



Eligibility of expenditures in Structural Funds 2014-2020

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This training has been organised by EIPA-Ecorys-PwC under the Framework Contract Nr 2013.CE.16 B.AT 044. The opinions expressed are those of the contractor only and do not represent the EC's official position

Eligibility of Expenditure – 10 different criteria

1. Time period	2. Forms of support	3. Type of intervention supported – by fund	4. Location	5. Durability
6. Compliance with other EU policies	7. Publicity	8. Retention of documents	9. National rules	10. General principles

1. Eligibility of Expenditure- Time frame (art 65 CPR 1303/2013)

WHEN ?

- from 1st January 2014 to 31st December 2023
- (art 56 Reg 1803/2006 previous eligibility period ends 31st December 2015)
- must be incurred by beneficiary and paid between this period
- derogation for YEI: eligible as of 1 September 2013
- when amendment to a programme, expenditure eligible from the date of submission to the EC of the request for amendment

Eligibility of expenditure – Time frame (art 65 CPR 1303/2013)

- **No support to operations physically completed or fully implemented**
- **before the application for funding under the programme is submitted by the beneficiary to the managing authority**
- **irrespective of whether payments have been made by the beneficiary**
- Focus: splitting of major projects between 2007-2013 and 2014+ (clearly divided projects financially and physically, first phase must be functional, see COCOF Note 12/0047/02)

2. Forms of support (art 66 CPR 1303/2013 and consideranda 63)

- Grants
 - Prizes
 - Repayable assistance
 - Financial instruments
 - Or a combination
-
- In the case of repayable assistance, the support repaid to the body that provided it, or to another competent authority of the Member State, shall be kept in a separate account or separated with accounting codes and **reused for the same purpose or in accordance with the objectives of the programme.**

Double funding (art 65.11 of CPR 1303/2013)

- An operation may receive support from one or more ESI Funds or from one or more programmes and from other Union instruments

Conditions:

- the expenditure item included in a request for payment for reimbursement by one of the ESI Funds does **not receive support** from another Fund or Union instrument, or support from the same Fund under another programme.

Contributions in kind (art 69.1 of CPR 1303/2013)

- provision of works, goods, services, land and real estate for which **no cash payment** supported by invoices, or documents of equivalent probative value, has been made
- Conditions:
 - **the public support paid to the operation which includes contributions in kind (IK) does not exceed the total eligible expenditure (TEE), excluding contributions in kind, at the end of the operation;**
 - the IK value does not exceed the costs generally accepted on the market;
 - value and delivery assessed independently and verified
 - **unpaid work: time and rate of remuneration of equivalent work**
 - Provision of land or real estate: the cash payment for the lease agreement of nominal amount per annum should not exceed a single unit of the currency of the Member State.

Depreciation (art 69.2 of CPR 1303/2013)

Depreciation costs eligible if :

- the eligibility rules of the OP allow for it
- the amount of the expenditure is duly justified by supporting documents having equivalent probative value to invoices for eligible costs
- the costs relate exclusively to the period of support for the operation;
- **public grants have not contributed towards the acquisition of the depreciated assets**

ESI –Ineligible costs (art 69.3 of CPR 1303/2013)

Negative list:

- Interest on debt
 except interest rate subsidy /guarantee fee subsidy
- Land >10% of eligible costs
 - 15% for derelict sites and formerly industrial use. Exception for environmental conservation, % can be raised
- Recoverable VAT (except if non-recoverable under national legislation)

3. Eligibility - Scope of European Regional Development Fund (art 3 of ERDF 1301/2013)

Positive list:

- productive investment **in SMEs**;
- productive investment, **irrespective of the size of the enterprise concerned**, in R&I and Energy;
- productive investments in ICT where that investment involves **cooperation between large enterprises and SMEs**;
- investment in infrastructure for basic services in energy, environment, transport and ICT;
- investment in social, health, research, innovation, business and educational infrastructure;

Scope of European Regional Development Fund (Art 3 of ERDF 1301/2013)

Positive list:

investment in the development of endogenous potential through fixed investment

- **in equipment and small-scale infrastructure, including small-scale cultural and sustainable tourism infrastructure**
- **services to enterprises,**
- **support to research and innovation bodies and investment in technology and applied research in enterprises**

networking, cooperation and exchange of experience between competent regional, local, urban and other public authorities, economic and social partners and civil society, studies, preparatory actions and capacity-building.

