



Equipment costs

Fact sheet on the eligibility of equipment costs¹
February 2022

Definition

Equipment costs cover the eligible expenditure for expenditures paid by the partner organisation for equipment purchased, rented or leased, necessary to achieve the objectives of the project. This also includes costs of equipment already in possession by the partner organisation and used to carry out project activities. In the case of investment activities, 'equipment' covers costs of fixed investments in equipment, and costs of equipment that forms part of an investment in infrastructure².

Legal references

A list of cost elements covered by the equipment category of costs, is provided in Article 43 of Regulation (EU) No 2021/1059 (Interreg Regulation).

Costs for equipment purchased, rented or leased by the beneficiary of the operation other than those covered by Article 40 must be limited to the following:

- a) office equipment;
- b) IT hardware and software;
- c) furniture and fittings;
- d) laboratory equipment;
- e) machines and instruments,
- f) tools or devices;
- g) vehicles;
- h) other specific equipment needed for operations.

¹ 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 period. The fact sheet is by no means a legally-binding document.

² Compared to the equipment that supports delivery of project activities, fixed investments in equipment and 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.

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 h)). The Interact tool, Matrix of costs³, presents further examples of eligible and ineligible costs under this cost category.

Below, you will find all articles from Common Provisions Regulation (CPR) and Interreg Regulation applicable for equipment costs, referenced in this fact sheet:

Regulation (EU) No 2021/1060 - CPR

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

Regulation (EU) No 2021/1059 - Interreg Regulation

- 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 43 – Equipment costs.

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 procedure⁴, and ensure that all contracts comply with the basic principles of transparency, non-discrimination and equal treatment⁵.
- 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 or productive investment, to ensure their financial sustainability (Article 22(4)(d) Interreg Regulation).
- 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

³ Currently available for the 2014-2020 period, to be updated in 2022.

⁴ For more information on the public procurement procedures, check [Roadmap for public procurement](#), August 2019.

⁵ EU procurement and concession rules were introduced on 18 April 2016: <https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/>

displayed as soon as the physical implementation of an Interreg project involving the purchase of equipment starts or the purchased equipment has been installed. These apply to projects supported by Interreg, where total costs exceed EUR 100 000⁶.

- Costs of equipment 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

- Purchase cost of equipment purchased, rented or leased is eligible if it is 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.
- For equipment that has been purchased before the project approval but used solely for the project, or equipment purchased during the project lifetime or partially for the project, a pro-rata allocation of costs to the project (duration, degree of use) is eligible. This share has to be calculated according to a justified and equitable method in line with the legislation or general accounting policy of the partner organisation.
- 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.
- Full purchase cost of equipment that is not depreciable (e.g., low-value asset) is eligible.
- Purchase cost of second-hand equipment is eligible, provided the equipment complies with applicable norms and standards; its price does not exceed the generally accepted price on the market; it has the technical characteristics necessary for the operation.
- In the case of fixed investments in equipment and when equipment forms part of an investment in infrastructure, the full cost of equipment as approved by the programme is eligible; i.e., no depreciation is eligible.
- Provision of equipment 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 it can be independently assessed and verified.

Equipment from another project partner cannot be purchased, rented or leased.

However, project partners can provide in-kind contributions.

⁶ Article 36 Interreg Regulation.

Points of attention

A clear distinction needs to be provided in programme documents between costs incurred under office and administrative and equipment costs categories (e.g., purchase of IT equipment).

Purchase of equipment from associated partners⁷ has to be carefully analysed and regulated in programme documents.

Reimbursement forms

Equipment costs 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 equipment costs:

- All equipment costs are reported as actually incurred and paid.
- All costs are deemed necessary for the 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.

SCOs

Due to the nature of this cost category, SCOs have not yet been established to a large extent in Interreg. However, for some types of costs, SCOs are 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 external expertise and services costs, 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](#).

⁷ An associated project partner is a project partner participating in the project without financially contributing to it.

In the 2014-2020 period, SCOs were not often chosen for this cost category. Yet, some Interreg programmes discuss its applicability for certain types of costs (e.g., unit costs/lump sums for a particular type of equipment). Mainstream programmes, though, used different types of SCOs in this cost category (e.g., purchase of medical equipment,⁸).

Flat rate

Equipment costs 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.

Unit costs & Lump sums

Some equipment costs (e.g., equipment purchases for activities or services related to the organisation and implementation of events like the purchase of medical equipment in the mainstream programmes⁹) can also be calculated as unit costs or lump sums (or part of them).

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;
- the technical characteristics have to be in line with the project purposes;
- any changes to the contract must comply with the applicable public procurement rules and must be documented;
- a document laying down the services to be provided with a clear reference to the project (e.g., technical specifications);
- an invoice or a request for reimbursement providing all relevant information, in line with the applicable accounting rules;
- actual equipment and evidence of equipment purchased, rented or leased;
- calculation scheme of depreciation, if applicable;
- consent protocol/certificate (if required or needed by applicable specific rules);
- proof of payment.

⁸ Transnational Network (TN) of ERDF/CF SCO practitioners Library - publication [ERDF & CF maps SCO practices](#)

⁹ Ibid.

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.

HIT¹⁰ 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.

Other/Programme-specific information

- The monitoring committee of the programme can establish that no in-kind contribution is eligible under this cost category.
- Some programmes can allow for in-kind contribution in the form of large-scale depreciated assets with considerable residual value (e.g., ships, trucks, etc.). The contribution must be necessary for the delivery of the project and its value should be established in accordance with the programme requirements (e.g., based on an assessment/verification by an independent qualified expert or duly authorised official body).
- Under this cost category productive investments may be also co-financed. Productive investment is defined by some programmes as an investment in the production of goods and services that contribute to added-value, sales or employment. Such an investment can be both physical fixed assets and intangible assets.

¹⁰ HIT – Harmonised Implementation Tools.