

Workshop: Financial Management of INTERREG programmes

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Commission Regulation 1685/2000 (448/2004) on Rules of Eligibility: Important Rules for INTERREG-Projects

The overall and most important rule: National rules apply, except...

Rule No 1: Expenditure actually paid out

- Expenditures by final beneficiaries are only reimbursed by PA if they are “actually paid out” (art. 32/1)
- Some examples for expenditure actually paid out (Doc. CDRR/01/0069/01)
- Payments normally in cash (1.1)
- Staff costs
- Costs of depreciation (1.6)
- Overheads (1.8)
- Contributions in kind (1.7)
- The maximum level of contributions in kind (1.5)
- Stricter rules of Member States/MA (1.10)
 - IIIC
 - IIIB North Sea
- Subcontracting (1.3)

Rule No 2: Accounting treatment of receipts

- Receipts reduce ERDF co-financing (2)
- Exemptions: contributions from private sector if foreseen in the Financing Tables
- Revenue-generating investment (Art. 29/4)

Rule No 3: Financial and other charges and legal expenses

- The new rule of charges for financial transactions of the Paying Authority (3.1)
- Financial charges in the framework of projects; audit costs
- Costs of guaranties: the IIIC-example (3.4)

Rule No 7: VAT and other taxes and charges

- The clarification on public/private final beneficiaries

Rule No 11: Costs incurred in managing and implementing the Structural Funds

- The general rule: costs for management, implementation, monitoring and control are ineligible (11.1)

- Exemptions: Two kinds of Technical Assistance (TA)
 - a) Normal TA (TA 1)
 - Expenditure on programme level for MA, JTS, MC, SC, second level control (2.1)
 - Expenditure for civil servants and other staff (2.2)
 - Maximum amount (2.3, 2.5)
 - Specific column in the Financial Table
 - b) Other expenditure under TA (TA 2)
 - No maximum amount (11.3)
- Expenditure by public administrations on project level outside TA (11.4)

Rule No 12: Eligibility of operations depending on the location

- General rule: Operations shall be located in the eligible area (12.1)
- Exception: Operation in adjacent regions if the operation is for the benefit of the eligible region (12.1)
- Case study: Participation of project partners located outside the eligible area (Commission letter from 29.05.2002)

State Aid

I) State Aid in Structural Fund Programmes

- Negotiation and Approval of Programmes
- Implementation of Approved Programmes
- Monitoring and Financial Control

II) Measures covered by State Aid Rules

State Aid rules apply to measures that satisfy the following criteria:

- Transfer of State Resources
- Economic Advantage
- Selectivity
- Distorts or threatens to distort competition
- Affects trade between Member States

III) Exemptions from the ban on State Aid

- c) Aid measures subject to the notification requirement
 - National aid schemes
 - Individual aid
 - The principle exemption categories
 - i. Regional aid
 - ii. Sectoral rules
 - iii. Horizontal rules
 - Approved aid schemes in Poland
- d) Aid measures that are exempted from the notification requirement
 - SME aid
 - Training aid
 - Employment aid
 - De-minimis rule