



ELIGIBILITY MANUAL

Interreg Austria-Hungary 2021-2027



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1 INTRODUCTION

1.1 Preamble

The Eligibility Manual is part of a [series of manuals](#) for the Interreg Austria-Hungary 2021-2027 Programme (hereunder also referred to as Interreg AT-HU 2021-2027 or the Programme). It is intended to provide financial managers and controllers of approved projects information and guidance to ensure that project costs are incurred by beneficiaries in compliance with the applicable legal framework.

Moreover, also applicants are strongly advised to consult this document when preparing their project proposals.

These eligibility rules are applicable for all projects financed by the Programme.

Beside specific eligibility rules, this document also intends to give additional information, guidance and support to beneficiaries and controllers in order to ensure the sound financial management of projects at all levels.

The content of this document will be, whenever required, further developed and updated during programme implementation. The list of versions including the date of publication and the content of the update are available in Annex 7. The eligibility rules are valid from the day of publication. Unless otherwise stated, for individual projects the version valid at the date of signing the ERDF subsidy contract (hereunder referred to as the subsidy contract) is applicable.

1.2 Regulatory framework and hierarchy of rules

The legal framework for the implementation of projects within the framework of Interreg AT-HU 2021-2027 is based on the following hierarchy of regulations, in line with Article 37, paragraphs (2) and (3) of the Interreg Regulation:

1. Relevant provisions of **European law**:

- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (**Financial Regulation**);
- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (**Common Provisions Regulation** or **CPR**) – with regard to specific provisions on eligibility of expenditure especially Articles 63 to 68 give, and Article 112 (4) defining maximum 80% co-financing rate for Interreg programmes;
- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (**ERDF regulation**) – with regard to eligibility especially Article 5, defining the scope of support from the ERDF;
- Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg)



supported by the European Regional Development Fund and external financing instruments (**Interreg Regulation**) – with regard to specific provisions on eligibility of expenditure applicable to Interreg programmes especially Articles 37–44;

- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance (**State Aid Regulation**);
- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid Text with EEA relevance (general **De Minimis Regulation**);
- Implementing acts and delegated acts adopted in accordance with the aforementioned regulations;
- Other regulations and directives applicable to the implementation of projects co-funded by the ERDF.

Further guidance on matters of relevance for the project financial management and control of expenditure can be found in the following guidelines issued by the European Commission and available on:

https://ec.europa.eu/regional_policy/en/information/legislation/regulations.

2. **Programme rules** as set out in this document: additional rules on eligibility of expenditure set up by the monitoring committee (MC) for the Programme as a whole.
3. **National** (including institutional) eligibility **rules**: these apply only for matters not covered by rules laid down in the abovementioned EU and programme rules.

The regulatory framework, as listed above, must be always applied according to its latest valid version, new versions are not specified here.



2 THE AUDIT TRAIL

For the purpose of this document, an audit trail is a chronological set of accounting records and supporting documents that provide documentary evidence of the sequence of steps undertaken by the beneficiaries and programme bodies for implementing an approved project. According to this definition, the proper keeping of accounting records and supporting documents by the beneficiary and its responsible controller plays a key role in ensuring an adequate audit trail.

2.1 Requirements of an adequate audit trail

An adequate audit trail is composed of the following elements:

On project level, in general:

- The subsidy contract;
- The partnership agreement;
- The approved version of the application form;
- All modifications to the subsidy contract and the approved content of the application, including the documentation of the modification process (i.e. application, approval, etc.);

During implementation, at every project partner:

- Appropriate documentation of the expenditure incurred by the beneficiary, in line with the cost-category specific provisions and the applied settlement options.
- For expenditure reported as real costs this comprises of especially documents proving, for each cost item declared within the project, the expenditure incurred and the payment made (invoices or other documents of equivalent probative value, extract from a reliable accounting system of the beneficiary, bank statements, etc.);
- When relevant, adequate documentation of all (public) procurement procedures and the proof of the market price, according to the cost category specific provisions;
- Any other supporting document required in the cost category specific provisions;
- Adequate documentation of all contributions by the beneficiary to deliverables, outputs and results;
- Progress and financial reports submitted to the responsible controller with the purpose of validating project expenditure;
- Documents issued by the responsible controller validating the expenditure declared by the beneficiary within the project;

During implementation, at the lead partner:

- Adequate documentation of deliverables, outputs and results produced by the project;
- Project progress and the final report submitted to the MA/JS.

In the project start-up phase, it is essential for each beneficiary participating in a project to set up adequate arrangements that ensure the availability of:

- A separate accounting system or an adequate accounting code set in place specifically for all transactions relating to the project, except for those cases, where SCOs are applied;
- A physical and/or electronic archive which allows storing data, records and documents concerning the physical and financial progress of the project – as listed above – until the end of the retention period specified in section 2.2.



All documents composing the audit trail shall either be kept in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. Concerning the conformity of electronic versions of documents held on commonly accepted data carriers with the originals, national rules on the matter apply.

In case of beneficiaries using e-archiving systems, where documents exist in electronic form only, the systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

2.2 Retention of documents

All supporting documents composing the audit trail must remain available at the premises of each beneficiary at least for a 5-year period from 31 December of the year in which the last payment by the Managing Authority (MA) to the beneficiary is made¹. This period shall be interrupted either in the case of legal proceedings or by a request of the Commission.

Documents referring to project activities and expenditure which receive subsidy in the framework of state aid may have different retention periods.

Other possibly longer document retention periods, according to the applicable national and internal rules remain unaffected.

For the entire period of document retention, all bodies entitled to perform controls and audits shall have access to the project as well as to its entire relevant documentation including financial data/accounting documents.

¹ See Article 82 of the Common Provisions Regulation



3 ELIGIBILITY OF EXPENDITURE

3.1 General eligibility requirements

Expenditure is eligible for funding when it is in accordance with the regulatory framework above and fulfils the following requirements:

- it is related to costs of preparation and/or implementation of a project² as approved by the MC, including its approved modifications;
- it complies with the principles of the applicable settlement option (simplified cost options or real cost).

in case of real costs:

- it is essential for the achievement of the project objectives/outputs and it would not be incurred if the project was not undertaken (the additionality of costs incurred for project purposes is to be ensured);
- it has been incurred and paid by the beneficiary in the period of eligibility;
- it is not double-financed by other EU funds or other financial contributions from third parties;
- it complies with the principle of sound financial management as set out in chapter 7 of the Financial Regulation, that builds on the three principles of economy, efficiency and effectiveness;
- it has incurred in compliance with the application of the relevant public procurement rules, if relevant.

Expenditures have to be validated by the responsible controller specified in the subsidy contract.

Sound financial management:

In line with Article 33 of the Financial Regulation, the principle of sound financial management builds on the following three principles:

- The principle of **economy** which requires that the resources used by the beneficiary in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- The principle of **efficiency** which concerns the best relationship between resources employed, the activities undertaken and achievement of objectives;
- The principle of **effectiveness** which concerns the extent to which the objectives pursued are achieved through the activities undertaken.

When simplified costs options are used, the following general principles are applicable:

- the amounts reimbursed by the programme are not based on real costs but based on a pre-defined methodology (see details in Chapter 4),
- simplified cost options are calculated on the principle of being approximately suitable, therefore some partners or projects will, by definition, be undercompensated where others will be overcompensated – it is in the nature of SCOs, that the amounts reimbursed do not match the costs in the bookkeeping system of the project partner,
- simplified cost options are always defined in advance and cannot be modified later,

² See Article 38 (2) of Interreg Regulation



- simplified cost options can be combined only if the costs covered are not included in another simplified cost option, or reimbursed as real costs (see also sections 4.2 and 4.3).

3.2 The size of the budget and the composition of project financing

The total project budget for “standard” projects must exceed EUR 200 000 but must not be more than EUR 3 000 000.

The total budget of small-scale projects must be at least EUR 25 000 but must not be more than EUR 200 000.

Project related costs are financed by the following resources:

- a) programme (EU) **co-financing** (up to 80%)
- b) national contributions (at least 20% altogether) which may be available
 - a. in the form of **own resources** (public or private) of the project partner
 - b. and/or as **third party** financial contribution (public or private), including government contribution for Hungarian project partners.

The sum of these resources must equal the amount of project related expenditure (as detailed in the project budget). The involvement of other EU or third party resources in excess of the incurred expenditure reduces the programme co-financing, otherwise it is considered as **double financing**³ and is forbidden.

If more project related expenditure is incurred by a beneficiary during implementation than foreseen in the approved budget (or in its valid modifications) this must be financed by national contributions (unless third party financial contribution is available, by the partner’s own resources). Such additional financing (matching additional expenditure with additional financing contribution) ensures the complete implementation of the project and is not considered as double financing. With respect to the complete financing of all project related costs, additional expenditure may be verified by the controllers without prejudice to approved amount of programme co-financing (ERDF).

For rules about how costs can be shared between two or more projects, and for reference to rules on shared public procurement, see the section 6.1 “Cost sharing” in the Annex.

3.3 Cost categories

The Interreg Regulation sets out in Chapter V (Articles 37 to 44) specific rules on eligibility of expenditure for Interreg programmes with regard to the cost categories listed below. Further specific requirements related to the cost categories without prejudice to the instructions of the EU Regulation are included in the respective chapter of this Eligibility Manual.

- a) staff costs (section 5.1);
- b) office and administrative costs (section 5.2);
- c) travel and accommodation costs (section 5.3);
- d) external expertise and services costs (section 5.4);
- e) equipment costs (section 5.5) and
- f) costs for infrastructure and works (section 5.6)

³ Related to double financing, see also the sections on flat rate related to staff (5.1.2.2), office/administration (5.2), travel and accommodation (5.3), and other costs flat rate (5.7).



Preparation costs, settled in the form of a lump sum (see section 3.6) are not directly linked to the above listed cost categories.

The cost categories a)-f) are primarily for the purposes of planning and implementing of projects financed by the Programme. These categories must be applied according to the relevant cost category specific rules of the Programme, independent of the accounting and public procurement categories with similar or same denomination, without prejudice to the application of the relevant national/internal accountancy rules or public procurement regulation.

3.4 Format of the documentation of expenditure

The beneficiary shall keep the documents of the audit trail (**invoices** or **accounting documents of equivalent probative value** and other related **supporting documents**) always **in the original format** of the documents (see also section 2.2 about document retention).

In cases where project related expenditure is settled on the basis of real costs, **invoices** or **accounting documents of equivalent probative value** and other related **supporting documents** must be **submitted in electronic format** for control via the monitoring system of the Programme (Jems), independent of their original format.