Reminder on eligibility

It is not enough for operations to be in line with the scope – they must also contribute to the investment priorities selected by the programme

Scope of the ERDF – Negative list (art 3 of ERDF 1301/2013)

- a. De-commissioning or construction of nuclear power stations.
- b. Reduction of greenhouse gas emissions from activities falling under Emissions Trade Scheme.
- c. Manufacturing, processing and marketing tobacco products.
- d. Undertakings in difficulties (EU's State Aid rules).
- e. Airport infrastructure unless related to environmental protection or accompanied by mitigating measures

**No major changes compared to the current period.
However - note certain restrictions.**

Cohesion – eligible (Art 2 of CF 1300/2013)

Positive list:

- Investment in the environment, including sustainable development and energy
- TEN –T
- Technical Assistance

Cohesion – ineligible (Art 2 of CF 1300/2013)

Negative list:

- Same as for the ERDF
- + Investment in housing unless related to energy efficiency or renewable energy

ESF – Eligibility (Art 3 of ESF 1304/2013)

Fitting with the scope of ESF support:

- **Thematic Objectives 8,9,10,11 (art 9 of CPR 1303/2013)**
- **Promoting employment and mobility**
- **Promoting social inclusion, combating poverty and any discrimination**
- **Education, training, vocational training, life long learning;**
- **Institutional capacity for public authorities and stakeholders and efficient public administration**

Eligibility actions Social partners (Art 6 of ESF 1304/2013)

ESF must support:

1. capacity building activities (training, networking measures)
2. strengthening social dialogue
3. activities jointly undertaken by social partners

conditions:

1. appropriate amount of ESF resources
2. less developed regions
3. transition regions
4. MS with Cohesion fund

Eligibility in ESF (Art 13.4 of ESF 1304/2013)

Negative list:

- infrastructure
- land
- real estate

Not eligible

ESF IK Eligibility (art 13.5 of ESF 1304/2013)

contributions in kind such as allowances and salaries disbursed by third parties for participants are eligible

Conditions:

1. compatible with national rule
2. cannot exceed the cost incurred by third parties

Eligibility (art 15 of ESF 1304/2013)

ESF may use financial instruments incl microcredits and guarantees

Condition:

- operations should fall within ESF scope (immigrants, marginalised communities,...)

Example: EIF JEREMIE ESF fund in Sicily

4. ESI - location (art 70 of CPR 1303/2013)

WHERE ?

In Programme area

Outside programme area if following conditions:

- **is there benefit to programme area ?**
- **are there mgt & control arrangements ?**
- **is it less than 15% of priority of ERDF, CF and EMFF (or 5% of EAFRD at programme level) ?**
- **do you have PMC approval ?**

Derogation for Technical Assistance/Promotional activities (fit only with first 2 conditions)

Location ESF (Art 13.2 of ESF 1304/2013)

WHERE ?

Expenditure eligible outside programme area but within EU at the following conditions:

1. benefit to the programme area ?
2. mgt, control and audit arrangements fulfilled ?

Examples: trainings outside your area, study visit to EU countries

Location ESF (Art 13.3 of ESF 1304/2013)

WHERE ?

Expenditure eligible outside EU but max 3% of OP budget

at the following conditions:

1. related to thematic objective (TO)
 - **3.1.a (employment/mobility)**
 - **or 3.1.c (education, training, VET, LLL)**
2. and the agreement of monitoring committee

5. ESI – Durability (art 71 of CPR 1303/2013 and consideranda 64)

HOW ?

keep operation for 5 years from the last payment (option to reduce to 3 for SME)

obligation to repay

- **if cessation of operation**
- **relocation outside programme area**
- **substantial change**
- **change ownership giving undue advantage**
- **recover unduly paid sums in proportion of period of non fulfilment**

infrastructures and productive investments: need to repaid, if relocation outside the EU within 10 years of final payment (except SME)



