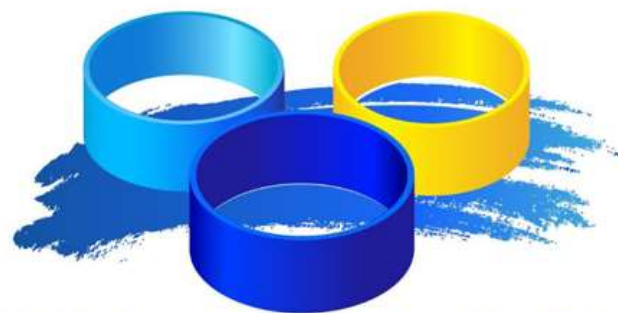


RULES ON ELIGIBILITY OF EXPENDITURE

INTERREG VI-D MAC

2021-2027



MAC 2021-2027
Territorial Cooperation



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With the aim of establishing **common rules** for the whole Programme, the Monitoring Committee, on the basis of the technical sheets drawn up by INTERACT in collaboration with the European Commission and the experience accumulated in the management and monitoring of the Interreg MAC programme in previous programming periods, has adopted the following Eligibility Rules, which will be applicable to all beneficiaries of the programme regardless of their legal nature or location.

1. LEGAL BASIS.

Regulation (EU) No 2018/1046, the "Financial Regulation", establishes the general framework applicable to the financial rules of the general budget of the European Union.

Regulations No 2021/1060 on common provisions on Funds (CPR), No 2021/1058 on the European Regional Development Fund (ERDF) and No 2021/1059 on European Territorial Cooperation (Interreg) lay down eligibility rules for expenditure and establish the following eligibility-rule hierarchy:

1. Standards set out in the **Regulations**.
2. Rules established by the **Monitoring Committee** for categories of expenditure not covered by the Regulations.
3. **National rules** of the Member State of the beneficiary, where applicable, for matters not covered by the Regulations and rules established by the Monitoring Committee.
4. **The rest of the legal system of** the Member State of the beneficiary by way of supplementary application.

2. FORMS OF GRANT.

In accordance with Article 53(e) of the CPR, the programme shall use a **combination of the following forms of grant** as defined in points (a) to (d) of such Regulation:

- a) reimbursement of eligible costs actually incurred by a beneficiary
- b) unit costs
- c) flat-rate financing

3. GENERAL CRITERIA.

All eligible expenditure must contribute to the specific objectives of the MAC project and programme, favouring the geographical area of cooperation.

ERDF beneficiaries may incur expenditure for the implementation of the project on the territory of the third country partners of the programme or on any other territory, inside or outside the European Union, provided that such operations contribute to the objectives of the MAC programme (Article 37.1 of the Interreg Regulation).

All expenditure must respect the following **general criteria in order to be eligible:**

- ✓ It must be **directly related** to the implementation of **activities approved** in the project.
- ✓ It must be **provided for in the approved Application Form,**
- ✓ It must be **necessary** for the achievement of the objectives of the project.
- ✓ It must meet the criteria of **efficiency, economy and effectiveness.**
- ✓ Expenditure becoming eligible as a result of an **amendment of** the project shall be so from the date on which such amendment is approved in the programme management computerised system (e-MAC).

Expenditure declared as real costs must:

- ✓ **be incurred and effectively paid by the relevant beneficiaries.**
- ✓ be incurred and paid **within the implementation period** of the project (start and end dates defined under the terms of the tendering procedure and contract respectively).
- ✓ **be verifiable:** there must be documentary evidence of the expenditure incurred, payment and accounting, as well as that of the procurement procedure, where applicable.
- ✓ be reflected in the accounting records of the beneficiary, either through a separate accounting system or with the appropriate coding identifying the project expenditure.
- ✓ comply with the applicable European and national regulations for each expenditure, especially those concerning public procurement including sub-contracting.
- ✓ comply with the principles of **transparency, advertising and free competition.**
- ✓ comply with the **horizontal principles** on equality between men and women, equal opportunities and non-discrimination, accessibility for persons with disabilities and sustainable development.
- ✓ comply with the **visibility, transparency and communication requirements of the programme.**
- ✓ **not have been financed** wholly or in part by European funds, either by other funds or the same fund under another programme or project.
- ✓ be entered, with the relevant supporting documents, in the programme management computerised system (e-MAC).

For **each type of expenditure**, documents to be provided are referred to in factsheets by type of expenditure under the "audit trail" annex section.

4. ELIGIBLE COSTS.

The following costs are considered eligible under the ERDF for the purposes of the MAC programme:

- a) infrastructure investments;
- b) activities for applied research and innovation, in particular industrial research, experimental development and feasibility studies;
- c) investments in access to services;
- d) productive investments in SMEs and investments aimed at safeguarding existing employment and creating new jobs;
- e) equipment, software and intangible assets;
- f) networking, cooperation, exchange of experience and activities involving innovation clusters, in particular between enterprises, research organisations and public administrations;
- g) information, communication and studies,
- h) technical assistance,
- i) the pooling of facilities and human resources,
- j) Value Added Tax (VAT) or equivalent tax for **projects the total cost of which is below 5,000,000 (including VAT)**,

5. NON-ELIGIBLE COSTS.

In accordance with the European Regulations above mentioned, the following costs are not eligible for contribution from the Funds:

- ✓ Interest on debt.
- ✓ Specific investments excluded by Article 7(1) of Regulation (EU) 2021/1058.
- ✓ Fines, financial penalties and expenses incurred for legal disputes and litigation.
- ✓ Donations costs.
- ✓ Expenditure linked to currency exchange rate fluctuations.

