GOVERNMENT OF MALTA

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NATIONAL ELIGIBILITY RULES

Programming Period 2021-2027

Version 1 – January 2023

Co-funded by the European Union

List of Acronyms

AMIF	Asylum, Migration, and Integration Fund
BMVI	Border, Management and Visa Instrument Policy
CAP SP	Common Agriculture Policy Strategic Plan
CF	Cohesion Fund
CFP	Common Fisheries Policy
CPR	Common Provision Regulation - Regulation (EU) 2021/1060
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EMFAF	European Maritime, Fisheries, and Aquaculture Fund
ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
EC	European Commission
EU	European Union
EUR	EURO currency
IB	Intermediate Body
ISF	Internal Security Fund
JTF	Just Transition Fund
MA	Managing Authority
NER	National Eligibility Rules
RA	Responsible Authority
RRP	Recovery and Resilience Plan
SCO	Simplified Costs Options
SME	Small and Medium-sized Enterprises

TEN-T	Trans-European Transport Network
VAT	Value Added Tax

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Preamble

For the 2021-2027 programming period, the **Ministry responsible for EU funds** has developed the *National Eligibility Rules (NER),* in accordance with Article 63 (1) of Regulation (EU) 2021/1060 which set out common provisions across a number of shared management funds and Article 79 (1) of Regulation (EU) 2021/2115, which define the **responsibility of each Member State to establish its own set of rules and criteria for determining the eligibility of expenditure**. These rules are to be aligned with the specific objectives and priorities of the Funds, whilst respecting the overarching rules and guidelines defined by the EU regulations governing the use of these funds.

This document serves as the cornerstone of the framework that governs EU-funded projects, setting the parameters for their approval and implementation while establishing the fundamental guidelines within which they must operate.

At the heart of this framework lies an unwavering commitment **to safeguard EU financial interests throughout the entire project life cycle**. This crucial responsibility mandates that financial resources are managed prudently, with utmost transparency, accountability, and efficiency. This involves strict adherence to the principles of sound financial management and good governance, ensuring that all financial resources are utilized efficiently, responsibly, and with full accountability.

Furthermore, the essence of the national eligibility rules encompasses an unwavering dedication to **preserving the Horizontal Principles and respecting the fundamental Human rights** that underpin all EU-funded projects. These principles promote impartiality, openness, and accessibility for individuals with disabilities, fostering inclusiveness and equal opportunities for all participants involved in the projects. Gender equality is a fundamental aspect of these principles recognizing the importance of empowering all genders to contribute meaningfully to the development and execution of each project.

To foster a harmonious and sustainable environment for all, EU-funded projects must abide by the **Charter of Fundamental Rights of the European Union**, ensuring that the rights and freedom of all EU citizens are respected. It is our duty to ensure that project activities, decisions, and actions do not violate or infringe upon the rights and dignity of individuals or groups, as defined by Maltese and international law, and wherever possible, promote the creation of an equal and just society.

The principle of **sustainable development** is of paramount importance, reflecting our commitment to meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Malta firmly believes in upholding the Union policy on the **environment**, as stipulated in Article 11 and Article 191 (1) Treaty on the Functioning of the European Union. All projects are required to comply with environmental regulations. This includes fully respecting the *Union environmental acquis* and national legislation pertaining to environmental protection. Projects should aim to avoid or minimize adverse environmental, social, and economic impacts, striving to prevent significant harm to ecosystems, natural resources, cultural heritage, and human health.

In recognition of the crucial role played by **innovation** in driving economic growth and societal progress, this guiding principle is critical and incorporated into Malta's funding framework. By emphasizing and promoting this principle, the aim is to encourage and nurture innovative initiatives that showcase exceptional promise and potential. EU funded projects should aspire to support and promote innovative initiatives that exhibit exceptional potential, thereby ensuring the efficient and effective allocation of EU funds to projects that can truly make a difference in shaping Europe's future.

As we embark on this transformative journey during the 2021-2027 programming period, we invite all stakeholders involved in EU-funded projects to embrace these National Eligibility Rules and these principles wholeheartedly. In doing so, there will be a collective effort which ensures that the EU funded projects not only contribute to the growth and development of Malta but also adhere to the highest standards of ethics, sustainability, and inclusivity.

Introduction

Within the context of EU funded projects, national eligibility rules are a set of criteria and conditions established by the Member State to **determine when expenditure (and actions) are considered eligible for financial support from EU funds**. This document is essential reading for anyone involved in any aspect of implementing or participating in EU funded programmes such as Applicants, Beneficiaries, Line Ministries, Managing Authorities' managers and controllers responsible for the eight management Funds, responsible authorities for the other funds, and any other stakeholder involved in the implementation of EU funded projects.

In line with the EU objectives, the new national eligibility rules for the 2021-2027 programming period aim to create a harmonized and consistent approach to the eligibility of expenditure across all EU Funds, going **beyond the eight shared management funds**[1]. This includes expenditure of projects approved under the Common Agricultural Policy funded under the **European Agricultural Fund for Rural Development**[2] or the **European Agricultural Guarantee Fund**, as well as expenditure related to investments funded under the **Recovery and Resilience Fund.** For the purpose of this document, these will be referred to as ***'The Funds'***.

By extending the harmonized and consistent approach to eligibility beyond the shared management funds, the national eligibility rules in Malta seek to establish a common set of eligibility principles that apply uniformly to all EU funds[3]. Through this approach, Malta aims to streamline the eligibility assessment process, simplify administrative procedures, and enhance transparency in the allocation of EU funds.

These eligibility rules should be used alongside information within the relevant 2021-2027 Programmes, relevant EU Regulations, including the Common Provision Regulation (CPR)[4] and the EU Specific Fund Regulations, as well as any specific guidance located on the Ministry of EU funds' website https://fondi.eu which includes, but is not limited to the: Manual of Procedures, Eligibility and Selection Criteria, Circulars, Simplified Cost Option (SCO) Guidance, and Visual and Publicity Requirement Guidelines.

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[1] The European Regional Development Fund, the Cohesion Fund, the European Social Fund Plus, the European Maritime and Fisheries Fund, and, as new elements compared to 2014-2020, the Just Transition Fund, and financial rules for the Asylum, Migration and Integration Fund, the Border Management and Visa Instrument and the Internal Security Fund.