European Commission

Art 71 of CPR 1303/2013

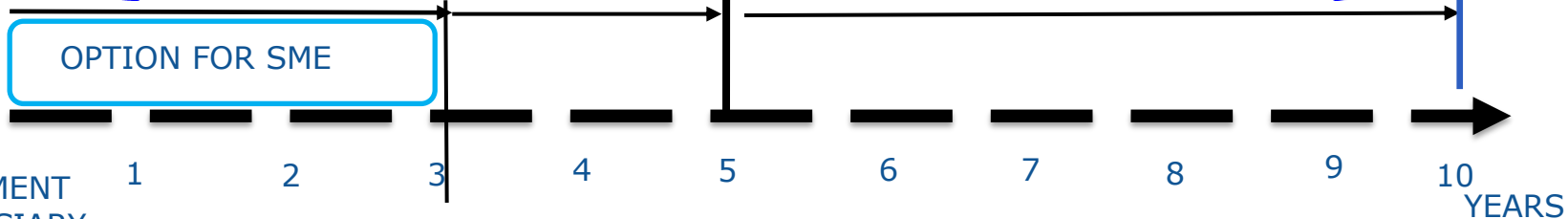
Art. 71.1

1. Investment in infrastructure or productive investment?
2. Other period of time set out in State aid rule?
3. Cessation of productive activity?
4. Relocation of productive activity outside the programme area?
5. Change in ownership of infrastructure giving undue advantage?
6. Substantial change affecting nature, objectives or implementation conditions?

Art.71.2

1. Investment in infrastructure or productive investment?
2. Is it an SME?
3. Productive activity relocated outside the EU?
4. Do you have other deadline in State aid?

OPTION FOR SME



FINAL PAYMENT TO BENEFICIARY



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5. ESI – Durability (continued)

- **ESF and other ESI funds beneficiaries need to repay only if maintenance required by state aid rules, if relocation/cessation within specified period**
- **no need to repay in case of financial instruments or when non fraudulent bankruptcy**
- **not apply to natural persons beneficiaries of EGAF support**

6. Eligibility of expenditure - compliance with other policies

HOW ?

- **Environment rules must be followed**
- **Equal opportunities must be followed**
- **Procurement rules must be followed**
- **State Aid rules must be followed**
- **Publicity rules must be followed**
- **Standard public finance rules (value for money, rationale, effective, legal, use of funds) must be followed**
- **Project selection rules must be followed**

7. Publicity Annex XII of CPR 1303/2013 Responsibilities of the beneficiaries

All information and communication measures shall acknowledge support from the Funds by displaying

- **the EU emblem**
- **reference to the Fund or Funds (can be replaced by ESI Funds)**

During implementation, information about the project has to be provided:

- **on the beneficiary's website** if it exists incl. a short description of the aims, results and highlighting the support from the EU
- **under 500 000 EUR, a A 3 poster at entrance of building**

