc.



## 2.2. Geographical eligibility

- Operations have to be located in Programme area – Croatia (12 counties), Bosnia and Herzegovina (Brčko District and 109 municipalities), Montenegro (12 municipalities)
- Article 37(1) of Interreg Regulation, an operation is implemented outside the Programme area (all or part of an operation ) when:
  - a) the operation contributes to the Programme objectives;
  - b) justification is provided within the Application.



## 2.3. Eligibility period

- Expenditures are eligible from 1 January 2021 until 31 December 2029

### *a) Operation preparatory and contracting period*

- Eligible expenditure shall relate to the costs of initiating or initiating and implementing an operation or part of an operation (preparatory and contracting costs).
- Approved operations are entitled to receive reimbursement of their preparatory and contracting costs in the form of a lump sum in the total amount of 8,000.00 EUR.

### *b) Operation implementation period*

- Costs for the implementation of an approved operation are eligible from its start date until its end date as set in the Subsidy Contract.
- **Final Partner Progress Report:** Payment of costs incurred in the last reporting period must take place within 1 month after the operation implementation end date.



## 2.3. Eligibility period

### *c) Operation closure period*

- Approved operations are entitled to receive reimbursement of their closure costs in the form of a lump sum in the total amount of 4,000.00 EUR. The closure costs refer to activities related to the preparation and submission of the Final Project Progress Report.
- Certain conditions have to be fulfilled in order for the Programme to pay a lump sum for closure costs:
  1. The LP has submitted the Final Project Progress Report;
  2. The report has been approved by the JS/MA.



## 2.4. Simplified cost options

Option 1		Option 2	
Cost category	Form of reimbursement	Cost category	Form of reimbursement
Staff costs	up to 20 % flat rate of direct costs (real costs)	Staff costs	Real costs
Office and administrative costs	up to 15 % flat rate of staff costs	Other costs	up to 40 % flat rate of staff costs for all other costs
Travel and accommodation costs	up to 15% flat rate of staff costs		
External expertise and services costs	Real costs		
Equipment costs	Real costs		
Costs of infrastructure and works	Real costs		

## 2.5. Eligible cost categories

### a. Staff costs

*Co-financing of the operation via staff costs is not eligible under this Programme.*

#### Forms of reimbursement

1. as a flat rate of up to 20% of direct costs other than staff costs – no audit trail!
2. on a real cost basis (proven by the employment document and payslips) – audit trail needed!

#### Real costs

1. staff working full-time on the operation
2. real costs for staff working part-time with a fixed percentage of time worked per month on the operation





## 2.5. Eligible cost categories

### b. Office and administrative costs

#### Forms of reimbursement

- flat rate basis of up to 15% of eligible staff costs- calculated as flat rate regardless of the form of reimbursement applied under the staff costs category – no audit trail!

*In case that staff costs used as calculation basis for determining office and administrative costs are found to be ineligible, the determined amount of office and administrative costs will be re-calculated and reduced accordingly.*





## 2.5. Eligible cost categories

### c. Travel and accommodation costs

#### Forms of reimbursement

- flat rate regardless of the form of reimbursement applied under the staff costs category – no audit trail!

In case the beneficiary is using the Option 2 (40 % flat rate of the eligible staff costs for the calculation of all other costs), it is not possible to plan/report travel and accommodation costs as flat rate since those costs are already included in cost category “other costs”).



## 2.5. Eligible cost categories

### d. External expertise and services costs

#### Forms of reimbursement

- On real cost basis – audit trail!

In case the beneficiary is using the Option 2 (40 % flat rate of the eligible staff costs for the calculation of all other costs), it is not possible to plan/report external expertise and services costs on a real cost basis since those costs are already included in cost category “other costs”).





## 2.5. Eligible cost categories

### e. Equipment costs

#### Forms of reimbursement

- On real cost basis – audit trail!

In case the beneficiary is using the Option 2 (40 % flat rate of the eligible staff costs for the calculation of all other costs), it is not possible to plan/report equipment costs on a real cost basis since those costs are already included in cost category “other costs”).

- Full purchase cost of equipment is eligible.
- Cost of purchase of second-hand equipment may be eligible!

## 2.5. Eligible cost categories

### f. Costs of infrastructure and works

#### Forms of reimbursement

- On real cost basis – audit trail!

In case the beneficiary is using the Option 2 (40 % flat rate of the eligible staff costs for the calculation of all other costs), it is not possible to plan/report costs for infrastructure and works on a real cost basis since those costs are already included in cost category “other costs”).

- Prior to signature of SC – legal documents specifying any legal right under the real-estate law + necessary permissions (if applicable) will be requested.

## 2.6. Ineligible costs

The following expenditures shall not be eligible for funding under the Programme:

- 1. In line with Article 64 of CPR:** interest on debt; VAT except when the total cost of operation is below EUR 5,000,000.00; the purchase of land exceeding 10% of the total eligible expenditure for the operation concerned. For derelict sites and for sites formerly in industrial use which comprise buildings, this limit shall be increased to 15%.
- 2. In line with Article 38(3) of Interreg Regulation:** Fines, financial penalties and expenditure on legal disputes and litigation, costs of gifts, costs related to fluctuation of foreign exchange rate.
- 3. Other ineligible expenditures as defined by the Programme:** consultant fees between partners for services and work carried out within the operation; contracting of employees (staff) of the beneficiary and partner organisations as external experts (e.g. as freelancers, translators, IT experts, etc.); unjustified ad-hoc salary bonuses that are not directly linked to operation activities, ecc.