This means:

1. Documents **originally issued in paper format** (independent, whether e.g. an invoice or other accounting document was produced by an automated invoicing system or manually recorded) must be kept by the beneficiary in their original paper-based format until the document retention deadline (see section 2.2). These documents shall be uploaded to Jems and submitted for control in a scanned format only.
2. Documents **originally issued in electronic format** must be kept by the beneficiary until the document retention deadline (see section 2.2) in the electronic format they were issued. With regard to the requirements related to e-invoices in Austria and in Hungary the relevant national rules are applicable^{4,5}. Electronic invoices shall be treated as original documents provided that the requirements laid down in the respective national law are met. These documents shall be uploaded to Jems and submitted for control in their original electronic format.

Independent of the format of the original invoice or accounting document of equivalent probative value, to ensure that there is no double funding, the following information shall be written on original receipted invoices:

1. Name of the Programme
2. and project number
e.g. AT-HU 0123

Exceptions are acceptable on a case by case basis, especially where the booking process does not allow to include this information (typically in case of e-invoices or invoices issued

⁴ For more information about the requirements related to e-invoices in Austria, see the following link:
<https://www.bmf.gv.at/themen/steuern/fuer-unternehmen/umsatzsteuer/informationen/elektronische-rechnung-ueberblick-ueber-die-aenderungen-durch-das-abgabenaenderungsgesetz-2012.html>

⁵ For more information about the requirements related to e-invoices in Hungary, find actual information on the webpage of the national tax and customs office (NAV):
https://nav.gov.hu/ado/afa/Az_elektronikus_szaml20200416 (as of 1.1.2022)



by automated invoicing systems, authority fees, etc.). For the operative implementation of this rule, incl. to-dos in case some part of the mandatory information would be missing on the original invoice or on the accounting document of equivalent probative value, see the Implementation Manual.

3.5 Implementation and eligibility time line

Generally, the period of eligibility for projects in the programme starts at the earliest on the opening date of the call (27th July 2023) and ends at the latest on 31st December 2028.

3.5.1 Project implementation in time

The implementation of the project must fall between the start and end dates of eligibility, as defined in the first paragraph of section 3.5. The project start and end dates are set in the supplementary information to the application form.

- a) The start date of project implementation cannot be earlier than the date of submission of the application form. In case of resubmitted applications (if postponed by the MC, or following a formal rejection), project start cannot be earlier than the date of the new submission.
- b) Project implementation must not end later than the end of eligibility defined on the programme level (31.12.2028).

3.5.2 Time-wise eligibility of expenditure

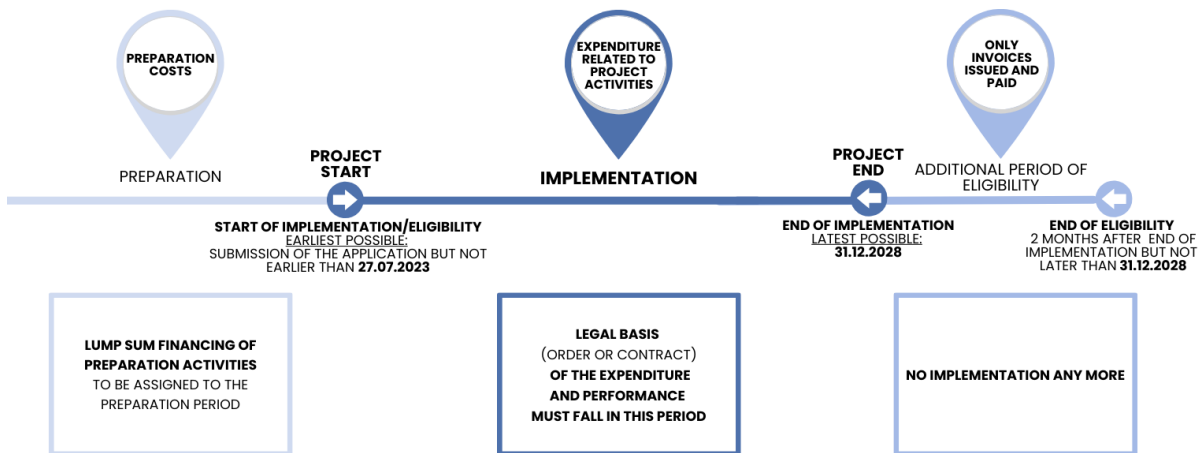
The eligibility period for the expenditure within the project starts with the start of implementation, and ends 2 months after the last date of implementation, without prejudice to the last date of eligibility defined in the first paragraph of section 3.5⁶.

Eligible are only those expenditures of which the legal basis (e.g. order/contract) and the performance fall within the implementation period. Invoices or documents with equivalent probative value have to be issued and expenditures have to be paid until the last date of eligibility.

⁶ Additional 2 months after the project implementation give time to issue and pay invoices related to the last reporting period of the project. However, due to the final date of eligibility being the 31.12.2028, for projects ending later than 31.10.2028, this possibility cannot be made use of. E.g. for projects having their end date of implementation on 31.12.2028 the end of eligibility is the same date.



IMPLEMENTATION AND ELIGIBILITY IN TIME



3.6 Preparation costs

Approved projects which successfully signed the subsidy contract with the MA receive reimbursement of their preparation costs (costs that are incurred before the start date of the project, as set in the application form) in the form of a lump sum.

Project preparation activities take place before the implementation of the project starts, thus preparation and implementation are successive phases of an operation in the meaning of Article 53 (1)(e) of the Common Provisions Regulation. Preparation costs reimbursed as a lump sum are, however, not linked to a concretely defined period of time. Thus, an earlier date for the start of eligibility of expenditure in the project, other than the start of the project implementation (as identified in the supplementary information to the application form) cannot be defined.

The reimbursement of a lump sum for preparation costs follows the principles detailed below:

- In case of standard projects, the lump sum amounts to EUR 6 300 on a total expenditure basis per project – for small-scale projects this lump sum is EUR 3 000;
- It can be distributed among partners according to their agreement;
- The ERDF contribution effectively granted to the project is linked to the actual co-financing rate applicable to the partner(s) to whom the lump sum is allocated, as detailed in the approved application form.

The lump sum will be transferred to the bank account of the lead partner. It is then the lead partner’s responsibility to transfer the share of the lump sum to the respective project partners in compliance with the previous agreement of the partners and the approved application form.

Any difference between the granted lump sum and the real costs incurred for preparation is neither checked nor further monitored by the Programme and beneficiaries do not need to document that the expenditure has been incurred and paid or that the expenditure corresponds to the reality.

In the occurrence that the project is not implemented following the signature of the subsidy contract, the MA may recover from the lead partner in part or in full the ERDF granted for preparation costs.



3.7 Geographic relevance

3.7.1 The programme area

The programme area covers:

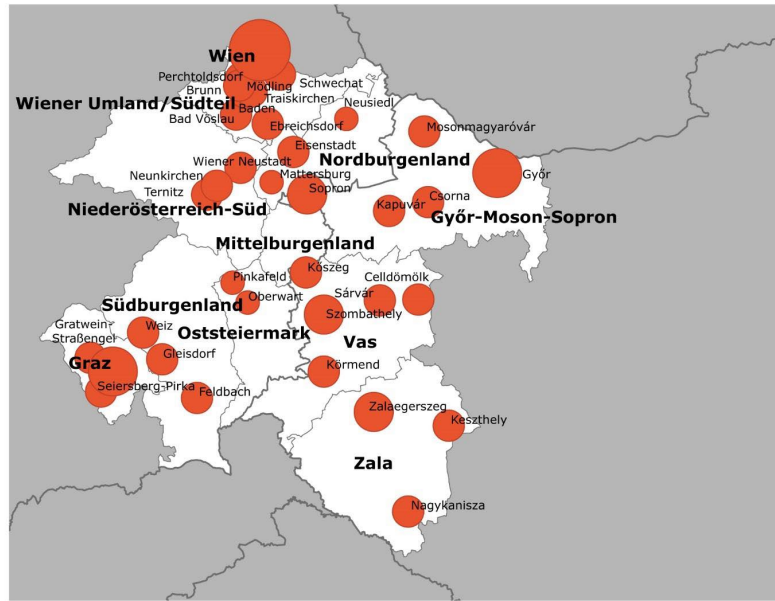
the Austrian NUTS 3 regions

- Nordburgenland,
- Mittelburgenland,
- Südburgenland,
- Niederösterreich Süd,
- Wiener Umland/Südteil,
- Wien,
- Graz and
- Oststeiermark

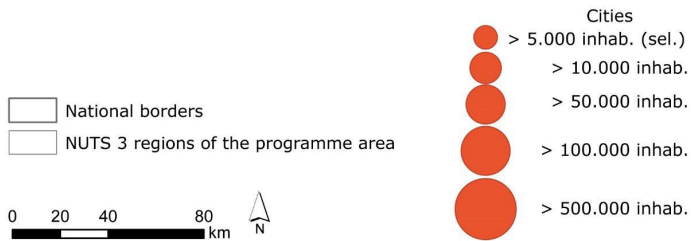
and the Hungarian NUTS3 regions

- Győr-Moson-Sopron,
- Vas and
- Zala,

which, in combination, form the NUTS2 region Western Transdanubia.



Sources: Centropemap, Statistik Austria, Központi Statisztikai Hivatal
Cartography and geoinformation: www.mecca-consulting.at
April 2020



3.7.2 Geographical eligibility of project partners

Eligible project partners **in small-scale projects** are

1. partners located in the programme area and
2. those who have legally defined competences or field of functions for certain parts of that area.

Eligible partners **in standard projects** are

1. partners located in the programme area and
2. those who have legally defined competences or field of functions for certain parts of that area.

Additionally, the involvement of

3. other partners outside the programme area (other than those who have legally defined competences or field of functions for certain parts of it) is possible in exceptional and duly justified cases if that partner is needed to achieve the goals of the project.

3.7.3 Geographical eligibility of activities

- **Activities** shall serve the benefit of the programme area and contribute to the successful delivery of the programme objectives (independent whether they are implemented in the programme area or outside of it).



3.8 Conversion into euro

The budget of the project must be planned in euro.

Financial reporting of a project shall occur in euro and the Programme will reimburse ERDF contribution in euro.

In accordance with Article 38 (5) of the Interreg Regulation, expenditure paid in a currency other than euro shall be converted into euro by each beneficiary coming from countries which have not adopted the euro as their currency using the monthly accounting exchange rate of the European Commission⁷ in the month during which that expenditure was submitted for verification by the concerned beneficiary to the controller.

The date of submission is the day on which the beneficiary submitted for the first time to its controller the documents concerning certain expenditure, as documented through Jems. Further submission of missing documents, clarifications etc. on that expenditure shall not be considered defining the date of the currency exchange.

