

Matrix of costs 2021-2027

Kick-off meeting

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Meeting objectives

- to launch the work on the new Matrix of costs;
- to discuss and agree on who, how & when;
- to exchange on the interesting eligibility cases.



Agenda

01**Introduction****02****Matrix of costs
2014-2020****- reflections****03****Matrix of costs
2021-2027****- back to the
drawing board****04****Working
agreements****05****Interesting
eligibility cases****06****Wrap-up &
closure**

Working agreements

- Stay 'muted', unless talking;
- Contribute & share – working group!;
- Be patient;
- Be open;
- Contributions: use chat/ speak up/ raise e-hand.

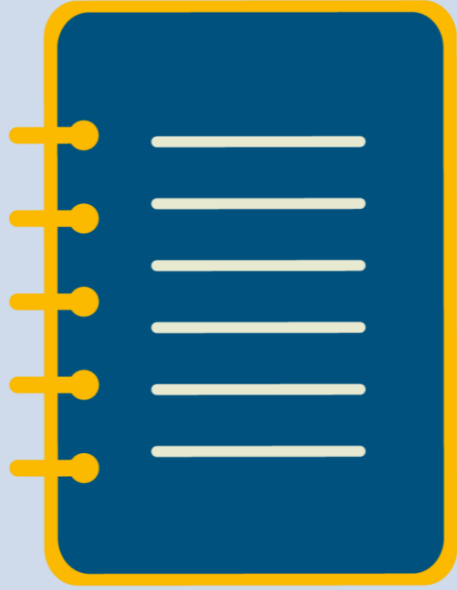


Before we dig in

**From the registration questions
(26 programmes, incl. CBC, TN, INT):**

- Almost 40% didn't know about the Matrix;
- Most of those using it, found it helpful;
- Over 65% used, at least partly, the HIT eligibility fact sheets while setting up the programme's eligibility rules.





Introduction

Matrix of costs

- What is it?
- What is it used for?
- How to contribute?



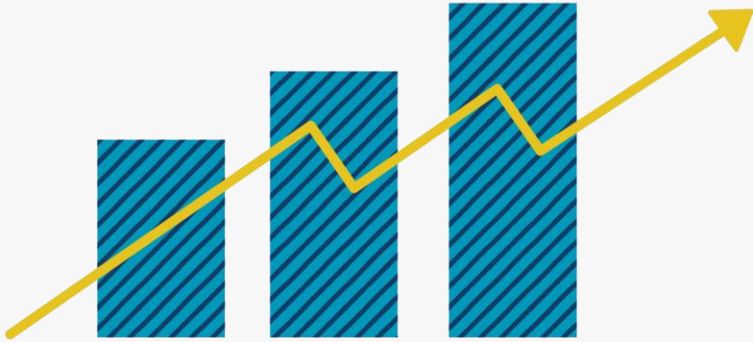
Foundations

- There is a solid basis for eligibility cases for Interreg programmes – **Interreg Regulation** (dedicated to each cost category articles, Articles 39-44 IR) **with, in most of the cases, exhaustive lists of eligible items**;
- there is expertise and growing knowledge in this field (+ no dramatic changes when it comes to eligibility between the 2014-2020 and 2021-2027 programming periods).

BUT...

- In a number of cases, lists of expenditure elements under specific cost categories include items of a broader character (e.g., office supplies, studies or surveys);
- For external expertise and services, and equipment costs, there is an option of having *other costs needed for operations*.

Matrix of costs is



- a **collection** of examples of costs per cost category from Regulations, programmes' practices, and clarifications from the EC;
- a **guide on the allocation of expenditure under different cost categories** supporting programmes in their discussions on eligibility cases;
- a **harmonisation tool** to streamline approaches between programmes and make it easier for the beneficiaries and different programme bodies to identify eligible expenditure under the appropriate cost category(ies);
- a **living** document.

