



07 December 2022, MA/JS

Financial webinar for small projects

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 07.12.2022. 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 completeness, correctness and up-to-dateness of the answers provided.

Abbreviation

CAT - cost category

Question 1: How to prove productive hours?

Answer: Productive hours are those spent on project work. These hours need to be inserted into the “report of hours”, which contains a timesheet provided by the Programme. This document proves the hours spent by each employee on the project work. In this document, partners also describe the tasks of each person reported for the specific project period.

Question 2: What do you mean by preparation costs? Some example please?

Answer: Preparation costs are those which a partner(s) had during the phase of preparing and writing the application form (staff costs, travels for meetings, consulting services to support the process). These costs are reimbursed as a lump sum without checking the actual occurred costs. The preparation costs will be paid only to approved projects who applied for it (it is not possible to receive these costs for rejected applications although such costs actually occurred).

Question 3: How many employment contracts can I have in this project?

Answer: The Programme does not determine the number of employment contracts. It is important that each staff member who will report hours on a project, has an employment contract with the partner organisation.

Question 4: Please tell me if there is a minimum annual turnover requirement for the lead partner for small projects?

Answer: Only public organisations can be lead partners in our projects. These public organisations are not asked for financial data like turnover. Financial data is required only for private organisations, which cannot be lead partners in our projects. Generally, the annual turnover should be proportionally to project partners' activities. As the Programme works with the reimbursement principle, each partner must be financially able to pay himself for



the costs first, since only after the costs occurred, the Programme will reimburse them. The higher the budget planned, the higher should be the turnover.

Question 5: Can we include consultancy fees as a budget item?

Answer: In a small project, these costs are covered by CAT 0 preparation costs within the preparation of a project, and within the implementation phase these costs are covered by CAT 7 (40% flat rate of CAT 1).

Question 6: Is vacation productive work hours?

Answer: Vacations are not productive hours. Only hours spent at work are productive hours.

Question 7: Can an NGO be a project leader, a project partner. Do you have any example?

Answer: If an NGO is a legal body, it can be project partner. If this NGO is considered as a public organisation, it can be also lead partner. If this NGO is considered as a private organisation, it can be project partner, but it cannot be lead partner.

Question 8: Are the preparation costs and payment to be shared equally between the partners?

Answer: The reimbursed lump sum for preparation costs in a small project is EUR 8,000. This amount can be shared among partners either equally or proportionally to the involvement in the preparation of the application. This amount can also go to one partner only, it is the decision of the project how this amount is split.

Question 9: Are the max. budget of 500.000 € referring to co-financing or the total budget?

Answer: The amount of EUR 500,000 refers to the total budget.

Question 10: If you have an associated organization who is helping you by conducting a workshop (sort of consultancy) can they get paid out of one of the partner's budget?

Answer: An associated organisation can be involved as an external service provider and paid from the partners' budget. In a small project, such costs would be covered by CAT 7.

Question 11: If external expertise is going to be used: Is it right, that it doesn't have to be calculated at all? Is there a need to describe external services to be used or more generally to describe how to use the other costs in the application?

Answer: In a small project, the external expertise is covered by CAT 7 (other costs). It means that it does not need to be estimated in the application form (nor later in the reports). In the work plan, it should be described what is planned, but the details are not needed for the budget section.

Question 12: How to determine preparation costs (category 0)? Some examples of them please.

Answer: The preparation costs are reimbursed via a lump sum of EUR 10,000 (= co-financing EUR 8,000). The Programme does not check the single costs that occurred for preparation, but provides this lump sum.





Question 13: Can the preparation costs be shared amongst partners? If so, how? Do hours need to be reported since it's a lump sum?

Answer: Yes, preparation costs can be shared among partners. The split can be made in the application form. No hours need to be reported, since the reimbursement of preparation costs occurs via a lump sum (EUR 10,000 in small projects).

Question 14: Is the payment done only one time after the whole project ends? (After approved progress report)

Answer: No, the payment is transferred after each project period. Small projects will run for 24 months, which means four progress reports and four payments.

Question 15: Is there any possibility of cost-sharing (not within the project) but maybe by shared contracting of external services?

Answer: The Programme understands cost sharing as pro-rata allocation of certain expenditures (it means one partner has for example costs for a conference and divides the costs among partners – this constellation is not possible). What would work in the conference example, if one partner is covering the premises of a conference, the other partner the speakers, and another one the catering (each partner gets their own invoice for the costs and pays them, this constellation would work).

Question 16: Will the work of volunteers be considered as an eligible contribution of the whole 20% of the budget (the part not funded by the programme)? how this type of work should be calculated/documentated and reported?

Answer: Voluntary workers can be reported until the amount of own contribution (for ERDF partners, 20%) of the partner budget. The number of hours for voluntary workers is reported to the Programme the same way as CAT 1 (staff costs) – the number of hours spent at work is multiplied by the hourly rate of the country.

Question 17: About average hourly rates/per country. Do the average hourly rates are calculated considering the national burden of national income and social security taxes?

Answer: The hourly rate per country covers all employment costs (also the gross employment costs and national taxes).

