



# Costs for infrastructure and works

Fact sheet on the eligibility of costs for infrastructure and works<sup>1</sup>  
May 2024

## Definition

Costs for infrastructure and works cover eligible expenditures for infrastructure and works<sup>2</sup> necessary to achieve the objectives of the project. In the case of investment activities, 'infrastructure and works' cover the costs of fixed investments.<sup>3</sup> These costs should be based on contracts or written agreements concluded with external experts and service providers, and paid based on invoices or requests for reimbursement.

## Legal references

This cost category was introduced for the first time in Interreg Regulation in the 2021-2027 programming period. According to Article 44 of the Interreg Regulation, costs for infrastructure and works are limited to:

- a) purchase of land<sup>4</sup> in accordance with point (b) of Article 64(1) CPR<sup>5</sup>;
- b) building permits;
- c) building material;
- d) labour;
- e) specialised interventions (such as soil remediation, mine-clearing).

---

<sup>1</sup> Guidance provided in this fact sheet takes account of provisions of the regulatory framework 2021-2027 (in particular, rules on eligibility of expenditure for cooperation programmes set up in the Interreg Regulation 2021/1059 and Common Provision Regulation (CPR) 2021/1060) and practices in use by Interreg programmes in the 2014-2020 and 2021-2027 periods. The fact sheet is by no means a legally-binding document.

<sup>2</sup> Investments in infrastructure refer to outputs of the project which remain in use by the partners and/or target groups after completion of the project.

<sup>3</sup> Fixed investment is the accumulation of physical assets such as machinery, land, buildings, installations, vehicles, or technology.

<sup>4</sup> 'Purchase of the land' implies the purchase of the land not built or built on.

<sup>5</sup> Article 64(1)(b) CPR: 'The purchase of land for an amount exceeding 10 % of the total eligible expenditure for the operation concerned; for derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15 %(...)'.

The above list is exhaustive, and programmes cannot add additional types of costs to this list (however, a programme may specify the catalogue of costs under letter e)). The Interact tool, [Matrix of costs](#), presents further details of eligible and ineligible costs under this cost category.

Below, you will find all articles from CPR, Interreg Regulation and ERDF/CF Regulation applicable for infrastructure and works costs, referenced in this fact sheet:

#### **Regulation (EU) No 2021/1060 - CPR**

- Article 63 – Eligibility,
- Article 64 - Non-eligible costs,
- Article 65 - Durability of operations,
- Article 67 – Specific eligibility rules for grants.

#### **Regulation (EU) No 2021/1059 - Interreg Regulation**

- Article 22 – Selection of Interreg operations,
- Article 36 - Responsibilities of managing authorities and partners with regard to transparency and communication,
- Article 37 - Rules on eligibility of expenditure,
- Article 38 - General provisions on eligibility of cost categories,
- Article 44 – Costs for infrastructure and works.

#### **Regulation (EU) No 2021/1058 - ERDF/CF Regulation**

- Article 7 - Exclusion from the scope of the ERDF and the Cohesion Fund.

#### **General principles**

- Costs must be borne by the partner organisation.
- Principles of sound financial management and cost-efficiency should be applied.
- All costs are subject to EU and MS public procurement rules. EU, national, regional, programme thresholds and institutional rules have to be considered to determine the applicable public procurement procedure<sup>6</sup> and ensure that all contracts comply with the basic principles of transparency, non-discrimination and equal treatment<sup>7</sup>.
- Members of a monitoring committee (or a steering committee, where applicable) are supposed to verify that the beneficiary has the necessary financial resources and mechanisms to cover operation and maintenance costs for projects comprising investment in infrastructure, to ensure their financial sustainability (Article 22(4)(d) Interreg Regulation).

---

<sup>6</sup> For more information on public procurement, check [Roadmap for public procurement](#), Interact August 2019.

<sup>7</sup> EU procurement and concession rules were introduced on 18 April 2016: <https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/>

- Each partner of an Interreg project must display durable plaques or billboards clearly visible to the public, presenting the emblem of the Union in accordance with the technical characteristics laid down in Annex IX CPR. Plaques or billboards should be displayed as soon as the physical implementation of an Interreg project involving physical investment is visible. These apply to projects supported by Interreg, where total costs exceed EUR 100 000<sup>8</sup>.
- Costs of infrastructure and works are eligible if no other EU funds have contributed towards the financing of the same expenditure item; i.e., no double-funding is permissible (Article 63(9) CPR).