Matrix of costs is NOT



- A secondary legislation;
- a one-size-fits-all solution*

*Article 38 of the Interreg Regulation:

(1) The participating Member States and, where applicable, third countries, partner countries and OCTs, may agree in the monitoring committee of an Interreg programme that expenditure falling under one or more of the categories referred to in Articles 39 to 44 shall not be eligible under one or more priorities of an Interreg programme.



Matrix of costs 2014-2020 - reflections



Interact publications on eligibility in 2014-2020 programming period

- Fact sheets on each budget line (6);
- 55 Questions & Answers: Eligibility of expenditure in cooperation programmes (elaborated in consultation with the European Commission);
- [Matrix of costs](#).

Available online in the Interact library and in the Network on Eligibility of Expenditure (Matrix only).

- Classification of expenditures' examples was done according to different sources (using color codes);
- Expenditures' examples grouped into two main columns 'Considered Eligible' and 'Ineligible' accompanied by additional information – source/reference and comments/points of attention.

EC Del. Reg. 481/2014	The expenditure is listed in the Commission Delegated Regulation (EU) No. 481/2014.
CPR 1303/2013	The expenditure is listed in the Common Provision Regulation (EU) No. 1303/2013.
clarification by EC	The example of cost is classified based on clarification provided by the European Commission.
Q&A on eligibility	The example of cost is classified based on guidance in the INTERACT Question & Answers on eligibility of expenditure in cooperation programmes.
INTERACT fact sheet	The example of cost is classified based on guidance in the INTERACT fact sheets on budget lines.
Basecamp	The example of cost is classified based on programme exchanges on Basecamp and the general agreement reached.
<i>Name of event</i>	The example of cost is classified based on agreements between programmes during INTERACT events, programme advisories, etc.

Matrix of costs – 2014-2020

STAFF COSTS

CONSIDERED ELIGIBLE (some of the costs may not be eligible based on programme/national rules)			INELIGIBLE			
Source/Reference	Expenditure	Comments/Questions	Source/Reference	Expenditure	Comments/Questions	
EC Del. Reg. 481/2014	Salary payment		EC Del. Reg. 481/2014	Costs related to fluctuation of foreign exchange currency		
EC Del. Reg. 481/2014	Employment taxes	Provided the cost is not recoverable by the employer.				
EC Del. Reg. 481/2014	Sickness benefits					
<i>Costs falling into the scope of social security branches covered by Regulation (EC) No 883/2004 of the</i>	Maternity and equivalent paternity benefits					
	Invalidity benefits					
	Old-age benefits					
	Survivors' benefits					
	Benefits in respect of accident at work and occupational diseases					
	Death grants					

OFFICE AND ADMINISTRATION

CONSIDERED ELIGIBLE (some of the costs may not be eligible based on programme/national rules)			INELIGIBLE		
Source/Reference	Expenditure	Comments/Questions	Source/Reference	Expenditure	Comments/Questions
EC Del. Reg. 481/2014	Office rent		Art 69.3 CPR 1303/2013	Recoverable VAT	only non-recoverable VAT borne by the project partners that may not be refunded or offset by the tax authorities, or by any other means, may be included in the progress reports
Basecamp	<i>Office rent:</i> Rent of office parking places	Provided it is part of office rent (one invoice).	Basecamp	Rent of office parking places	Ineligible if not part of office rent.
EC Del. Reg. 481/2014	Insurance related to the buildings where staff is located, e.g. fire, etc.		EC Del. Reg. 481/2014	Costs related to fluctuation of foreign exchange currency	
EC Del. Reg. 481/2014	Insurance related to the equipment of the office, e.g. fire, theft insurance, etc.			Administrative charges included in a contract with an external expert	Eligible under <i>External expertise and services</i> .
EC Del. Reg. 481/2014	Taxes related to the buildings where staff is located				
EC Del. Reg. 481/2014	Utilities				
EC Del. Reg. 481/2014	<i>Utilities:</i> electricity				
EC Del. Reg. 481/2014	<i>Utilities:</i> heating				
EC Del. Reg. 481/2014	<i>Utilities:</i> water				
EC Del. Reg. 481/2014	Office supplies				
Q&A on eligibility	<i>Office supplies:</i> pens, paper-clips, binders, etc.				
Q&A on eligibility	<i>Office supplies:</i> paper, photocopy toner				
Q&A on eligibility	<i>Office supplies:</i> coffee/biscuits for small project meetings				