In addition to the above, the following costs are not considered eligible by decision of the Monitoring Committee:

- a) Contributions in kind, e.g. unpaid voluntary work,
- b) Bank charges arising from financial transactions,
- c) Other forms of support such as cash prizes, repayable grants and financial instruments,
- d) Extraordinary bonuses, if they are conditional on the approval or implementation of the project,
- e) Gifts,
- f) Land purchase,
- g) External expertise and services with staff employed by any of the entities benefiting from the project,
- h) Purchasing second hand equipment,
- i) Common costs. Common expenditure is the outsource spending shared by a group of beneficiaries of a project. A single beneficiary will be responsible for

procurement, implementing and paying for the common tasks benefiting the partnership as a whole, i.e. the actions may be distributed among partnership members but not the costs associated with them.

6. ELIGIBLE COST CATEGORIES

In accordance with Articles 39 to 44 of Regulation (EU) No 2021/1059 on specific provisions for the European territorial cooperation goal (Interreg), the following cost categories are established:

1. **Staff costs,**
2. **Office and administrative costs,**
3. **Travel and accommodation costs,**
4. **External expertise and service costs,**
5. **Equipment costs,**
6. **Costs for infrastructure and works.**

Each of these categories of expenditure is developed in the relevant fact sheets in Annex.

7. SIMPLIFIED COST SYSTEM

In accordance with Art 53 to 56 of Regulation No 2021/1060 a **simplified cost system** has been settled to allow beneficiaries to choose, for each project, the following simplified cost options:

A. Staff costs at the flat rate of 20%.

Cost category	Form of grant	Simplification
External expertise and service costs	Real costs	
Equipment costs	Real costs	
Costs for infrastructure and works	Real costs	
Staff costs	Flat rate	20% of real costs
Travel and accommodation costs	Flat rate	15% of staff costs
Office and administrative costs	Flat rate	15% of staff costs

B. Staff costs as unit costs

Cost category	Form of grant	Simplification
External expertise and service costs	Real costs	
Equipment costs	Real costs	
Costs for infrastructure and works	Real costs	
Staff costs	Unit costs	cost/hour per no. of hours
Travel and accommodation costs	Flat rate	15% of staff costs
Office and administrative costs	Flat rate	15% of staff costs

*Private enterprises may not declare staff costs on the basis of unit costs but option A.

C. Flat rate of 40% for costs other than staff costs

Cost category	Form of grant	Simplification
Staff costs	Unit costs	cost/hour per No. of hours
Other costs	Flat rate	40%

* Private enterprises may not declare staff costs on the basis of unit costs but option A.

Different **applicable options for simplified costs and forms of grant** are outlined in the table below:

CATEGORIES	SIMPLIFICATION	Form of grant
Staff costs	a) 20% other than staff costs b) MAC unit costs	a) Flat rate b) Unit costs
Office and administrative costs	15% of staff costs	Flat rate
Travel and accommodation costs	15% of staff costs	Flat rate
External expertise and service costs	-	Real costs
Equipment costs	-	Real costs
Costs for infrastructure and works	-	Real costs

*Enterprises may not choose the unit cost option to declare staff costs.

8. PROCUREMENT RULES

Project beneficiary entities must actively participate in the implementation of the approved activities, and may therefore only hire those activities that they cannot carry out themselves or the implementation of which by third parties allows them to comply with the principles of **efficiency, economy and effectiveness** required by the relevant public fund management.

An entity shall be deemed not to be able to carry out a given activity itself in the following cases:

- ✓ When procurement actions which do not constitute the object of the co-financed activity but a means to achieve it.
- ✓ When the subject of the contract is not expected to be carried out personally by the relevant beneficiary because it is not the object of her activity or the beneficiary does not have sufficient staff or material resources to carry out the co-financed activity.

When procurements are carried out, it will be necessary to comply with the applicable procurement legislation and observe national and EU procurement policies and directives.

Entities participating in projects of a public-type nature and private non-profit entities, and therefore not subject to public procurement legislation, must adopt a procurement system similar to the former, in which the principles of free competition and advertising, transparency, confidentiality, equality and non-discrimination are complied with.

