

## Danube Strategic Project Fund (DSPF)

# Eligibility Rules for Project Costs

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## 1 Conditions for the eligibility of costs

Eligible DSPF costs are costs **actually incurred** by the Lead or a Project Partner which meet the following criteria:

- they are incurred and paid **within the implementation period**, with the exception of
  - a. costs relating to the establishment of the final reports, which can incur and be paid until the final report due date
  - b. costs relating to the establishment of the external audit certification (fee for external auditor), which can incur and be paid until the due date for the balance payment claim.
- they are **incurred to and paid by the Lead or a Project Partner** directly
- they are **indicated in the detailed project budget plan** of the DSPF project
- they are incurred in connection with the DSPF project only, as **described in the detailed project description**, and are necessary for its implementation;
- they are clearly **identifiable and verifiable**, in particular they are **recorded in the accounting records** and determined according to the applicable accounting standards of the country where the organisation is established and according to the organisations usual cost accounting practices;
- they **comply with the requirements of applicable tax and social legislation**; and
- they are **reasonable, justified and comply with the principle of sound financial management**, in particular regarding **economy and efficiency**.

All costs must be in line with all of these conditions to be eligible.

### 1.1 Eligible direct costs

The following budget lines are eligible direct costs, provided that they satisfy the eligibility conditions set out in Article 1 as well as the following conditions:

- a. the costs of **personnel working under an employment contract** or an equivalent appointing act with the Lead or Project Partner and assigned to the DSPF project.
- b. **costs of travel and related subsistence allowances**, provided that these costs are in line with the beneficiary's usual practices on travel;
- c. **costs of goods and services**, provided that goods and services purchased for a value higher than € 500,00 (excl. VAT) are procured according to the procurement procedure specified in article 3.

### 1.2 Eligible indirect costs

Indirect costs must be declared on the basis of a flat rate of **7 %** of the total eligible direct costs of the DSPF project and must comply with the conditions of eligibility set out in Article 1. E.g. costs for office equipment, infrastructure, overheads, etc.

### 1.3 Ineligible costs

In addition to any other costs which do not fulfil the conditions set out in Article 1, the following costs may not be considered eligible:

- a. return on capital and dividends paid by the beneficiary
- b. debt and debt service charges;
- c. provisions for losses or debts;
- d. interest owed;
- e. doubtful debts;
- f. exchange losses;
- g. costs of transfers from the IB charged by the bank of the beneficiary;
- h. costs declared by the Lead or Project Partners under another action receiving a grant financed from the Union budget.
- i. contributions in kind from third parties (not actually incurred by the Lead or a Project Partner);
- j. excessive or reckless expenditure;
- k. deductible VAT

## 1.4 Definitions

The following definitions apply:

DSPF Staff Members are:

- (i) employed (permanent or fixed-term contract) by the Lead Partner or a Project Partner
- (ii) listed as DSPF Staff Members in the budget plan under budget line 1 Personnel Costs

Unpaid voluntary workers are:

- (i) employed (permanent or fixed-term contract) by the Lead Partner or a Project Partner
- (ii) not receiving salary for their work

External experts are:

- (i) not employed (permanent or fixed-term contract) by the Lead Partner or a Project Partner
- (ii) commissioned according to the rules set in Article 3 “Subcontracting”.

## 2 Eligible budget lines & declaration of costs

As specified in Article 1.1, costs for the direct implementation of a DSPF project are eligible in 3 budget lines. In addition, all indirect and overhead costs are covered by a lump sum of **7%** of total direct costs.

direct project costs	indirect project costs
1. personnel costs	7% of direct costs (overheads, etc.)
2. travel and accommodation costs	
3. costs for goods and services	
<b>total project costs</b>	

### 2.1 Personnel costs

Costs related to personnel must be in line with all conditions specified in article 1.

Personnel costs include

- (i) actual salaries plus social security contributions and other statutory costs included in the remuneration
- (ii) additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used.