Matrix of costs – 2014-2020

INFRASTRUCTURE AND WORKS

CONSIDERED ELIGIBLE (some of the costs may not be eligible based on programme/national rules)			INELIGIBLE		
Source/Reference	Expenditure	Comments/Questions	Source/Reference	Expenditure	Comments/Questions
	Building material		Art 69.3 CPR 1303/2013	Recoverable VAT	only non-recoverable VAT borne by the project partners that may not be refunded or offset by the tax authorities, or by any other means, may be included in the progress reports
	Labour		EC Del. Reg. 481/2014	Costs related to fluctuation of foreign exchange currency	
Art 69.3 CPR 1303/2013	Purchase of land, provided the land is built on and in the amount not exceeding 10% of the total eligible expenditure of the investment		Art 69.3 CPR 1303/2013	Purchase of land not built on	Under investigation with EC.
	Building permits		Art 69.3 CPR 1303/2013	Purchase of land built on in the amount exceeding 10% of the total eligible expenditure of the investment	
	Contractor contract				
	Specialised interventions, e.g. soil remediation, mine-clearing, etc.				

Share your impressions

- What do you think about the structure of the document?

Eligible/ ineligible; source – expenditure – additional information (points of attention, comments)

- Anything missing in the document?
- When the Matrix came in handy in your work?
- Who should use the Matrix? And when?
- How did you learn about the Matrix?



