24 November 2022, MA/JS

# Financial webinar for the core project 23.11.2022

## Questions received during the financial webinar for core projects

*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-datedness of the answers provided.*

1. **Can the same persons work for two different consortium members participating in the project and contributing different tasks, given that she/he allocates the working hours to the entity responsible for the specific tasks?**

   Yes, it is possible for one person to work on the project for more than one project partner. The condition is that the person must have a separate employment contract with each project partner.

2. **Can newly established start-up companies participate in the consortium if they can demonstrate a 20% co-funding share?**

   The answer to this question is relevant not only for the newly established start-ups but the new entities as such. One of the main preconditions to becoming a project partner in our Programme is the legal personality of the entity. In case the start-up/new SME etc have no legal personality, they can't become a project partner. This element is crosschecked by MC Members, during the admissibility check. Going back to start-ups, it is important to highlight, that there are some differences between Programme countries. In some countries, there is more than just one form/legal status of start-up registrations, and some of them have legal personalities.

   For the answer, let's assume the entity has a legal personality - then we will ask in the Application Form to provide a bit more data related to the staff and financial status. Exemplary figures we need are inter alia annual turnovers, annual balance sheets, and operating profit. In case the start-up is just newly created such data can be not available, then it can happen that during the contracting phase additional clarifications, and questions (including documents) can appear. Please remember, that also content tasks, experience, and capacity of the new entity should be proven. In such a situation, the project partner and lead partner are obliged to prove the new entity is enough strong and secure to take part in the project.

3. **How realistic it is to have project changes with respect to state aid? Other Interreg programs assess project activities. Interreg BSR almost automatically qualifies state universities as receiving state aid. This qualification prevents national co-financing, crucial for less-developed Program countries.**

   Does it mean that the state aid-relevant project partner can be changed? There is the same approach as to the non-state aid relevant project partner. Following our project changes procedure and fulfilling the requirements specified in it, it is possible. Important the state aid instrument (GBER, de-minimis) is decided upon before the new PP starts any project activities.

   Or does this question mean if we plan to change the state aid assessment approach? No, the Programme does not plan to change it.

   The Programme decided on a risk-based approach to reduce the efforts of lead partners and project partners for the self-assessment of State aid. It is a more secure approach for the LPs and PPs and for the Programme - by this approach, we reduced the risk of findings resulting from non-detection of state aid before the activities are implemented. Further, a State aid assessment based on activities does not imply that the result of the assessment will be that the activities are not State aid relevant. In other words, those approaches do not exclude each other. According to our experience from the first two calls (small and core projects), the assessment proved that it works. Partners with medium State aid risk, i.e. universities and sectoral agencies, can require and justify a plausibility check. The MA/JS will then assess the situation again.

   The de minimis instrument is an option to comply also with national co-financing. The project partners need to seek contact with the national funding institutions to see if the national funding is also regarded as State aid. Because only in that case there is a conflict and GBER art. cannot be used.

4. **Are costs relating to the fluctuation of foreign exchange rates still ineligible? With simplified cost options one doesn´t need to demonstrate travel documents, so in principle can one cover fluctuation costs within the project?**

   Costs relating to the fluctuation of the foreign exchange rate are ineligible. Regarding the costs reimbursed via SCOs, the MA/JS does not follow up on any over/under-compensation as this is a natural consequence of using SCOs.

5. **Is it eligible to have any staff costs during the closure phase, e.g., related to reporting? Perhaps at least for the LP?**

During the closure phase, all project partners are entitled to report costs related to the closure of the projects (including staff). These are usually administrative costs of preparation of the final progress report, certification of costs by the national controller etc.

6. **Are there another tender/procurement rules to take care of than the ones in your country/ your own company?**

The procurement procedure depends on the estimate of the contract value and the general needs of the partner. The value of the contract determines the range of the publicity required for the respective procurement – an EU-wide tender or a national-level tender. If the contract value is below the EU or national thresholds but is at or above EUR 10,000 (excl. VAT) the 'bid-at-three' rule of the Programme is applicable. For more details please check the Programme Manual – chapter K.

7. **Is fringe benefits tax eligible?**

Fringe benefits tax is not eligible. All employment costs should be covered by the hourly rate relevant to the project partner's country.

8. **How many reporting periods there are, meaning how often the reimbursement can be planned? Also, if there will be investments in the project, before the reimbursement, the project partner should plan its own investment and then expect 80 % reimbursement.**

**Regarding the investments to the projects. Do the partners have to invest on their own and then receive the reimbursement? How many reporting periods there are in the core projects and when the first reimbursement could be planned?**

The duration of each reporting period is usually six months. The first progress report comprises at least nine months as it covers the contracting phase and the first six months of the implementation period. The final progress report comprises between six to nine months as it covers at least the last three months of the implementation period and three months closure phase. The MA/JS has 80 days to pay the reimbursement. The clock starts with the submission of the progress report. Any project costs (including investments) must be paid in full by the project partner and are later reimbursed. The Programme co-financing is 80% or 50% for the project partners from Norway.