3.9 Non-eligible expenditure

The following costs are **not eligible**⁸:

- a) Fines, financial penalties and expenditure on legal disputes and litigation;
- b) Costs of gifts⁹;
- c) Costs related to fluctuation of foreign exchange rate;
- d) Interest on debt;
- e) Charges for national financial transactions;
- f) Costs for alcoholic beverages;
- g) Payment between beneficiaries of the same project (project partners, incl. strategic partners) for services, equipment and work carried out within the project;
- h) Unpaid invoice amounts or undrawn reduction of the price (cash discount, discount);
- i) Artists' fees;
- j) Purchase of land and other real estate¹⁰;
- k) Costs for infrastructure and works outside the programme area;
- l) Costs for food and beverages (catering) at internal partner meetings;
- m) Tips;
- n) In-kind contribution¹¹, incl. unpaid voluntary work;
- o) Sole proprietor payments;

⁷ The monthly exchange rates of the European Commission are published on http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

⁸ In accordance with Article 64 (1)(c) of the Common Provisions Regulation, for operations the total cost of which is below EUR 5 000 000 (including VAT), the value added tax is eligible. As in the Programme the total budget of a project shall not exceed EUR 3 000 000, this rule is applicable to partner budgets. The Programme, therefore, does not control if a beneficiary reclaims recoverable VAT and does not consider it as double financing.

⁹ Items related to the promotion of the project and not exceeding net EUR 20 a piece, are not considered as gifts.

¹⁰ Exceptions can be made in well justified cases on a case by case basis by the MC, e.g. for flood prevention, without prejudice to Article 64 (1)(b) of Regulation (EU) No 2021/1060.

¹¹ In the meaning of Article 67 (1) of Regulation (EU) No 2021/1060 the provision of works, goods, services, land and real estate for which no payment supported by invoices, or documents of equivalent probative value, has been made, is in kind contribution.



- p) Services provided by contractors with whom a conflict of interest in the meaning of Commission Notice Guidance 2021/C121/01) exists¹²;
- q) Mandatory tasks of local authorities, interest groups and other organisations (e.g. associations) in accordance with the applicable legal basis (e.g. holding of annual general meetings in accordance with the Austrian Associations Act).

Expenses not included in the list above are not automatically eligible.

3.10 Rules related to linked enterprises and in-house procurement

Article 3 of Annex I of the Regulation 651/2014 defines (1) autonomous enterprises, (2) partner enterprises and (3) linked enterprises.

- a) In terms of the implementation of projects in Interreg AT-HU 2021-2027, especially with regard to procurements, where the eligibility rules of the programme (this manual) or specific rules on Member State level require independence (e.g. between contracting entities and bidders), the definition of autonomous enterprises in accordance with paragraph (1) of Article 3 of Annex I of the Regulation 651/2014 should be respected.
- b) With regard to expenditure for external expertise and services, equipment, or infrastructure and works between partner enterprises and linked enterprises, both defined according to Annex I of the Regulation 651/2014:
 - b.a. for Austrian project partners, where standardised rules across all regions of the Programme are not available on this matter, such expenditure shall be eligible, provided that the compliance with the market prices is proven in all cases by two additional independent (see point a) above) and comparable offers and that there is no conflict of interest in the meaning of point p) at section 3.9 of this Manual. In case such expenditure occurs between enterprises, associations or individual entrepreneurs, having organs or shareholders that bear a function both at the contractor and at the bidder, the rules for linked enterprises must be applied.
 - b.b. for Hungarian project partners the national eligibility rules shall apply.
- c) In-house subcontracting, in the meaning of Article 12 of the Directive 2014/24/EU of the European Parliament and of the Council is exempt from the applicable public procurement rules.
 - c.a. for Austrian project partners, where standardised rules across all regions of the Programme are not available on this matter, the compliance of the in-house contract with the market prices must be documented in any case with two additional independent and comparable offers.
 - c.b. for Hungarian project partners the national eligibility rules shall apply.

3.11 State aid

3.11.1 The notion of state aid

Public support granted by the Programme must comply with state aid rules. According to Article 107 of the Treaty on the functioning of the European Union, state aid is defined as *"any aid granted by a Member State or through State resources in any form whatsoever"*

¹² A conflict of interest exists where the impartial and objective exercise of the functions of a financial actor or other person, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect shared interest with the beneficiary.



which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods”, therefore affecting trade between Member States.

In practical terms, state aid applies when **all five criteria** listed below are met:

1. The recipient of the aid is an “undertaking”, which is carrying out an **economic activity** in the context of the project.
2. The **aid comes from the State**, which is always the case for any Interreg programme.
3. The aid gives an **economic advantage** (a benefit), which an undertaking would not have obtained under normal market conditions.
4. The aid is **selectively** favouring certain undertakings or the production of certain goods.
5. The aid **distorts or threatens to distort competition and trade** within the European Union.

It is to be noted that Interreg AT-HU 2021-2027 does not support undertakings in difficulty¹³, unless authorised under *de minimis* aid or temporary state aid rules established to address exceptional circumstances.

Comprehensive information on state aid can be found on the [DG Competition website of the European Commission](#), where also a guideline on the notion of state aid is available¹⁴. Also, relevant national or regional authorities may be consulted to obtain more specific information on rules and limitations concerning state aid.

3.11.2 State aid in Interreg AT-HU 2021-2027

3.11.2.1 State aid assessment and contractual conditions

Submitted application forms undergo a specific “state aid assessment” focusing on the five criteria listed above. This is offered for the applicants as part of the application form in Jems, as a self-assessment, with particular attention to the assessment of the status as “undertaking” (Criterion 1) of the partners (i.e. the lead partner or any project partner) and of the existence of an economic advantage for the undertaking (Criterion 3).

With regard to Criterion 1 (Undertaking): in the context of EU competition law, any entity engaged in economic activity is considered as an undertaking - irrespective of the legal form of that entity and the way in which it is financed. In this sense, every legal entity and public institution can be an enterprise. The decisive factor is whether the respective unit in question plans activities within the scope of the project that can be considered economic activities.

Economic activity means offering goods and/or services on the market. The existence or non-existence of profit through measures (within the project) or whether the goods or services are offered on the market free of charge is not decisive in this case.

Please note, however, that the state aid evaluation is the responsibility of the Member States, and the assessment by the responsible national bodies may overrule the applicants’ self-assessment.

The results of the state aid assessment may lead to one or more of the following scenarios:

1. **No state aid relevance.** In this case no contractual conditions are set on state aid.
2. **Risk of state aid that can be removed.** In this case, the Monitoring Committee may approve the project with certain conditions that are included in the subsidy contract in

¹³ As defined in point (18) of Article 2 of Regulation (EU) No 651/2014 in its latest version.

¹⁴ https://ec.europa.eu/competition-policy/state-aid/legislation/notion-aid_en



order to eliminate the state aid cause (e.g. wide dissemination, also to competitors, of certain project outputs).

3. **Direct state aid granted to one or more partners.** In this case the entire budget allocated to the concerned partner or a specific part of it (linked to certain activities that are state aid relevant) is regarded as state aid granted under the General Block Exemptions Regulation (GBER)¹⁵ or, in exceptional cases, under *de minimis*¹⁶ (see below).
4. **Indirect state aid granted to third parties** outside the project partnership. In this case, a contractual condition setting a threshold to the aid granted to third parties is set (see below).

During the implementation of the project, the Managing Authority/Joint Secretariat verify that contractual conditions on state aid are fulfilled by the concerned partners.

Restrictions might apply to the possibility to modify the project if its activities are assessed as state aid relevant. Furthermore, additional contractual conditions on state aid may be given to projects in case of project modifications assessed as state aid relevant.

For partners receiving additional national public co-financing to their budgets, the aid granting shall comply with the cumulation and aid intensity rules.

Important: in accordance with Regulation (EU) 2023/1315 amending Regulation (EU) 651/2014, the value added tax charged on eligible costs or expenses that is refundable under the applicable national tax law shall not be taken into account for calculating aid intensity and eligible costs.

3.11.2.2 Direct aid granted under GBER

GBER allows to implement a wide range of public support measures without prior notification to the EC as long as all criteria given in the regulation are fulfilled. It includes a block exemption for aid granted in the context of Interreg projects (GBER Article 20)¹⁷. Interreg AT-HU 2021-2027 grants direct state aid under this exemption for Interreg. Either **the whole ERDF budget of the concerned partner(s) or a specific part of it** (linked to certain activities that are state aid relevant) may be regarded as state aid granted by the Programme, up to a ceiling of 2.2 million euro of total public contribution per partner and per project.

In line with Article 20 (3) GBER the **aid intensity shall not exceed** the maximum co-financing rate provided for in Regulation (EU) 2021/1060 and/or Regulation (EU) 2021/1059, whichever is applicable, which is in this case **80 %**. The 80 % maximum co-financing rate cannot be exceeded with any additional public co-financing to the partner budget (e.g. by funds from the Hungarian state budget or from other public-law institutions). In other words, the budget of project partners receiving state aid shall include at least 20 % own resources (or other financing contributions from private sources).

In line with Regulation (EU) 2023/1315, for the part of the partner budget that is subject to GBER Article 20, 80% of the net eligible costs (after deduction of the VAT) is the ceiling of aid intensity in case of project partners entitled for VAT refund (also below the threshold of EUR 5 000 000 set by Article 64 (1)(c) of the Common Provisions Regulation – see footnote 8).

¹⁵ Regulation (EU) No 651/2014 as further amended.

¹⁶ Regulation (EU) No 1407/2013 as further amended.

¹⁷ Article 20 of Regulation (EU) No 651/2014 incl. its amendments, such as Regulation (EU) No 2021/1237 and Regulation (EU) 2023/1315.



3.11.2.3 Direct aid granted under *de minimis*

In order to comply with the state aid rules, the programme may grant *de minimis* aid. The *de minimis* aid is not considered as state aid, because in view of the relative low value, determined by the Commission, it does not threaten to distort competition and does not affect trade between EU Member States.

The *de minimis* aid is granted by the Member States Austria and Hungary. Either **the whole ERDF budget of the concerned partner or a specific part of it** (linked to certain activities that are state aid relevant) may be regarded as *de minimis* aid. Granting aid under *de minimis* implies that partners can receive funds from the Programme only if they did not receive by Austria or Hungary public aid under the *de minimis* rule totalling more than EUR 200 000 per Member State within the previous three fiscal years from the date of granting the aid¹⁸. This threshold is reduced to EUR 100 000 in the road transport sector¹⁹. The Programme **does not grant *de minimis* aid to primary production of agricultural products, nor to aquaculture and fisheries sectors.**

The *de minimis* thresholds counts per “**single undertaking**”²⁰. In case a project partner is part of a group, the entire group is therefore considered as one single undertaking and the *de minimis* threshold applies to the entire group. This could be for example the case of a company owning (or controlling) one or more companies, or the different departments of a university.

Public aid considered by the Programme for the applicable *de minimis* threshold comprises aid granted by Austrian and Hungarian national, regional or local authorities, regardless of whether the resources are provided from domestic sources or are partly financed by the European Union.