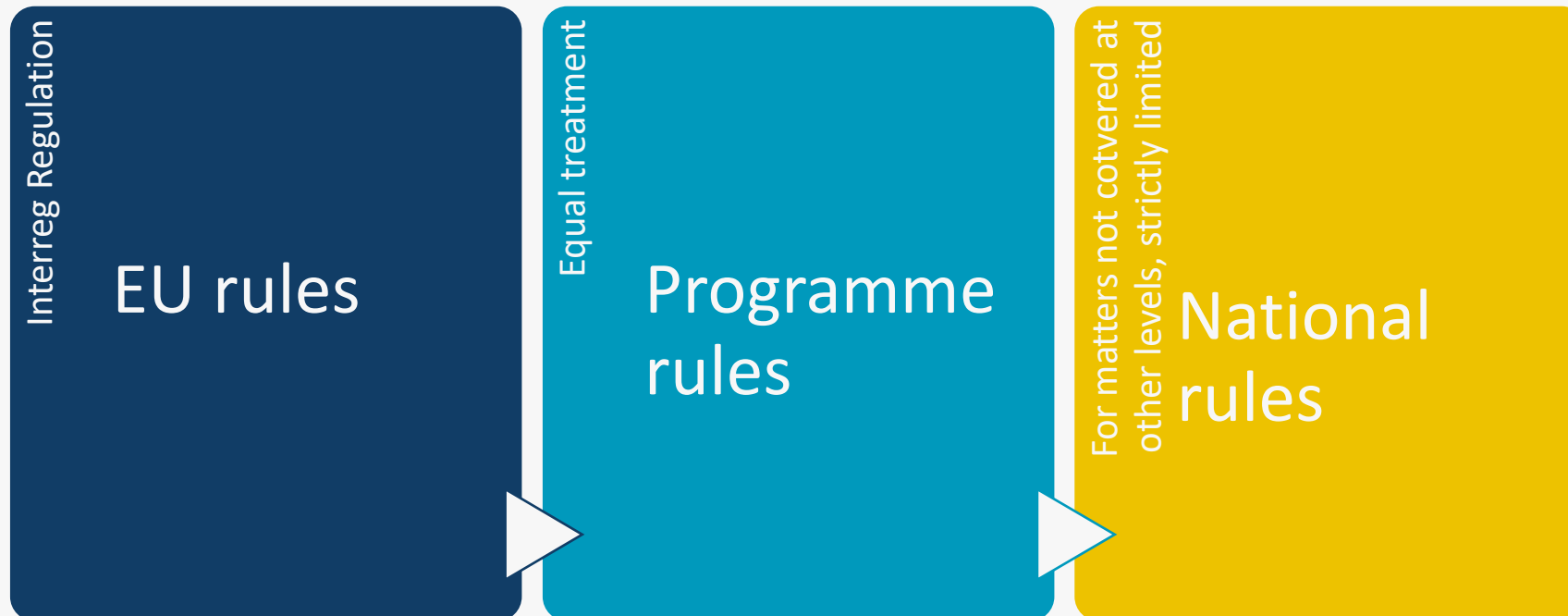


Matrix of costs 2021-2027



Eligibility of expenditure 2021-2027

Hierarchy of rules on eligibility of expenditure – recital (29) of the Interreg Regulation



Eligibility of expenditure 2021-2027

Hierarchy of rules on eligibility of expenditure

Session 4 – Eligibility (Art. 37)

2014-2020

- Article 18 ETC
- 18(1) Empowerment to Del Reg: 481/2014
- 18(2) Hierarchy of eligibility rules
 - 1st level: EU rules + DA
 - 2nd level: outside 1st level
 - MC may adopt additional rules

for whole cooperation programme
- 18(3) 3rd level: national rules of MSt

post-2020

- Article 37 ETC
- °/° **DA incorporated**
- (2) Hierarchy of eligibility rules
 - 1st level: EU rules (CPR, ERDF, ETC)
 - 2nd level: **only establish additional rules on eligibility of expenditure for the Interreg programme on categories of expenditure not covered by those provisions cover the Interreg programme as a whole**
- (3) 3rd level: national rules of MSt



[more here...](#)

Eligibility of expenditure 2021-2027

Major changes in Regulations:

- Non-eligible costs Article 64(1)(c) - **VAT**;
 - VAT if recoverable for projects \geq EUR 5M total costs (incl. VAT);
 - where total costs of a project do not exceed EUR 5M (recoverable or not), for SPF and small projects including, VAT is eligible!
- **no more** expenditures '**in or outside programme area**' – no such a thing as "programme eligible area";
- **costs of gifts are non-eligible** (no more "EUR 50 limit for communication purposes").

Eligibility fact sheets

Interreg regulation, Articles 39-44

1. Staff costs
2. Office and administrative costs
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Infrastructure and works

7. + Technical assistance



6 fact sheets on cost categories (+ TA)

- WHAT costs
- HOW to calculate
- HOW justified

[Available on Interact website](#)

Matrix of costs 2021-2027

Main assumptions:

- The same purpose of the document (collection, guide, harmonisation tool);
- What's in, what's out – same structure? We are open to your proposals and ideas!
- The content of the 'old' Matrix will be revised and updated based on new CPR and Interreg Regulation;
- Sources for classification of expenditures reduced (no secondary legislation in 2021-2027, some are outdated, like "basecamp" – could be changed to online communities);
- Publication – library and the Eligibility of expenditures network.

Matrix of costs 2021-2027

HOW to do it?

- Working group with Interreg programmes! Close cooperation!
- Dedicated online meetings (twice a year) – structure, format, revision, new elements;
- Network on Eligibility of Expenditure – separate tread (under Forums) to collect examples/ questions on eligibility + other communities (+ our mailboxes);
- CBC and TN finance networks' meetings (dedicated sessions) + other relevant meetings – collection of examples;
- Timeline – 2023-2024;
- Updates and input – What is the best way to make it a living document?

