

Fact Sheet: Reusing SCOs from other areas

SCOs from Union policies and schemes for grants funded entirely by the Member State for a similar type of operation

Article 53(3) CPR, points (c) and (d)

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Legal framework

Among the 5 ways to establish simplified cost options (SCOs) in the 2021-2027 programming period provided in Article 53(3) CPR¹, 2 methods (points (c) and (d)) refer to re-using SCOs from existing schemes.

Article 53(3) CPR – The amounts for the forms of grants referred to under points (b), (c) and (d) of paragraph 1 [SCOs], shall be established in one of the following ways:

(...)

(c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation;

(d) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation.

The option of reusing SCOs from existing schemes was introduced in CPR in the 2014-2020 period (Article 67(5)(b) & (c) and Article 68(c)).

Definitions

It is important to clarify what is meant by points (c) and (d) of Article 53(3) CPR:

- SCOs from Union policies means SCOs developed by the European Commission (EC) that are used in the programmes that are directly managed by the EC. When we talk about Union policies programmes, we mean, for instance, Horizon Europe, Erasmus+, Citizens, Equity, Rights and Value programme (CERV), Creative Europe, etc.
- SCOs from national schemes – these are SCOs developed by a Member State (national level) that can be used in other EU-funded programmes within a specific Member State. It is not meant to be reused by another Member State; it is meant to be used within the Member State.

¹ Regulation (EU) 2021/1060, further in the factsheet referred to as CPR.

Re-using SCOs from other Interreg programmes, thus, does not fall under points (c) and (d) of Article 53(3) CPR. Copy-pasting SCOs developed by other Interreg programmes are logical only in certain cases (e.g., geographical compatibility, comparable price levels, etc.)².

In this factsheet, we will use 2 specific terms:

- reference programme – a programme for which an SCO was originally developed (Union policies programmes, like Horizon Europe, CERV, etc.);
- recipient programme – a programme that reuses the SCO from the reference programme (e.g., an Interreg programme).

Key principles

Reusing SCOs from Union policies and national schemes³ works similarly to the off-the-shelf SCOs; i.e., the recipient programme does not have to develop the SCO methodology from scratch. SCOs can be “borrowed” from Union policies programmes or national schemes and applied in another programme by referencing the original SCO(s). This method is provided in Regulations for programmes not to re-invent the wheel, but to make use of what is already available and approved by the EC.

When reusing SCOs, the programme will need to justify the similarity of operations⁴ (more on this in the following section).

Reusing is only possible if:

1. the rules on the corresponding EU policy SCO were still applicable at the moment of the call for proposals (for SCOs from Article 53 CPR) or at the moment of the programme submission to the Commission (for SCOs from Article 94 CPR); methods that are no longer used by a reference programme cannot be reused;
2. the method is reused entirely and not only its result; i.e., the totality of the method (e.g., definitions, eligible expenditure, scope);
3. the method is applied to similar types of operations,

As for all other SCOs, an SCO should be defined ex-ante in the reference programme, at the latest with the announcement of the call for proposals. It is not possible to adjust and/ or change the method that is being reused by the recipient programme – no changes to amounts/ percentages/ eligibility/ scope are possible! Furthermore, in case adjustments of an SCO are

² Find out more about reusing SCOs from other Interreg programmes in a [dedicated factsheet](#). NB: you will have to be a member of the online community, Interreg SCOs, to be able to see the document. If you want to get access to the community, please contact us at sco@interact-eu.net.

³ Please note, methods used for national operations (such as scholarships, and daily allowances) and for those supported by the programme are acceptable. If under national provisions some expenditure is reimbursed based on real costs with maximum values, like thresholds or ceilings, these maximum amounts cannot be used as SCO amounts unless it can be demonstrated that they represent a fair value (in such a case they could be considered as SCO amounts/ part of SCO amounts established on the basis of a fair, equitable and verifiable method or a draft budget ([EC checklist Assessment/audits of SCOs, point 1.7](#)))

⁴ NB: The requirement of application to a similar type of beneficiary (mandatory in the 2014-2020 programming period) is no longer relevant for SCOs applied in the framework of the 2021-2027 programming period.

foreseen by the reference programme (e.g., of the values due to periodic adjustments), they should be mirrored accordingly by the recipient programme!

If you include an SCO from the Union programme in your further calls for proposals, you must make sure the method you're reusing is up-to-date and in use in the reference programme.

