

Eligibility rules of the funds 2021-2027

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6 dimensions of eligibility

1. WHAT FINANCED ?

– scope of intervention and types of activities

2. WHICH COSTS?

– expenditure categories and types of costs, national rules, general principles

3. WHEN ?

- Time Period, durability

4. WHERE ?

– Geographic location

5. HOW JUSTIFIED ?

- audit trail, horizontal principles, visibility/communication

6. HOW TO CALCULATE ?

– calculation of eligible expenditure: see SCO



1. Scope of ERDF: art 5

- Investing in Infrastructures; R&I
- Access to services
- Productive investments in SME and investments to keep jobs and create new ones;
- Equipment, software, intangibles assets; innovation clusters
- Information, communication
- Technical assistance
- **Productive investments in other than SME if cooperation with SME in R&I, EE/RE, small-mid cap under FI**
- **Contribution to PO 1 with support to training, LLL and education**
- **Purchase of supplies for health**

Recommendation for SME Definition 2003

What is an SME?

THE NEW THRESHOLDS (Art. 2)

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 €5 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

Selection of operations - Seal of Excellence



2021-2027 (art 73.4)

ERDF and ESF+ can support Seal of excellence certification or selection through Horizon Europe Supported if sit with S-3 and ENC

✓

MA may apply the categories, max amounts and methods of calculation of eligible costs of EU programme✓

Negative list

ERDF/CF: art 7

- Decommissioning nuclear power stations
- Inv. for GHG emissions reduction from ETS activities
- Tobacco (products)
- undertakings in difficulties exc. DM/TFSA
- airport infrastructure exc. for outermost regions; env. Mitigation; security, safety and air traffic
- Disposing waste in landfill (exc. to make it safer);
- Treating residual waste (exc. Techn for circular economy)
- fossil fuels exc. Gas/Hydrogen/clean cars (with caps and no-phasing);
- CF no support for housing exc. EE/RE



Eligibility Technical Assistance

Flat-rate financing for TA (art 36.4)

Reimbursed as a % of the eligible expenditure in payment claims; different for each fund:

- ERDF in IJG: 3,5% while CF: 2,5%
- ESF+: 4% but material deprivation 5%
- JTF: 4%
- For MS with lower 1 Bn EUR: 6%
- EMFAF: 6%
- Outermost regions get 1 pp more

What is the administrative burden/costs of managing your programmes?

2. Ineligible costs (art 64)



- Interest on debt with exceptions
- Purchase of land (**Not built on and built on DROPPED**) >10% of TEE.
For derelict sites and former industrial use the purchase of land can be raised to 15% (not applied to environmental conservation)
- **VAT** except :
 - for operations with total costs below EUR 5 000 000 (**incl VAT**)
 - for operations with total costs at least EUR 5 000 000 (**incl VAT**) if non recoverable
 - investments done under FI
 - for small project fund under Interreg
- *More ineligible expenditure at MS level (lost opportunity costs, notional rents, discounts, etc)*

Staff costs in ESF+

2021-2027 (Art. 16 ESF+)

- Purchase of land, real estate, infrastructure
- Purchase of furniture, equipment, vehicles (under conditions) ✓
- IK (allowances, salaries) (under conditions) ✓
- DSC (if in line with usual remuneration or in line national law, collective agreements, statistics) ✓

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Explanatory texts (metadata) Information Download Preview Bookmark Demo Help Login

Mean hourly earnings by sex, economic activity and occupation
Last update: 19-05-2018 [earn_ses14_47]

Table Customization show

SEX: Hourly earnings
GEO: Size classes in number of employees
Currency: Euro
Classification of economic activities - NACE Rev.2: Education, human health and social w.
Period of time (a=annual, q=quarterly, m=monthly, d=daily, c=cumulated from January): 2014
International Standard Classification of Occupations 2008 (ISCO-08): Manual workers


GEO	SEX	Total	Males	Females
European Union (current com		9.35	9.98	9.02
European Union (before the a		9.41	10.02	9.08
Euro area (19 countries)		10.04	10.52	9.79
Euro area (18 countries)		10.16	10.68	9.89
Euro area (17 countries)		10.28	10.82	10.01
Belgium		13.49	13.23	13.65
Bulgaria		1.41	1.53	1.29
Czechia		2.97	3.71	2.58
Denmark		19.67	20.77	19.17
Germany (until 1990 former t		10.65	11.14	10.43
Estonia		2.64	3.2	2.45
Ireland		18.88	22.27	16.55
Greece		7.26	8.09	6.04
Spain		8.17	9.23	7.16
France		10.65	11.01	10.47
Croatia		3.74	5	3.27
Italy		9.81	10.03	9.68
Cyprus		7.33	8.82	6.5
Latvia		2.24	2.58	2.05
Lithuania		1.98	2.11	1.88