[2] The CPR no longer covers the European Agriculture Fund for Rural Development, except for some provisions that could be applicable to that Fund (e.g. financial instruments, territorial development).

[3] In this new programming cycle, as an overarching legislation, the CPR plays a crucial role in establishing a unified legal framework for eight shared management funds within the European Union. It provides a comprehensive set of rules, regulations, and guidelines to ensure effective management and utilization of these funds which serves as a reference point for the Member State and beneficiaries, offering a common understanding of the principles and requirements governing the shared management funds.

[4] Regulation (EU) 2021/1060.

Disclaimer - While every effort has been made to produce clear common guidance on eligibility, it is important to note that the information provided in this document is based on general principles and parameters applicable across all EU funds and may not cover all specific circumstances or exceptions related to a specific Fund. Consequently, it is the responsibility of applicants/beneficiaries to seek EU funds and ensure compliance with the pertinent regulations of the specific Fund. Thus, in cases of doubt or uncertainty regarding eligibility criteria, it is strongly advised to **seek clarification from the relevant Managing Authority (MA) / Intermediate Body (IB) / Responsible Authority (RA) for the specific EU fund** in question. The **MA / IB / RA** is best equipped to provide accurate and up-to-date information on the eligibility requirements and any additional guidelines or procedures applicable to that particular fund. Applicants/Beneficiaries should carefully review the official guidelines, regulations, and documentation provided by the Managing Authority/Responsible Authority to ensure their understanding of the eligibility criteria and obligations associated with EU funds. More detailed information and guidance is provided in a variety of other support measures, tools, and templates. It is the responsibility of the Applicants/Beneficiaries to exercise due diligence in their application for funding and ensure compliance with the relevant provisions, including any changes or updates to the eligibility rules. Failure to do so could lead to financial corrections of up to 100% of the Fund's allocation.

Projects funded under **State Aid measures** implemented under the responsibility of the Intermediate Body will follow a different set of eligibility rules. The designated IB shall draw up these specific eligibility rules in relation to Aid Schemes implemented under Article 107 and 108 of the Treaty on the Functioning of the European Union, provided that these are not in conflict with the Regulations governing the Fund. However, it is important that these schemes are still managed and implemented in a manner that is inspired by the principles included in the national eligibility rules. **Projects that are deemed to involve State Aid need to be implemented in line with the applicable State Aid Regulations.**

Regarding the eligibility of expenditure for approved **Financial Instruments**, it is important to note that specific eligibility criteria apply which may vary depending on the financial instrument and the regulations governing it. When approving a Financial Instrument, the relevant responsible Authority will outline the criteria and conditions that must be met for expenses to be considered eligible for funding. Applicants and beneficiaries should carefully review the relevant guidelines and consult with the relevant authorities to ensure compliance with the eligibility provisions.

In case of **phasing-out projects** which were initiated and funded during the previous programming period (2014-2020) and transitioning to new projects for the subsequent programming period (2021-2027), each individual phase of the phased project which serves the same overall objective, should be implemented in accordance with the rules of the programming period under which it receives funding.

Revisions and updates to the eligibility rules, as required, may be affected from time to time. Please note that documents will be updated regularly. For the latest information available please refer to the programme website https://fondi.eu.

The Funds

This document serves as a comprehensive guide outlining the main rules and principles that Beneficiaries must adhere to when applying for funding through the Funds listed hereunder. follows It also outlines the criteria that selected projects must comply with to be deemed eligible for support in terms of their actions and expenditure. The selection procedure for the majority of EU funded projects is dependent on adhering to the criteria established by the Monitoring Committee, and eligibility is determined based on alignment with the objectives of the Fund.

- The **European Regional Development Fund [ERDF]:** This Fund has the objective of enhancing economic, social, and territorial cohesion within the European Union by addressing disparities among its regions. ERDF seeks to promote investments for a more competitive and technologically advanced Europe, fostering innovation, digitization, and assisting small and medium-sized enterprises. Additionally, it aims to create a greener and better-connected Europe by improving mobility and promoting social inclusion, employment, education, and local development to bring it closer to its citizens.
- The **Cohesion Fund [CF]:** This Fund aims to support projects in the field of environment and trans-European networks in the area of transport infrastructure (TEN-T).
- The **Just Transition Fund [JTF]:** This Fund is a new instrument of the to the EU's Cohesion Policy. The JTF is designed with the singular purpose of assisting regions and individuals in effectively tackling the social, employment, economic, and environmental consequences resulting from the EU's shift towards achieving its 2030 targets for energy and climate, as well as working towards a climate-neutral economy of the Union by 2050, in accordance with the commitments outlined in the Paris Agreement.
- The **European Social Fund Plus [ESF+]:** This Fund is the EU's main instrument for investing in people. It provides an important contribution to the EU's employment, social, education and skills policies.
- The **European Maritime, Fisheries and Aquaculture Fund [EMFAF]:** This Fund supports the EU Common Fisheries Policy (CFP), the EU maritime policy and the EU agenda for international ocean governance. It provides support for developing innovative projects ensuring that aquatic and maritime resources are used sustainably.
- The **Asylum, Migration, and Integration Fund [AMIF]:** This Fund aims to further boost national capacities and improve procedures for migration management, as well as to enhance solidarity and responsibility sharing in this area between Member States, in particular through emergency assistance and the relocation mechanism.
- The **Internal Security Fund [ISF]:** This Fund contributes towards reaching a high level of security in the EU, in particular by preventing and combating terrorism, radicalisation, serious and organised crime and cybercrime, and also assisting and protecting victims of crime. Furthermore, it focuses on proactive measures that deal with the management of security-related risks, incidents, and crisis.

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- The **Border Management and Visa Instrument [BMVI]**: This fund aims to establish a robust and efficient European integrated border management at the external borders of the Union. This effort aims to ensure a high level of internal security within the Union while also upholding the principle of free movement of persons within its borders. The fund, known as BMVI, contributes to achieving two specific objectives. Firstly, it provides support for an effective European integrated border management at the external borders, involving collaboration between the European Border and Coast Guard and national authorities responsible for border management. Secondly, it supports the common visa policy, aiming to harmonize visa issuance and facilitate legitimate travel, while also playing a role in preventing migratory and security risks.

