



EUROPEAN COMMISSION

European Structural and Investment Funds

Guidance for Member States on  
the calculation of total eligible costs to apply for  
major projects in 2014-2020

**DISCLAIMER**

*“This is a working document prepared by the Commission services. On the basis of applicable EU law, it provides technical guidance for colleagues and bodies involved in the monitoring, control or implementation of the European Structural and Investment Funds on how to interpret and apply the EU rules in this area. The aim of this document is to provide Commission services' explanations and interpretations of the said rules in order to facilitate the programme implementation and to encourage good practice(s). This guidance is without prejudice to the interpretation of the Court of Justice and the General Court or decisions of the Commission.”*

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## 1. BACKGROUND

### 1.1. Regulatory references

Regulation	Articles
Regulation (EU) No 1303/2013 Common Provisions Regulation ( <i>hereafter CPR</i> )	Recital 92 Articles 61, 100
Implementing Regulation (EU) No 2015/207 ( <i>hereafter IA</i> )	Article 2, Section C of Annex II

### 1.2. Purpose of the guidance and key differences with the 2007-2013 period

According to Article 100 CPR, major projects (MP) are "[...] operations comprising a series of works, activities or services intended in itself to accomplish an indivisible task of a precise economic or technical nature which has clearly identified goals and for which the total eligible cost exceeds EUR 50 000 000 and in the case of operations contributing to the thematic objective under point (7) of the first paragraph of Article 9 where the total eligible cost exceeds EUR 75 000 000 [...]".

For the 2014-2020 period, according to Article 100 CPR, the total *eligible* cost of the project determines whether a project is to be approved as a major project

This guidance note clarifies that the total eligible cost of a project for the application of Article 100 CPR is calculated on the basis of applicable eligibility rules. As Article 100 CPR covers the cohesion policy funds (ERDF, ESF and CF), the eligibility rules referred are those for those funds.

The guidance note also clarifies that state aid rules or the decision of a managing authority to apply the co-financing rate of a programme to total eligible expenditures or public eligible expenditures are irrelevant for the calculation of the threshold.

## 2. GUIDANCE

### 2.1. Definition of eligible costs of major projects

Article 100 CPR refers to 'total eligible cost' for defining the major project threshold. Total eligible costs are the costs remaining after deducting ineligible costs from the total costs of the major project<sup>1</sup>.

Eligible costs become eligible expenditure only when Member States decide to declare these to the Commission. As can be seen from section C.1 Point (1) of Annex II (format for submission of information on a major project) of Commission Implementing Regulation (EU) 207/2015 ineligible expenditure is:

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<sup>1</sup> for phased projects, according to art. 103(b) CPR, the sum of the total eligible costs of all phases of the major project are taken into account for defining the Major project threshold;

- (i) expenditure outside the eligibility period,
- (ii) expenditure ineligible under applicable EU and national rules,
- (iii) other expenditure not presented for co-financing.

If Article 61 CPR (1 to 5) applies, the amount of eligible expenditure is to be reduced in advance by potential net revenues. Therefore, this will reduce the total eligible costs to which Article 100 CPR refers. In case of an exception as referred to in Article 61(7) CPR, eligible costs are not to be reduced by net revenues.

The provisions linked to the calculation of net revenues (paragraphs 1 to 6 of Article 61) do not need to be applied to state aid operations covered by Article 61(8) CPR. However, the CPR allows net revenues of major projects, subject to state aid under Article 61(8), to reduce the total eligible cost of such operations if this is provided for in national rules. National rules can have an impact in this way on whether projects will be treated as major or non-major projects.

## **2.2. Rules determining programme contribution and the contribution from the Funds to a major project**

According to Article 120(1) and (2) CPR, the Commission decision adopting a programme fixes the co-financing rate for each priority and whether this rate should be applied to total eligible expenditure or public eligible expenditure. This decision has, however, no impact on the total eligible cost of a major project but on the part of the total eligible cost that will be covered by the programme contribution. It is, accordingly, possible that the total eligible costs of a project exceed the threshold provided by Article 100 CPR while the programme contribution for this project will be less.

The application of state aid rules does not lead to a reduction of the eligible costs but limits the amount of public contribution to the project. The effective contribution from the Funds to the project cannot exceed this amount.

State aid rules do not reduce the amount of total eligible cost to which Article 100 CPR refers. For the major project threshold, a reduction is not necessary since the major project definition has no impact on state aid compliance. State aid rules ensure state aid compliance regardless of the determination of eligible costs in application of cohesion policy eligibility rules.

### 2.3. Example

A) Programme with calculation based on public expenditure

**Aid intensity: 50%** (total cost of 100 million \* 50% = 50 million<sup>2</sup>) → **cap**

**Co-financing rate of the priority: 85%**

**Total project cost: 100 million**

**(with 60 million private and 40 million public cost)**

*of which ineligible 20 million (e.g. paid before 01/01/2014)*

*Hence 100 million minus 20 million ineligible makes*

<b>Total eligible cost (=total eligible cost): 80 million → it qualifies as MP</b>
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**Eligible public contribution to the programme: 40 million**

**EU contribution to the project: 40 million x 85% co-financing rate = 34 million**

As the programme contribution is calculated on the basis of eligible public expenditure, the permissible state aid ceiling of 50 million will not be exceeded and there is no need for a capping.

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<sup>2</sup> For the purposes of examples A and B it is assumed that the total cost of the project is the relevant reference point for calculating the permissible state aid; depending on the applicable state aid rules the reference point may be different.

B) Programme with calculation based on **total expenditure**

**Aid intensity:** 50% (total cost of 100 \* 50% = 50 million) → **cap**

**Co-financing of the priority:** 85%

**Total project cost:** 100 million

(with 60 million private and 40 million public cost)

*of which ineligible 20 million (e.g. paid before 01/01/2014)*

*Hence 100 million minus 20 million ineligible makes*

<b>Total eligible cost (=public and private):</b> 80 million → it qualifies as MP
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**EU contribution to the programme before state aid verification:**

**80 million x 85% co-financing rate = 68 million**

**EU contribution to the project after state aid verification (capped at): 50 million**

It is to be noted that when the permissible aid intensity is lower than the co-financing rate of the priority (e.g. 50% compared to 85% of co-financing as in the example above), the excess amount arising from the application of the state aid rules to the total eligible cost will have to be allocated by the Member State to other operations under the same priority.

#### **2.4. Contact points**

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