



## **European Union**

European Regional  
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### **INTERREG IVA Programme**

## **Guidance Note on Monitoring of Expenditure Outside the Eligible Area G9/IIVA**

### **1.0 Introduction**

1.1 This guidance describes the procedures which have been put in place by the Managing Authority to ensure compliance with Article 21 of Council Regulation (EC) No 1080/2006. Article 21 states that the ERDF may finance operations up to a limit of 20% of the amount of its contribution to the operational programme in NUTS III areas adjacent to the eligible area (which may be extended to NUTS II areas with the agreement of the Commission and Member States) and up to a limit of 10% outside the European Community. Additionally, Annex III of Commission Regulation (EC) No 1828/2006 requires that expenditure incurred by such projects be monitored so that it can be reported to the European Commission upon request.

1.2 In principle, to be eligible for INTERREG IVA Programme funding, it is the location of the implementation of the activities within the operation that should be taken into account, and not the location of the Lead Partner. However, activity located outside the Programme area will not contribute to the 20% rule and may be eligible for funding if:

a) The beneficial impact of the activity directly relates to the Programme area, it's inhabitants or workforce;

**and**

b) The activity results in the achievement of the objectives of the project, priority and Programme.

To clarify, if project participants attend a training course in Brussels (outside the eligible area), the expenditure incurred to facilitate this will not contribute to the 20% rule because the knowledge, and therefore the beneficial impact, will be brought back into the eligible area.

## **2.0 Monitoring of Compliance in Selection and Implementation of Operations.**

In instances where project activity falls outside the criteria stipulated in paragraph 1.2, the following applies.

The Joint Technical Secretariat (JTS) must implement procedures to monitor and report on operations located in adjacent areas. This will take place through three stages:

### **2.1 Project Assessment:**

The JTS must identify any applications where the Lead Partner activity, project partner activity or sub-project activity will occur outside the eligible area. The JTS and will identify any such projects during stage 2 of the project selection process following the initial eligibility check. The JTS must keep the Steering Committee and Managing Authority informed of any potential issues.

### **2.2 Project Selection and Letter of Offer:**

On the final approval of such a project, and **prior** to the issue of a Letter of Offer the JTS are required to report the following to the Managing Authority:

- a description of any such projects selected by Steering Committee and for which Letters of Offer are to be issued;
- the circumstances of the application including the details and location of project activity in question;
- the impact this activity will have on the core eligible area;
- the reason why the project would be unable to achieve its objectives without activity taking place outside of the eligible/adjacent area; and
- the budget breakdown for the project contained in the Letter of Offer, including the value of expenditure to be incurred outside of the eligible area.

These points must be addressed within the context of the specific activity being proposed. General or generic responses are unlikely to adequately address the questions and may result in a recommendation that the activities are not included in the project.

A template for reporting to the Managing Authority is included at Annex 1.

The Letter of Offer must contain a budget line for expenditure outside the eligible area. This budget line will provide the basis of future monitoring and reporting to the European Commission.

### 2.3 Project implementation and monitoring:

The JTS shall monitor the level of expenditure in relation to such projects to ensure it remains within the level specified in the Letter of Offer. Particular attention must be given to such projects by the Financial Control Unit of the JTS to gain assurance that actual expenditure incurred outside the eligible area reflects that indicated in the budget provided in the Letter of Offer.

It is the responsibility of the Lead Partner to ensure that actual expenditure incurred outside the eligible area reflects that included in the application and Letter of Offer. Where it is anticipated that this may change, the lead partner must inform the JTS immediately.

It is the responsibility of the JTS to monitor the level of expenditure in relation to such projects, to ensure it remains within the level specified in the Letter of Offer and that ERDF expenditure remains within the limits established by Article 21.

The use of a separate budget line for expenditure incurred outside the eligible area will enable the Managing Authority to report on the value of expenditure incurred outside the eligible area electronically via Systems 2007 in a form which permits the total value to be reported to the Commission within 15 days of request as specified in Article 14 of Commission Regulation (EC) No 1828/2006.

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## Annex 1

### Notification of Application for Funding where expenditure will be incurred on project activity outside the eligible area.

The following information must be provided to the Managing Authority by JTS *prior* to the issue of a Letter of Offer where expenditure will be incurred on project activity outside the eligible area.

PROGRAMME:	
PRIORITY:	
THEME:	
PROJECT TITLE:	
LEAD PARTNER:	
DATE OF STEERING COMMITTEE APPROVAL:	

#### **Project Description:**

Please provide a brief summary of the project.

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**Project Details**

Please provide details of the application including:

- details and location of the project activity in question;
- the impact this activity will have on the core eligible area, and;
- the reason why the project would be unable to achieve its objectives without the participation of that partner.

**Project Budget.**

Please provide a breakdown for the project contained in the Letter of Offer, including the value of expenditure to be incurred outside of the eligible area.