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

ESF Vlaanderen • Following

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8h • 

We krijgen veel vragen rond onze nieuwe Tijdsregistratie-app. Je kan nu maandelijks een infosessie volgen of deelnemen aan ons tweewekelijks vragenuurtje. Voor alle info  <https://bit.ly/3fYo5pA>

[See translation](#)



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Bonus Malus ESF

The Netherlands

- MALUS system in ESF Netherlands where projects can claim ESF only if they deliver on female participation.
- An ESF project foresees training in plumbing sector where the most recent stats show that women represent 8% of workers of that “branche”.
- ESF Netherlands applies a 5% rule asking ESF projects to foresee 13% of female participants.
- For every 1% missed the project has a 1% correction in the ESF contribution with a maximum correction of 5%.

Continuity with 2014-2020

- Forms of support: grants, FI, prizes and combinations (art 52)
 - “grants under conditions” Art 57
- Art 63.9: Project with different sources of funding
 - *Flexibility facility/Cross-financing ERDF/ESF+*
- Art 63.6: no physically completed or fully implemented operations before application (*exceptional circumstances?*)
- Art 63.1: Most eligibility rules based at MS level/goldplating
 - Second-hand equipments, cash payments, asset register/disposal
- Art 67: Contribution in kind & depreciation costs
 - Volunteer time
 - Depreciation of buildings and equipments

3. Timing of expenditure (art 63 CPR)

- **1.1.2021 to 31.12.2029**
- Incurred and paid by beneficiary **(or private partner of a PPP operation) or SCO case**
- If amending OP, expenditures eligible from date of submission of request (and from date of natural disaster)
- **MA pays beneficiary within 80 days (art 74 CPR)**
- **Risk retrospective projects**

Timing of expenditure (art 118 CPR)



Smooth transition between periods:

- allowed if 2 phases
 - If **total cost > EUR 5 million**
 - If second phase complies with 2021 rules
 - If completed/operational in 2021-2027
-
- ***Your rules for costs of project closure?***

Durability for infrastructures and productive investments (art 65 CPR)

- The MS ~~(an operation)~~ shall repay.....if within 5 years of final payment to beneficiary (3 years for SME) there is a cessation or **relocation or transfer outside NUTS 2 region**, change ownership giving undue advantage, or substantial change

- **Proportional repayment**

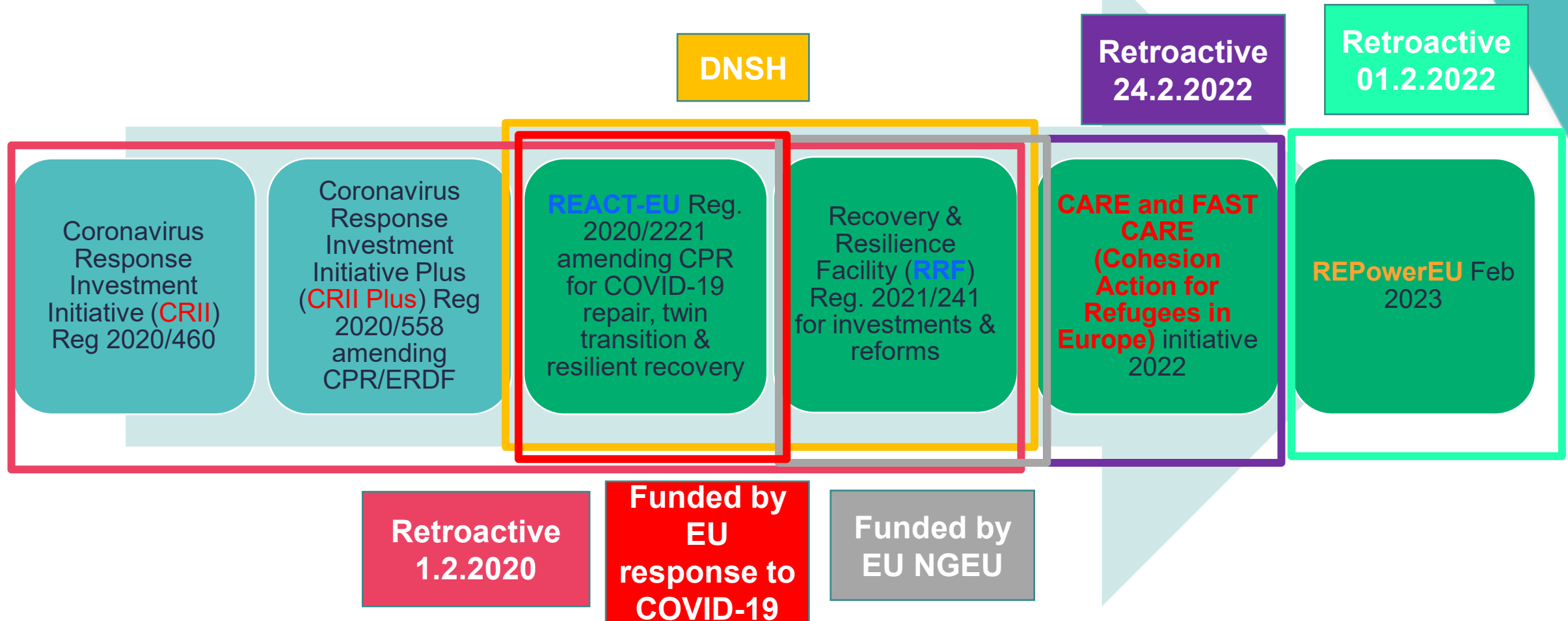
- ESF+ and JTF repay only if breach of SA rules; Exemptions: non-fraudulent bankruptcy; financial instruments