As previously stated in this document, the adoption of the common eligibility principles is also extended to interventions approved under the **Common Agricultural Policy Strategic Programme [CAP SP]** and to the investments funded under the **Recovery and Resilience Plan [RRP]**. Nevertheless, it is important to underline that their application will be subject to the conditions and rules of the specific Plan/Programme to ensure compatibility with the unique nature of the fund.

The CAP SP is supported by the following two funds drawn from the long-term budget of the EU:

- The **European Agricultural Guarantee Fund [EAGF]:** This Fund is commonly known as the "first pillar" of the CAP SP which supports EU farmers through different payment schemes, including a basic payment scheme, payments for sustainable farming methods ("green direct payments") as well as payments for young farmers. All payments are subject to compliance with EU rules on food safety, environmental protection, and animal welfare.

- The **European Agricultural Fund for Rural Development [EAFRD]:** This Fund is commonly known as the "second pillar" of the CAP SP which finances the EU's contribution to rural development programmes. The European Agricultural Fund for Rural Development is geared towards contributing to the EU's objectives which are to improve the competitiveness of agriculture, to encourage sustainable management of natural resources and climate action; and to achieve a balanced territorial development of rural economies and communities. These objectives are realised through national and regional rural development programmes which are co-financed by the EAFRD and the national budgets of EU countries.

Following an unprecedented crisis due to the pandemic, in October 2021 Malta's Recovery and Resilience Plan was approved to respond to the urgent need of fostering a strong recovery and preparing for Malta's future. The reforms and investments in the RRP will help Malta become more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. The Plan is supported by:

- The **Recovery and Resilience Facility [RRF]:** This is a temporary instrument that is the centrepiece of the *NextGenerationEU*. The RRP includes reform and investment packages put forward by Malta which are expected to facilitate and accelerate the green and digital transitions in Malta, while increasing resilience, cohesion, and sustainable growth.

The Forms of Financing

EU financial contribution may take any of the following forms:

- financing not linked to costs based on either the fulfilment of conditions and/or the achievement of milestones and/or results;
- reimbursement of non-repayable grants provided by Member States to beneficiaries;
- reimbursement of programme contributions from managing authorities to financial instruments.

In terms of the reimbursement of EU-funded projects which may be funded under any of the above financing mechanisms, the following forms of financing may be applied:

- reimbursement of eligible costs actually incurred by a beneficiary or the private partner of PPP operations and paid in implementing operations;
- unit costs;
- lump sums;
- flat-rate financing;
- a combination of the above.

The applicable forms of finance included in a project will have to be approved by the relevant authority in order to be eligible.

Legal Framework

The regulatory framework for the EU financial support is primarily based on the **Financial Regulation of the European Parliament and the Council**. This regulation sets out the financial rules that are applicable to the general budget of the European Union, and it repeals Council Regulation (EC, Euratom) No 966/2012.

Additionally, all general rules pertaining to the structural and investment funds are also applicable. In relation to the eight shared management Funds, the CPR outlines the rules that must be followed for the use of the Funds and provides the overall criteria by which projects must adhere to be eligible for EU funding. Due to the specificities of each Fund, the CPR is also complemented by EU specific Regulations for each Fund. In addition, fund-specific Regulations have been issued for operations funded under the CAP SP and the RRP.

It is the responsibility of the Applicants/ Beneficiaries to ensure projects are and will remain compliant with all of the EU requirements detailed in the below regulatory framework and subsequent amendments.

The hierarchy of rules on eligibility of expenditure applicable to EU funded projects is as follows:

1. EU rules on eligibility as set out at EU level, including the Financial Regulation of the European Parliament and of the Council;
2. Operational Programmes / Strategic Document;
3. National Eligibility rules;
4. Specific Guidance/Procedures issued by the Managing Authority/Responsible Authority. This guidance provides detailed instructions and clarification on how certain types of expenses or activities should be treated for eligibility purposes.
5. Grant Agreement. This is a contractual document between Managing Authority/Responsible Authority and the project beneficiary. It specifies the terms and conditions of the funding and includes specific provisions related to the eligibility of actions/expenditure of the project.

Beneficiaries of EU-funded projects should prioritize adherence to these rules. In case of doubts, the Beneficiary should seek guidance from the Managing Authority/Responsible Authority. Compliance with EU rules on eligibility is of utmost importance as they form the foundation for all funded projects.

EU Regulations

At the highest level, EU rules on eligibility as set out at EU level, including the Financial Regulation of the European Parliament and of the Council, serve as the primary framework for determining the type of expenditure are eligible for funding under EU-funded projects. These rules establish the general principles and guidelines that all projects must adhere to. It stands to be noted that the following set of Regulations may be updated from time to time. Interested stakeholders should ensure that they always access the latest amendment carried out to any of the following Regulations.

- **REGULATION (EU, EURATOM) 2018/1046 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 18 JULY 2018** on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012;
- **REGULATION (EU) 2021/1060 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (CPR) 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 [2];
- **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;
- **REGULATION (EU) 2021/1056 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021,** establishing the Just Transition Fund;
- **REGULATION (EU) 2021/1057 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021,** establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013[3];
- **COMMISSION IMPLEMENTING REGULATION (EU) 2021/439 of 3 March 2021,** amending Implementing Regulation (EU) No 215/2014 as regards the addition of a new thematic objective to the nomenclature of the categories of intervention for the ERDF, the ESF and the Cohesion Fund under the Investment for growth and jobs goal;
- **COMMISSION IMPLEMENTING DECISION (EU) 2021/1130 of 5 July 2021,** setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund Plus and of Member States eligible for funding from the Cohesion Fund for the period 2021-2027;
- **REGULATION (EU) 2021/1139 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July**

2021, establishing the European Maritime, Fisheries and Aquaculture Fund and amending Regulation (EU) 2017/100;

- **REGULATION (EU) 2021/1147 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July 2021,** establishing the Asylum, Migration, and Integration Fund;
- **REGULATION (EU) 2021/1149 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July 2021**, establishing the Internal Security Fund;
- **REGULATION (EU) 2021/1148 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 7 July 2021**, establishing, as part of the Integrated Border Management Fund, the Instrument for Financial Support for Border Management and Visa Policy;
- **REGULATION (EU) 2021/2115 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 2 December 2021**, establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013;
- **REGULATION (EU) 2021/2116 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 2 December 2021** on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013;
- **REGULATION (EU) 2021/2117 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 2 December, 2021** amending Regulations (EU) No 1308/2013 establishing a common organisation of the markets in agricultural products, (EU) No 1151/2012 on quality schemes for agricultural products and foodstuffs, (EU) No 251/2014 on the definition, description, presentation, labelling and the protection of geographical indications of aromatised wine products and (EU) No 228/2013 laying down specific measures for agriculture in the outermost regions of the Union;
- **REGULATION (EU) 2022/129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 December 2021,** laying down rules for types of intervention concerning oilseeds, cotton and by-products of wine making under Regulation (EU) 2021/2115 of the European Parliament and of the Council and for the information, publicity and visibility requirements relating to Union support and the CAP Strategic Plans;
- **REGULATION (EU) 2021/241 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 February 2021,** establishing the Recovery and Resilience Facility laying down rules which allow the Commission to raise funds to help Member States implement reforms and investments that are in line with the EU's priorities and that address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination;

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- REGULATION (EU) 2023/435 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 February 2023, amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC.