### Cost category-specific rules

- Full costs of infrastructure and works that form part of the project are eligible if they are used solely for the purpose of the project or the target group in line with objectives of the project, and incurred and paid within the eligible period.
- A pro-rata allocation of costs to the project (duration, degree of use) is eligible:
  - if costs of infrastructure and works have been incurred before the project approval but used solely for the project, or
  - if infrastructure and works were incurred during the project lifetime but used only partially for the project.

This share has to be calculated according to a justified and equitable method, in line with the legislation or general accounting policy of the project partner.

- Depreciation of costs is eligible if conditions specified in Article 67(2) CPR are met. The cost must be calculated in accordance with the legislation and general accounting policy of the partner organisation.
- Valid documents specifying the ownership of land and/or buildings where the works will be carried out must be obtained before a date specified in programme documents.
- Purchase of land cannot exceed 10% of the total eligible expenditure of the project. In the case of derelict sites and sites formerly in industrial use (also known as 'brownfields') which comprise buildings, the purchase price cannot exceed 15% of the total eligible expenditure. (Article 64(1)(b) CPR).
- Provision of works, goods, services, land and real estate as the in-kind contribution is eligible (Article 67(1) CPR), if the value of the contribution does not exceed the generally-accepted price on the market and this can be independently assessed and verified.
- All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure must be fulfilled (e.g., feasibility studies, revenue generation, environmental impact assessments, expected impact of climate change assessment, building permissions, etc.).

---

<sup>8</sup> Article 36 Interreg Regulation.

All costs related to fulfilment of all compulsory requirements should be included in the external expertise and services cost category, unless they are part of an infrastructure contract.

## Ineligible investments under ERDF/ CF

The following investments are considered as ineligible under ERDF<sup>9</sup>:

- the decommissioning or the construction of nuclear power stations;
- investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC<sup>10</sup>;
- the manufacturing, processing and marketing of tobacco and tobacco products;
- investment in airport infrastructure, except for outermost regions or in existing regional airports as defined in point (153) of Article 2 of Regulation (EU) No 651/2014<sup>11</sup>, in any of the following cases:
  - in environmental impact mitigation measures; or
  - in security, safety, and air traffic management systems resulting from Single European Sky ATM Research;
- investment in disposal of waste in landfill, except:
  - for the outermost regions, in duly justified cases only; or
  - for investments for decommissioning, reconvertng or making safe existing landfills provided that such investments do not increase their capacity;
- investment increasing the capacity of facilities for the treatment of residual waste, except for:
  - the outermost regions in duly justified cases only;
  - investment in technologies to recover materials from residual waste for circular economy purposes;
- investment related to production, processing, transport, distribution, storage or combustion of fossil fuels, with the exception of:
  - the replacement of solid fossil fuels fired, namely coal, peat, lignite, oil-shale, heating systems with gas-fired heating systems for the purpose of:
    - upgrading district heating and cooling systems to the status of 'efficient district heating and cooling as defined in point (41) of Article 2 of Directive 2012/27/EU<sup>12</sup>;
    - upgrading combined heat and power installations to the status of 'high-efficiency co-generation as defined in point (34) of Article 2 of Directive 2012/27/EU;

---

<sup>9</sup> Article 7(1) ERDF/CF Regulation 2021/1058 (EU).

<sup>10</sup> [Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003.](#)

<sup>11</sup> [Commission Regulation \(EU\) No 651/2014 of 17 June 2014.](#)

<sup>12</sup> [Directive 2012/27/EU.](#)

- investment in natural gas-fired boilers and heating systems in housing and buildings replacing coal-, peat-, lignite- or oil shale-based installations;
- investment in the expansion and repurposing, conversion or retrofitting of gas transmission and distribution networks provided that such investment makes the networks ready for adding renewable and low carbon gases, such as hydrogen, biomethane and synthesis gas, into the system and allows to substitute solid fossil fuels installations;
- investment in:
  - clean vehicles as defined in Directive 2009/33/EC of the European Parliament and of the Council<sup>13</sup> (22) for public purposes; and
  - vehicles, aircraft and vessels designed and constructed or adapted for use by civil protection and fire services.

## Reimbursement forms

Costs of infrastructure and works can be reimbursed by the programme either as

1. real costs, or
2. simplified cost options (SCOs).

If a programme offers both options for reimbursement (real costs and simplified cost options), the chosen option within cost category/part of the cost category must be applied at the partner level for the entire duration of the project (changes to a different reimbursement option, e.g., from real costs to SCOs or vice versa, are not possible during the project implementation unless this is justified by a force majeure situation).