Partners carrying out state aid relevant activities in the project **might have a reduction of the ERDF granted by the Programme** in order to ensure the respect of the applicable *de minimis* thresholds.

3.11.2.4 Indirect aid granted to third parties

Project activities might result in advantages granted to undertakings outside the project partnership that they would not have received under normal market conditions. This might be the case, for example, of free of charge services, training, or consultancy to companies. In such cases, the aid is granted to third parties who are the final beneficiaries of project activities. This aid is granted under GBER Article 20a²¹, referring to exemption for aid of limited amount in the context of Interreg.

Aid granted under GBER article 20a to an undertaking that is the final beneficiary of project activities **cannot exceed EUR 22 000**. The amount of aid granted to each final beneficiary is to be determined by the concerned partners prior to the implementation of project activities that are affected by indirect aid, and it shall be approved by the Managing Authority/Joint Secretariat²².

In line with Regulation (EU) 2023/1315, in case of final beneficiaries entitled for VAT refund the EUR 22 000 ceiling of aid granted under GBER article 20a shall be calculated on the net eligible costs (after deduction of the VAT).

¹⁸ Date of signature of the subsidy contract.

¹⁹ according to the second subparagraph of Article 3(2) of Regulation (EU) No 1407/2013

²⁰ Article 2(2) of Regulation (EU) No 1407/2013 on *de minimis* aid precisely defines the principle of single undertaking.

²¹ Article 20a of Regulation (EU) No 651/2014, introduced by the amending Regulation (EU) No 2021/1237.

²² Partners are advised to check national legislation and procedures related to aid to third parties, as these might apply even if the programme applies article 20a GBER.



4 SETTLEMENT OPTIONS

The programme wants to focus on what is important: reaching results in projects. Therefore, during project implementation the project activities and their relevance in reaching the foreseen objectives will be carefully followed. According to the same main principle, the programme has simplified the reporting of costs, by using simplified cost options. Therefore, expenditures falling in the cost categories defined in Chapter 5 can be settled either on the basis of

- real costs,

or in one of the following three simplified cost options:

- unit costs,
- flat rates,
- or lump sum financing.

When using simplified cost options, costs are not based on real costs but based on a pre-defined methodology. An overview of the options and more details about their characteristics can be found in the following section.

4.1 Forms of reimbursement

The costs for the implementation of any project, implemented in Interreg AT-HU 2021-2027, can be reimbursed according to the settlement options presented in the table below.

Table 1 Settlement options by cost categories

	Lump sum	Unit costs	Flat rate	Flat rate acc. to Article 56 CPR ("other costs" flat rate)	Real costs
Preparation costs	✓				
Staff costs		✓	✓		
Office and administrative costs			✓	✓	
Travel and accommodation costs			✓	✓	
External expertise and services costs				✓	✓
Equipment costs				✓	✓
Costs for infrastructure and works				✓	✓



The settlement options selected by the applicants for the reimbursement of their expenditure (lump sums, unit costs, flat rates, real costs) are either confirmed in the course of the project approval procedure, or in exceptional cases modified as a result of a conditional approval by the MC. The format for the settlement of costs is thus conclusively defined and becomes contractually agreed. A change in the course of the project implementation is not possible.

4.1.1 Reimbursement on the basis of lump sum financing

- a) For certain activities or achievements, a predefined lump sum financing is set by the programme.
- b) For the settlement of costs, the implementation of the activity or achievement needs to be proven.

In this programme, lump sum financing is applied for the reimbursement of project preparation costs, whereby the activity that is implemented is the project preparation, the trigger (achievement) for payment of the lump sum is the signed subsidy contract (see section 3.6).

4.1.2 Reimbursement on the basis of unit costs

- a) Unit costs comprise of pre-established standard prices that apply to predefined quantities related to an activity.
- b) The eligible expenditure is calculated by multiplying the unit cost by the units achieved (quantified activities, input, etc.).

Unit costs can be applied in this programme for the reimbursement of staff costs (see section 5.1.2.1).

4.1.3 Reimbursement on the basis of flat rate financing

- a) In case of flat rate financing the reimbursement of a cost category (or cost categories) is calculated as a percentage of eligible expenditures in one or more other cost categories.
- b) As the flat rate reimbursement is solely calculated on the basis of direct costs in other categories, no further proof or documentation is needed during implementation for the application of this reimbursement option (except for staff cost a proof that there is at least one person in the employment of the beneficiary concerned).

Flat rates will only be reimbursed if the related basis costs have been incurred and reported to the programme. In case of partly ineligible basis cost the flat rate is reduced accordingly; if basis costs are ineligible in full the related flat rate will not be paid.

Flat rate financing is applied in this programme for the reimbursement of office and administrative costs as well as of travel and accommodation costs. Furthermore, it can be applied for the reimbursement of staff costs, and as a specific form of reimbursement in line with Article 56 of the Common Provisions Regulation, for the reimbursement of costs other than direct staff costs (covering the total of office and administrative costs, travel and accommodation costs, costs for external expertise and services, equipment costs, as well as infrastructure and works costs).

4.1.4 Reimbursement on the basis of real costs

- a) In case of real costs, the application budget is prepared on the basis of expected expenditure.



- b) For the settlement of expenditure on the basis of real costs the actual expenditure needs to be documented in line with the general requirements regarding the audit trail (see section 2.1) and the cost category specific requirements (see sections 5.4-5.6)

Real costs can be applied in this programme for the reimbursement of external expertise and services costs, equipment costs and costs for infrastructure and works.

4.2 Combination of cost settlement options in the project budget

The typical budget of a project partner in Interreg AT-HU 2021-2027 may include:

1.
 - a. **lump sum** preparation costs
 - b. any combination of **real costs** in external expertise and services costs and/or equipment costs and/or costs for infrastructure and works,
 - c. plus staff costs financed on a **unit cost** basis,
 - d. plus **flat rate** financing for office and administrative costs and travel and accommodation costs.
2.
 - a. **lump sum** preparation costs
 - b. any combination of **real costs** in external expertise and services costs and/or equipment costs and/or costs for infrastructure and works,
 - c. plus **flat rate** financing for staff costs, office and administrative costs and travel and accommodation costs.
3.
 - a. **lump sum** preparation costs
 - b. staff costs financed on a **unit cost** basis
 - c. **“other costs” flat rate** applied on all other cost categories

Table 2. Possible budget compositions

1	2	3
Lump sum for preparation cost		
Staff costs based on unit cost	Staff costs as 20% flat rate of the direct costs (External expertise and services + Equipment + Infrastructure and works)	Staff costs based on unit cost
Office & admin flat rate on staff costs	Office & admin flat rate on staff costs	All other costs (office & admin, travel & accommodation, external expertise and services costs, equipment costs, costs for infrastructure and works) as 40% flat rate of eligible direct staff costs
Travel & accommodation flat rate on staff costs	Travel & accommodation flat rate on staff costs	
External expertise and services costs as real cost	External expertise and services costs as real cost	
Equipment costs as real cost	Equipment costs as real cost	
Infrastructure and works as real costs	Infrastructure and works as real costs (excluded for small-scale projects)	



4.3 Combinations of settlement options for small-scale projects

The programme invites applicants to submit small-scale projects with total costs not exceeding EUR 200 000. For specific requirements related to these projects more details are available in the **Application Manual**.

In accordance with the provision of Article 53 (2) of the Common Provision Regulation, projects with total costs of up to EUR 200 000 are obliged to apply simplified cost options (unit costs, flat rates, or lump sums). Thus option 1 from the list above is excluded, because real costs (for external expertise and services costs, equipment costs and costs for infrastructure and works) are only applicable when they are used for the calculation of a flat rate.



5 COST CATEGORY SPECIFIC PROVISIONS

5.1 Staff

5.1.1 Definition

In accordance with article 39 (2) of the Interreg Regulation, staff costs consist of the gross employment costs of staff employed by the beneficiary for the implementation of the project. Staff can either be already employed by the beneficiary or contracted specifically for the project. Staff costs include salary payments and other costs directly linked to salary payments and paid by the employer (such as employment taxes and social security including pensions) in line with the employment/ work contract or other document.

Payments to natural persons working for the beneficiary under a contract other than an employment contract²³ may be assimilated to salary payments and such a contract is considered as an employment document.

Warning!

Please note that costs arising from a contract stipulated with a natural person that is not considered equivalent to an employment contract according to national/institutional rules belong to the external expertise and services cost category and have to comply with all provisions applicable to that budget line, including the respect of procurement rules.

5.1.2 Forms of reimbursement

Staff costs shall be reimbursed by the Programme

- a) either on the basis of unit costs pursuant to Article 39 (3) (b) of the Interreg Regulation;
- b) or as a flat rate pursuant to Article 39 (3) (c) of the Interreg Regulation.

Each beneficiary must choose a staff cost reimbursement option in the budget part of the application form. The chosen form of reimbursement shall be applied to all staff members of the project partner's organisation working in the project and shall be maintained for the entire duration of the project. Settlement according to real costs is not permitted.

Warning!

The option chosen when submitting the application form cannot be changed by the beneficiary during project contracting and/or implementation! However different partners in the same project may choose different options for reimbursing staff costs.

²³ E.g. in Austria the term "freie DienstnehmerInnen" or „Arbeitskräfteüberlassung“.



5.1.2.1 Unit costs

5.1.2.1.1 Establishing the applicable unit costs

The reimbursement of staff costs as unit costs is possible only on the basis of the standardised performance groups defined in Annex 6.2 and of the hourly rates defined in Annex 6.3.

The hourly rate applied for a person working on the project is determined according to the following principles:

- a) Project staff is to be assigned to functions (see columns (a) and (b) of Table 3 in Annex 6.2).
- b) For the assignment to functions the person's tasks in the project are relevant. Education, position in the organisation, etc. shall not influence the assignment to project functions.
- c) A staff member cannot be assigned to more than one function with regard to the variety of the activities he/she performs. If an employee has several functions within the project, he/she shall be assigned to his/her main function.
- d) Functions are grouped to performance groups (see columns (c) and (d) of Table 3 in Annex 6.2).
- e) The applicable hourly rate is to be determined on the basis of the appropriate performance group – for the hourly rates see columns (c) and (d) of the Table 4 in Annex 6.3.
- f) The hourly rate applied for a person may be adjusted only if on the basis of his/her changed duties in the project the person's new function is assigned to a different performance group.

5.1.2.1.2 Specifications, reporting and audit trail

The following principles apply to the reimbursement of staff costs on unit costs' basis:

- Staff costs are calculated individually for each staff member charged to the project as a product of the hourly rate defined for the performance group where the function of the staff member belongs to, and his/her working hours for the achievement of project related outcomes (deliverables, outputs).
- Working hours claimed for an employee in relation to the project cannot exceed his/her actual total working hours as documented in the work time registration system.