After 2024 – an ongoing collection of examples/ questions in online communities and from our mailboxes; subsequent updates of the document.

Matrix of costs 2021-2027

We need your input and support:

- with real-life examples from different programme bodies (JS/MA, AA/ GoA, controllers);
- for critical review of first drafts of the Matrix;
- to discuss other programmes' remarks submitted during reviewing sessions;
- to disseminate information about the Matrix in and outside your programme.

Matrix of costs 2021-2027 tentative timeline for 2023

March	April	May/ June	By August	September	November 2023
<p>Revision of the 'old' Matrix (Interact) – send to the WG for review</p> <p>(1 month)</p>	<p>Collection of remarks & online discussion and integration of changes</p>	<p>First draft of Matrix is ready and sent to the WG for review</p>	<p>Collection of remarks & online discussion and integration of changes</p>	<p>Publication of the first version of the Matrix</p>	<p>Review + possible update with newly collected cases + <u>work planning for 2024</u></p>

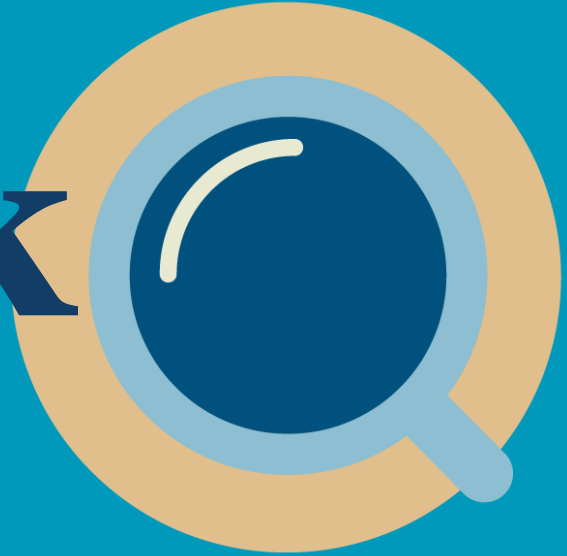
+ Update of the [55 Q&A | Eligibility of expenditure in cooperation programmes](#) (cooperation with the EC)

+ consultation of specific cases for the Matrix, if needed.

The ,new‘ Matrix...

Are you in?

