

Simplified Cost Options - Compliance with State Aid

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The training has been organised by EIPA and CPVA
under the Framework Contract Nr 2023CE160AT004.

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CE Regulation 2017/1084 Amendment of the GBER

New text added to Article 7(1) - Aid intensity and eligible costs


The amounts of eligible costs may be calculated in accordance with the **SCO** set out in Reg No 1303/2013 of the EP/Council, provided that the operation is at least partly financed through EU fund that allows the use of those **SCO** and that the category of costs is eligible according to the relevant exemption provision.

3rd GBER amendment reg (2021/1237) adopted in July 2021 mentions the Regulation (EU) 2021/1060


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European Commission


Real incurred and paid costs




Not linked to cost




Lump sums





Flat-rates



Unit costs



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European Commission



GBER amendment (June 2023)

Projects implemented in line with Recovery and Resilience Plans as approved by the Council under Regulation (EU) 2021/241, the amounts of eligible costs may also be calculated in accordance with SCO, provided that the simplified cost options set out in Regulation (EU) No 1303/2013 or Regulation (EU) 2021/1060 are used.


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 European Commission	
State Aid	SCO
Categories of costs	Categories of costs:
<ul style="list-style-type: none"> - Operating costs (if operating costs eligible in GBER then indirect costs are eligible) - Wage/personnel costs 	<ul style="list-style-type: none"> - Indirect cost (in Cohesion indirect costs constitute operating costs) - Direct Costs - Direct Staff Costs - Other direct costs
Positive retroactivity GBER: Aid schemes adopted before can benefit from the more favourable provision	Since SCO need to be established in advance, retroactivity is not advisable
Revision of GBER since 2017 to include SCO	SCO mandatory in ESF since 2013 (2014-2020) with Art 14.4 ESF



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Mandatory use SCO


 European Commission

← Optional
 Mandatory →

- **2014 - 2020:** SCO mandatory projects ≤50 000 € ESF/public support except for State Aid (art 14.4 ESF)
- **2018: Omnibus** Reg. extended it to ERDF, raised to 100 000 € and mandatory *except for operations receiving support within the framework of State aid that does not constitute de minimis aid.*
- **2021 - 2027:**
 - SCO (SSUC,FR,LP) mandatory if ERDF/ESF+/JTF and AMIF/ISF/BMVI projects ≤200 000 € total cost except for State Aid (art 53.2 CPR)
 - ETC reg. SCO (SSUC, FR, LP) mandatory for small projects in SPF if **public contribution** ≤100 000 € except for State Aid (art 25.6 ETC). Option for draft budget as calculation method if total costs ≤100 000 €

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Steps in assessing SCO compatibility with State Aid

- 1 Methodology preparation: Categories of costs covered by SCO must be eligible **under both** Structural funds programme and SA rules
MA follow **prudent/reasonable hypothesis** for SCO to be *reliable proxy* for real costs
Selection of operations/implementation:
- 2 If operations under DM (it is not SA) **ensure both DM rules/ceiling and Structural funds programme rules** are followed
Document setting out conditions for support should clearly state categories of costs covered
SME status, Maximum aid intensities of SA must be respected

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DG REGIO SCO

https://ec.europa.eu/regional_policy/sources/policy/how/improving-investment/simplified-cost-options/qa2_sco_post2020.pdf

72,73, 77, 78, 84, 86

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CASE 1 : UNIT COST COMPLIANCE STATE AID

Direct costs (in million EUR)	
Trainer — travel costs	1.1
Trainees — remuneration	1.4
Trainees — accommodation	0.55
Trainees — travel costs	0.25
Non-depreciable consumption goods	0.2
Publicity	0.2
Organisation costs	0.4
Total direct costs	4.1

2000 trainees take part

**Could you agree to a unit cost of $4.1 + 0.45 = 4.55$
 $4.55 / 2000 =$**

EUR 2250 per trainee?

Indirect costs (in million EUR)	
Administrative costs	0.175
Rent	0.15
Overheads	0.125
Total indirect costs	0.45

1. Take out the non-eligible costs

- The trainee's accommodation costs are not eligible in relation to Training aid according to Article 31 of Regulation 651/2014 (before the 2017 GBER amendment) as the trainees are not workers with disabilities (EUR 0.55 million).
- Therefore the standard scale of unit cost cannot include the trainees' accommodation costs.