The reimbursement of staff costs on unit cost basis will follow this procedure:

1. In the application phase the followings have to be **determined**:
 - a) the **functions** needed for the implementation of the project and
 - b) the planned **hours** per function.
2. Each person whose staff costs are to be settled in the project, must be **assigned to a function**, documented by the staff data sheet. This shall happen:
 - a) for staff already employed by the beneficiary, when drawing up the subsidy contract;
 - b) in case of staff appointed at a later phase for the project, or
 - c) if a person needs to be assigned to a new function, at the earliest possible time (see details in the annex, section 6.2.4).
3. During implementation the **number of hours** spent on the project must be reported applying the **appropriate hourly rate**.



The amount reimbursed on the basis of unit costs is a proxy and is only linked to the function/performance group that is allocated to the individual, and the actual working hours. It is not linked in any way to his/her education, position, actual salary, therefore, these factors are not subject to control.

If the beneficiary chooses the unit cost option, as part of the first report when working hours related to the specific person are included, the documents related to him/her as listed below shall be subject to control.

- a) **Proof of employment** (confirmation that the employee has been registered in the social insurance system, or employment contract or an appointment decision/contract considered as an employment document²⁴);
- b) **Staff data sheet** (assignment of the employee to the function/performance group);
- c) The **number of hours actually worked on the project**, which is to be established on the basis of data gathered from work time registration system covering 100% of the working time of the employee²⁵, incl. information on the number of hours per month spent on the project as well as on the hours with no project relevance. In the case of employees who work on several publicly funded projects at the same time, this shall include the allocation of the working hours to the respective publicly funded projects.
- d) For the hours spent on the project a detailed **description of activities** is required – in an additional document, if the work time registration system does not provide possibility for this. The level of details must give a proper basis to establish the relevance of hours reported for the project.

Following the first reporting of staff costs related to a certain staff member the documents listed under points c) and d) are to be provided to the controller in any case.

In case the documents submitted according to point a) are not valid for the total period in which the respective employee is working on the project – or in case of changes in their validity – they are to be submitted again in subsequent reports when the change becomes effective.

In case the person is allocated to a new performance group due to his/her changed tasks in the project, the updated staff data sheet (point b)) is also basis for the control (see also section 6.2.4 in the Annex).

5.1.2.2 Flat rate

Instead of the above unit costs option, a beneficiary may also opt to calculate staff costs on a flat rate basis. In this case staff costs are calculated as a percentage of direct costs incurred and paid by the beneficiary in the reporting period excluding staff costs.

5.1.2.2.1 Applicable percentage for the flat rate reimbursement of staff costs

The applicable percentage for the reimbursement of staff costs on a flat rate basis is 20%.

5.1.2.2.2 Specifications, reporting and audit trail

All expenditure incurred by the beneficiary and validated by the controller under the following budget lines are to be regarded as direct costs for the purposes of the calculation of the flat rate financing for staff costs²⁶:

²⁴ Issued/signed before the respective employee starts working on the project.

²⁵ Vollzeiterfassung / Teljes munkaidő kimutatás.

²⁶ This list does not include "office and administration" nor "travel costs" since expenditure in these categories is always calculated as a flat rate of 15% resp. 6% of the staff costs.



- external expertise and services;
- equipment;
- infrastructure and works.

The preparation costs reimbursed as a lump sum in the first reporting period are not considered as direct costs; therefore, these are excluded from the calculation of the staff flat rate.

Documented direct costs that form the basis for the staff costs calculation must be incurred and paid by the partner institution as real costs and must not include any indirect costs that cannot be directly allocated to the project. In the occurrence that direct costs used as calculation basis for determining staff costs are found to be ineligible, the determined costs for staff must be re-calculated and reduced accordingly.

For staff costs calculated through flat rate, beneficiaries do not need to document that the expenditure for staff costs has been incurred and paid or that the flat rate corresponds to the reality. Accordingly, no documentation on staff costs is required to be provided to the controller, nor do controllers need to check anything (incl. double financing, or if the amount refers to the principle of economy, efficiency and effectiveness) beyond the calculation of the flat rate based on the direct costs.

However, the beneficiary has to submit as part of the application a **proof²⁷ that it has at least one employee**, and repeat it in the first report. On request of the responsible controller a repeated proof can be requested later again. The veracity of the document that the beneficiary has employee(s) may be checked by any of the bodies entitled to perform controls and audits.

5.2 Office and administrative costs

5.2.1 Definition

The cost category "office and administration" covers operating and administrative expenses of the beneficiary organisation necessary for the implementation of the project.

According to Article 40 of the Interreg regulation, expenditure included under this cost category 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 (such as fire or theft insurance);
- c) Utilities (such as electricity, heating, water);
- d) Office supplies;
- e) Accounting;
- f) Archives;
- g) Maintenance, cleaning and repairs;
- h) Security;
- i) IT systems (operating/administrative IT services of general nature);
- j) Communication (such as telephone, fax, internet, postal services, business cards);
- k) Bank charges for opening and administering the account or accounts where the implementation of the project requires a separate account to be opened;
- l) Charges for transnational financial transactions.

²⁷ Declaration of the relevant institution about the number of employees covered by social insurance (in Hungary: Kormányhivatal Családtámogatási és Társadalombiztosítási Főosztály, Egészségbiztosítási Osztály, in Austria: Krankenkasse)



The above list is exhaustive and costs of all listed items are included in the flat rate. Cost items accounted under the office and administration cost category **cannot be reimbursed as direct costs under any other cost category.**

5.2.2 Forms of reimbursement

Office and administration expenditure incurred by the beneficiary is reimbursed by the Programme

- a) either in line with Article 40 (2) of the Interreg Regulation as a **flat rate of 15%** of eligible direct staff costs;
- b) or as part of the “other costs” flat rate pursuant to Article 56 of the Common Provisions Regulation.

Each beneficiary chooses one of the office and administrative costs reimbursement options in the budget part of the application form. The chosen reimbursement option will be applied for the whole period of project implementation.

Unless the 40% “other costs” flat rate according to point b) is chosen, the 15% flat rate according to point a) is automatically applied for the project partner’s budget.

Office and administrative costs are calculated as a flat rate regardless of the form of reimbursement applied under the staff costs category. If a beneficiary declares staff costs as a flat rate of 20% of direct costs (excluding staff), this amount is the basis for the calculation of office and administration expenditure.

In case the beneficiary selected the 40% “other cost” flat rate for the calculation of eligible direct costs other than direct staff costs (pursuant to Article 56 of the Common Provisions Regulation, see section 5.7), then the said 40% also cover office and administrative costs.

5.2.3 Specifications, reporting and audit trail

In terms of documentation only the certified staff costs are needed in order to calculate the office and administration costs flat rate.

Beneficiaries do not need to document that the office and administration expenditure has been incurred and paid or that the flat rate corresponds to the reality. Accordingly, no documentation on office and administration expenses is required to be provided to the controller, nor do controllers need to check anything (incl. double financing, or if the amount refers to the principle of economy, efficiency and effectiveness) beyond the calculation of the flat rate based on the direct costs.

If direct staff costs used as calculation basis for determining office and administration costs are found to be ineligible, or if staff costs calculated on a flat rate basis are reduced because some of the direct costs serving as a basis for calculation are found to be ineligible, the resulting flat rates incl. office and administration costs and the “other costs” flat rate must be re-calculated and reduced accordingly.

5.3 Travel and accommodation costs

5.3.1 Definition

The cost category “travel and accommodation costs” refers to expenditure for travel and accommodation costs of staff of partner organisations for missions necessary for the project implementation (e.g. participation in project meetings, project site visits, meetings with the programme bodies, seminars, conferences, etc.).



According to Article 41 of the Interreg Regulation travel and accommodation costs, regardless whether such costs are incurred and paid inside or outside the programme area, shall be limited to the following cost elements:

- a) travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
- b) the cost of meals;
- c) accommodation costs;
- d) visa costs;
- e) daily allowances.

This list is exhaustive and costs of all listed items are included in the flat rate. Accordingly, cost items accounted under the travel and accommodation cost category **cannot be reimbursed under any other cost category**.

Travel and accommodation costs of external experts and service providers fall under external expertise and services costs listed in section 5.4 (in line with Article 42 of the Interreg Regulation). Similar to this, if the beneficiary offers travel and accommodation provided by some external service provider to participants of some project event, the related costs fall under external expertise and services costs.

5.3.2 Forms of reimbursement

Travel and accommodation costs of the staff of the beneficiary organisation is reimbursed by the Programme

- a) either pursuant to Article 41 (5) of the Interreg Regulation as a **flat rate of 6%** of eligible direct staff costs.;
- b) or as part of the "other costs" flat rate pursuant to Article 56 of the Common Provisions Regulation.

Each beneficiary chooses one of the travel and accommodation costs reimbursement options in the budget part of the application form. The chosen reimbursement option will be applied for the whole period of project implementation.

Unless the 40% "other costs" flat rate according to point b) is chosen, the 6% flat rate according to point a) is automatically applied for the project partner's budget.

Travel and accommodation costs are calculated as a flat rate regardless of the form of reimbursement applied under the staff costs category. If the beneficiary declares staff costs as a flat rate of 20% of direct costs (excluding staff), this amount is the basis for the calculation of travel and accommodation expenditure.

In case the beneficiary selected the 40% "other cost" flat rate for the calculation of eligible direct costs other than direct staff costs (pursuant to Article 56 of the Common Provisions Regulation, see section 5.7), then the said 40% also cover travel and accommodation costs.

5.3.3 Specifications, reporting and audit trail

In terms of documentation only the certified staff costs are needed in order to calculate the travel and accommodation costs flat rate.

Beneficiaries do not need to document that the travel and accommodation expenditure has been incurred and paid nor that the flat rate corresponds to the reality. Accordingly, no documentation on travel and accommodation expenses is required to be provided to the controller, nor do controllers need to check anything (incl. double financing, or if the



amount refers to the principle of economy, efficiency and effectiveness) beyond the calculation of the flat rate based on the direct costs.

If direct staff costs used as calculation basis for determining travel and accommodation costs are found to be ineligible, or if staff costs calculated on a flat rate basis are reduced because some of the direct costs serving as a basis for calculation are found to be ineligible, the resulting flat rates incl. the travel and accommodation costs and the “other costs” flat rate must be re-calculated and reduced accordingly.

5.4 External expertise and services costs

5.4.1 Definition

External expertise and services are provided by a public or private body or a natural person outside of the beneficiary organisation. The “external expertise and services” cost category covers expenditure paid on the basis of contracts or written agreements and against invoices or equivalent requests for reimbursement to external experts and service providers contracted to carry out certain tasks or activities directly linked to the implementation of the project.

