



18 November 2022, MA/JS

# Financial webinar

## Questions during the financial webinar and their answers

### Disclaimer

*The document summarises the questions raised by applicants and the answers provided by the MA/JS at the Financial Webinar on 15.11.2022 (Small projects). Even the MA/JS made its best to answer all questions sufficiently, please be aware that the answers do not replace or overrule any relevant provisions set by the EU regulations, Programme Manual and/or applicable national law. The MA/JS cannot under any circumstances or for any reason whatsoever be held liable for the completeness, correctness and up-to-dateness of the answers provided.*

**Question 1:** Does the lead partner need to submit additional reporting documents (other than timesheets) such as the proofs of payments of forwarding the programme funding to each partner?

**Answer:** The main document Programme will request to document the staff costs will be a “Report of hours and employment confirmation” (simplified timesheet). There are two parts in the document: one is the timesheet including implemented tasks on a general reporting period basis (not daily). The second part is employment confirmation, where the employer will have to confirm that the reported person is a staff member.

In case of any MAJS doubts, during the desk checks, we can ask for a copy of the labour contract, however, this does not have to be submitted with every reporting period (only on request).

**Question 2:** Can annual leave be covered by the project budget?

**Answer:** Only productive hours can be reported and are eligible for reimbursement. This means, really only the hours worked for project activities. Annual leave hours are not productive and as a consequence cannot be reported. However, the hourly rate is calculated in a way that proportionally covers also the annual leave, maternity leave, holidays, etc.

**Question 3:** What does this mean exactly: ‘A partner’s entire programme co-financing is either state aid or not?’

**Answer:** MAJS during the plausibility check verifies, first the type of the project partner. If the partner is classified as a State Aid relevant, the whole budget is State Aid relevant. There is no possibility to separate the activities in the project to State Aid is relevant or not relevant.

**Question 4:** Just a clarification, is EUR 10,000 the maximum for all preparation costs incurred by all partners? Can the preparation cost lump sum be split between partners?



**Answer:** 10 000 Eur is the maximum high for preparation costs for the small project - for all partners together. The preparation costs can be split between project partners. In the application form, there is a dedicated field where the Lead Applicant can indicate the share for concrete project partners. The sum cannot exceed 10 000 eur total.

**Question 5:** Are the 500.000 € the total project budget or the max. funding? To be more precise is the total budget for all partners or the maximum budget for every single partner within the partnership?

**Answer:** 500.000 € is the maximum amount of the total project budget, the sum of all partners' budgets cannot exceed this amount.

**Question 6:** How will be documented number of staff hours in the report?

**Answer:** Hours will be documented based on the document named "Report of hours and employment confirmation" (a reference to question number one). The template of the document is already available on the Programme website (gateway for applicants).

**Question 7:** Is there a full list of eligible and non-eligible costs?

**Answer:** There is no clear list dedicated to the type of project. In the Programme Manual, we have a list of ineligible costs (Programme Manual, Section D.3.2). However, the list is indicative, and other positions can appear.

**Question 8:** For small projects, is it just one report - at the end of the project? Does it mean that the co-financing for costs already spent is reimbursed only at the end of the project?

**Answer:** No, there is not only one Progress Report. In both project types with already open calls (small and core projects) there will be a possibility/obligation to report every 6 months. In case some of the partners will have no costs in a certain period then only an activity report would be required. Following the certified report, the reimbursement of ERDF co-financing will be paid out by the Programme.

**Question 9:** Should it be indicated whom (position) and how (in which per cent) we will engage in the project? Or, maybe it's sufficient to present only total Staff involvement e.g. 1,5 people or gross hours or only the amount in EUR?

**Answer:** In the application form, Programme will ask only for two amounts: the share of the preparation costs and the amount of staff costs. Both are in Euros. Partners will not have to indicate how many people or hours are planned - even when a project team will consist of more than one employee.

**Question 10:** Is there any flexibility rule to move the underspending between CAT within one partner and among partners on the project level?

**Answer:** For small projects, there is no flexibility rule, and there is no automatic exceeding of cost categories. However, all project partners have the possibility to apply for budget changes. The detailed rules are set down in the Programme Manual, section L "Changes in the project".



**Question 11:** Václav, what is the meaning of the hourly rates you showed us? Does it represent a kind of maximum hourly rate per country? If we would have one person in Germany working 100% on the project, does it mean the max. amount of costs we could calculate for the person per year would be 85 k?

**Answer:** The hourly rate for Germany is 48 Eur per productive hour and the partner can calculate only with this amount. If the project partner would report 100 productive hours in the reporting period, the scheme would look like  $100 \text{ hours} * 48 \text{ Eur}$ , and this would be the total amount for reimbursement. It can happen that the amount is smaller or bigger than the real costs – this is the natural consequence of the Simplified Costs Options.

The indicated amount seems to be the full-time person, working the whole year for the project only ( $1720 \text{ hours} * 48 \text{ Eur} = 82\,560 \text{ Eur}$ ), and the amount 82 560 Eur would be the possible max to be reported in one year.

**Question 12:** Apologies for asking again, but the maximum total budget for small projects means that the maximum funding can be 400.000 €, correct?