- *Art 66: Relocation*

- *QUESTION: any own rules on disposal of assets?*



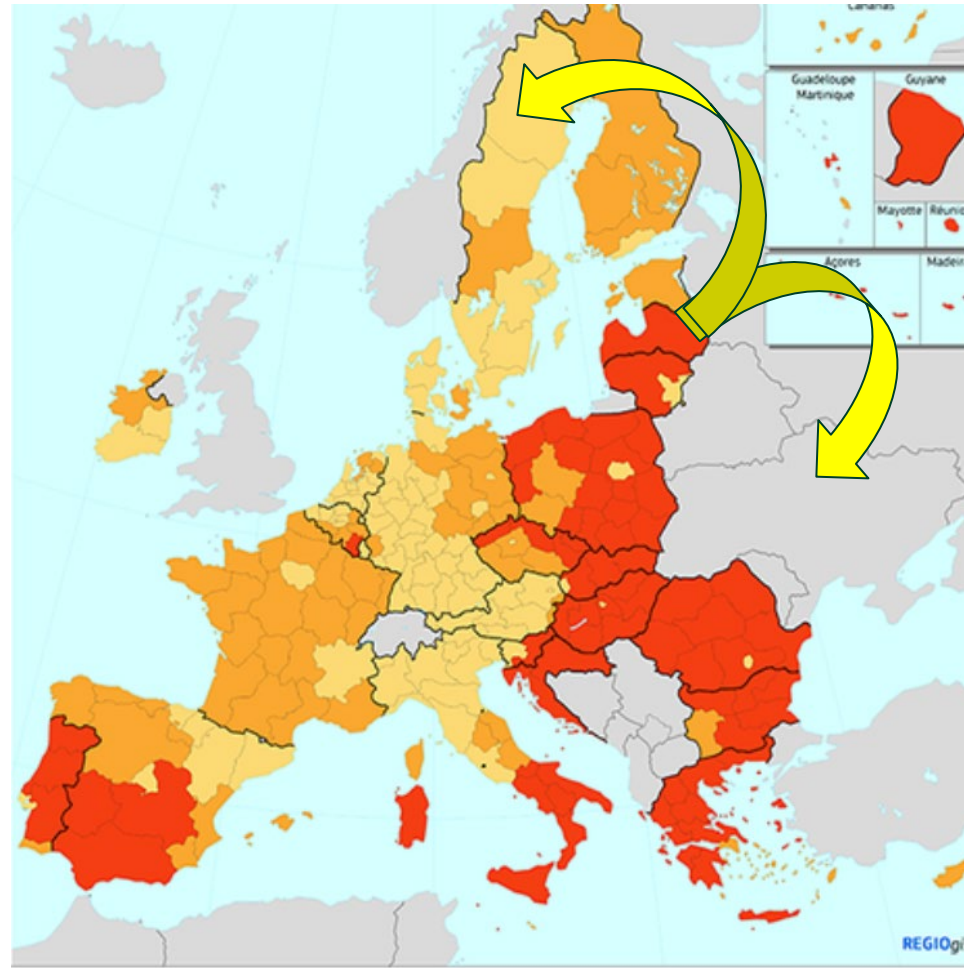
Crisis timing and retroactivity



Financial rules for synergies

- **No profit rule for grants**
- **No substitution rule**
 - if an ESIF project requires 15% of national co-financing, it cannot be contributed from HE, or if a HE Innovation project requires 30% of national funding, it cannot be sourced from the ESIF
- **No double funding (DF)**
 - same expenditure/cost item cannot receive support from multiple instruments (ESIF, HE or other).
 - Cost/expenditure item is limited to the resources actually used for the action/project, meaning that e.g. only the depreciation part or personnel costs allocated to ESIF action/project would be subject to the prohibition of DF
- **Cross-financing**
 - Joint support ERDF/ESF+ limited to 15% (art 25 CPR)

4. Where ? Location




Investment for jobs and growth goal (ERDF and ESF+) eligibility, 2021-2027

Categories of regions

- Less developed regions (GDP/head (PPS) less than 75% of the EU-27 average)
- Transition regions (GDP/head (PPS) between 75% and 100% of the EU-27 average)
- More developed regions (GDP/head (PPS) above 100% of the EU-27 average)

Location of expenditure

2014-2020 (Art. 70 and Art. 119.3)	2021-2027 (Art. 63.4)