Personnel costs can be declared

- (i) for **productive working hours** that are necessary for the implementation of the DSPF projects only. Non-working hours (weekends, vacation, public holidays, sick leave, maternity leave etc.) are not eligible.
- (ii) Using the following method only:  
dividing the monthly gross employment cost by the monthly working time fixed in the employment document (contract) expressed in hours multiplied by the hours worked for the DSPF project<sup>1</sup>.

Personnel costs must be documented for the external certification in a way that the external auditor is able to verify the actual costs incurred to the Lead or Project Partner. The following documents must be provided:

- (i) A **working contract** (document) for the DSPF Staff Member including the time employed for the organisation. The calculation of personnel costs according to the method described above must be guaranteed by the information provided in this document.
- (ii) **Timesheets** recording the hours worked for the DSPF project, incl. a short description of the work, per month for all DSPF Staff Members
- (iii) A **proof of payment of the salary** to the DSPF Staff Member
- (iv) A **proof of payment of all tax or social security contributions** (or clearance certificates from tax or social security offices)

<sup>1</sup> COMMISSION DELEGATED REGULATION (EU) No 481/2014 of 4 March 2014, Article 3, 6 (i)

Personnel costs can only be declared for **DSPF Staff Members** (as defined in article 1.4).

In case of changes of the DSPF Staff Members, the Lead Partner is obliged to notify the IB in written of such changes during the project implementation period, with the midterm report for the 1<sup>st</sup> reporting period and with the final report for the 2<sup>nd</sup> reporting period at the latest.

Personnel costs cannot be declared for

- (i) **unpaid voluntary workers** (as defined in article 1.4)
- (ii) **external experts** (as defined in article 1.4)

Costs related to personnel working on the basis of external service contracts / invoices (e.g. freelancers, external experts, etc.) must be declared under the budget line **3. goods and services**. DSPF Staff Members or other employees of the Lead or a Project Partner are not allowed to operate as external service providers for the project.

## 2.2 Travel & accommodation costs

Costs related to travels & accommodations must be in line with all conditions specified in article 1. When selecting the means of transportation, the cheapest option must be used.

Travel and accommodation costs are eligible if related to **business trips** directly connected to **specific and clearly identifiable project activities of the DSPF project**.

Travel & accommodation costs can be declared as follows

- (i) For **DSPF Staff Members** (as defined in article 4.1) accommodation costs (e.g. hotel), travel costs and per diems are eligible;
- (ii) For **external experts** (as defined in article 4.1) who are contributing actively (speaker, moderator, special expertise, etc.) to the implementation of a DSPF project, accommodation costs (e.g. hotel) and travel costs are eligible;
- (iii) For **unpaid voluntary workers** (as defined in article 4.1) who are contributing actively (speaker, moderator, special expertise, etc.) to the implementation of a DSPF project, accommodation costs (e.g. hotel) and travel costs are eligible;

	accommodation costs (e.g. hotel)	travel costs (e.g. flight, train, or bus tickets)	per diems
<b>DSPF Staff Members</b> (as defined in article 1.4)	✓	✓	✓
<b>external experts</b> (as defined in article 1.4)	✓	✓	
<b>unpaid voluntary workers</b> (as defined in article 1.4)	✓	✓	

Ineligible travel and accommodation costs are

- (i) **First class or business class tickets.** Exceptions are made if the 1<sup>st</sup> class ticket is cheaper than the economy ticket or of the same value.

- (ii) **Taxi rides.** Exceptions are made if
  - a. no public means of transportation is available for the route or at the time required
  - b. the taxi ride is cheaper than the public mean of transportation (e.g. 4 persons travelling in one taxi)

Travel and accommodation costs must be documented for the external certification in a way that the external auditor is able to verify the actual costs incurred to the Lead- or Project Partner.

For the justification of the **project relevance** the following documents must be provided:

- (i) **reason for travelling** (meeting, event, fair, etc.) and why it was important for the DSPF project
- (ii) **justification / evidence that the travel took place** (signed participants list, power point presentation held, mentioned in minutes by the organiser, group picture, etc.)

