

Interreg



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Meuse – Rhine (NL – BE – DE)

FACTSHEET

Cost option 3 – demonstration of the
need for direct external costs

Interreg Meuse-Rhine (NL-BE-DE)

2021-2027

The Interreg Meuse-Rhine (NL-BE-DE) Programme allows project partners to choose between four cost options for declaring expenditure under the Programme. The third cost option allows partners to use declared staff costs as the basis for calculating all other remaining eligible costs under the project, through a flat rate of 40% of eligible direct staff costs. Partners using this flat rate therefore only include the following when reporting their costs to the Programme:

- Direct staff costs – the basis for calculating the flat rate;
- and a 40% flat rate covering all remaining costs is automatically calculated.

The 40% flat rate therefore covers all remaining cost categories, including indirect costs and travel costs (also covered under Cost Option 1) and other direct costs (external direct costs).

Therefore, according to the European Commission Guidelines on the use of simplified cost options within the Funds covered by Regulation (EU) 2021/1060, if the activities of a project partner involve only direct staff costs, office and administration (indirect), and travel, the use of the 40% flat rate is **not** allowed. In such cases, the partner can only use the flat rates under Cost Option 1, which are limited to covering indirect and travel costs.

In other words, project partners using Cost Option 3 of the Programme must demonstrate that direct (external) costs, beyond direct staff costs, covered by the 40% flat rate are necessary for carrying out their planned activities under the project.

These direct (external) costs may consist of external expertise and services, equipment costs, and/or infrastructure and works (as described in the Cost Catalogue). This means demonstrating that expenditures incurred can fall under one or more of these cost categories and are necessary for implementing the partner's activities under the project.

To facilitate this assessment and allow it to be checked ex ante, the application form includes a specific section in which applicants must confirm that direct (external) costs are necessary for implementing the partner's activities under the project. If Cost Option 3 is selected, this section appears in JEMS, and the project applicant is asked to confirm, by ticking a box, that direct costs covered by the flat rate are necessary for implementing its activities.

Below this section, a text field is provided ("enter text here**"), in which the project applicant is invited to explain which activities to be implemented require direct (external) costs covered by the 40% flat rate.

What is expected:

- A list of the main project activities requiring direct (external) costs (bullet points may be used)
 - o If many activities could be listed, limit the explanation to the main ones;
 - o The activity must demonstrate a clear need for direct (external) costs and should genuinely not be implementable through staff costs and indirect costs only.
- For each activity, a short explanation of the activity and/or a reference to where the activity is described in more detail in the application form (WP, activity number)
 - o Be practical;
 - o If the activity does not in itself clearly demonstrate the need for direct (external) costs, provide a short explanation.