Break



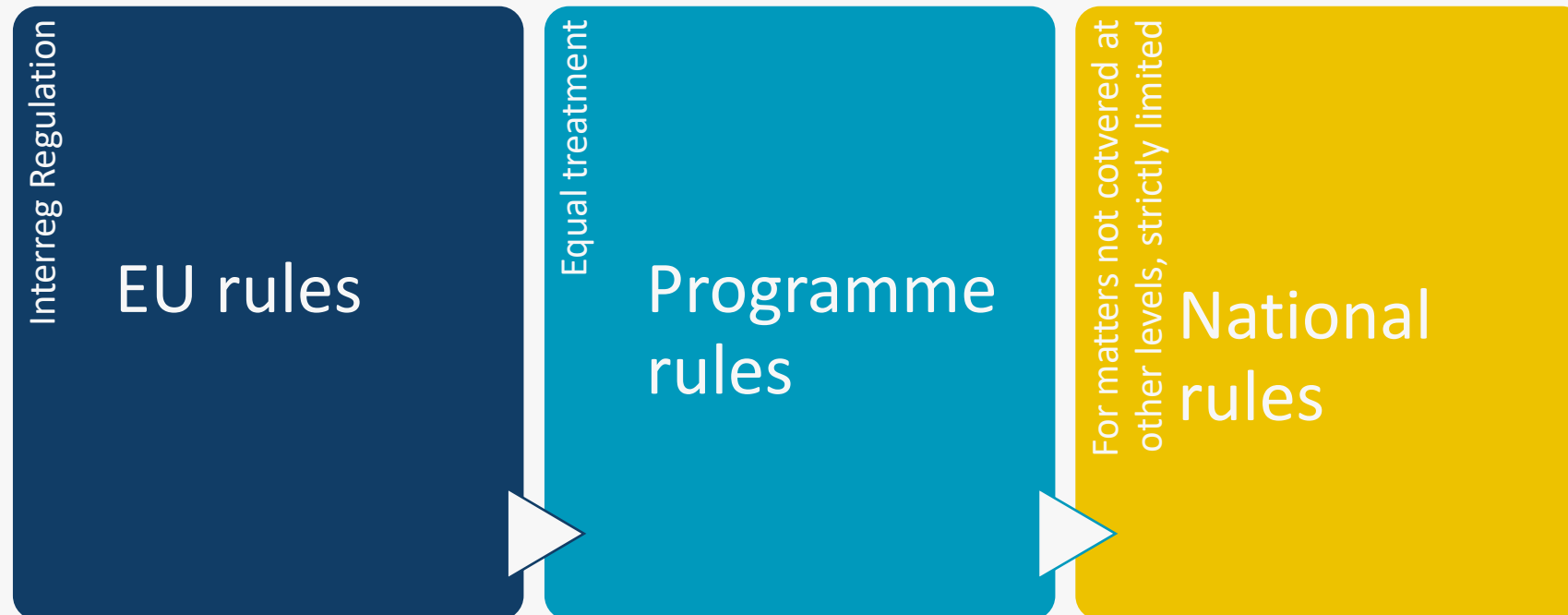


Eligibility cases



Eligibility of expenditure 2021-2027

Hierarchy of rules on eligibility of expenditure – recital (29) of the Interreg Regulation



Eligibility cases



The hotel invoice shows room cost + 'supplement'. Is it eligible? Normally, it is something like city tax, breakfast, etc.

- Total price in the reservation is the same as the price for the accommodation + 'supplement'.
- Conclusion: eligible.

Eligibility cases



Article 42, external costs, point (i) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services.
What accountancy services could this be? We understand that internal or external accounting is already part of the office and administrative costs.

- Standard accountancy (in-house) falls under office and administrative costs (Article 40, (e) accounting);
- Anything beyond that provided by the external entity - external expertise and services, point (i), e.g., any advisory concerning accountancy;
- NB: point (l) - costs for the accounting function on programme level pursuant to Article 76 CPR and Article 47 IR.

Eligibility cases



Are Zoom subscriptions costs eligible?
If yes, under which cost category to include it?
What about costs of mobile phone subscriptions?

- Zoom costs – eligible, under office and admin – Art. 40(i) IT systems; or equipment cost category Art. 43(b) IT hardware and software; different practices from different programmes;
- Mobile phones and mobile phone subscriptions:
 - monthly fee one pays for the mobile phone operator or mobile phone itself used for admin purposes of the project (e.g., communication) - office and administrative costs (there is one amount on the bill – no separation between mobile installment and the fee);
 - If a mobile phone is linked to the content activities of the project (and could be where maintenance/ repair service is provided by external parties outside the partner organisation), it could fall under the equipment cost category (e.g., development of some mobile app/ software where a mobile phone is needed for testing or something similar).

Eligibility cases



Article 42 - External expertise and services costs:

- is it possible under the different points (a – p) to be more restrictive and/or give more definition to the different points than what is proposed in this regulation?
- under point (o) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers - is it possible to include a limit per expert?
- or under point (p) other specific expertise and services needed for operations - is it possible to include catering costs (business meals) for the experts up to a maximum amount?

