



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
 Inclusive Growth, Urban and Territorial Development and Northern Europe
The Director

Brussels,
 REGIO F1/AV

Dear Minister

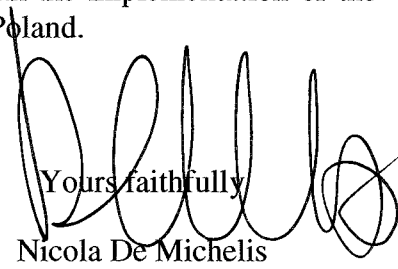
I am aware of the discussions that have taken place in the last months, including in the Expert group on European Structural and Investment Funds (EGESIF), on the financing of small-scale infrastructure in the context of investments in the development of endogenous potential¹. I understand that this is particularly relevant for projects in the area of culture.

As a general comment, I would like to point out that investments in culture that do not trigger sustainable economic impacts or are not based on a clear business plan shall not be considered for support.

Cultural infrastructure and cultural heritage infrastructure are more likely to be successful in generating growth and jobs if they are conceived as part of an integrated, place-based development effort adapted to specific local conditions (e.g. part of wider urban regeneration or social inclusion effort) and with the ambition of achieving long-term financial sustainability.

Moreover, as cultural infrastructure investments are limited to small-scale by the Regulation, medium and large scale cultural infrastructure investments are clearly not a priority and are excluded from ERDF co-funding.

Your suggestion to refer to the eligible costs instead of the total costs would de facto authorise the ERDF support to investments that could not be defended as small-scale. I nevertheless understand your need for further clarification on how to implement the ERDF regulation in a consistent way and I am happy to provide answers to your questions (attached to this letter). I trust these will help with the implementation of the Infrastructure and Environment Operational Programme in Poland.


 Yours faithfully
 Nicola De Michelis

¹ Article 3(1)(e) of Regulation (EU) N° 1301/2013 on the ERDF and specific provisions concerning the Investment for growth and jobs goal, on the scope of support from the ERDF.

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Annex

N.B. The replies are provided within the limits of understanding of the highly specific questions referring to various notions (integrated investment, integrated operation, integrated action, project, item, object etc.). The reply consistently uses the terminology of the Regulation and the OP Infrastructure and Environment 2014-2020.

1. Why the proposed threshold corresponds to the total costs, not to the eligible costs, while the threshold for major projects is calculated by using eligible costs?

The ceiling has been fixed in relation to total costs to ensure that only small-scale cultural infrastructure is supported as required by Article 3(1) of the ERDF Regulation. Fixing the ceiling in relation to total eligible costs would entail the risk of circumventing the limit of EUR 5/10 million and thus in fact funding large-scale cultural infrastructure investments.

2. May an integrated operation relate to a particular object comprising various types of projects, to which individually the 5/10 MEUR threshold could be applied (e.g. construction works at historical building, equipment purchase for cultural activities; works in the surrounding of the monument; protection against theft and fire)?

If the term 'object' refers to a single item of infrastructure (building, garden etc), an integrated operation (eg. renovation of the building) comprising various types of activities (projects) can be carried out if the cumulative total cost of the operation does not exceed the ceiling of EUR 5/10 million.

As stated in the OP Infrastructure and Environment, a single item of infrastructure cannot be split into several parts as this would lead to circumventing of the small-scale ceiling.

It is worth recalling that the conservation, protection, promotion, and development of natural and cultural heritage, as established in Article 5(6)(c) ERDF, might take the form of an integrated operation including complementary support actions² that contribute to the objective of the relevant investment priority. This integrated operation can include several small-scale items of infrastructure. When the total cost of all the small-scale items of infrastructure added together within a single integrated operation exceeds the ceilings mentioned above, the activities must demonstrate clearly the economic development potential for the region, and the additional impact on economic growth and the creation of jobs.

For conditions related to equipment purchase within and outside integrated operations, please refer to question 7.

² Complementary support actions could include productive investment in the sense of Article 3(1)(a) contributing to creating and safeguarding sustainable jobs, through direct aid for investment in SMEs (for instance SMEs in the cultural and creative industries sector); development, testing and first deployment of innovative solutions for cultural heritage preservation which would fall under Article 3(1)(b) productive investment, irrespective of the size of the enterprise concerned, which contributes to the investment priorities set out in points (1) and (4) of Article 5; training centre for restorers of antiquities, for tourist guides, etc. that would be within the scope of Article 3(1)(d) investment in social, health, research, innovation, business and educational infrastructure; Article 3(1)(f) could also be considered with networking, cooperation and exchange of experience between competent regional, local, urban and other public authorities.