Plans/Programmes

Each EU Fund operates under a specific Programme or a strategic document (Plan) that outlines the Programme's priorities, specific objectives, expected results and, in some cases, specific eligibility criteria. The rules set out in these strategic documents provide further detail and guidance on what type of activities and expenses are eligible for funding within the scope of the respective Programme.

The Plans/Programmes for the 2021-2027 programming period covered by this document are:

Title	Fund	Link
Towards a smarter, well connected, and resilient economy, a greener environment, and an integrated society	ERDF-CF-JTF	https://fondi.eu/wp-content/uploads/2023/01/ERDF.CF_.JTF-Programme.pdf
Fostering the socioeconomic wellbeing of society through the creation of opportunities for all and investment in human resources and skills	ESF+	https://fondi.eu/wp-content/uploads/2023/01/ESF-Programme.pdf
EMFAF Programme: Fostering socio-economic growth and environmentally sustainable blue investment in Maltese Fisheries and Aquaculture	EMFAF	https://fondi.eu/wp-content/uploads/2023/01/EMFAF-Programme.pdf
Asylum, Migration, and Integration Fund Programme for Malta	AMIF	https://fondi.eu/wp-content/uploads/2023/01/AMIF-Programme.pdf
Internal Security Fund *Programme for Malta*	ISF	https://fondi.eu/wp-content/uploads/2023/01/ISF-Programme.pdf
Border Management and Visa Instrument Programme for Malta	BMVI	https://fondi.eu/wp-content/uploads/2023/01/BMVI-MT-Programme.pdf
Common Agricultural Policy Strategic Plan	EAGF - EAFRD	https://fondi.eu/wp-content/uploads/2023/01/CAP-SP.pdf
Recovery and Resilience Plan	RRF	https://fondi.eu/programme/recovery-and-resilience-plan/

SECTION 1 – GENERAL PRINCIPLES OF ELIGIBILITY

Expenditure is eligible for funding when fulfilling all of the general eligibility requirements listed below:

I. Approved Project

The approved application form constitutes the main reference to determine the eligible ***actions*** and ***expenses*** that the applicant can undertake and incur, unless otherwise specified by the Managing Authority/Responsible Authority.

Eligible expenditure refers to the costs incurred and paid (except for costs calculated on the basis of Simplified Cost Options and Financing Not Linked to Costs) by an eligible beneficiary[5] while implementing a project through actions aligned with the priorities of the relevant Programme and identified in **the (latest) officially approved/accepted application form** or, in the case of investments funded under the RRP, in the Plan.

II. Eligibility period

In line with Article 63 (2) of the CPR, for projects funded under the eight shared management Funds, the expenditure is eligible when it is incurred and paid between the **1st January 2021 and 31st December 2029**.

In case of projects funded under EAGF and the EAFRD, the eligibility period starts from **1st January 2023 and ends on the 31st December 2029** as per Article 86 (1) of Regulation (EU) 2021/2115.

In case of investments funder under the RRF, the eligibility period of expenditure starts from **1st February 2020**. Envisaged milestones and targets are to be completed by **31st August 2026**.

The eligibility period of the expenditure at project level is that identified and approved by the Managing Authority/the Responsible Authority in the latest officially approved/accepted application form or, in the case of investments funded under the RRP, in the Plan. For the approval to be granted, the Managing Authority/the Responsible Authority will ensure the project's eligibility period is in line with the above periods and any specific situations/derogations included in the applicable EU Regulations (and any subsequent amendments) and/or the applicable Programme.

For costs reimbursed pursuant to financing not linked to cost, unit costs, lump sums, flat rates or a combination of the latter three when applicable, the actions constituting the basis for reimbursement shall be carried out as per above mentioned eligibility periods and/or any relevant guidance issued by the Managing Authority/the Responsible Authority.

[5] As established in the relevant programme

Unless otherwise specified in EU Fund Specific Regulation and/or the Programme, projects supported under the Funds which have been physically completed[6] or fully implemented before the application for funding is submitted to the Managing Authority, cannot be considered as eligible.[7]

If expenses have been incurred and/or project activities have commenced prior to the submission of an application for funding to the Managing Authority, the Beneficiary must verify that all relevant laws and regulations have been duly complied with.

In the case of Aid Schemes implemented under Article 107 and 108 of the Treaty, the date of eligibility cannot precede the date when the call for proposals is issued by the Intermediate Body.

III. Location - Eligible territory

Unless otherwise specified in an EU Fund Specific Regulation and/or the Plan/Programme, all or part of a project may be implemented outside the territory of the Republic of Malta, provided that:

1. It is for the benefit of the territory of the Programme area;
2. It is in line with the objectives of the relevant Programme, and
3. It is approved by the Managing Authority responsible for overseeing the programme.

IV. Keeping an Adequate Audit Trail

All Beneficiaries of EU-funded projects must maintain a comprehensive audit trail, ensuring documented evidence of proof of payment and, in the case of Simplified Cost Options (SCOs), documentary evidence for payments in accordance with the terms agreed to with the Managing Authority, aligned with the established grant formats applicable to the project.

The Beneficiary is responsible for establishing and maintaining the audit trail throughout the project duration and beyond (as specified under point V). This includes regularly updating and organizing the documentation in a clear and easily retrievable manner.

The audit trail should be kept in a format that ensures the integrity, confidentiality, and availability of the

[6] 'Completed operation' means a project that has been physically completed or fully implemented and in respect of which all related payments have been made by beneficiaries and included in the final accounts based on which the Commission has been transmitted the refund.