<ul style="list-style-type: none"> • Out of OP area but within EU if benefit for OP area, approval PMC, mgt & control; < 15% of EU support to Priority Axis, TA can be out of OP area but within EU if benefit to OP • Outside EU: only TA and promotional activities if benefit and if mgt & control <p>ESF Art 13.3:</p> <ul style="list-style-type: none"> • Outside OP area but within EU if benefit to OP area, mgt & control • Outside OP area and outside EU if < 3% of OP ; only for TO labour mobility + education/LLL with PMC approval 	<p>All or part of the operation can be implemented outside the MS or outside EU, provided <u>operation contributes to the OP objectives</u></p> <p>No restrictions</p> 

5. Audit Trail and availability of documents

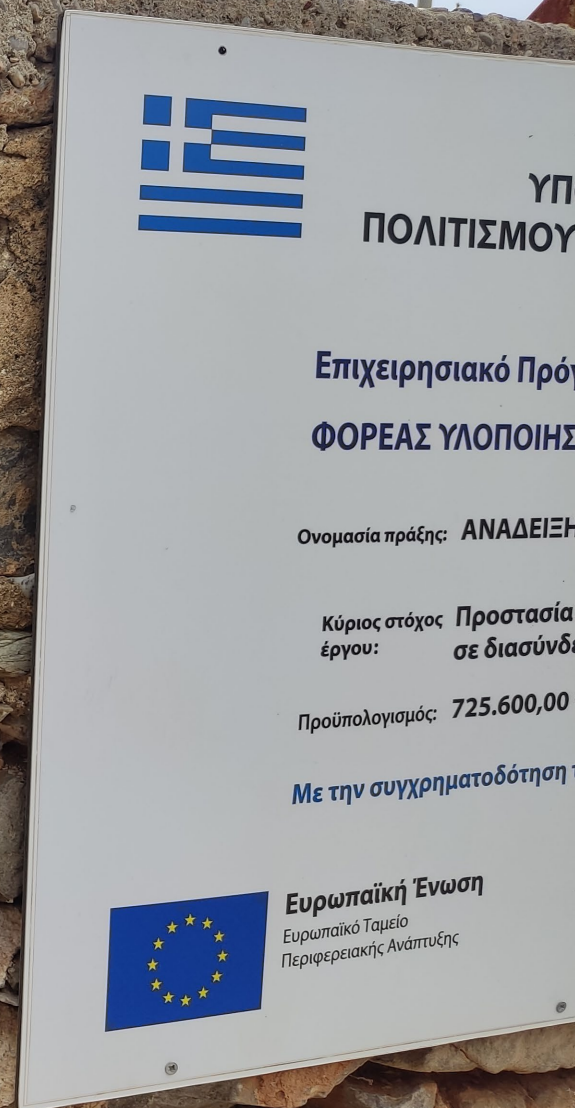
2014-2020 (Art. 140)	2021-2027 (Art. 82)
<p><u>3 Y from 31.12</u> following the submission of accounts in which expenditure is included</p>	<p>5 Y from 31.12 of the year in which the last payment by MA to beneficiary</p>
<p><u>2 Y from 31.12</u> following the submission of accounts in which the final expenditure of the completed operation is included</p> <p><i>MA may opt for 2 Y also when TEE less than EUR 1 000 000</i></p> <p>Electronic format + without prejudice to state aid rules</p>	<p>Without prejudice to state aid rules</p> <p><u>Kept at the appropriate level</u></p>
<p>QUESTION: who keeps the originals?</p>	