It is, thus, very important to stay in direct contact with the reference programme during the whole period of using their SCO(s) in your programme to make sure all updates/ adjustments are integrated timely.

Reused entirely and totality of the method – what does it mean in practice?

When reusing an SCO, the managing authority (MA) needs to ensure that not only the results of the method (the rate or X%) are reused, but the underlying assumptions/ conditions/ prerequisites built-in in the method (e.g., definitions, eligibility of expenditures, types and scopes of projects, conditions under which the method will be updated, etc.).

For example, if a lump sum is reused from an EC-managed programme, it is not enough to simply use the amount of the lump sum (e.g., EUR 10 000). Everything that is included in the original definition of the lump sum (e.g., cost categories and cost items the lump sum covers, outputs to be delivered, conditions of delivery, payment triggers, adjustment of the amount of the lump sum, if foreseen) should be reused entirely⁵.

Yet, it does not mean that a recipient programme has to use all SCOs developed by a reference programme for a certain type of operation (e.g., if a reference programme designed a separate method for a unit cost for staff costs and another unit cost for external costs of events' organisation, a recipient programme can decide to reuse only one, e.g., a unit cost for staff).

Similar types of operations – what does it mean in practice?

Neither CPR/ Interreg Regulation nor EC guidelines on the use of SCOs⁶ nor [EC checklists](#) provide a definition of what is behind the “similarity of operations”. It is, thus, up to the MA to assess whether in each specific case, the requirement of the similarity of operations is met. Operations do not have to be identical. There is also no one-size-fits-all solution. A careful case-by-case examination by the MA is required. Scope of projects (e.g., thematic scope), budget size (e.g., small-scale projects, regular projects), duration of the operations (e.g., small projects), planned outputs and results could be a starting point. Careful examination of conditions for the call for proposals of project types could also be an option to start with.

⁵ NB: in the case of eligibility of expenditure and definitions of cost categories, Interreg programmes are quite specific (in comparison to mainstream programmes) with their defined cost categories and types of costs described explicitly in Regulations (Articles 39-44 of the Interreg Regulation).

⁶ [EC guidelines on the use of SCOs within the European structural and investment funds \(ESI\) – revised version](#). NB: even though this guideline is prepared for the 2014-2020 programming period, the principles set out in this document remain valid for the use of SCOs in the 2021-2027 programming period.

Reference SCO(s) – when and how should it be in use? (Timing is the key!)

When reusing an SCO from the Union policies programme or national scheme, the MA must ensure that the method exists and is in use at the moment of the reusing and applying it (i.e., at the time the call for proposals is launched in the recipient programme).

These are the typical situations that one has to take into account when reusing an SCO(s):

- If a method is discontinued in the reference programme before the recipient programme launched a call for proposals - it is no longer possible to reuse it in a new call for proposals (as the condition of having a reference to the original method in place will no longer be fulfilled).
- If the method is modified, and new calls will be launched to select projects - the “new”, modified, method should be used for new projects. In other words, it is not possible to reuse an SCO that was effective before modifications were introduced. If a programme still wants to use the method and provided the updated SCO fits the programme’s intention, the modified SCO should be used for new calls for proposals.
- If the original method is discontinued or modified during the implementation period - a recipient programme can still use it in projects that have already started implementation using that method or for projects that have been already selected for co-financing using that method but have not started their implementation yet (a call for proposals has been already closed and the projects are contracted).
- If a call for proposals is still running (open) and the reference SCO is modified - the call should be updated accordingly or relaunched to take into account the change(s) in the reference method (if the projects haven’t been contracted yet).

Note, it is quite risky to reuse methods from Union policies during the transition period between two programming periods as it is unknown whether the reference programme is continued and whether it will be using the same SCOs and methodologies. In such cases, it is always recommended to get in touch with the respective programme and carefully assess all risks and implications for your programme.

Audit of the methodology

Reusing an SCO from Union policies/ national schemes does not require providing justifications for the methodology, calculation method, data sources, and so on, as a recipient programme does not develop the methodology itself.

However, when reusing an SCO(s) from Union policies/ national schemes, the MA needs to document the following:

- the reference programme with the relevant date (timing), reference to the EU policy methodology;
- the similarity of type of operations,
- the totality of the SCO has been implemented (incl. potential built-in updates/modifications),
- the reference to the national method with justifications that this method is in use for operations supported exclusively by national funds (if an SCO is reused from the national scheme).