[7] It is important to note that specific exceptions or variations to this rule may exist depending on the specific EU funding program and the policies set forth in the Programme. Therefore, it is essential for applicants/Beneficiaries to carefully review the eligibility criteria and guidelines of the relevant funding program before submitting their applications and to consult with the relevant MA/Responsible authority

documentation. Electronic records should be stored securely and backed up to prevent loss or unauthorized access.

The audit trail should be available for inspection and verification by the Managing Authority, auditors, or any other relevant National and EU authorities involved in the monitoring and evaluation of the EU-funded project.

Failure to maintain an adequate audit trail may result in the denial of reimbursement, recovery of funds, or other corrective action as determined by the Managing Authority or applicable regulations.

The Beneficiary should consult the Guidelines, Procedures, procedure agreement and any specific requirements set by the Managing Authority/Responsible Authority for additional guidance on the specific documentation and record-keeping obligations[8]. All information will be available on the Ministry's website https://fondi.eu.

V. Retention Period

Without prejudice to national legislation or practices that require a longer period for the retention of documents as well as to the rules governing State Aid, all supporting documents related to a project supported by the Funds are to be kept, at the appropriate level, in an acceptable format, for at least a **5-year period from 31 December** of the year following the submission of the accounts in which the last expenditure of the project is included.

These documents should be kept in the format as indicated by the Managing Authority/Responsible Authority so that they can be made available as required by the relevant stakeholders including the Programme auditors, the European Commission and the Court of Auditors, etc. unless otherwise decided by the Managing Authority/Responsible Authority.

VI. Durability

Unless otherwise established in the Fund Specific Regulation or the relevant Programme, project comprising investments in infrastructure or productive investment[9]s **shall not be subject to any of the following situations** for not less than five years following the submission of the accounts in which the last expenditure of the operation is included:

1. Cessation or transfer of a productive activity outside the NUTS level 2 region[10] in which it received support;

[8] The Managing Authority will develop guidance and all information will be available on the Managing Authority's website https://fondi.eu.

[9] Productive investment is defined as an investment to be used for the production of goods and services, thereby contributing to gross capital formation (which is a component of the expenditure on gross domestic product that indicates how much of the new value added in an economy is invested rather than consume) and employment.

[10] Basic regions for the application of regional policies

2. Change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
3. Substantial change affecting the nature, objectives or implementation conditions which would result in undermining the original objectives of the concerned investments.

This timeframe might be subject to exceptions which come from the specific Fund Regulation, Programme[11] or State aid rules.

VII. Separate Accounting Code/System

To be eligible, expenditure should be registered in the beneficiary's accounts through a separate accounting system or an adequate accounting code for all transactions relating to the operation.

VIII. Communication and visibility

All Beneficiaries shall acknowledge the origin and ensure the visibility of any EU funding received, especially when promoting and reporting on the actions and their results.

The Beneficiaries must ensure compliance with the visual identity guidelines[12], throughout the project's lifetime, in order to fulfil the obligatory requirements, including the use of the EU emblem and of appropriate funding statement.

[11] Such as in the case of EAFRD and as established in the CAP SP.

[12] https://fondi.eu/visual-identity-guidelines-2021-2027/

SECTION 2 – SIMPLIFIED COSTS OPTIONS

An important simplification tool introduced by the European Commission in 2008 and which has seen multiple enhancements in past years, are the use of simplified cost options. Simplified cost options refer to specific methods and ways that are used to calculate and claim eligible costs within EU-funded projects. These options aim to simplify and streamline the reporting of costs and reimbursement processes in order to reduce the administrative burden and improve efficiency, thus permitting faster and more efficient financial management of EU-funded projects. Overall, the simplification of EU Funding can bring about several benefits. Key advantages include:

1. Accessibility and Participation: Simplification can make EU Funding Programmes more accessible to a broader range of participants. By reducing complexity and administrative burdens, it becomes easier for organisations, including micro, small and medium-sized enterprises (SMEs), non-governmental organisations (NGOs), local authorities, as well as private citizens, to understand and apply for funding. This promotes inclusivity and encourages greater participation from different sectors.
2. Efficiency: Simplified funding procedures can streamline the application, evaluation, and selection processes, leading to faster implementation of projects. By reducing bureaucratic hurdles, unnecessary paperwork, and redundant requirements, funding decisions can be made more efficiently, allowing projects to start sooner. This improves the overall efficiency of EU funding programmes and increases the responsiveness to the needs of Beneficiaries,
3. Cost Reduction: Simplification can help reduce administrative costs for both applicants and authorities involved in the management of EU Funds. It minimises the time and resources required for preparing funding applications, managing projects, and complying with reporting obligations. By improving administrative processes, more financial resources can be directed towards the actual implementation of projects, thereby maximising the impact of EU Funds on the ground.
4. Enhanced Transparency and Accountability: Simplified funding procedures often come with clearer guidelines and rules, making the process more transparent. This transparency generates greater accountability among Beneficiaries and the authorities involved in the management of EU Funds. It helps to ensure that funding is allocated and used appropriately, thereby reducing the risk of mismanagement and corruption.
5. Stimulating Innovation and Collaboration: Simplified processes in EU Funding can encourage innovation and collaboration among different stakeholders. By providing clearer rules and reducing barriers, it becomes easier for organisations to explore new ideas, undertake research and development activities, as well as engage in cross-border cooperation. This promotes an exchange of knowledge, enhances synergies, and the development of innovative solutions to address societal challenges.

The simplification of EU Funds aims to promote inclusivity, efficiency, cost-effectiveness, transparency, and collaboration. These benefits are meant to maximise the positive impact of EU Funds.

In terms of simplification cost options, and in line with Article 53 (1) of Regulation (EU) 2021/1060 and Article 44 of Regulation (EU) 2021/2115, simplified cost options are an alternative form of financing to actual costs incurred and paid based on predefined methods linked to processes, outputs and/or results, and thus cover:

(b) Standard Scale of Unit Costs: This option involves predefined unit rates to calculate eligible costs based on the quantity or volume of specific activities or outputs. This approach simplifies cost calculations by multiplying the number of units by the predetermined unit rate. It is commonly used for activities with a well-defined unit of measurement. A standardised scale may also be applied to cover a range of activities or outputs. This simplifies the budgeting process by offering a fixed rate for a particular range of activities or outputs.

