

How to calculate the grant

Eligible costs, including financing of ancillary infrastructure

The business plan mentioned for each type of action in point III.4 (point III.5 for Catalyst actions) of call Appendix 2, on how to prepare the proposal, should include all the revenues (including the requested EU grant) and expenses related to the action, with a clear indication of which costs are deemed eligible for the calculation of EU financial assistance. The business plan must show the final yearly results of the action taking into account all kinds of revenues and costs related to it.

A model of the grant agreement¹ specifying the eligible costs is available on the Marco Polo website:

http://ec.europa.eu/transport/marcopolo/getting-funds/application-packs/2013/index_en.htm

A template file for the calculation of the project budget can be found at:

http://ec.europa.eu/transport/marcopolo/files/project_manag/contracts/contracts_conclusion_annex2_mp2_en.xls

1. General conditions of eligibility of costs

All eligible costs, including expenditure in ancillary infrastructure as defined in Appendix 1, must be incurred during the same period considered for the calculation of the shift of tonne-kilometres or vehicle-kilometres.

Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:

- they are incurred during the duration of the action, with the exception of costs relating to final reports and audit certificates;
- they are indicated in the estimated overall budget of the action;
- they are necessary for the implementation of the action which is the subject of the grant;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost-accounting practices of the beneficiary;
- they comply with the requirements of applicable tax and social legislation;

¹ For your information: Templates on grant agreements and reporting can be found on the Marco Polo website. (For the internet address see section 7 of the main text of this call) These forms will be used for the completion of contracts with the successfully selected projects and for the reporting of progress during the execution of the projects. **YOU DON'T HAVE TO SUBMIT THEM WITH YOUR APPLICATION.**

- they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

The beneficiaries' internal accounting and auditing procedures must permit direct reconciliation of the costs and revenues declared in respect of the action with the corresponding accounting statements and supporting documents.

2. Eligible direct costs

The eligible direct costs for the action are those costs which, with due regard for the general conditions of eligibility, are identifiable as specific costs directly linked to performance of the action. In particular, the following direct costs are eligible:

- the cost of temporary or permanent staff assigned to the action and employed by the beneficiary, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this does not exceed the average rates corresponding to the beneficiary's usual policy on remuneration;
- travel and subsistence allowances for staff taking part in the action, provided that they are in line with the beneficiary's usual practices on travel costs;
- the purchase cost of equipment (new or second-hand), provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account by the Commission;
- renting or leasing cost of equipment (new or second-hand) assigned to the action;
- costs of consumables and supplies, provided that they are identifiable and assigned to the action;
- costs entailed by other contracts awarded by a beneficiary for the purposes of carrying out the action, provided that:
 - they cover a limited part of the action;
 - principles of transparency and equal treatment of potential contractors are respected and conflict of interests are avoided;
 - the beneficiaries retain sole responsibility for carrying out the action;

For these type of costs (subcontracting costs), reference is made to the conditions stipulated in the Grant Agreement.

- costs arising directly from requirements imposed by the agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction, etc.), including the costs of any financial services (especially the cost of financial guarantees). Such costs may also include specific costs incurred by the co-ordinator for fulfilling his responsibilities in his capability of the body responsible for the overall management of the action and the co-ordination of the beneficiaries.

Movable assets, like ships, barges, locomotives, train wagons and loading units, are eligible in the same condition as cost of equipment, if they are used for the performance of the action and fulfil the general conditions of eligible costs. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account as eligible cost.

Expenditure in **ancillary infrastructure** may also be eligible for EU financial assistance. Only the portion of the infrastructure's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account as eligible cost. The eligible costs for ancillary infrastructure shall not be higher than 20% of the total eligible costs for the action.

3. Eligible indirect costs

The eligible indirect costs for the action are those costs which, with due regard for the general conditions of eligibility described above, are not identifiable as specific costs directly linked to performance of the action, but which can be identified and justified by the co-ordinator or a co-beneficiary using their accounting system as having been incurred in connection with the eligible direct costs for the action.

4. Non-eligible costs

The following costs shall not be considered eligible:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities;
- interest owed;
- doubtful debts;
- exchange losses;
- VAT, unless the beneficiary can show that he is unable to recover it; more generally, VAT incurred by public bodies is deemed ineligible;
- costs declared by a beneficiary and covered by another action or work programme receiving a European Union grant;
- excessive or reckless cost.
- costs incurred in third countries which are not fully participating countries (in conformity with eligibility criterion 3.1. E4 of the main text of this call).

However, the non-eligible costs should be related to the action.

As example, the following non-eligible costs shall not be considered as related to the action: In a mixed freight/passenger service, only the proportion of operation costs² linked to transport of freight would be considered as costs of the action. The proportion of operation costs³ linked to passenger service may not be considered as costs (even non-eligible) of the action.

Indirect costs shall not be eligible under a grant for an action awarded to a beneficiary who already receives an operating grant from the Commission during the period in question.

5. Calculation of EU maximum grant

² Counted on the basis of the receipts generated by the use of the vessel for freight services.

³ Counted on the basis of the receipts generated by the use of the vessel for passenger services.

Modal shift actions, Catalyst actions and Motorways of the Sea actions

Step 1: Calculation of indicative EU grant

EU indicative grant equals to 2 € for every 500tkm/2000m³km shifted off the road⁴,

A

Step 2: Calculation of maximum operational grant

EU maximum grant is limited to 35% of all eligible costs of the action, including expenditure in ancillary infrastructure⁵

B

Step 3: Calculation of deficit of the action

EU grant cannot exceed the cumulative deficit during the duration of the action

C

Step 4: Comparison

Maximum grant = Minimum of

A

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B

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C

Traffic avoidance actions

Step 1: Calculation of indicative EU grant

EU indicative grant equals to 2 € for every 25 vkm/500tkm/2000m³km traffic avoided

A

Step 2: Calculation of maximum operational grant

EU maximum grant is limited to 35% of total eligible costs of the action, including expenditure in ancillary infrastructure⁶

B

Step 3: Calculation of deficit of the action

EU grant cannot exceed the cumulative deficit during the duration of the action

C

Step 4: Comparison

Maximum grant = Minimum of

A

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B

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C

⁴ €3 for every 500tkm/2000m³km shifted off the road, in case of specific SSS and IWT projects implementing clean technologies and/or operational practices in accordance with the political priorities established for the 2013 Marco Polo Work Programme; for details please refer to Sections 1, 2.1 (i), 2.1 (ii) and 2.1 (iii) of the main 2013 Call text

⁵ The eligible costs for ancillary infrastructure shall not be higher than 20% of the total eligible costs for the action.

⁶ The eligible costs for ancillary infrastructure shall not be higher than 20% of the total eligible costs for the action.

Common learning actions

Step 1: Calculation of maximum grant

EU maximum grant is limited to 50% of total eligible costs of the action

A

Step 2: Calculation of deficit of the action

EU grant cannot exceed the cumulative deficit during the duration of the action

B

Step 3: Comparison

Maximum grant = Minimum of

A

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B