The EC checklist on the assessment and audits of SCOs provides a comprehensive overview of what is checked if methodologies from Union policies or national schemes are used. The checks focus on ([points 1.6 and 1.7 of the checklist](#)):

- correct reference to the Union policy/ national scheme – the existence of the method;
- periodic adjustments of the method, if foreseen in the reference method
- totality of the method;
- justification for the requirement of the similarity of operations.

Verification of the application of the method

The management verification and audit of the application of the methodology will follow the standard management verification and audit of the respective SCO (flat rate, unit cost or lump sum). For instance, if the reused SCO was a lump sum, the check will focus on the following:

- verification of the outputs of the project;
- verification that the criteria for the payment of the lump sum are fulfilled (criteria should be the same as in the reference method!);
- verification that other reported project expenditure is not already covered by the lump sum (double financing).

Why are these methods relevant for an Interreg programme?

SCOs methodologies from Union policies can be relatively easily used by Interreg programmes (provided all requirements to reuse the method are fulfilled). The advantages of this method are:

- fixed rates;
- ready to use and relatively easy to apply;
- similar to off-the-shelf SCOs - no justifications for calculation methodology, data sources, etc. are needed; the MA needs to justify the similarity of operations only;
- no explicit definition of what a “similar” operation is anchored in the Regulations – it is open to the programme’s interpretation.

Methods from the national schemes can be used only in the Member State of where the scheme is developed – it cannot be reused in other countries covered by an Interreg programme. If a programme decided to use SCOs from national schemes, it needs to ensure that similar SCOs are available from national schemes in all countries covered by the programme. If SCOs from national schemes are not available in all countries of an Interreg programme, other methods to establish SCOs from Article 53(3) CPR could be used (provided the data sources are comparable and proper justifications for using different methods are there).

On the other hand, using points (c) and (d) of Article 53(3) CPR can bring up some challenges:

- no clear definition of what is “similar” and how to justify the similarity of operations is provided in the Regulations – case-by-case assessment and justification;
- SCOs from Union policies are risky to use during the transition period (the end of the programming period is a “natural cut-off” date of the method); not really feasible to use

at the beginning of a new programming period – the reference method should be in place before reusing it in another programme;

- close monitoring of the reference method is needed, and all changes in the reference method should be mirrored in the recipient programme;
- no flexibility as to the content and scope of the method – it should be applied to similar operations; it should cover the same cost categories, and it cannot be modified to the programme-specific needs and context.

Where to look for SCOs from Union policies and national schemes?

Collections of SCOs from ERDF/CF mainstream programmes for the 2021-2027 programming period (from Article 53 CPR and Article 94 CPR) are currently under development. Once ready, you will find them on the dedicated Commission's page on SCOs, [here](#).

You can find a list of EU-funded programmes [here](#).

Below you can see examples of Union policies programmes and SCOs:

- [Erasmus+](#) - lump sums and unit costs (e.g., rates for travel distance, linguistic support, preparatory visits, course fees, organisation of the intensive programmes) are used in the programme, check for details in the [programme guide 2023](#);
- [Citizens, Equality, Rights and Values](#) (CERV) programme – lump sums per participant in in-situ and physical events are defined in the [EC decision authorising the use of lump sums for actions under the CERV programme \(2021-2027\)](#);
- [Horizon Europe](#) – 3 types of SCOs can be found from Horizon Europe (flat rate, unit costs, lump sums); see details [here in the section “Simplified cost decisions”](#) – e.g., unit costs for SME owners, unit costs for staff mobility, lump sums and unit costs for Marie Skłodowska-Curie actions;
- [European Solidarity Corps](#) - the [decision authorising the use of lump sums, unit costs](#) (e.g., travel costs, organisational support, project management support, staff costs, linguistic support, coaching costs) and flat-rate financing for volunteering, traineeships, jobs and Solidarity Projects.

If you want to check SCOs that are used in other Interreg programme, you can check [this collection of SCOs](#) from Interreg programmes for the 2021-2027 programming period. Please make sure to insert SCOs in use from your Interreg programme if the data is not in the collection.

Example of an SCO reused by an Interreg programme from Horizon 2020 programme⁷

Interreg V-A - Belgium-The Netherlands (Vlaanderen-Nederland) - Standard scale for unit costs for staff costs paid to SME owners, as used in Horizon 2020 programme and approved through Commission Decision C(2013)819789¹⁰

Background

In the 2014-2020 programming period, Interreg Belgium – the Netherlands programme had placed more emphasis on innovation and strengthening SMEs with its programme's priority axes and specific objectives, which created a higher interest of SMEs to participate in innovation projects. However, according to programme's rules the only way to reimburse staff costs was to use a standard scale of unit costs based on fixed monthly salary for legal employer-employee contracts. This condition eliminated possibility of SME owners/ managers to receive staff costs (as they were quite often the only ones working in the company and having no employment contracts).