Annex XII of CPR 1303/2013 - Responsibilities of the beneficiaries

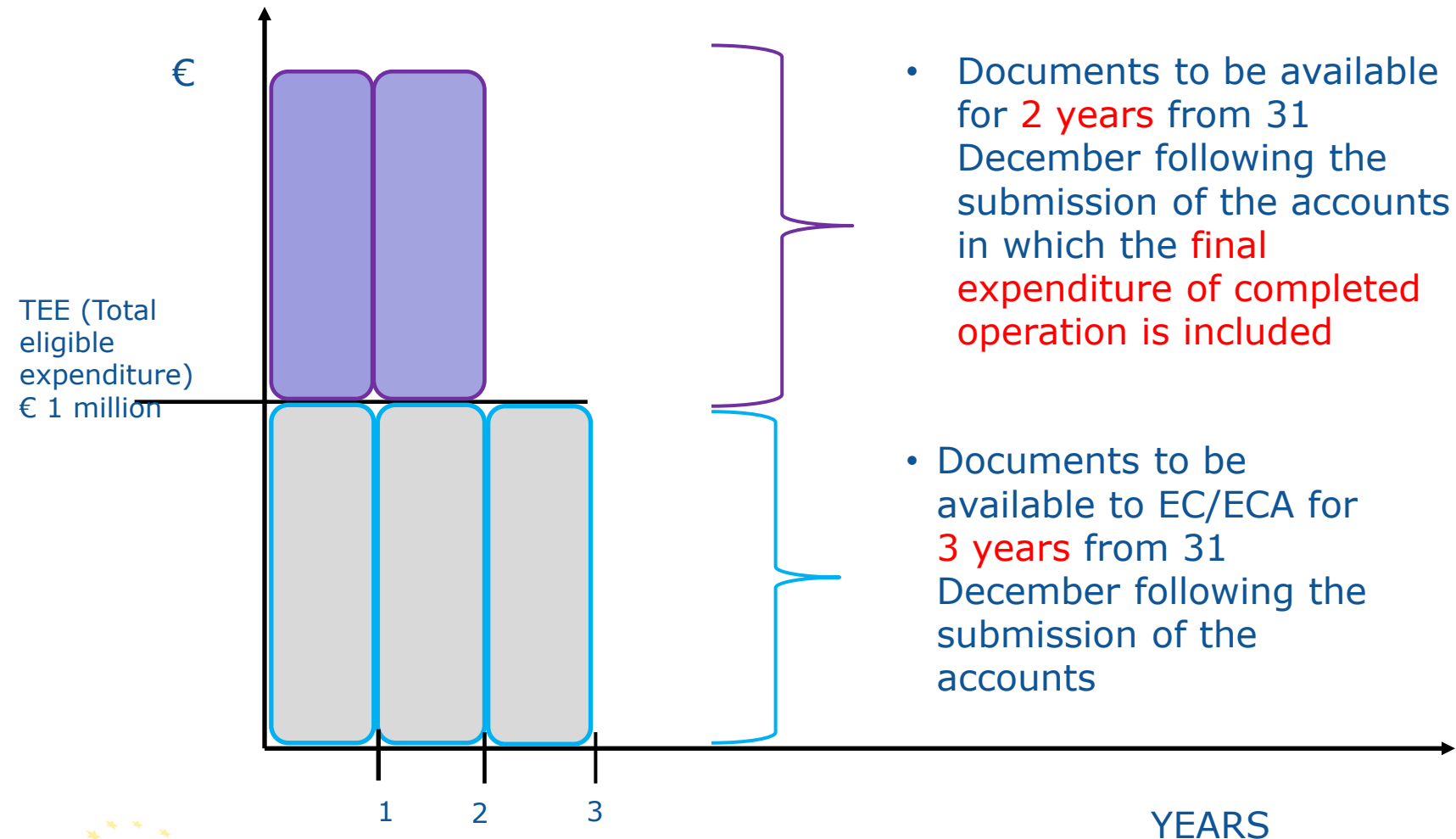
During implementation of ERDF/CF infrastructures/constructions and purchase of physical objects in operation with a total public contribution exceeding €500,000 (€3 million in 2000-2006):

temporary billboards of a significant size (name/objective) at infrastructure or construction operations

After its completion, no later than 3 months (previously 6) a permanent **billboard or plaque readily visible to public** at infrastructure /construction operations or purchased objects

- **stating the name and main objective of the operation**

8. Retention of documents (Art 140 of CPR 1303/2013)



9. National eligibility rules

Art 6 of CPR 1301/2013

Compliance with Union and national law

- Operations supported by the ESI Funds shall comply with applicable Union law and the national law relating to its application ('applicable law').

Art 65 of CPR 1301/2013 Eligibility

- 1. The eligibility of expenditure shall be determined on the basis of national rules, except where specific rules are laid down in, or on the basis of, this Regulation or the Fund-specific rules.

10. General principles for eligibility

- Legal provisions – CPR Regulations and specific Fund Regulations
- Programme documents - negotiated and agreed with the Commission
- Regularity - State Aid, Public procurement, Community policies, publicity requirements
- National law and national rules
- Public finance accounting principles



Do You Have
Any Questions?
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