(c) Lump Sums: Lump sum options comprise a fixed amount or a set of fixed amounts to cover specific activities, outputs, or milestones within a project. The lump sum is predetermined and based on average or expected costs. Once the lump sum is approved, Beneficiaries do not need to provide detailed cost justifications or evidence of individual expenses as the lump sum is intended to cover multiple cost categories.

(d) Flat-Rate Financing: Flat rate options involve using predetermined fixed percentages or amounts to estimate eligible costs. Instead of calculating actual costs, a flat rate is applied to certain cost categories, such as personnel costs or indirect costs. This method simplifies the calculation process and reduces the need for detailed documentation on the expenditure incurred and paid.

(e) A combination of the forms of financing referred to in points (b) to (d): This option imposes on the user that each form covers different categories of costs, or are used for different projects forming part of a project, or for successive phases of a project in order to avoid double funding. This option provides a comprehensive framework for calculating eligible costs and may include a combination of flat rates, lump sums, and/or standard scale of unit costs, depending on the specific needs and requirements of the Programme / measure / call for project proposals / project.

(f) Financing Not Linked to Cost: This is a performance-based budget mechanism that so far is only available at the level of reimbursement between the European Commission and the Member State. FNLC refers to a situation where the method or source of financing for a project or investment is not dependent on the cost or price associated with that project, i.e. the financing arrangement is not directly affected by the expenses or financial implications of the project. This budget mechanism is made up of several milestones that are tied to pre-agreed outcomes and/or results.

Apart from this holistic set of Eligibility Rules, which is one of various initiatives being undertaken by the Ministry responsible for EU Funds to support the process of simplification in this sector, the following simplification measures tied to the use of simplified cost options, are to be adhered to unless duly notified by the respective Managing Authority and/or Intermediate Body.

- Small Projects

In line with Article 53 (2) of Regulation (EU) 2021/1060, where the total cost of a project does not exceed EUR 200,000, the contribution provided to the Beneficiary from the ERDF, ESF+, JTF, AMIF, ISF, and BMVI, shall take the form of unit costs, lump sums and/or flat rates. This concept of mandatory use of simplified cost options refers to the use of simplified cost options for calculating and claiming eligible costs within EU-funded projects.

This simplification measure aims to simplify and harmonise the reporting of costs and reimbursement processes for small projects across different EU funding Programmes. Attention should be given to separate guidance issued by the respective Managing Authority and/or Intermediate Body with the call for project proposals issued which will give guidance on how the mandatory use of simplified cost options will be applied.

The only exceptions allowed to this Rule are the following:

- Operations for which the support constitutes state aid which exception does not include projects implemented under the *de minimis* rule.
- Where flat-rate financing is used, the categories of costs to which the flat rate applies may be reimbursed on the basis of actual costs incurred and paid.
- Operations in the area of research and innovation upon prior approval from the respective Monitoring Committee.
- Allowances and salaries paid to project participants may be paid based on actual costs incurred and paid if so permitted by the respective Managing Authority.

On a similar and related note tied to the simplification of small projects, with respect to projects implemented under EAFRD, a special fast-track process will be introduced for small investments under €50,000, requiring a simpler justification and speeding up funding decisions.

- Overheads

Overheads, also known as indirect costs or overhead expenses, are the ongoing expenses incurred by a business or organisation that are not directly attributable to a specific project or activity but without which a project cannot be implemented. These costs are necessary for the functioning and implementation of the EU-funded project.

In line with Article 54 (a) of Regulation (EU) 2021/1060, a 7% flat rate based on the eligible direct costs shall be applied to projects financed under BMVI, ISF, EMFAF, ERDF, CF, JTF and EAFRD.

In the case of projects financed under the ESF+ and the AMIF Programmes, separate flat rate amounts will be issued in due course in line with Article 54(c) of Regulation (EU) 2021/1060, which Article dictates that a Member State may calculate a flat rate up to 25% of the eligible direct costs to cover indirect costs provided that the rate is calculated in accordance with Article 53(3)(a) of the same Regulation. Under ESF+ Aid schemes, Article 54 (a) of Regulation (EU) 2021/1060 will apply.

- Staff Costs

  Staff costs, also referred to as personnel costs or labour costs, refer to expenses associated with employing and compensating staff members within an organisation. They are defined as the costs deriving from an agreement between employer and employee or service contracts for external staff provided that the latter costs are clearly identifiable. Staff costs may include various components related to employee salaries, benefits, and other related expenses. Beneficiaries are encouraged to refer to MA Circular 01/2018 available here https://fondi.eu/important-documentation/reference-documents/circulars/2014-2020-programming-period/erdf-esf-cf-circulars/ in order to follow the correct simplified methodology on how to claim staff costs. Deviation from this simplified methodology under all Programmes covered by these Eligibility Rules is NOT allowed unless duly authorised by the responsible Managing Authority/Responsible Authority.

  It stands to be noted that salaries tied to project coordination, project supervision and/or project administration (i.e. personnel engaged to coordinate/supervise/administer the project in its entirety) are no longer considered as direct eligible costs. Staff costs may still be claimed in line with the simplified methodology outlined in MA Circular 01/2018 for any other direct staff costs which are NOT tied to project coordination, project supervision and/or project administration.

  Staff costs underlying the main activities of a project (i.e. the primary and direct activities of a project) should NOT be claimed using this simplified methodology. This SCO is best applied to staff costs in terms of secondary cost activities that support the main activities of any project. Any simplification measures with respect to the direct primary activities of a project should be discussed directly with the Managing Authority concerned.

- Per Diem / Subsistence Allowance

  A number of projects / schemes funded under the various 2021-2027 Programmes may require support in travelling abroad, either by the project participants themselves, by the trainers and/or support workers, by Beneficiaries implementing the projects as well as by the different stakeholders in the different phase of the programme within the framework of the approved projects. Eligible stakeholders may be deemed to include the following: project participants, trainers, support workers, beneficiaries, members of the Beneficiary organisation, and members of the contracting Authority who would be providing a service/works/supplies to the Beneficiary organisation. It stands to be noted that this list might not be exhaustive and might not include all eligible stakeholders.

In this respect, a subsistence allowance, also known as per diem, refers to a specific type of payment provided to cover the basic living expenses of an individual participating in an EU-funded project when they are away from their usual place of work and/or study. This allowance is intended to compensate the additional costs associated with daily living while the person is engaged in a specific activity or temporarily residing/working/studying in a different location.