2. Recalculate total eligible costs of the training

Total eligible costs of the training (total costs – ineligible costs)	EUR 4.55 million – (EUR 0.55 million) = EUR 4 million
Expected number of participants completing the training	2 000
Costs per participant completing the training (standard scale of unit cost)	EUR 4 million / 2 000 participants = EUR 2 000 / participant

3. What happens if only 1500 participants complete the training?

- After implementation of the project, the eligible cost will be based on the real number of participants completing the training. If only 1 500 participants complete the training, the aid will be as follows:

Total eligible costs to be declared to the Commission	EUR 2 000 x 1 500 = EUR 3 million
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Example with R&D and SCO

- A **small company** presents an innovation project with a **total direct costs amounting to EUR 1 million**. The project includes activities falling both into the industrial research (IR) and experimental development (ED) categories.
- The project foresees that **20% of the eligible cost will be dedicated to industrial research activities and 80% to experimental development activities.**
- **We have different options for claiming indirect costs with flat rate**
- **Let's see how to comply also with GBER**



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OPTION A



Direct costs EUR 1 million
Small company
20% IR and 80% ED

- funded by ERDF without distinguishing ED and IR **but using the maximum allowed in CPR regulation (25%)**
- Direct costs: 1 000 000 EUR
- **Indirect costs: 250 000 EUR**
 - **$25\% * 1\,000\,000 = 250\,000$**
- Total costs: 1 250 000 EUR
- Aid intensity: 60%
 - 25% GBER for ED + 15 % bonus for dissemination + 20% bonus for small company
- EU support: 750 000 EUR



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OPTION B



Direct costs EUR 1 million
Small company
20% IR and 80% ED

- funded by **ERDF distinguishing ED and IR** and **using the maximum flat rate allowed in CPR (25%)**
- Direct costs: 1 000 000 EUR
- Indirect costs: 250 000 EUR
 - $25\% * 1\,000\,000 = 250\,000$
- Total costs: 1 250 000 EUR
- **Aid intensity: 60% ED and 80% IR** (50 % + 15 % bonus for dissemination + 20% bonus for small company **but CAP at 80%**)
- EU support: 800 000 EUR
 - ED: $60\% * 80\% * 1\,250\,000 = 600\,000$ EUR
 - IR: $80\% * 20\% * 1\,250\,000 = 200\,000$ EUR



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EN

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(Notices)

NOTICES FROM EUROPEAN UNION INSTITUTIONS,
BODIES, OFFICES AND AGENCIES

EUROPEAN COMMISSION

COMMISSION NOTICE GUIDELINES ON THE USE OF SIMPLIFIED COST OPTIONS WITHIN THE
EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESI) – REVISED VERSION

(2021/C 200/01)

Guidance on Simplified Cost Options (SCOs): Flat rate financing, Standard scales of unit costs,
Lump sums

(under Articles 67 and 68, 68a and 68b of Regulation (EU) No 1303/2013, Article 14 of Regulation (EU)
No 1304/2013 and Article 19 of Regulation (EU) No 1299/2013)

Revised edition following the entry into force of Regulation (EU, Euratom) 2018/1046

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. This guidance is without prejudice to the interpretation of the Court of Justice and the General Court.'

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ESF and SGEI: issues with SCO methodology

Cour des comptes



Le 6 juillet 2021

Le Premier président

à

Madame Élisabeth Borne

Ministre du travail, de l'emploi et de l'insertion

Réf. : S2021-1452

Objet : Les procédures et crédits européens : une gestion à améliorer pour tirer pleinement parti des mesures prises par l'Union européenne pour l'emploi à la suite de la crise sanitaire

En application des dispositions de l'article L. 111-3 du code des juridictions financières, la Cour a conduit une enquête sur les mesures de court et moyen termes qui ont été prises par l'Union européenne afin de soutenir l'emploi dans le cadre de la crise engendrée par l'épidémie de la covid-19.

À cette occasion la Cour a examiné sur la période récente (entre mars 2020 et avril



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Questions on SA and SCO

- Is it possible to correctly apply flat rate in that case when among the indirect costs there are costs of activities affected by state aid, and these activities can be supported with different intensities, and the de minimis framework of the beneficiaries has been exhausted?
- A company receives funding through standardized unit costs and the remaining cost flat rate. The company does not have to pay rent to the city. Shouldn't the rental expenses provided be considered aid and deducted from the eligible costs? Or is this covered by the residual cost flat rate?



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Example SCO and SA

- 100 000 EUR of Direct Costs
- 25 000 EUR of Indirect Costs (25% of DC)
- Total costs 125 000 EUR

- Co-financing 50% gives you 62 500 EUR ERDF-support
- If under new DM you already have 250 000 EUR then with 62 500 EUR you are above the ceiling
- Conclusion: You should not provide the support



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Thank You!

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