- Yes, it is possible. MC agreement on that is needed.
- Programme rules can always be established, provided that they do not contradict or redefine rules established in Regulations. But setting up a more restrictive approach in line with regulation rules is possible.
- *Article 38(1) IR: The participating Member States and, where applicable, third countries, partner countries and OCTs, may agree in the monitoring committee of an Interreg programme that expenditure falling under one or more of the categories referred to in Articles 39 to 44 shall not be eligible under one or more priorities of an Interreg programme.*

Eligibility cases



Article 44 - Costs for infrastructure and works

This article is very particular about what can be financed; however, it is very broad as to the context within which this is done. Is only new infrastructure to be financed? Are renovations of old infrastructure also possible?



Article 44 IR:

- (a) purchase of land in accordance with point (b) of Article 64(1) of Regulation (EU) 2021/1060;
- (b) building permits;
- (c) building material;
- (d) labour; and
- (e) specialised interventions (such as soil remediation, mine-clearing).

- Provisions for infrastructure and works are very broad but there are no provisions that limit interventions only to new infrastructure.
- One can obtain building permits, purchase building material, specialized interventions, and finally pay for the necessary labour for building new infrastructure but also renovating and modernizing old one.
- NB: Purchase of land built and not built on is eligible (however, would have to be justified what purely the land is purchased for).

Eligibility cases



We would like to support projects with investments that are ready to go which means that PPs would have already obtained building permits. That would also be the assessment criteria. In 2014-2020 building permits were not considered eligible costs in our programme.

Is it obligatory to include b) building permits (Article 44) or can we eliminate it from the list of elements for eligible costs for 2021-2027?

- Yes, you can. MC decision on that is needed (using Article 38(1) IR);
- You can exclude point (b) from Article 44 IR from the eligible expenditure for infrastructure and costs in your programme.

Eligibility cases



Land or buildings where the works will be done must be in ownership of the project partner – would long-term legally-binding arrangements between the partner and the owner be sufficient too?

- Article 65 CPR refers to 5 years (or within the period set out in State aid rules) after the final payment to the beneficiary during which the ownership of any piece of infrastructure cannot change;
- If the legally binding arrangement between the partner and owner of the land or building where the works will be done is at least 5 years, it should be acceptable;
- + In the legal agreement, there should be clearly stated that any amendments regarding the time and the scope of rental cannot be done by either the current or any other future owner by the end of the sustainability period (from the programme's experience).

Eligibility cases



Article 64 CPR: The following costs shall not be eligible for a contribution from the Funds:
(b) the purchase of land for an amount exceeding 10% of the total eligible expenditure for the operation concerned.

- Does it mean that the EU contribution cannot exceed 10% of the total project costs or that the purchase costs of the land cannot exceed 10% of the total project cost?
- Are costs of the independent valuation of the land eligible under external expertise and services and are these costs part or in addition to the outlined 10% of costs?

- Article 64 CPR refers to costs, not ERDF (or EU contribution), so **the purchase costs of the land should not exceed 10% of the total project cost**; a partner can pay for the excess costs which will be ineligible; i.e., total eligible costs of the project will be lower than total project's costs;
- (2) it's not required per se, but if according to programme rules, it is needed, it should be reported under point (p) other specific expertise and services needed for operations of Article 42 IR. It comes in addition as 10% refers to the "purchase of land" as stipulated in Article 64(b) CPR.

Eligibility cases



Programme rules on public procurement:

To give evidence of adequate market research for contracting amounts between 10.000 EUR (excl. VAT) and the threshold set by the applicable EU and national rules. This means that in such cases unless stricter national rules apply, project partners must perform and document the execution of adequate market research (e.g., at least **two different offers requested**). This allows the collection of sufficient information on the relevant market and for sound comparison of offers in terms of price or quality and a profound assessment of the adequacy of the price.

Is it enough to request an offer or should it be received?

- [Directive 2014/24/EU](#) on public procurement (for thresholds);
- Different approaches: at least 3 offers requested (“bid-of-three” rule); 3 requested but at least 2 received, etc.

Eligibility cases



Public procurement:

Do we have to distinguish between public and private bodies when describing public procurement procedures?