9. **What does it mean "productive hours", should it be proved somehow? How do we have to report the staff costs? Via payroll journal?**

Productive hours mean hours actually worked for the project. It does not include holidays, sick leave, maternity leave, etc.

Project partners have to complete and deliver ***Employment confirmation and report of hours*** to the MA/JS for each person for whom they report staff costs. This document confirms that the person is working on the project and confirms the number of hours worked for the project. Project partners are obliged to use a template prepared by the MA/JS and which is published on the Programme portal. The MA/JS will only accept staff costs which are documented through the Programme template. Project partners have to complete and sign these documents. They have to deliver the signed versions as attachments to the partner report.

**10. Do we need to give the exact list of project employees in the application form or is it enough to provide the positions and hours planned for each position?**

It is not needed. Each project partner enters into the application form only the sum of the staff costs planned for the project without specifying positions and the number of hours planned for each position.

**11. Are investments into infrastructure - that are necessary for the piloting - eligible as well?**

**Are there any percentage limitations of infrastructure and works like renovation, according to all project budget?**

Investments in infrastructure and works are eligible and shall be planned in the cost category 6 (CAT6). The Programme does not set any percentage limitation of such cost in the budget. However, the Programme does not support projects aiming at stand-alone investments in infrastructure (e.g. building roads bridges etc.).

**12. Is it possible to get an advanced payment for the project in this programme?**

The Programme does not provide advance payment.

**13. What do real costs report mean in practice? Does it mean that there will be another, separate template in contrast to that of the previous programme term?**

**Are the costs reported in BAMOS or by using a specific partner report as earlier?**

Project partners (including the lead partner) compile a partner report and submit it to the lead partner via BAMOS+. A partner report consists of the following parts:

- Part A. activity part,
- Part B. financial part for cost categories covered by simplified cost options,
- Part C. financial part for cost categories covered by real costs.

The MA/JS verifies and certifies cost categories covered by simplified cost options during monitoring of the progress report i.e. after the lead partner has submitted the complete progress report.

Designated controllers verify and certify cost categories covered by real costs before the submission of the partner report to the lead partner.

Project partners may decide not to report cost categories covered by the real costs in a given reporting period. Real costs from more than one period can be combined and reported all at once. A partner report that includes expenditure based on the simplified cost options only is not subject to the verification of the controllers.

**14. Can you give examples of what would be eligible funding from preparation costs?**

The MA/JS provides a lump sum of EUR 24,000 (EUR 19,200 of the Programme co-financing) for the preparation costs incurred by the partnership for the preparation of the project. There is no need to justify these costs or provide supporting documentation.

**15. With regard to state aid and co-financing. In case the organisation is assessed as state aid relevant can it still apply for national support (50%) to cover its own contribution to the project?**

A project partner can receive max. 80% as State aid under GBER and 100% under de-minimis (still fulfilling the other requirements of 200 TEUR in 3 years or the other conditions). If the national granting authority regards the national co-financing as State aid then the PP has to calculate. It seems the question comes from the Norwegian PP, they will only get 50% of Programme co-financing from MA/JS. So, in theory, they can still get 30% of national funding which is also State aid.

**16. About calculating staff costs: In case the annual hours per year are less than 1720 (e.g. 1600 hours/year) shall we use the smaller number of hours in the project budgeting?**

Yes, this is correct. The limit of 1720 is related to the full-time person working 100% for the project. The project partner may plan fewer hours according to their needs.

17. **Even if it is categories with simplified cost options (cat 0,1,2,3), do we need to report and prove them? The difference is only that we do not need to provide full documentation of public procurements etc. and no need to provide it to the national controller. If we spend less money than is planned, what then?**

    **What documents will need to be submitted for reporting CAT3 and CAT2 costs, if we exceed these amounts how can we request the overcompensation?**

    There is no need to document and prove the cost reported under CAT0, CAT2 and CAT3. Cost reported under CAT1 – staff cost must be documented and reported using a mandatory Report of hours and employment confirmation (please see the answer to question 10 for more details).

    The Programme does not balance under-compensation resulting from the use of Simplified Cost Options nor request the funds back in the case of over- compensation.

18. **Does project activity costs are eligible before MC has approved the project application? Of course, it is our own risk to do any cost before if the project application is not selected for approval by MC.**

    Any project-related costs incurred and paid before the approval of the project are not eligible for the Programme co-financing.

19. **Is there any budget flexibility possible either on the partner or project levels?**

    Yes, budget flexibility is possible for the core projects only. Budget flexibility allows projects to overspend on one or more of their approved cost categories by 20% or EUR 40,000, whichever is higher. However, the project should pay attention to the cost category one – as any levelling of this category automatically influences two flat rates (CAT2 and CAT3).

20. **Should activities start only after the contract or can start just after the approval of MC?**

    Project activities can start after approval of the project by the Monitoring Committee and there is no need to wait for the signature of the subsidy contract. However, if for any reason the signature of the subsidy contract will fail, the Programme will not reimburse any costs.