Art. 9 CPR Horizontal Principles

2014-2020 (art 7 and 8)	2021-2027 (art 9)
Equality/non-discrimination Sustainable development	<ul style="list-style-type: none">• EU Charter of Fundamental Rights• Gender, equality• Non-discrimination• Sustainable development/DNSH/ EU environment acquis Art 6 ESF+ on GE, EO and non-discrimination

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n. In the front the conduit.

Ονομασία πράξης: ΑΝΑΔΕΙΞΗ εργασίες αποκατάστασης -

Κύριος στόχος Προστασία
έργου: σε διασύνδε

Προϋπολογισμός: 725.600,00

Με την συγχρηματοδότηση τ
Επιχειρησιακό Πρόγραμμα
ΚΡΗΤΗ 2014 - 2020

Visibility & communication provisions

- <https://www.europe-en-france.gouv.fr/fr/projets>

DG REGIO Toolbox for OSI operations

- <https://ec.europa.eu/newsroom/regio/items/745979/en>



Eligibility rules: which ones are problematic?

- Direct link/needed for activities of project
- Reasonable & SFM principles
- Equality/non-discrimination
- DNSH/polluter pay principle
- State Aid
- Conflict of interest art 61 FR Reg 2018
- Respect FR/UN Convention
- Identifiable and documented (separate account for projects costs)
- Accounting system/absence of DF
- Keeping audit trail for 5 y
- Using EU visibility rules
- Beneficiary list art 49.3 CPR
- UBO AMLD 2015/849
- Unconditional right to control
- Respect of subsidy conditions
- Respect timing conditions
- Durability rule 5 y
- Respecting PP rules



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Financial management quick check



1. As per art 74 in CPR, in the new programming period 2021-2027, you have to pay the beneficiary within which deadline?

- a) Within 90 days
- b) Within 80 days
- c) Within 60 days
- d) Within 30 days



2. You have in your ERDF programme a priority co-financed at 75% and a project with total eligible expenditure worth 100 EUR, cash expenditure worth 60 EUR and in-kind contribution worth 40 EUR. What is then the maximum co-financing from ERDF?

- a) 75 EUR
- b) 60 EUR
- c) 40 EUR
- d) 45 EUR



3. In the new art 82 on availability of documents in 2021-2027, how long does the beneficiary need to keep original documents available?

- a) For 5 years from last payment by the Managing Authority to the beneficiary
- b) You may need to follow State Aid rules/provisions
- c) For 5 years starting from the 31 December of the year in which the EC did last payment to the Managing Authority
- d) For 5 years starting from 31.12 of the year in which beneficiary received last payment by Managing Authority




4. Which are the horizontal principles in the CPR regulation for 2021-2027:

- a) Sustainable development
- b) Charter of fundamental rights
- c) Gender mainstreaming, men/women equality, gender perspective
- d) Sound financial management
- e) Non-discrimination
- f) Balanced Digital development among territories
- g) Non-substitution with national recurring expenditure
- h) 17 UN SDG goals
- i) DNSH principle and its 6 dimensions