For the **documentation of the costs** the following documents must be provided:

- (i) Booking confirmation, invoices, tickets, etc.
- (ii) price comparisons to proof that the cheapest option was selected (or written justification)
- (iii) Proof that the costs incurred to and were paid by the Lead or a Project Partner (bank account statement or cash receipt)

## 2.3 Costs for goods and services

Costs related to goods and services must be in line with all conditions specified in article 1 and must be procured according to the procurement procedure specified in article 3.

Core tasks of the DSPF project, e.g. the project management or reporting to IB or cannot be subcontracted.

Costs for goods and services must be documented for the external certification in a way that the external auditor is able to verify the actual costs incurred to the Lead- or Project Partner.

For the justification of the **project relevance** a description / justification of the purchased good / services (e.g. translation services at meetings, communication materials or costs for catering, room rent etc.) must be provided.

For the **documentation of the costs** the following documents must be provided:

- (i) Procurement documents as specified in article 3, if applicable
- (ii) Invoices
- (iii) Proof that the costs incurred to and were paid by the Lead or a Project Partner (bank account statement or cash receipt)

In case the Lead or any Project Partner is not entitled to reclaim VAT, VAT is eligible if a confirmation of an official authority is provided to the IB. If no such confirmation is provided, VAT is not eligible.

Goods purchased for the implementation of a DSPF project of a value of € 400,00 (excl. VAT in case the organisation can reclaim VAT or incl. VAT in case the organisation cannot reclaim VAT) or lower are eligible in their full amount. For goods of a value higher than € 400,00 the depreciation value for the project implementation period (e.g. 12 months) is eligible.

### 3 Subcontracting

If the implementation of the DSPF project requires the Lead or a Project Partner to procure goods, works or services, they must award the contract to the tender offering **best value for money** or, as appropriate, to the tender offering the **lowest price**. In doing so, any conflict of interests must be avoided.

The following procurement procedure applies

- For services with a value **below € 500,00** (excl. VAT) no procurement procedure is necessary
- For services with a value between **€ 500,00** and **€ 5.000,00** (excl. VAT) at least three different offers or price comparisons (e.g. online research) must be provided
- For services with a value **above € 5.000,00** (excl. VAT) a procurement procedure involving at least three offers must be conducted

The Lead and the Project Partners remain responsible to comply with any additional applicable national public procurement rules.

The procurement procedure must be documented for the external certification in a way that the external auditor can retrace the awarding.

### 4 Budget transfers

The Lead or Project Partners are allowed to adjust the estimated budget set out in the detailed project budget plan of each individual organisation by transfers between the different budget lines if the project is implemented as described in the detailed project description. Each budget line of each individual partner budget can be exceeded by **max. 20%** as long as the total budget per partner is not exceeded. Shifts between partners and shifts of more than 20% of the respective budget line require a written request by the Lead Partner to the IB and an amendment of the agreement. In case more financing is made available for the DSPF project by the Lead or a Project Partner or a Third Party and subsequently more project activities can be implemented within the scope of the project, the agreement must be amended as well.

### 5 Checks, audits and evaluations

The IB and any authorised Auditing Body (incl. the European Commission, the European and Austrian Court of Auditors and the European Anti-Fraud Office) are entitled to audit all costs incurred to and paid by the Lead or a Project Partner in relation to the DSPF project from the project start until **seven years** after the date of the final payment. The Lead and Project Partners must ensure that all relevant documentation is accessible for auditing purpose throughout this period of time.

### 6 Currency

Financial reports and requests for payments must be drafted in Euros.

Costs incurred in any national currency other than the Euro must be converted to the Euro to be able to qualify as eligible costs. Converted amounts must be declared in an accuracy of 4 digits after the decimal point and must



be converted by using the monthly accounting exchange rate of the European Union, which is available at:  
[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm).

The exchange rate of the **month of the payment** must be used.



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