3. What are the basic conditions (red lines) for implementing such an "integrated action" as referred to in the provisions of the operational programme?

The basic conditions are stated in the provisions of the OP Infrastructure and Environment on page 108:

- an integrated operation including several items of small-scale infrastructure may be supported;
- if the total cost of an integrated operation exceeds the given ceilings, the potential of the integrated operation for the economic development of the region needs to be clearly demonstrated, including additional impact on economic growth and the creation of jobs;
- the individual items of cultural infrastructure must be truly separate and functionally independent;
- a single item of infrastructure (e.g. a museum or theatre building) cannot be split artificially into several parts as this would lead to circumvention of the small-scale definition.

Each of the infrastructural projects forming part of an integrated operation has to comply with the guiding principles and selection criteria linked to small-scale cultural infrastructure.

4. Is it possible to implement an integrated investment consisting of several items (historical building or historical building combined with non-historical), where the works value for each of them does not exceed 5MEUR, but the total cost of a whole investment exceeds the limit?

Yes, it is possible to implement such integrated operations if the conditions for integrated operations highlighted under point 3 are met.

Each of the infrastructure items supported under the integrated operation is bound by the small-scale ceiling individually. As a consequence, the total cost of the whole integrated operation may exceed EUR 5 million (EUR 10 million in case of UNESCO listed cultural heritage).

Is it possible to implement an integrated investment combining actions from different investment priorities and funds?

Yes, as stated under point 2 and 3.

5. In the light of the above, is it possible to conduct a partner/network project within the integrated activities that would include several projects (e.g. 3 churches from one area, each of an amount of EUR 5/10 million)?

Yes, provided the integrated activities qualify as an integrated operation. Such an integrated operation can be carried out if it complies with the guiding principles for the selection of operations set in the operational programme and with the conditions listed under point 3.

Restoration of churches can therefore be envisaged if developed as part of a well-justified strategy to develop an endogenous economic potential in a particular area, for instance by enhancing the tourism potential and economic spill-overs of the investment.

Each church would be considered as a separate item of small-scale infrastructure and the ceiling of EUR 5/10 million would apply to each of them individually.

6. Can works regarding surroundings of historical buildings (e.g. historical gardens) and projects concerning protection against theft and damage be treated as a single item?

The surroundings of a historical building (e.g. gardens) comply with the condition of a physically separate item of infrastructure. Therefore, the historical building and the surrounding gardens may constitute two projects under one integrated operation and the small-scale ceiling would apply to each of them individually.

Installation of systems protecting cultural infrastructure against theft and damage may be supported in line with the conditions set for equipment under question 7 below, provided the project meets the guiding principles for selection of operations set in the programme.

7. Can projects regarding equipment purchase for cultural buildings be treated as a separate part of integrated investment (concerning both historical building and non-historical building) with the maximum amount of EUR 5 million?

It is important to distinguish between an investment in equipment and an investment in small-scale infrastructure. When an investment in small-scale infrastructure includes the purchase of equipment, the cost of the equipment is included in the total cost of the small-scale infrastructure which has to respect the ceilings.

On the other hand when an investment in equipment is clearly a stand-alone project as part of the development of an endogenous potential, the ceilings set for small-scale infrastructure do not apply.

8. Can beneficiaries submit one single application covering the whole integrated action?

Beneficiaries should submit one single application covering the whole integrated operation in order to clearly present the investment in its entirety and justify the added value of the investment as a whole.

Would it be admissible to have one feasibility study for the complete operation and one tendering procedure for the complete operation?

Yes, the Commission encourages such practice, nevertheless it is for the managing authority to verify and decide whether a single tendering procedure can be carried out and a single feasibility study can be conducted for the whole integrated operation.

9. Can certain expenditure of project, such as VAT, the preparation of documentation, project management, be excluded from the total cost of a project?

For the purpose of verifying the ceiling compliance, the total cost is understood as the sum of eligible and ineligible costs for the project.

10. Can the total cost planned at the stage of application of the project increase during the implementation due for instance to the necessity to conduct conservational and archaeological works that take place in a strictly specified regime?

Yes, such increase of the total cost may be accepted under strictly exceptional circumstances, provided it is of clearly unforeseeable nature, occurs despite all precautionary measures and none of the costs exceeding the applicable small-scale ceiling is covered by EU funds.

11. Does the EUR 5 million ceiling apply to all projects to be supported by ERDF (cultural heritage and non-historic infrastructure) or only to the cultural (non-historic) infrastructure?

The Regulation does not distinguish between cultural heritage infrastructure and new or non-historical cultural infrastructure. Therefore, the small-scale ceiling applies in all cases.