As the programme has already had many ongoing projects, a quick but audit-proof solution was needed. Developing an own programme-specific SCO was considered not to be an option, as it was quite a lengthy and work-intensive process.

Solution

Reusing a standard hourly rate for SME owners from Horizon 2020 programme (H2020 further in the document) for SME company owners who do not receive a salary as an employee (unit cost of €32,51 (BE) and €33,92 (NL), per hour, worked during the period 2014-2017 and €34,12 (BE) and €36,82 (NL), per hour, worked during the period 2018-2022).

Conditions to be met for reusing the method:

- Totality of the method – from the array of possible instruments for reimbursement of costs from the H2020 SME instrument, the method for hours worked was copy-pasted. That method can be combined with existing flat-rate financing for travel and accommodation and office and administration costs.

⁷ This example comes from the 2014-2020 programming period. The examples will be added once the implementation of the 2021-2027 programmes advances.

¹⁰ COMMISSION DECISION C(2013) 8197 of 10.12.2013¹⁰ authorising the use of reimbursement on the basis of unit costs for the personnel costs of the owners of small and medium-sized enterprises and beneficiaries that are natural persons not receiving a salary under the Horizon 2020 Framework Programme for Research and Innovation and under the Research and Training Programme of the European Atomic Energy Community (2014-2018)".

- Similarity:
 - of operations:

H2020	Interreg BE-NL
... “under the Horizon 2020 Framework Programme for Research and Innovation” ...	The programme manual specifies this SCO can only be used in projects approved in the programme’s Specific Objectives that by definition entail innovation.

- of beneficiaries¹¹:

H2020	Interreg BE-NL
... owners of ...	Proven ownership for the person whose hours worked on the project are reimbursed
... small and medium-sized enterprises ... (H2020 uses the State Aid definition of SME)	Only SME’s (cf. EU def.) allowed (However, it is clear that beneficiaries are first and foremost companies (cfr. Regulation 1290/2013, Article 53 and Regulation 1291/2013, Article 22).
... and beneficiaries that are natural persons ...	Natural persons → only SME’s with legal personality can be beneficiaries (Natural persons as beneficiaries are not allowed pre-Omnibus, i.e., when the SCO was implemented, and still are not allowed in Interreg BE-NL)
... not receiving a salary	If the employment contract exists, this SCO cannot be used

- reference to the method and its updates

¹¹ NB: The requirement of application to a similar type of beneficiary (mandatory in the 2014-2020 programming period) is no longer relevant for SCOs applied in the framework of the 2021-2027 programming period.

Due to the updates in the reference method¹², the update of the hourly rates of 2014-2017 n(€ 32,51 (BE)/ € 33,92 (NL)) was done for the 2018-2022 (€34,12 (BE) / €36,82 (NL), per hour worked during period 2018-2022).

Audit trail covers:

- time sheets,
- company statutes (proof of legal personality of the SME),
- stock register to prove formal ownership link between person and company (proof of the ownership by a person of the SME)

Audit of the implementation of the method

No findings.

Reflection on the method

Advantages: fixed rate (safe and clear), provides a workable alternative for SME owners without staff contracts, copy-paste – relatively easy and fast to implement.

Disadvantages: fixed rate is sometimes perceived as too low by beneficiaries (opt for management company route and declaration via external expertise/ services), follow-up of changes and careful check of all aspects of the original method in H2020 needs to be done by the MA (and adaptation of manual if/when necessary), limited to innovation actions only (requirement of similarity of operations).

Interreg V-A - Belgium-The Netherlands outlook for the future 2021-2027 period

For the 2021-2027 programming period, the programme did not intend to continue using the unit cost from H202. For simplification purposes, the programme established a single method, a fixed hourly rate (i.e., one for Belgium and one for the Netherlands), for anyone working on the project, irrespective of their status as an employee, SME owner, etc., as long as it is not an external cost.

¹² COMMISSION DECISION of 16.10.2017 amending Decision C(2013)8194 authorising the use of reimbursement on the basis of unit costs for Marie Skłodowska-Curie actions under the Horizon 2020 Framework Programme.