Question 18: Please confirm - first we receive funds of max 500 000 EUR and then we report you our cost? Or first we need to spend our money and after we report our cost you reimbursed us the money?

Answer: First project partners need to have the costs and pay for them by themselves. After that, partners report the costs to the Programme and receive a reimbursement.

Question 19: Do all project partners have to have their own budget? Or it is possible to have a partner who is just taking part in the project without his own expenditures?



Answer: All project partners have to have their own budget. A partner with EUR 0.00 budget is not possible. Associated organisations are those who do not have any budget, but are involved in supporting the project implementation. Associated organisations cannot take responsibility for major tasks in the project.

Question 20: Where are the OH/overhead costs to be included - in the 40% other costs?

Answer: The term “overhead” is not used in the Programme. The so-called “office and administration” costs belong to CAT 7 (40% of CAT 1). Generally, all other costs different than staff costs in small projects are covered by CAT 7.

Question 21: What if the CAT7 costs go much higher than expected, making the total budget go higher than 500.000 €?

Answer: It is not possible to enter more than EUR 500,000 in the application form. It is also not possible to report later to the Programme more than EUR 500,000. If the question means that the actual costs will be at the end higher than EUR 500,000, with the use of simplified cost options as CAT 0, CAT 1 and CAT 7, the Programme does not balance any overcompensation or undercompensation (in this example) compared to the real costs.

Question 22: How a sectoral agency is defined? And why is it regarded state-aid relevant? I.e. is a public transport authority regarded a sectoral agency?

Answer: Sectoral agency is defined in chapter “C.5.1 Types of partners” of the Programme manual https://interreg-baltic.eu/wp-content/uploads/2022/05/BSR_Programme-Manual_version-3.0.pdf Such organisation is responsible for a specific service in a particular economic sector, such as environmental agency, immigration agency, local or regional development agency. Sectoral agencies are considered as partners with medium risk for implementing State aid activities. These agencies run advisory services in the concerned sector, therefore the Programme sees potential for economic activities. Sectoral agencies can apply for a plausibility check of State aid relevance in the application form and provide arguments why a sectoral agency is not State aid relevant. Public transport authority is rather an authority (not an agency) on the national, regional, or local level.

Question 23: Is it possible to indicate the costs for administration and economist in the project among the staff costs? What percentage if employment is normal for pure management and administrative costs (including reporting)?

Answer: Financial and administrative staff members can be reported under CAT 1 if these people work on the project (prepare a partner report for example). However, any general accounting work conducted for the partner organisation would be covered by CAT 7 in a small project. Pure management and administrative costs depend on the project (more partners require a higher percentage). The average for management is usually 10-15%.

Question 24: Could you please elaborate more on the state aid?



Answer: The information about State aid is available in chapter “P. State aid rules” of the Programme manual https://interreg-baltic.eu/wp-content/uploads/2022/05/BSR_Programme-Manual_version-3.0.pdf and in form of factsheet under <https://interreg-baltic.eu/toolkit/state-aid/>

Question 25: Reporting staff costs: Is it obligatory to report working hours on the project by timesheets also if an employee is working to a fixed percentage on the project, proofed by the employment contract? What percentage of employment is normal?

Answer: Yes, it is obligatory to report working hours on the project in a timesheet, which is part of the “report of hours” provided by the Programme. The Programme does not check the percentage, as staff costs are reported based on productive hours.

Question 26: Can voluntary work be counted as part of co-financing costs?

Answer: Unpaid voluntary work can be reported to the Programme in small projects and the Programme will reimburse it. The unpaid voluntary work cannot exceed the amount of own contribution (20% of the partner budget).

Question 27: Business trips, hotel stay and dally rate of volunteers or in-kind workers in which category it is - "other cost"?

Answer: Unpaid voluntary workers are covered by CAT 1 (staff costs). Business trips, hotel stay and all other costs different from staff costs are CAT 7 (other costs).

Question 28: Can voluntary work be counted as a Partner's own contribution?

Answer: Unpaid voluntary work can amount only up to the amount of partners’ own contribution. Partners do not need to prove own contribution. Partners report 100% of their costs and the Programme reimburses 80% in case of ERDF partners and 50% in case of Norwegian partners.

Question 29: Are there different tariffs for different personnel categories?

Answer: There is only one hourly rate. The position of the employee does not matter, the hourly rate is the same for all types of employees.

Question 30: In the whole project can one partner report more staff costs if another partner reports less?

Answer: Small projects do not have any budget flexibility. In this example, a budget reallocation would be possible. If the procedure is successful and will be approved by the MA/JS, the costs of one partner can be moved to another partner.



Question 31: Who is allowed to offer voluntary work? Can partner organisations offer some of their contribution as voluntary work such NGOs participating in project preparation or researchers in some dialogues with citizens etc?

Answer: Unpaid voluntary workers are people working on a project, but not receiving any payment for it (like a student of a university, someone working for an NGO in his/her free time). This person is not paid by the partner, or other organisations.

Question 32: Are the preparation costs part of the maximum project budget of €500,000?

Answer: Yes, preparation costs are part of the maximum project budget of EUR 500,000.