According to Article 42 of the Interreg Regulation external expertise and services costs shall be limited to the following elements:

- a) Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- b) Training;
- c) Translations;
- d) Development, modifications and updates to IT systems and website;
- e) Promotion, communication, publicity, promotional items and activities or information linked to a project;
- f) Financial management;
- g) Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- h) Participation in events (such as registration fees);
- i) Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- j) Intellectual property rights;
- k) 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 MC;
- l) Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- m) Other specific expertise and services needed for the project.

This list is exhaustive. Accordingly, cost items accounted under the external expertise and services cost category **cannot be reimbursed under any other cost category**.

5.4.2 Forms of reimbursement

External expertise and services costs shall be reimbursed by the Programme

- a) on a real cost basis,
- b) or as part of the “other costs” flat rate pursuant to Article 56 of the Common Provisions Regulation.



In case the beneficiary selected the 40% "other cost" flat rate for the calculation of eligible direct costs other than direct staff costs (pursuant to Article 56 of the Common Provisions Regulation, see section 5.7), then the said 40% also cover external expertise and services costs.

Each beneficiary chooses one of the external expertise and services reimbursement options a) or b) in the budget part of the application form. The chosen reimbursement option will be applied for the whole period of project implementation.

5.4.3 Specifications, reporting and audit trail (in case of real costs)

5.4.3.1 Specific eligibility requirements

In addition to the general provisions on eligibility, (see section 3.1) the following applies:

- a) External expertise and services must be clearly linked to the project and be essential for its effective implementation.
- b) Eligibility of costs for external expertise and services 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.
- c) Procedures not being subject to the public procurement rules must be conducted in line with the principles of sound financial management, transparency, equal treatment, impartiality (e.g. with regard to the minimum number of offers, formulation of selection/awarding criteria relevant to the subject-matter of the contract). Additional national requirements (if any) shall be taken into account.
- d) Where applicable, deliverables and outputs produced by experts/service providers must respect the relevant publicity requirements.

5.4.3.2 Documentation for the audit trail

The following documents must be provided to the controller:

- a) Evidence of the selection procedure, in line with EU, programme or national public procurement rules, depending on the amount contracted and the type of beneficiary.
- b) For expenditures where no public procurement procedure is applied (as not required by the national law below national threshold):
 - b.a. Above EUR 10 000 (excl. VAT): beneficiaries must perform and document the execution of adequate market searches (e.g. through collecting bids – at least three independent and comparable offers requested, using centralised e-procurement services, etc.)
 - b.a.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.a.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.
 - b.a.c. In the event of repetition, the requirement to obtain three price quotations may be waived if the same type of service is ordered at the same terms and conditions, the price adequacy of which has already been determined once within the last 24 months.
 - b.b. Below EUR 10 000 (excl. VAT): no further documents are required, but the principles of sound financial management must be applied. If shortcomings are de-



tected by the controllers in the financial management, additional documentation or evidence can be requested (e.g. internet research, market research, best practice evidence based on screenshots or other forms of documentation). Note that procurement must not be split artificially to circumvent the EUR 10 000 threshold.

- c) Contract or written agreement laying down the services to be provided with a clear reference to the project and the Programme. For experts paid on the basis of a daily/hourly fee, the daily/hourly rate together with the number of days/hours contracted and the total amount of the contract must be provided.
- d) Invoice or request for reimbursement providing all relevant information in line with the applicable accountancy rules as well as references to the project and the Programme and adequate description of the services provided in line with the contents of the contract. For experts paid on the basis of a daily/hourly fee, the invoice must include a clear quantification of the days/hours charged, price per unit and total price.
- e) Deliverables produced (e.g. studies, promotional materials) or, where applicable, documentation of the delivery (e.g. in case of events: agenda, list of participants, photo-documentation, etc.).
- f) Proof of payment (e.g. bank statement, extract from a reliable accounting system of the beneficiary).

5.5 Equipment costs

5.5.1 Definition

The cost category "equipment expenditure" refers to the costs for the financing of equipment purchased, rented or leased by a beneficiary other than those covered by the cost category "office and administration costs" and necessary for the implementation of the project.

According to Article 43 of the Interreg Regulation expenditure on equipment shall be limited to the following elements:

- a) Office equipment;
- b) IT hardware and software (clear project relevance is necessary);
- c) Furniture and fittings;
- d) Laboratory equipment;
- e) Machines and instruments;
- f) Tools or devices;
- g) Vehicles; and
- h) Other specific equipment needed for the project.

This list is exhaustive. Accordingly, cost items accounted under this cost category **cannot be reimbursed under any other cost category**.

5.5.2 Forms of reimbursement

Equipment costs shall be reimbursed by the Programme

- a) either on a real cost basis;
- b) or as part of the "other costs" flat rate pursuant to Article 56 of the Common Provisions Regulation.

In case the beneficiary selected the 40% "other cost" flat rate for the calculation of eligible direct costs other than direct staff costs (pursuant to Article 56 of the Common Provisions Regulation, see section 5.7), then the said 40% also cover equipment costs.



Each beneficiary chooses one of the equipment costs reimbursement options a) or b) in the budget part of the application form. The chosen reimbursement option will be applied for the whole period of project implementation.

5.5.3 Specifications, reporting and audit trail (in case of real costs)

5.5.3.1 Specific eligibility requirements

In addition to the general provisions on eligibility (see section 3.1) the following applies:

- a) Equipment must be clearly linked to the project and be essential for its effective implementation.
- b) Equipment forming part of an infrastructure/work realised within the project shall be reported under the "equipment" budget line when it cannot be categorised under the "infrastructure and works" budget line, i.e. it does not belong to the items listed in Annex II of the Directive 2014/24/EU of the European Parliament and of the Council of 26.02.2014. For further details about infrastructure and works, please see section 5.6.
- c) All equipment items have to be clearly described in the Application Form or if not the case, must be agreed by the MA/JS according to the modification rules.
- d) Eligibility of costs for equipment 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.
- e) Procedures not being subject to the public procurement rules must be conducted in line with the principles of sound financial management, transparency, equal treatment, impartiality (e.g. with regard to the minimum number of offers, formulation of selection/awarding criteria relevant to the subject-matter of the contract). Additional national requirements (if any) shall be taken into account.
- f) Equipment expenditure cannot refer to items already financed by other subsidies (e.g. EU, national or regional) and must not be already depreciated.
- g) In line with Article 43 (2) of the Interreg Regulation costs for the purchase of second-hand equipment may be eligible subject to the following conditions:
 - g.a. no other assistance has been received for it from the Interreg funds or from the funds listed in point (a) of Article 1(1) of the Common Provisions Regulation;
 - g.b. its price does not exceed the generally accepted price on the market in question; and
 - g.c. it has the technical characteristics necessary for the operation and complies with applicable norms and standards.
- h) Depreciation costs for which no payment supported by invoices has been made may be considered to be eligible in line with Article 67 (2) of the Common Provisions Regulation, if the following conditions are fulfilled:
 - h.a. the amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices for eligible costs where those costs were reimbursed in the form referred to in point (a) of Article 53(1) of the Common Provisions Regulation;
 - h.b. the depreciation costs relate exclusively to the period of use of the equipment for project purposes during support for the operation;
 - h.c. public grants have not contributed towards the acquisition of the depreciated assets.
- i) Equipment for which the exclusive use in the project cannot be demonstrated shall be charged pro-rata on the basis of a transparent method set in place by the beneficiary for allocating the share of use in the project.



- j) For the equipment purchased, the relevant publicity requirements must be respected.

5.5.3.2 Documentation for the audit trail

The following documents must be provided to the controller:

- a) Evidence of the selection procedure, in line with EU, programme or national public procurement rules, depending on the amount contracted and the type of beneficiary.
- b) For expenditures where no public procurement procedure is required by the national law (below national threshold):
 - b.a. Above EUR 10 000 (excl. VAT): beneficiaries must perform and document the execution of adequate market searches (e.g. through collecting bids – at least three independent and comparable offers requested, using centralised e-procurement services, etc.)
 - b.a.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.a.b. Consequently, the value and the complexity of the equipment should be reflected in the specification/breakdown of the terms of reference, as well as in the respective offer.
 - b.a.c. In the event of repetition, the requirement to obtain three price quotations may be waived if the same type of equipment is ordered at the same terms and conditions, the price adequacy of which has already been determined once within the last 24 months.
 - b.b. Below EUR 10 000 (excl. VAT): no further documents are required, but the principles of sound financial management must be applied. If shortcomings are detected by the controllers in the financial management, additional documentation or evidence can be requested (e.g. internet research, market research, best practice evidence based on screenshots or other forms of documentation). Note that procurement must not be split artificially to circumvent the EUR 10 000 threshold.
- c) Contract or written agreement including adequate technical specifications and sufficiently detailed financial information about the purchase of equipment, with a clear reference to the project and the Programme.
- d) Invoice (or a supporting document having equivalent probative value to invoices, in case of depreciation) providing all relevant information in line with the applicable accountancy rules as well as reference to the project and the Programme.
- e) Documentation of inventory/activation, where applicable.
- f) In case of assets subject to depreciation, a calculation scheme of depreciation.
- g) Proof of payment (e.g. bank statement, extract from a reliable accounting system of the beneficiary)



5.6 Costs for infrastructure and works

5.6.1 Definition

Expenditure for the financing of works²⁸ refers to costs for the execution of an infrastructure. Works expenditure may refer either to an object (e.g. building) that will be set up *ex-novo* or to the adaptation of an already existing infrastructure.

According to Article 44 of the Interreg Regulation costs for infrastructure and works shall be limited to the following elements:

- a) purchase of land in accordance with point (b) of Article 64(1) of the Common Provisions Regulation;
- b) building permits;
- c) building material;
- d) labour; and
- e) specialised interventions (such as soil remediation, mine-clearing).

The above list is exhaustive. Cost items accounted under this cost category **cannot be reimbursed under any other cost category**.

Works expenditure shall be limited to elements listed in annex II of the Directive 2014/24/EU.

Costs of feasibility studies, environmental impact assessments, architectural/engineering activities and any other expertise needed for the realisation of the infrastructure shall be allocated under "Staff" or "External expertise and services" cost category (depending whether carried out internally by the beneficiary or with the support of external suppliers, respectively).

5.6.2 Forms of reimbursement

Costs for infrastructure and works shall be reimbursed by the Programme

- a) either on a real cost basis;
- b) or as part of the "other costs" flat rate pursuant to Article 56 of the Common Provisions Regulation.

In case the beneficiary selected the 40% "other cost" flat rate for the calculation of eligible direct costs other than direct staff costs (pursuant to Article 56 of the Common Provisions Regulation, see section 5.7), then the said 40% also cover infrastructure and works costs.

Each beneficiary chooses one of the infrastructure and works reimbursement options a) or b) in the budget part of the application form. The chosen reimbursement option will be applied for the whole period of project implementation.