The per diem allowance covers accommodation costs and subsistence allowance in respect of breakfast and two main meals, as well as sundry expenses. The relative components of the subsistence allowance may follow the following pattern:

- Accommodation: 50% of the overall rate
- Breakfast: 10% of the overall rate
- Lunch: 10% of the overall rate
- Dinner: 10% of the overall rate
- Sundry expenses: 20% of the overall rate.

Per diem / subsistence allowance is reimbursed on the basis of a unit cost per person per night spent abroad. The relevant rates per country to claim per diem in EU-funded projects across all Programmes are to be in line with the latest per diem rates published by the Ministry responsible for Finance in Malta in line with Article 53(3)(d) of Regulation (EU) 2021/1060 and Article 44(2)(d) of Regulation (EU) 2021/2115. Any updates issued by the Ministry responsible for Finance in Malta will become applicable at the time of publishing any calls for project proposals issued thereafter. Deviations from this simplified methodology under all Programmes covered by these Eligibility Rules is NOT allowed unless duly authorised by the responsible Managing Authority/Responsible Authority.

- Travel

A number of projects/schemes may require support in travelling abroad, either by the project participants themselves, by the trainers and/or support workers, by Beneficiaries implementing the projects as well as by the different stakeholders in the different phases of any Programme within the framework for approved projects. Eligible stakeholders may be deemed to include the following: project participants, trainers, support workers, beneficiaries, members of the Beneficiary organisation, and members of the contracting Authority who would be providing a service/works/supplies to the Beneficiary organisation. It stands to be noted that this list might not be exhaustive and might not include all eligible stakeholders.

The unit of measurement for this standard scale of unit cost is a unit cost per distance travelled per person. The relevant rates to claim travel costs in EU-funded projects across all Programmes are to be in line with the latest rates published under the ERASMUS+ Programme in line with Article 53(3)(c) of Regulation (EU) 2021/1060 and Article 44(2)(c) of Regulation (EU) 2021/2115.. Any updates issued under the ERASMUS+ Programme will become applicable at the time of publishing any calls for project proposals issued thereafter.

Deviations from this simplified methodology under all Programmes covered by these Eligibility Rules is NOT allowed unless duly authorised by the responsible Managing Authority/Responsible Authority. The only exception is with respect to repatriation activities supported under the AMIF Programme.

❖ Technical Assistance

Technical Assistance is a support mechanism provided to Member States to help effectively plan, implement, manage, and evaluate projects and/or Programmes funded through Cohesion Policy. It aims to enhance the capacity and capability of the recipients to ensure the successful execution of Cohesion Policy.

Technical Assistance is instrumental in implementing clear, simple, and transparent processes, whilst strengthening pertinent organisational capacity, with the ultimate aim of reducing any administrative burdens, enhancing knowledge-transfer, improving outreach, enhancing communication, and promoting networking across key stakeholders. Furthermore, Technical Assistance may be used to support studies on the implementation and programming of funds, as well as studies in the sectors covered through the various Programmes.

For the 2021-2027 Programming Period, Technical Assistance shall be claimed as a percentage of the total eligible expenditure claimed with each payment application presented to the European Commission in line with Article 36(5)(b) of Regulation (EU) 2021/1060 and Article 94(1) of Regulation (EU) 2021/2115 as follows:

- Asylum, Migration, and Integration Fund Programme: 6%
- Border, Management and Visa Instrument Programme: 6%
- Common Agricultural Policy Strategic Plan Programme: 4%
- Internal Security Fund Programme: 6%

Deviation from this simplified methodology under the identified Programmes and as covered by these Eligibility Rules is NOT allowed unless through a specific amendment to the applicable Regulation and a Programme change affecting the above.

With respect to Technical Assistance under the following Programmes, these will be claimed in line with instructions issued by the respective Managing Authority as may be deemed applicable:

- European Maritime, Fishers and Aquaculture Fund

- European Social Fund Plus
- European Regional Development Fund/Cohesion Fund/Just Transition Fund.

- Off-the-shelf Simplified Cost Options

Off-the-shelf simplified cost options refer to pre-defined and standardised methods for calculating and claiming certain types of costs in projects or Programmes funded through Cohesion Policy. Different from other simplified cost options, off-the-shelf simplified cost options are already available through a Regulation(s) and can generally be applied without the need for a Member State to justify their calculation.

Articles 54 – 56 of Regulation (EU) 2021/1060 provide an array of pre-determined rates covering overheads, direct staff costs, and eligible costs other than direct staff costs. Their use should strictly abide to the conditions outlined under the relevant Article, and upon approval by the respective Managing Authority / Intermediate Body only. These off-the-shelf SCOs may also be applied to projects funded through EAFRD in line with Article 83 of Regulation (EU) 2021/2115.

At its discretion, the European Commission may also work on a number of simplified cost options in specific areas and come up with different rates for each Member State. Such simplified cost options are established in line with Articles 94(4) and 95(4) of Regulation (EU) 2021/1060 through the adoption of a delegated act in accordance with Article 114 of the same Regulation. The use of such simplified cost options is at the discretion of the relevant Managing Authority in charge of the respective Programme. Once applied, the respective Managing Authority should ensure that the off-the-shelf rate in question is applied to all similar projects implemented under the same Specific Objective, and there is no overlap in how it is claiming costs with the European Commission.

In such cases, the European Commission and Member State audits and management verifications carried out by Member States shall exclusively aim at verifying that the conditions for reimbursement by the Commission have been fulfilled or the results have been achieved.

SECTION 3 – COMMON RULES OF ELIGIBILITY

The following costs are eligible for a contribution from the Funds within the parameters outlined below.

Note: These rules and conditions are subject to the specific regulations and guidelines of the relevant funding programme. The respective Managing Authority/ Responsible Authority should be consulted for further details and clarifications.

Rule No. 1: Value Added Tax (VAT)

1. VAT expenses incurred by beneficiaries of EU Funds shall not be eligible for reimbursement or contribution from the EU Funds, except in specific circumstances as outlined in Article 64(1) (c) of the Common Provision Regulation.
2. In the context of State Aid Schemes, VAT costs are to be considered ineligible across all Funds[13].