## 3. Other financial provisions

### 1. VAT

In line with Article 64 of CPR, VAT shall not be supported by the Programme, except:

- a) For operations the total cost of which is below EUR 5,000,000.00 (including VAT);
- b) For operations the total cost of which is at least EUR 5,000,000.00 (including VAT) and VAT is non-recoverable under national legislation;
- c) For SPFs and investments made by final recipients in the context of SPFs.

### 2. Modifications of the operations

- Minor modification
- Major modification

*Project modifications should not in any way put into question the basic purpose of a project and the MC decision on selection of the project.*

### 3. Durability of the operations

### 4. Exchange rate

- All expenditure reported in the Progress Reports must be denominated in Euro

## 3. Compliance with EU policies, Programme and other rules

### 1. Public procurement

- Article 58 of Interreg Regulation and/or Articles 178 and 179 (and points 36 to 41 of Chapter 3 of Annex I) of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and Annex II Public procurement of Financing Agreement

### 2. In-house contracting

- represents an exemption from the public procurement procedure if conditions given by the EU regulations are fulfilled

### 3. State Aid and de-minimis

- Financial support/aid given to an economic undertaking that is seen as distorting or threatening to distort competition in the internal market.
- State Aid is present when the following criteria are met – existence of state resources, selectivity, economic advantage, effect on competition and trade.



### 3. Compliance with EU policies, Programme and other rules

#### 4. Operation state aid rules

- The applicants will be obliged to declare the State aid relevance in LP/PP Statement (Annex of the Application)
- *The applicants must report any de-minimis support granted over the past three fiscal years within the De-minimis self-declaration (self-declaration is a part of LP/PPs statements which are annexes of the Application).*

#### 5. Visibility

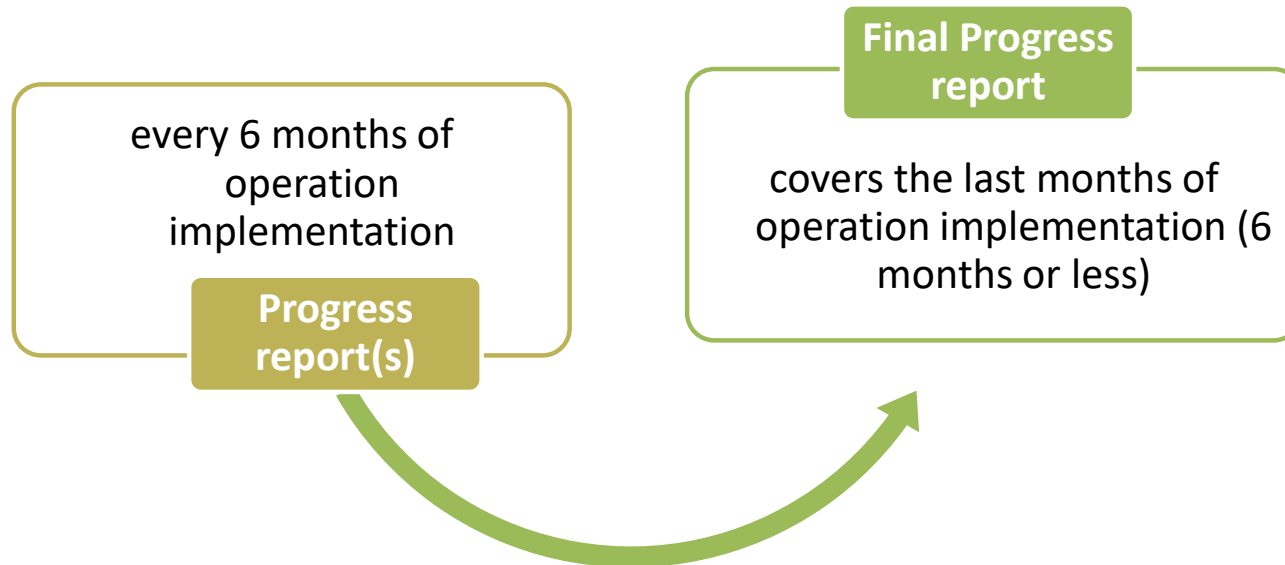
- General Programme rules on communication, information and visibility are provided in the Interreg Programme with detailed practical instructions on information, communication, promotion, and visibility.
- Cancellation of up to 2% of the EU support to the beneficiary concerned who does not comply with its obligations falling under Article 47 of CPR or paragraphs 4 and 5 of Article 36 of Interreg Regulation.

#### 6. Horizontal principles

- Sustainable development, Equal opportunities and non-discrimination, Gender equality

### 3. Compliance with EU policies, Programme and other rules

#### 7. Reporting process





### 3. Compliance with EU policies, Programme and other rules

#### 8. Description and retention of documents

- **Article 82 of CPR** - each LP/PP shall preserve all supporting documents related to specific expenditure for a 5-year period from 31 December of the year in which the last payment by the MA to the LP is made. These documents shall be available for any audit, control or verification after operation closure.



## 4. Types of operations and partnerships requirements

### 1. Types of operations

Standard	OSI	SPF
selected through the Call for Proposals and approved by the MC	selected through the strategic Call for Proposals or directly approved by the MC (without launching the Call for Proposals)	approved by the MC prior to contracting
	PA 1 SO 1.1., PA 2 SO 2.4., PA 3 SO 4.5. and PA 4 SO 4.6.	PA 1 SO 1.3.

### 2. Partnership requirements:

- Standard operations - min 2 – max 6 partners
- OSI - partnership must consist of at least three (3) partners from different PCs



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# Thank you for the attention!

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