5.6.3 Specifications, reporting and audit trail (in case of real costs)

5.6.3.1 Specific eligibility requirements

In addition to the general provisions on eligibility, (see section 3.1) the following applies:

- a) Works must be clearly linked to the project and be essential for its effective implementation.

²⁸ Article 2(1) (7) of the Directive 2014/24/EU of the European Parliament and of the Council of 26.02.2014 on public procurement defines a "work" as "the outcome of building or civil engineering works taken as a whole which is sufficient in itself to fulfil an economic or technical function".



- b) Works have to be duly described in the Application Form or in its valid modifications.
- c) Full cost for realising infrastructure and works within the project is eligible, i.e. no depreciation is necessary;
- d) Costs for infrastructure and works outside the programme area are not eligible.
- e) Eligibility of costs for works 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.
- f) Procedures not being subject to the public procurement rules must be conducted in line with the principles of sound financial management, transparency, equal treatment, impartiality (e.g. with regard to the minimum number of offers, formulation of selection/awarding criteria relevant to the subject-matter of the contract). Additional national requirements (if any) shall be taken into account.
- g) The procurement of infrastructure and works must comply with the basic principles of transparency, non-discrimination and equal treatment.
- h) Furthermore, and depending on the nature of the intervention linked to the infrastructure and works to be carried out, all compulsory requirements set by Community and national legislation on environmental policies or other relevant policies released by national/regional/local authorities (e.g. building permission), must be fulfilled. In particular, any requirement deriving from the different Directives in force must be strictly observed.
- i) The land and/or buildings where the infrastructure and works will be carried out must be in the ownership or long-term use of the beneficiary.
- j) Costs for infrastructure and works cannot refer to items financed by other subsidies (e.g. EU, national or regional) and must not be already depreciated.
- k) In the case of works being part of a larger infrastructural investment, the part realised by the Interreg AT-HU 2021-2027 project must be clearly and univocally identifiable.
- l) Where applicable, infrastructure and works realised by the project must respect the relevant publicity requirements.
- m) Requirements concerning durability, including ownership and maintenance, as provided for in Article 65 of the Common Provisions Regulation apply to infrastructures realised by the project.
- n) The existence of infrastructure and works realised by the project and their clear identification to the project must be verified on-the-spot by controllers for each realised infrastructure.

5.6.3.2 Documentation for the audit trail

The following documents must be available for the audit trail.

- a) As annex of the Application Form:
 - a.a. Legal documents specifying the ownership or permission to use of land and/or buildings where the works will be carried out.
 - a.b. Plans that enable a proper cost calculation (available draft plans if applicable, if not, a sufficient description of the works, in case of renovations a short technical specification of the works).
- b) Until signature of the subsidy contract, but not later than 6 months after the approval by the MC:
 - b.a. Necessary permissions for the execution of the works, issued by the relevant national/regional/local authorities²⁹.

²⁹ This requirement is not applicable if the acquisition of the necessary permissions for the execution of the works is planned as part of the project's work plan.



- b.b. Feasibility study related to the infrastructural investment (if relevant, i.e. prescribed by national legislation or part of the general business procedures for the type/size of infrastructure concerned)³⁰.
- b.c. In case of investments in infrastructure with an expected lifespan of at least five years, proof that an assessment of expected impacts of climate change has been carried out.
- c) During implementation:
 - c.a. Evidence of the appropriate selection procedure, in line with EU, programme or national public procurement rules, depending on the nature of the concerned works and of the amount contracted.
 - c.b. Contract or written agreement including the required technical specifications and sufficiently detailed financial information about the supply of the works, with a clear reference to the project and the Programme.
 - c.c. Invoice providing all relevant information in line with the applicable accountancy rules as well as references to the project and the Programme and a detailed description of the works carried out in line with the contents of the contract.
 - c.d. Evidence of activation in the registry of fixed assets, where applicable.
 - c.e. Proof of payment (e.g. bank statement, extract from a reliable accounting system of the beneficiary).
 - c.f. If applicable, after the finalisation of the works, but at latest with the final partner report the usage permit issued by the relevant authority.

5.7 Other costs flat rate financing

5.7.1 Definition

The “other costs flat rate” is a reimbursement option, whereby eligible **costs other than staff** costs incurred by the beneficiary can be reimbursed on the basis of a **flat rate of 40 % of the eligible direct staff costs** in accordance with Article 56 of the Common Provisions Regulation.

Staff costs in this case shall be calculated on the basis of unit costs, according to performance groups (see section 5.1.2.1).

5.7.2 Specifications, reporting and audit trail

The “other costs” flat rate covers all other cost categories except staff, including office and administrative costs, travel and accommodation costs, external expertise and services costs, equipment costs, even costs for infrastructure and works. Thus, any expenditure directly allocated to these cost categories (real cost or in form of SCOs) is not eligible in addition to the other costs flat rate.

For the application of the “other costs” flat rate beneficiaries do not need to provide any proof of the expenditures in these categories. If direct staff costs used as calculation basis for determining the other costs flat rate are found to be ineligible, the resulting “other costs” flat rate must be re-calculated and reduced accordingly.

³⁰ This requirement is not applicable if the preparation of the feasibility study is planned as part of the project’s work plan.



6 ANNEXES



6.1 Cost sharing

6.1.1 Costs shared between projects

Sharing costs of one project partner for activities between two or more (funded) projects is in principle possible, but only if a plausible allocation key and (if relevant) a comprehensible calculation method including a sound justification is provided as soon as possible. If costs of an infrastructure are to be shared between projects, this information must already be part of the project application. In other cases (e.g. joint events, publications), the appropriate calculation method should be submitted with the partner report during the reporting process.

As part of the reporting, a list of all national and EU-funded projects (approved), which the applicant implements during the project period, must be submitted. In case of changes (new funded project) this list has to be updated. For larger organizations, such as universities or public institutions, it is sufficient to provide information on the level of the department involved in the project.

Where relevant, stronger national rules shall be applicable.

6.1.2 Shared implementation of a public procurement procedure by two or more partners

In the event that a public contract is awarded by two or more contracting entities (from the same Member State or from different Member States), the following procedure shall be followed in accordance with Articles 38 and 39 of the Directive 2014/24³¹ on joint public procurement, which has been transposed into national legislation by the Member States:

- a) Prior to the opening of the procurement procedure, the project partners shall conclude a written framework agreement, regulating their mutual rights and obligations related to the procurement procedure, the responsibilities of each partner, as well as the manner of acting towards third parties.
- b) After the implementation of the award procedure under a joint procurement, the Contractor shall issue invoices or other appropriate accounting documents to the involved project partners.
- c) The project partners shall submit invoices for the service, provided by the contractor selected in the joint procurement, for verification. The control body of the partner under whose law the joint procurement was carried out shall certify the legality of the procedure (compliance with national law) to the control body/bodies of the other partners. The control bodies can recognize the eligibility of the project partner's expenses on the basis of the approved procurement procedure.

³¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014



6.2 Assignment of project staff to functions and performance groups, and the application of hourly rates for the reimbursement of staff costs

The procedure for reimbursing staff costs in the Interreg Austria-Hungary 2021-2027 Programme has changed significantly compared to the previous funding period. Staff costs are now no longer reimbursed on the basis of real costs, but on the basis of simplified cost options, for staff costs namely unit costs or flat rate. The new process decreases the administrative burden on the projects, as it significantly simplifies the documentation and reporting. This annex to the Eligibility Manual provides details to the application of the unit costs.

As an alternative to the reimbursement of staff costs on the basis of hourly rates, the project holders can choose the option of flat rate financing (see section 5.1.2.2 of the Eligibility Manual).

6.2.1 Basic principles of the unit cost model for the reimbursement of personnel costs

In the project preparation and submission phase the correct application of the new unit cost model for the staff costs is of particular importance. This Annex to the Eligibility Manual aims to support the correct assignment of staff to functions and thus to performance groups during application phase, and to explain the application of unit costs.

For the reimbursement of staff costs by unit costs four so-called performance groups were defined on the basis of eight different staff functions, and corresponding hourly rates were calculated on the basis of historical data. The hourly rates correspond to the employer's gross salary expenditure.

For more information on the general rules regarding reimbursement of staff costs based on unit costs, please refer to section 5.1.2.1 of the Eligibility Manual.

An overview of the functions and performance groups is available in Table 3 below. The related hourly rates are defined in Annex 6.3. Table 4 includes the hourly rates applicable for projects submitted to the first selection round in Interreg AT-HU 2021-2027. The hourly rates applicable at project submission for a certain function/performance group shall not be changed during project implementation, regardless of its actual duration. Updated hourly rates (if applicable) for projects submitted later, will be added in new tables in Annex 6.3.

Each person working in the project whose staff costs are to be reimbursed via the hourly rates must be assigned to a pre-defined performance group according to his/her function in the project, as it is explained in the following sections. The staff costs in the budget of the project partner organisation is calculated summing up the cost for different functions, whereby the cost for a certain function is established by multiplying the hourly rate of the performance group by the hours spent for the function through the total project duration.



Table 3 Staff functions and performance groups

Function (a)	Definition of the function (b)	Perf. Group (c)	Definition of the performance group (d)	Involvement in mgt. (e)	Thematic /field knowl. (f)	Responsibility (g)	Level of support (h)
Project manager	Staff leading the project, working on the implementation of the entire project (either at partner or project level), supervising tasks within the partner / project team.	1 Managers	Staff in managerial function, making day-to-day project decisions, responsible for both operational implementation and thematic steering of the project, staff performing coordination functions for the entire project and having deep project thematic knowledge	2	1	2	0
Thematic coordinator	Staff coordinating and working on the implementation of one thematic project activity or a group of similar thematic activities.	2 Coordinators and experts	Staff in coordination function in thematic project activities or horizontal activities, responsible for defined parts of the project or staff with specialised knowledge in thematic project activities.	2	1	1	0
Communication or finance coordinator	Staff coordinating horizontal project activities, contributing with specialised knowledge and bearing responsibility for this field.			1	2	1	0
Thematic expert	Staff contributing to thematic project activities in mainly content related tasks, contributing with specialised knowledge (in this field) but without a management function/responsibility.			0	2	0	1
Thematic assistant	Staff supporting other staff functions in the implementation of a thematic project activity, with specialised knowledge (in this field).	3 Professional assistants	Staff in assistant function in thematic project activities or administrative tasks.	0	1	0	2
Management and communication assistant	Staff supporting project management in administrative tasks (e.g. keeping record of project related documents, organisation of meeting and events, communication activities).			1	0	0	2
Finance assistant	Staff supporting project management in project accounting and reporting.			0	1	0	2
Assistant	Staff supporting any particular activity, no project specific knowledge needed.	4 Assistants	Staff in supportive function to any of the project activities, no project specific knowledge needed.	0	0	0	2



6.2.2 Definition of the functions and performance groups

The reimbursement of staff costs on the basis of unit costs relies on the assignment of the staff to functions in the project, whereas the functions are grouped into performance groups, defining the applicable hourly rates.