- FOR BENEFICIARIES IN THE CANARY ISLANDS:

According to the nature of beneficiaries, two cases are identified:

- When a beneficiary is NOT considered a the "Contracting Authority" in accordance with Directive 2044/24/EU of the European Parliament and of the Council of 26 February 2014, on public procurement and repealing Directive 2004/18/EC, and in accordance with the provisions of Article 3.3 of Law 9/2017, of 8 November, on Public Sector Contracts, which transposes into Spanish law the Directives of the European Parliament and of the Council 2014/23/EU and 2014/24/EU, of 26 February 2014 (hereinafter LCSP), in the execution of their projects through third party entities, they must comply with the principles of transparency, advertising, free concurrence, confidentiality, equality and non-discrimination, for which the provisions of the national regulations on Subsidies shall apply (SPAIN: *Ley 38/2003, de 17 de November, General de Subvenciones*).
- When a beneficiary is considered a "Contracting Authority" in accordance with Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and repealing Directive 2004/18/EC, I, and in accordance with the provisions of Article 3 of the LCSP, in the execution of its projects through third party entities, it will be subject to the such provisions.

- FOR BENEFICIARIES IN PORTUGAL:

Beneficiary entities not subject to public procurement regulations shall ensure in procurement processes that the limits established in the applicable legislation are respected according to the territorial scope.

All documents regarding procurement procedures must be kept by both the procured and procurer entities in order to facilitate audit and control procedures. Such documents must be uploaded to the "Procurement File" section of the programme computerised management system (e-Mac).

In addition, contractors must agree to provide the relevant bodies responsible of such procedures with all documents related to the procured activities.

Finally, it will NOT be allowed:

- ✓ Procurement between entities participating in the project to carry out activities or services within the framework of the project.

- ✓ Procurement with entities where the beneficiary is legally linked to, has a capital participation in or belongs to the same business group.¹
- ✓ Self-invoicing, understood as expenditure incurred involving internal invoicing within the same beneficiary entity, e.g. between different divisions or departments of the same entity.

9. STATE AID RULES.

9.1. Companies participating as beneficiary partners in projects approved under Specific Objective SO 1.1.

Provisions of Article 20 of the General Block Exemption Regulation (GBER) shall apply to companies participating as beneficiary partners in projects approved under Specific Objective SO 1.1, subject to the following limits:

- Aid for costs incurred by firms will be limited to a maximum amount per enterprise and project of €100,000.00.
- Eligible cost categories are those set out in point 6 of this document.
- The aid intensity will correspond to the co-financing rate of the programme (85%).

The Managing Authority shall make the relevant communication to the European Commission in accordance with Article 11 of the GBER.

9.2. Enterprises receiving aid in projects approved under Specific Objectives SO 1.1, SO 1.3, SO 2.1, SO2.2 and SO 2.6.

The total amount of aid granted to undertakings that may benefit as final aid recipients in the framework of the activities covered by projects approved under Specific Objectives SO1.1; SO1.3; SO2.1; SO2.2; SO2.6 will not exceed €22,000.00 per firm and per project, in accordance with the provisions laid down in Article 20 bis of the GBER.

10. TREATMENT OF THE GENERATED INCOME.

Should a beneficiary declare expenditure on a project activity that is expected to generate income or has already generated income, the beneficiary must notify the Regional Controller with a short report attached to the expenditure, providing the calculation or estimate of such income.

11. APPLICABLE CURRENCY UNIT.

The euro shall be the applicable currency in this Cooperation Programme. Expenditure paid in another currency shall be converted into euro in order to be declared.

¹ Linked entities should be understood as entities where one is a parent entity of the other, or both are subsidiaries of the same parent, or both belong to the same group, or one exercises influence over the other in its financial policy or management.

The conversion into euro shall be made by using the monthly accounting exchange rate of the European Commission in the month during which that expenditure was submitted for verification², and the beneficiary must prove the calculation made when declaring the expenditure by providing the necessary information.

12. AUDIT TRAIL

The documents identified in the "*audit trail*" section of each cost category factsheet in Annex must be entered into the programme management computerised system (e-MAC) when the expenditure is declared, the absence of which could lead to the non-eligibility of the expenditure.

In addition, the beneficiary may incorporate all documents deemed necessary to justify that the expenditure incurred complies with the conditions specified in each factsheet, according to the cost category.

During any of the control phases of the expenditure declared by the beneficiary, the controller/auditor may request documentation not identified in the factsheet audit trail section if it is considered necessary to verify compliance with cost eligibility requirements.

13. CONCLUDING REMARKS

The following considerations should be highlighted:

- In order to proceed with the cost verification, the declaration of expenditure must be correctly uploaded in the programme computerised management system.
- The forecast of expenditure in the approved application form does not imply eligibility.
- The cost eligibility shall be determined by the Regional Controller at the time of verification on the basis of the documentation provided.

14. ANNEXES (FACT SHEETS BY COST CATEGORY)

14.1. DATASHEET 1: STAFF COSTS

14.2. FACTSHEET 2: OFFICE AND ADMINISTRATIVE COSTS

14.3. FACTSHEET 3: TRAVEL AND ACCOMMODATION COSTS

14.4. DATASHEET 4: EXTERNAL EXPERTISE AND SERVICE COSTS

14.5. DATASHEET 5: EQUIPMENT COSTS

14.6. FACTSHEET 6: COSTS FOR INFRASTRUCTURE AND WORKS

² Monthly exchange rates published by the European Commission on the InforEuro website: https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en.