## Real costs

Cost category-specific rules and calculation of the infrastructure and works costs:

- All costs for infrastructure and works are reported as actually incurred and paid.
- All costs are deemed necessary for project implementation. Where costs are deemed not necessary or excessive (e.g., during assessment or later, during the implementation stage), they should be removed from the calculation basis or adjusted to the justifiable level.

---

<sup>13</sup> [Directive 2009/33/EC of the European Parliament and of the Council.](#)

## SCOs

Due to the nature of costs in this cost category, SCOs are rare. Yet, for some types of costs, SCOs might be an option to consider.

The Regulations do not provide ready-made (off-the-shelf) SCOs for this cost category. If a programme decides to use an SCO to reimburse costs for infrastructure and works, it will have to design its own SCO (i.e., programme-specific SCO) or use an SCO from other Union policies or national schemes (i.e., “copy-paste” SCO). For more information on how to design a programme-specific SCO refer to a [Roadmap to a programme-specific SCO in the 2021-2027 period](#). More information about “copy-paste” SCOs is available [here](#).

In the 2014-2020 and 2021-2027 period, one can find some examples among mainstream programmes of SCOs application for this type of costs (e.g., unit costs for purchases of material for the railway infrastructure<sup>14</sup>). Similar approaches could be developed for Interreg programmes that would like to continue supporting construction and/or modernisation of, for instance, cycle paths.

In addition, costs for infrastructure and works are included as a part of the remaining eligible costs of an operation when a flat rate of up to 40% of eligible direct staff costs is used in the project (Article 56(1) CPR). If this flat rate is used, there will be only 2 cost categories in the project: staff costs and the remaining eligible costs.

## Audit trail

### Real costs

The following main documents must be available for control purposes:

- evidence of the procurement process (announcement, selection, award) in line with the legal status/organisational/regional/national procurement rules/programme rules or the EU procurement rules, depending on the amount of the contract and programme-specific rules;
- any changes to the contract must comply with the applicable public procurement rules and must be documented;
- a document laying down the works to be provided with a clear reference to the project (e.g., technical specifications);
- an invoice or request for reimbursement providing all relevant information in line with the applicable accounting rules;
- outputs of the work of external experts or service deliverables (if they are part of an infrastructure contract);
- calculation scheme of depreciation, if applicable;
- evidence of infrastructure, work, consent protocol/certificate (if required or needed by applicable specific rules);
- proof of payment.

---

<sup>14</sup> Transnational Network (TN) of ERDF/CF SCO practitioners Library – publications Mapping of 'low level' SCOs practices 2021-2027 and Mapping of SCO practices 2014-2020 available at [dedicated EC website](#) .

## SCOs

For the audit/ control of the correct application of the SCO, the following documents should be in place:

- For flat rates: programme rules to verify that the flat rate takes into account the correct cost categories and that the correct percentage is used and that calculations are correct; basis costs; verification against double financing (e.g., checking that costs covered by the flat rate are not reported under another cost category).
- For unit costs: delivered outputs of the project (if relevant); verification that the amount declared is justified by quantities; verification against double-financing.
- For lump sums: delivered outputs of the project; criteria for the payment of the lump sum (payment triggers); verification against double-financing.

To find out more about the audit trail of SCOs, check out the Interact [publication](#) on simplified cost options in Interreg programmes.

## Durability of investments in infrastructure or productive investment

Within 5 years of the final payment to the beneficiary or within the period set out in State Aid rules, where applicable, a project comprising investment in infrastructure or productive investment cannot <sup>15</sup>:

- cease or transfer a productive activity outside the NUTS level 2 region in which it received support;
- change ownership of any piece of infrastructure which gives an undue advantage to a firm or a public body;
- substantially change its nature, objectives or implementation conditions which would result in undermining its original objectives.

The Member State may reduce the 5 years' period to 3 years, in cases concerning the maintenance of investments or jobs created by SMEs.

## HIT<sup>16</sup> agreements

Due to its limitations and difficulties in assessment and implementation, HIT agreed not to use in-kind contributions as part of jointly-developed rules (and, therefore, documents).

There are no further agreements for this cost category according to HIT.

---

<sup>15</sup> Article 65 CPR – Durability of operations.

<sup>16</sup> HIT – Harmonised Implementation Tools.

### **Other/Programme-specific information**

- In the case of purchase of land and real estate, some programmes have established a good practice which requires a document explaining a direct link between the purchase and objectives of the project, and/or a certificate from an independent qualified expert confirming that the purchase price does not exceed the market value.