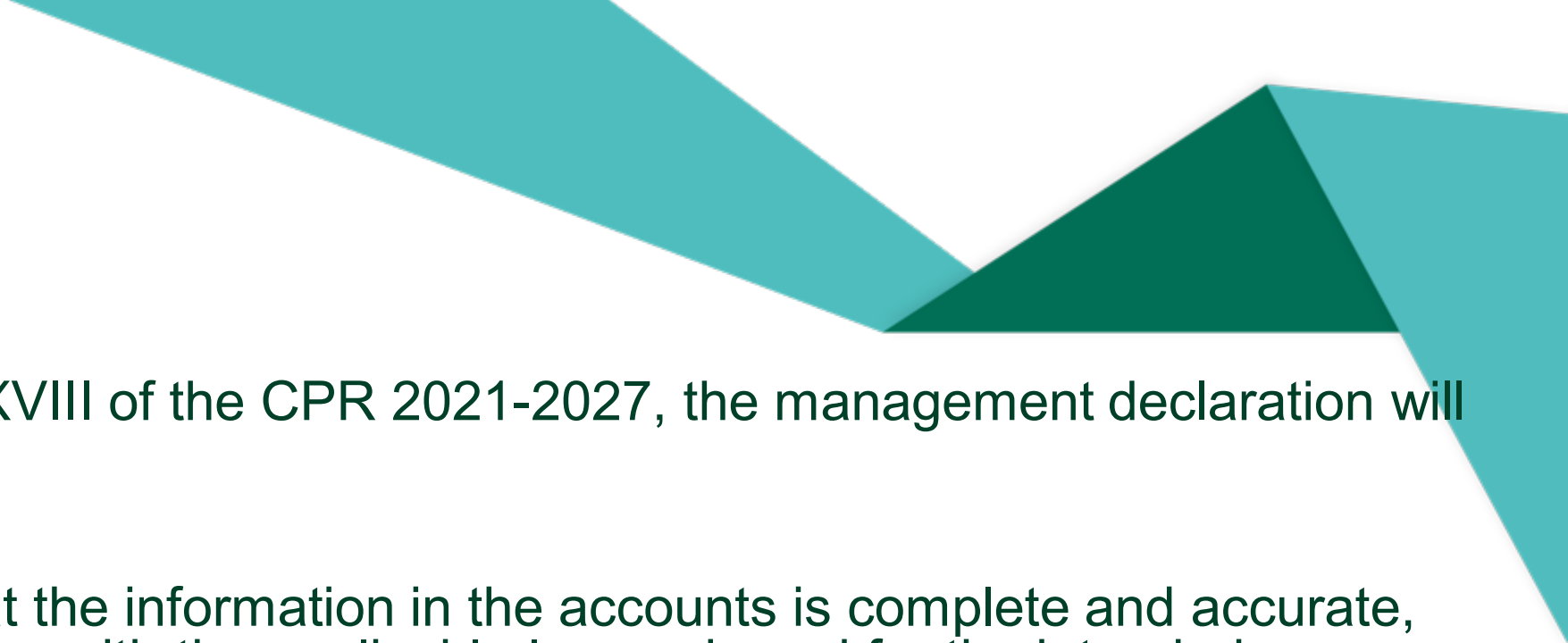
5. What does the rules around durability say in 2021-2027?

- a) To repay if you substantially change within 5 y. the nature of the operation
- b) To repay if you move to another NUTS 2 within 5 years
- c) There is an option to reduce the obligation to 3 years for SME
- d) To apply the durability clause in case of non-fraudulent bankruptcy
- e) Supporting relocation, as defined in GBER Regulation, is not allowed



6. The new accounting function (AF) in 2021-2027 replaces the Certifying authority 2014-2020:

- a) The AF can be outside the MA and can be responsible for more than one programme
- b) The AF carries out audit of accounts, audits on operations and system audits
- c) The AF shall draw up and submit payment applications, as well as the account, keep electronic records of the accounts and convert the currency if needed into Euro
- d) The AF shall perform verification on beneficiaries if needed complementary to the Managing authority



7. In the new Annex XVIII of the CPR 2021-2027, the management declaration will include:

- a) A confirmation that the information in the accounts is complete and accurate, and that it complies with the applicable law and is used for the intended purpose
- b) A confirmation that effective and proportionate anti-fraud measures are in place
- c) A confirmation of the reliability of data relating to indicators, milestones and the progress of the programme
- d) A confirmation that irregularities identified have been treated in the accounts and that expenditure subject to ongoing assessment has been excluded
- e) The annual summary of final audits and controls



8. In 2021-2027 financial management will be changed with:

- a) N+3 with the exception of N+2 for 2027
- b) Retention at payments is increased from 5% to 10%
- c) You can make a maximum of 6 payment application a year to the EC
- d) The performance reserve of 6% is kept

Exercise: Durability 2021-2027

- A productive investment of large company worth € 100 Million receives ERDF financing covering 80% of the investment. Apply article 65 of CPR . Then repeat the same exercise in the case of an SME when the Member State reduces the time limit.

Investment kept operations for X years	Level of financial correction	Level of ERDF contribution (€)
5		
4		
3		
2		
1		