Rule No. 2: Purchase of land

1. Under the ESF+ Programme, the cost of purchasing land, real estate, and infrastructure is not eligible for funding, as per the provisions of Article 16 (1) (a).
2. Under other Funds the cost of purchasing land may be eligible subject to the following conditions
   i. It should be within the parameters set under Article 64 of the CPR and any other provision coming from the Fund-specific Regulations or, in case of Funds not covered by the CPR, it should be in line within the parameters specified in the relevant Programme/Plan.
   ii. There must be a direct link between the purchase of land and the objectives of the project to be funded.

In alignment with the regulatory parameters, the Managing Authority/the Responsible Authority may request an independent, qualified valuer or duly authorized official body to provide confirmation of compliance of the imposed limits and that the purchase price does not exceed the market value.

[13] Unless otherwise advised by the MA in specific circumstances.

Rule No. 3: Equipment Costs/Mobile assets

1. Equipment costs refer to the expenditure incurred by a beneficiary for equipment purchased, rented, or leased, excluding those covered by the "office and administrative costs"[14] .
2. To be eligible this expenditure shall be necessary for the implementation of the project.
3. The purchase of consumables, which are not classified as office and administrative costs but are necessary for the use of laboratory equipment or machines and instruments is eligible if in line with Fund specific Rules.
4. Purchase costs of second-hand and/or leasing of equipment may be eligible if permitted in the revenant programme and specifically approved by the MA only subject to the following conditions:
    i. the beneficiary has not received any other assistance for it from EU funds or other EU subsidies;
    ii. the price does not exceed the generally accepted price in the relevant market and it results in more value for money;
    iii. the equipment possesses the technical characteristics necessary for the project and complies with applicable norms and standards;

In cases of purchase of approved second-hand and/or leasing of equipment, Beneficiaries have to comply with environmental policies as well as with the durability and ownership requirements.

Rule No. 4: License/subscription-based software

1. The purchasing of License and/or subscription-based software is eligible for funding, subject to the limitations set by the Managing Authority / Responsible Authority
2. The MA/RA determines the maximum duration of the subscription-based software that can be funded.
3. It is important for the beneficiary to adhere to the MA/RA 's guidelines and instructions regarding the eligibility of software/license/subscription costs, including any specific documentation requirements or procurement procedures.

Rule No. 5: Awareness Campaigns

[14] Equipment costs may include assets such as: IT hardware; Furniture and fittings; Laboratory equipment; Machines and instruments; Tools or devices; Vehicles and other specific equipment needed for the project. The Beneficiary is to consult with the MA to ensure that the specific item has been approved as eligible.

1. An awareness campaign may be considered eligible for funding **when it is identified as a main implementation step for reaching a specific objective and/or contributing to a project's output and results**. In such cases, the campaign can be listed as a separate activity conducted in areas identified within the relevant program.
2. The campaign's objectives, target audience, activities, and expected outcomes should be clearly defined in the project.
3. The budget allocated to the awareness campaign should be reasonable and justifiable, taking into account the scale and scope of the campaign activities.
4. The campaign should utilize appropriate communication channels and strategies to effectively reach the intended audience.
5. Compliance with any additional guidelines, requirements, or reporting obligations related to awareness campaigns set by the Managing Authority should be ensured. The MA/RA reserves the right to evaluate or ask the Beneficiary to get an independent evaluation of the campaign's contribution to the project's output and results and its alignment with the program's objectives.

Rule 6: Eligibility of External Expertise and Services Costs

1. External expertise and services costs are those paid on the basis of contracts or written agreements and to external experts and service providers who are sub-contracted to carry out certain tasks or activities linked to the implementation of the project.
2. External expertise and services costs, should be considered eligible provided that:
   i. These costs are clearly and strictly linked to the project and considered **essential** for its effective implementation.
   ii. These costs are in full compliance with EU, national, and applicable procurement rules.
   iii. These costs are clearly specified in the application form and/or agreed upon by the Managing Authority / Responsible Authority. beforehand to be considered eligible.
3. Costs such as Planning Authority permits and other Regulatory permits which are necessary for the project's implementation are also considered eligible.

Rule 7: Office and Administrative Costs

1. Unless otherwise established in the Fund specific Regulation and/or the Programme [15], office and administrative costs, which encompass the operating and administrative expenses of the beneficiary necessary for project implementation, including office rent, utilities (e.g. electricity, heating, water); office supplies; maintenance, cleaning, and repairs, are **generally not eligible for direct funding**.
2. When the Fund specific Regulation and /or the Programme allow for operating support to be considered as part of eligible expenditure, the Beneficiary should follow the instructions provided by the Programme and seek guidance from the Managing Authority regarding the treatment and eligibility of these costs.

Rule No. 8: Housing/Rental

3. Housing infrastructure and/or rental expenditure may be considered eligible particularly within the framework of social inclusion, combating poverty and any discrimination, including for the integration for migrants, refugees and persons under or applying for international protection only if it is in line with the objectives of the Programme and specifically approved by the MA.
4. The provision of rental subsidies (for a limited period) as an accompanying measure within operations aiming at supporting disadvantaged groups may also be eligible if it is in line with the Programme's and approved by the MA.
5. The Cohesion Fund shall not support investment in housing unless related to the promotion of energy efficiency or renewable energy use.
6. A beneficiary may also require the creation of structures/upgrading of alternative infrastructure in order to temporarily provide services which would otherwise be disrupted due the project's planned activities. Such expenditure is eligible as long as it is directly linked to the project, it is strictly necessary for its implementation and it is duly approved by the Managing Authority.

Rule No. 9: Financial sustainability and Net Revenue Generation

1. In order to ensure the best relationship between the amount of support, the activities undertaken and the achievement, the MA/RA will verify that the Beneficiary has the necessary financial resources and mechanism to cover operations and maintenance costs for operations, comprising investments in infrastructure or productive investments, so as to ensure their financial sustainability, with the exception of those measures/actions as may be specified in the Programme/Plan which directly address weaknesses in the sector.

[15] Including but not limited to ISF Regulation (Annex VII) and BMVI and AMIF (Annex VII)

2. Projects which generate revenue are eligible as long as there is no over-financing. Thus, the revenue generated should be declared and, if applicable, be deducted from the total project cost.

3. The Managing Authority/Responsible Authority may request a financial analysis to assess feasibility and/or sustainability declared by the Beneficiary as may be applicable.