- [Directive 2014/24/EU](#) on public procurement; national rules;
- A programme can also establish programme-specific rules;
- Examples of programmes with special rules on public procurement for private partners – North-West Europe

Eligibility cases



Staff costs, fixed percentage method:
When changing the percentage (in duly justified cases), should we fix the validation of the change from the next reporting period or from the next month (this means it could be inside the reporting period)?

- Working group with Interreg programmes on the fixed percentage method – [fact sheet](#) (incl. text for the programme manual with the description of the method for beneficiaries + template for the task assignment – HIT documents);
- In principle, the method should cover the whole project duration and should stay for min one reporting period; it cannot change every month;
- Amendment to the document setting the percentage of the time working on the project per month (or amendment to the employment contract if percentage s indicated there)

Eligibility cases



- (1) Are costs of travel by boat when performing research activities (not a ferry) eligible?
(2) Rent of car – where should it be reported?

- Eligible if that research activity was part of the project (specified in the application form) - equipment;
- Travel and accommodation cost category is to be used for travels of staff of the project partner (tickets, travel and car insurance, fuel, car mileage, tolls, parking fees);
- If travel costs of external to the project people – to be reported under external expertise and services;
- If a staff member rents a car – under travel and accommodation (travel-related; output related – external expertise/ equipment);
- Audit trail – depends on the reimbursement method of the travel and accommodation cost category (flat rate or real costs).

Eligibility cases



(1) Where to report fuel costs?

- Staff member – fuel costs under travel and accommodation costs;
- The purchase of consumables necessary for the operating of the laboratory equipment or other tools or devices (e.g., chemicals, reagents, fuel, etc.) used for the implementation of content-related activities and where directly linked to the project activities – equipment cost category.

Eligibility of expenditures – further clarifications



Revenues:

- No rules at the EU level regulating the handling of revenues (apart from specific State aid schemes - GBER Article 20 and 20a not relevant);
- Worth to remember - Article 22(4)(c) of the Interreg Regulation:
In selecting operations, the MC (...) shall ensure that selected operations present the best relationship between the amount of support, the activities undertaken and the achievement of objectives;



Eligibility of expenditures – further clarifications

TA:

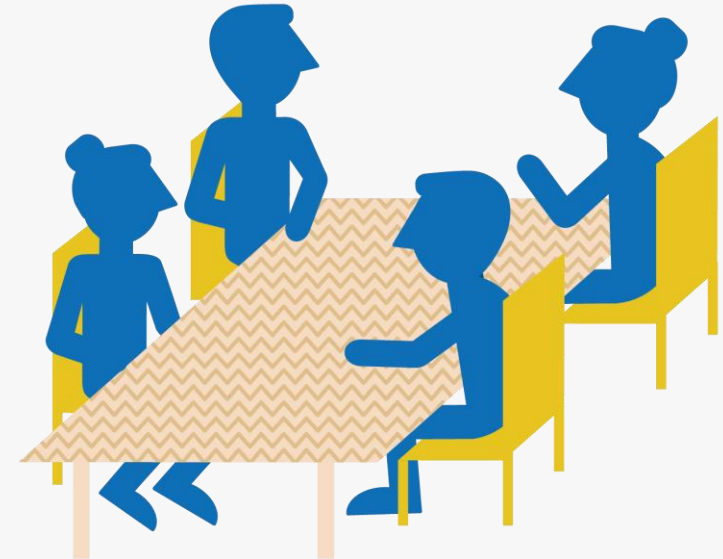
Article 59(1) old CPR

(...)The actions referred to in this paragraph may concern previous and subsequent programming periods.

Article 35(4) new CPR

The actions referred to in paragraph 1 may cover previous and subsequent programming periods.

Other interesting cases?





Wrap-up and closure

Please fill in our evaluation survey – thank you in advance!



Cooperation works

All materials will be available on:
www.interact-eu.net