Staff functions and performance groups are mainly defined by

- the involvement in management tasks,
- the required thematic/field knowledge or experience,
- the responsibility,
- and the level of support.

These typical requirements are estimated on a scale of 0-1-2 as follows (see Table 3 above):

0. either **not** needed for a certain function (can be there, but not necessary), or
1. needed at a **medium** level (to some extent, but not crucial), or
2. required at a **high** level (the requirement is crucial for the function)

Columns (e)-(h) of Table 3 include an overview of the typical requirements function by function. The scale of 0-1-2 is for orientation purpose only. The assignment of staff to functions shall always be based on the individual project-related tasks of the person.

Additionally, further details such as the area of activity in the project (project, work package or partner level) role, decision-making capacity and level of independence can also serve as orientation points to define the staff's function. It is important that the definition of the function shall be related only to the tasks that are carried out by the project partner organisation or the project staff only because of their involvement in the project. Distinction from other general (not project related) tasks of the staff within their organisation shall be ensured.

6.2.2.1 Performance group 1: Managers

Definition: Staff in managerial function, making day-to-day project decisions, responsible for both operational implementation and thematic steering of the project, staff performing coordination functions for the entire project and having deep project thematic knowledge.

Function in the project:

1. **Project manager:** Staff leading the project, working on the implementation of the entire project (either on partner or on project level), supervising tasks within the partner / project team.

Typical requirements: high involvement in project management, medium thematic/field knowledge or experience, high responsibility.

Project managers may act either on the project or on the partner level, their primary role is to make decisions and steer in their area of responsibility with relatively high independence.

6.2.2.2 Performance group 2: Coordinators and experts

Definition: Staff in coordination function in thematic project activities or horizontal activities, responsible for defined parts of the project or staff with specialised knowledge in thematic project activities.

*Functions in the project:*

2. **Thematic coordinator:** Staff coordinating and working on the implementation of one thematic project activity or a group of similar thematic activities.

Typical requirements: high involvement in project management, medium thematic/field knowledge or experience, medium responsibility (focused at their specific field).

Thematic coordinators usually work on the work package level (either for the whole project or for a partner, coverage of more than one work package possible), their main role is coordination at their area of expertise, with some thematic decision-making capacity and medium level of independence.

3. **Communication or finance coordinator:** Staff coordinating horizontal project activities, contributing with specialised knowledge and bearing responsibility for this field.

Typical requirements: medium involvement in project management, high thematic (communication or financial) knowledge or experience, medium responsibility (focused at their specific field).

The work of communication and finance coordinators is usually horizontally oriented (not linked to a certain work package, either for the whole project or for a partner), their main role is coordination of their area of expertise, with some thematic decision-making capacity and medium level of independence.

4. **Thematic expert:** Staff contributing to thematic project activities in mainly content related tasks, contributing with specialised knowledge (in this field) but without a management function/responsibility.

Typical requirements: no involvement in project management, high thematic/field knowledge or experience, no responsibility (except for their own tasks), medium level support to other functions.

Thematic experts usually work on the work package level (either for the whole project or for a partner, coverage of more than one work package possible), their role is content-related, with decision-making capacity and independence limited to their area of expertise.

6.2.2.3 Performance group 3: Professional assistants

Definition: Staff in assistant function in thematic project activities or administrative tasks.

Functions in the project:

5. **Thematic assistant:** Staff supporting other staff functions in the implementation of a thematic project activity, with specialised knowledge (in this field).

Typical requirements: no involvement in project management, medium thematic/field knowledge or experience, no responsibility (except for their own tasks), high level support to other functions.

The work of thematic assistants is usually linked to the work package level (typically for a partner, sometimes for the whole project, coverage of more than one work package is not excluded), their main role is to support other staff functions, with very limited or no decision-making capacity and independence.



6. **Management and communication assistant:** Staff supporting project management in administrative tasks (e.g. keeping record of project related documents, organisation of meeting and events, communication activities).

Typical requirements: medium project involvement in management, no thematic knowledge or experience, no responsibility (except for their own tasks), high level support to other functions.

The work of management and communication assistants is usually horizontally oriented (not linked to a certain work package), linked to a partner, sometimes to the project level, their main role is to support other staff functions (see examples in the definition above), with very limited or no decision-making capacity and independence.

7. **Finance assistant:** Staff supporting project management in project accounting and reporting.

Typical requirements: no involvement in project management, medium thematic (financial) knowledge or experience, no responsibility (except for their own tasks), high level support to other functions.

The work of financial assistants is usually horizontally oriented (not linked to a certain work package, usually linked to a partner, sometimes to the project level), their main role is to support the project management in accounting and financial reporting, with very limited or no decision-making capacity and independence.

6.2.2.4 Performance group 4: Assistants

Definition: Staff in supportive function to any of the project activities, no project specific knowledge needed.

Function in the project:

8. **Assistant:** Staff supporting any particular activity, no project specific knowledge needed.

Typical requirements: no involvement in project management, no thematic/field knowledge or experience, no responsibility (except for their own tasks), high level support to other functions.

Assistants' work is not necessarily linked to any thematic field (specific tasks may), they are typically linked to a partner and their main role is to support other staff functions and activities, without decision-making capacity and independence.

6.2.3 Application phase

6.2.3.1 Main principles

In the application phase the main task of the project partner organisations is

1. to determine which functions are needed for the implementation of the project
2. and to specify the volume of the work (planned hours) for each function.

In the planning phase applicants may rely on their available human resources and on staff to be hired for the purposes of the project, however it is not necessary to link the planned functions with names. It would be especially false to approach the planning of project related staff functions as finding tasks for available personnel. In this respect the general principles of setting up the required human capacities (and thus the staff budget) include:



1. assigning functions to the project in accordance with the function (and performance group) definitions;
2. when available personnel (or staff to be hired) is considered, focusing on the project related tasks and responsibilities and not on their general role in the organisation;
3. also the education, position in the organisation, etc. shall not influence the assignment to project functions (though certain education may be required to fulfil specific functions);
4. during the definition of required functions the typical requirements, area of activity, role, decision-making capacity and level of independence (as described above in section 6.2.2) serve as orientation points;
5. as far as available personnel (or staff to be hired) is considered, their actual salary is irrelevant, and also later in the project implementation it is not to be documented;
6. an employee cannot be assigned to more than one function with regard to the variety of the activities he/she performs;
7. if an employee has several functions within the project, he/she shall be assigned to his/her main function.

6.2.3.2 Staff cost section of the partner budget

In the Jems application form, staff cost section of the partner budget, the applicant shall select the chosen staff functions from a drop-down menu.

Attention!

As different hourly rates are applicable to Austrian and Hungarian project partners, each function is listed twice in the drop-down menu. Please take care to select the function applicable to your member state. The programme will add pre-submission checks that give an error message and prevent submitting the application if a function (and thus an hourly rate) applicable to Hungarian partners would be selected in the budget of an Austrian partner, or vice versa.

If the programme introduces updated hourly rates for projects to be approved in later selection rounds, the dropdown list will be extended accordingly. Pre-submission checks will be applied to prevent the selection of false hourly rates.

Next to the selected function its pre-defined description will be displayed, and the applicable predefined hourly rate will appear in one of the subsequent columns.

In the column "Task description, specification" (Comments), the applicant shall give a short (250 characters both in German and in Hungarian) description of the particular project related tasks and responsibilities linked to the function in that row. It is very important that the task description shall be project specific and have an appropriate link with the work plan. Applicants shall use each function only once in their partner budgets. If the function covers more than one thematic task (e.g. different thematic expertise for strategic planning and for the implementation of pilot actions), it should be reflected in the task description. In justified cases, however, it is also possible to split the budget of a certain function according to thematic tasks.

In the column "No. of units" the volume of the work (total number of hours) required for the function shall be specified. The total costs of the function (number of hours times the hourly rate) is automatically calculated by Jems. In the subsequent columns the applicant shall (indicatively) split the total amount among the project periods. The field "Gap" shows



the difference between the total amount inserted and the amount allocated between the project periods.

If properly filled in, the application form shall give in its partner budget section (in combination with the project work plan) a proper overview of the staff functions applied in the project, the specific tasks, and the volume of the work required for each function. In the quality assessment it is checked, if the achievement of project targets is realistic based on the foreseen functions and the volume of human resources.

6.2.4 The staff data sheet

In the contracting phase a staff data sheet (template provided by the programme, available for download [here](#)) shall be set up, listing all actual staff members of the project partner organisation with names, including their assignment to the functions entered in the application form.

Regional Coordinators of the Programme endorse the assignment of employees to staff functions to the Managing Authority. For persons already employed at the project partner organisation, this shall take place at the contracting phase of the project. For persons appointed for the project at a later phase, the assignment to the function, incl. endorsement by the Regional Coordinators, shall take place before he/she starts working on the project.

The staff data sheet includes (*among others*) the start and end dates for the employment of a particular staff member for the project, their main project related activities and the function assigned to them in line with those activities.

If the duties of a person employed for the project are changed, the staff data sheet shall be updated with the end date of his/her assignment to the function and the new function shall be recorded with a new starting date. If the new function is part of a different performance group, the hourly rate applied for the working hours of that particular employee shall be adapted accordingly (and only in that case).

The staff data sheet shall be always kept up to date during project implementation, if e.g. new staff is hired for the purposes of the project. At project closure it shall list the names of all the staff employed for the project, with proper start and end dates and assignment to the staff functions.

The actual staff data sheet of each project partner is annex of the subsidy contract.

6.2.5 Implementation phase

For details about the reporting and required documentation related to the staff unit costs, see the section 5.1.2.1.2 in the Eligibility Manual.

Further details including among others rules for modification will be published in the Implementation Manual.



6.3 Definition of unit costs acc. performance groups

Table 4. Hourly rates (unit costs) per performance groups

Performance Group ID (a)	Performance Group (b)	Hourly rate AT in EUR (c)	Hourly rate HU in EUR (d)
1	Managers	48	22.5
2	Coordinators and experts	44	18
3	Professional assistants	33	12
4	Assistants	17	5.5

These rates are applicable for projects that are approved in the first selection round of Interreg AT-HU (regardless of the actual project duration). For project approvals later, Annex 6.3 may be extended with tables including updated hourly rates according to the methodology of simplified cost options.



7 Versions of the Eligibility Manual

Version number	Date	Content of the update
1.0	21.06.2023	-
1.1	30.10.2023	Amendments reflecting Regulation (EU) 2023/1315 in section 3.11.2
1.2	07.05.2024	False cross-reference in section 3.1 to chapter 3.11 corrected, the correct reference points to chapter 4.