**Answer:** Yes, it is correct. The maximum total budget is 500 000 EUR. 400 000 Eur corresponds to 80 % of co-financing ( $500\,000 \text{ Eur} * 80\% = 400\,000 \text{ Eur}$ ).

**Question 13:** Are preparation costs eligible if the project consortium started via the Swedish Institute seed project (not EU funding)?

**Answer:** In such case, preparation costs would be eligible, the Swedish Institute support was not granted via EU Funds.

The amount of preparation costs co-financing is 8 000 Eur, which corresponds to 80 % of the total amount of 10 000 Eur.

**Question 14:** Are staff costs eligible for the closing period as well for the reporting?

**Answer:** Yes, Staff costs are eligible during the closing period, however, they have to be related to the finalisation of the project, the reports etc. No content implementation can take place during this project phase. The closure phase usually lasts three months.

**Question 15:** Can we report the work of another person working in the organisation i.e. during the absence of the project manager?

**Answer:** Yes, in case of the absence of one project team member, the costs of the substitute (another employee of the organization or a new employee) are eligible and can be reported.



**Question 16:** What is the reason to report unpaid voluntary work? Would it be paid?

**Answer:** The possibility of unpaid voluntary work is foreseen only in the case of small projects, please do not mix this possibility with other project types. Partners can report unpaid voluntary work as costs (cost category number one) and get reimbursement. However, there is a limit of 20 %. The unpaid voluntary work can not exceed the amount of own contribution. Unpaid voluntary work can be reported in the same way as staff costs (productive hours multiplied by the hourly rate).

**Question 17:** How do you define/describe "productive hours only" for the full-time employee?

**Answer:** Productive hours are the actually worked hours when the person really works on the project tasks/activities (e.g. content, reporting, project meetings or travels, ...). The opposite hours like any kind of leave (sick, vacations, etc) are not counted as productive.

**Question 18:** I didn't understand if the project costs will be reimbursed by MA/JS in blocks and after the lead partner has presented a report with expenditures. Or some of it beforehand, too?

**Answer:** The Programme follows the reimbursement principle. In practice, this means, all partners have to prepare their reports and sent them to the Lead Partner. The Lead Partner collects all the reports and compiles them into one Progress Report. Progress Report will be sent to MAJS, who will check the report. When the report will be accepted, Programme will reimburse the co-financing amount to the Lead Partner, and then the Lead Partner reimburses it further to the regular project partners.

There is no need for any reports for preparation costs, they will be paid out on the Lead Partner account after the signature of the Subsidy Contract.

**Question 19:** What do you mean by the "employment contract", can this be a person contracted by the organisation to do certain tasks for the project, that is not otherwise working for it?

**Answer:** By the "employment contract" we mean regular labour contracts, someone who is working for the organisation based on the labour law. A Labour contract (or equivalent) according to the national law is required between employee and employer.

When somebody is contracted like an external service contractor, based on the e.g. invoice is not eligible as Staff costs under a cost category one.

**Question 20:** How long are the reporting periods?

**Answer:** The regular reporting period is 6 months. The first and last reporting periods (Progress Reports) can cover a bit longer time, due to contracting and closure periods included.



**Question 21:** How long it normally takes for reports to be checked and approved and cost reimbursement to reach the lead partner?

**Answer:** The regulation obliges MAJS to finalize the verification within 80 days after the report is submitted for control. So, the max period is 80 days, however, MAJS will try to pay the reports asap. However, it depends on several factors, such as completeness of data, description of progress, etc.

**Question 22:** When a periodic report is approved, is there then a payment, or is there only one payment at the conclusion of the project?

**Answer:** The reimbursement is after each reporting period, after each certified Progress Report. If the Lead Partner will select 24 months of implementation, and each reporting period is 6 months, there will be 4 Progress Reports during the project lifetime, so 4 reimbursements of co-financing.

**Question 23:** Can the number of hours or % of project staff vary each month of the reporting period?

**Answer:** There is only one possibility to report the staff costs -> via the productive hours. So, Partners can report only those hours which were worked for the project activities. It can change from month to month, e.g. 160 hours in one month and then 100 hours in the other month, or even no project-related hours, etc, etc.

Percentage share (fixed percentage method) used to be the case in the previous programming period, but this method is not allowed anymore in our Programme in the 21-27 Perspective.

**Question 24:** if the hourly rate actually is lower than the maximum predefined rate, what about the rest of the money received as a reimbursement?

**Answer:** Over and under-compensation are the natural consequences of using Simplified Costs Options. Both can happen. In the mentioned situation, there is a benefit for the project partner - more money stays after the reimbursement than it was actually paid via the real costs. The construction of the budget in a small project is based only on SCOs, so can happen that also the flat rate for other costs will be higher or lower than real costs. Under and overcompensation may balance each other as well.

MAJS will not check any invoices, or any real costs (also further audits will not do it).

**Question 25:** I understood that there is only one report at the end of the implementation of the project. Does that mean the process is clean, with one report and one reimbursement? No midterm reports or similar?

**Answer:** There will be no possibility to have only one Progress Report during the whole implementation. Each reporting period will have a separate Progress Report, which will be the basis for the reimbursement of Programme co-financing.