



25 January 2024, MA/JS

29 February 2024, MA/JS

## Financial webinars

### Questions during the financial webinars and their answers (call 3)

#### Disclaimer

*The document summarises the questions raised by applicants and the answers provided by the MA/JS at the financial webinars on 25.01.2024 and 29.02.2024. 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.*

#### Abbreviations

CAT - cost category

SCOs - simplified cost options

GBER – General Block Exemption Regulation

**Question 1:** Is a state-owned capital company to be considered as a subject of State aid?

**Answer:** Yes, such a company could be considered as a subject to State aid.

**Question 2:** In some countries, partners framed under GBER do not have to follow public procurement, unless a stricter organisational rule applies. Is that valid in this Programme, too?

**Answer:** All partners (no matter if framed within the GBER or not) have to follow public procurement rules in the Programme.

**Question 3:** What are the consequences for a SME in Germany of choosing GBER or de minimis as State aid compliance measure? (e.g. for other future projects)

**Answer:** If the German SME chooses the GBER, there are no consequences for future projects. If the German SME takes de minimis, the Programme will check if the SME obtained other de minimis from Germany (the Programme grants de minimis as Germany) during the past three years and if the sum of this de minimis aid exceeds the threshold of EUR 300,000. Also, if the German SME is active in the primary production of fishery and aquaculture products or agricultural products, the Programme is not allowed to grant de minimis aid.

**Question 4:** What are the limits under investment (CAT 4-5)?

**Answer:** There are no limits, but the planned amount has to correspond to the planned activities within the project related to the investment.





**Question 5:** Can one event combine two activities (which will be financed by different partners)? Also, could catering be paid by another partner?

**Answer:** If the costs for the event will be invoiced to different partners, one partner may cover the costs for experts, another partner for catering and another one for the venue (through an allocation of invoices to different partners).

**Question 6:** Who is a controller? What certification does a controller need to be qualified as a controller?

**Answer:** The specification of the control system in each programme country is available on the programme website <https://interreg-baltic.eu/toolkit/control/>

**Question 7:** If a municipality applies as project partner, can various municipal entities be involved in the project, from a financial point of view, e.g. the road authority, the town hall? Or should they be declared in the application as separate partners with their separate budgets?

**Answer:** If the sub-entities are separate legal bodies (having a different organisation registration number), they must be listed as separate project partners in the application. It is not possible to report costs as the municipality if officially these entities are different legal bodies.

**Question 8:** When it comes to equipment upgrade: If a partner wants to test a technology as a pilot solution and therefore upgrades an existing system in the project, but continues to use his system after the end of the project, what costs can he include? (full costs of the upgrade or only depreciation costs):

**Answer:** For that the national rules should be checked. Full costs could be reported and the equipment would need to be framed as an 'investment' in the Programme understanding.

**Question 9:** Can the controller come from own organisation (in-house controller)?

**Answer:** Each Programme country defines its control system. The possibility of external/internal controllers can be found in the descriptions provided on the Programme portal under <https://interreg-baltic.eu/toolkit/control/>.

**Question 10:** What type of organisations can be controller?

**Answer:** Please check the specification for controllers on the programme website <https://interreg-baltic.eu/toolkit/control/>

**Question 11:** How is the control system organised in decentralised countries? Who does the "management verification / control"?

**Answer:** For the control system in decentralised countries, please check the information available at <https://interreg-baltic.eu/toolkit/control/>

Please also read the Programme manual chapter 'M.2 Management verification in general' [https://interreg-baltic.eu/wp-content/uploads/2024/01/2024.01.11\\_BSR\\_Programme-Manual\\_version-7.0.pdf](https://interreg-baltic.eu/wp-content/uploads/2024/01/2024.01.11_BSR_Programme-Manual_version-7.0.pdf)

The management verification (control) of simplified cost options (CAT 0-3) is done by the MA/JS Interreg BSR directly. The management verification (control) of real costs (CAT 4-6) is done by national controllers from the respective country the partner comes from.



**Question 12:** Does construction documentation have to be ready at application stage?

**Answer:** No, the construction documentation (for example of an investment) does not need to be ready at the application stage.

**Question 13:** If there is a large partner X and a small partner Y (with limited ability for self-funding), could partner X cover the own contribution of partner Y?

**Answer:** Each project partner has its own budget and has to provide its own contribution to the project. An organisation other than the project partner cannot provide the financing for the project partner's own contribution to the project.

**Question 14:** Budgets of partners are dedicated to the specific partner and cannot be transferred to another partner, but in reality, isn't this still possible through a major change?

**Answer:** Yes, budget changes are possible via an official major change procedure within the project implementation. However, after such a change (budget reallocation), each partner can consume only its own budget.

**Question 15:** What is the difference between project partners and associated organizations in terms of budget? For example, is it possible to partner to buy services from associated organizations?

**Answer:** Associated organisations do not have any budget in the project, while project partners participate in the project with a dedicated budget. A project partner can purchase services from an associated organisation, if the partner has applied procurement rules and selected the associated organisation for a certain service according to these rules.

**Question 16:** Do rules such as hourly rate update and other billing rules change during the project (started in 2023) Or do the new rules apply only to newly signed contracts after 1 Jan 2024?

**Answer:** The updated hourly rate applies only to projects that will be approved after 01.01.2024. The projects approved before this date, e.g. of call 1 and call 2 will have the old hourly rates within their whole project duration.

**Question 17:** Does project staff need to be hired specifically for the project, or can existing employees be assigned to the project without the need for a dedicated project contract?

**Answer:** All employees of the project partner organisation (the existing ones or newly hired) who are relevant and have a specific role in the project can declare expenditure under CAT 1 Staff costs. If an employee is employed by the partner organisation, no dedicated project contract is needed (the existing contract is sufficient). The employees working on the project will have to fill in the compulsory documents, report of hours and employment confirmation, where among others are agreed tasks within the project and activities carried out/involved in.

**Question 18:** Travel costs: what happens if one partner has not travelled in one year, but participated online in joined meetings? Do all partners lose their travel cost flat rate or only the partner who did not travel?

**Answer:** If a partner has not travelled within the whole project duration (not only within one year), then only this specific partner loses the flat rate CAT 3, not the whole partnership.





**Question 19:** Is it possible to use overcompensation for partly co-financing the project?

**Answer:** In this particular case it is meant the Programme co-financing paid for the simplified cost options. These can lead to overcompensation/undercompensation. Such Programme co-financing belongs to the project partner which can use it for financing of its activities, in other words also for the project.

**Question 20:** Did I understand correctly, that there will be no advance payments for the project? There will be applied only reimbursement of costs?

**Answer:** This is correct, there are no advance payments, the Programme works with the reimbursement principle only.

**Question 21:** As the limit of 1 720 hours per employee is reduced to a pro-rata for employees working part-time and for reporting periods shorter than one year, part-time employees fully working on the project cannot report their full hours actually worked, can the remaining hours be claimed in some other way?

**Answer:** A part-time employee can report the hours which are within his/her part-time limit (a part-time employee, for example with 20 hours per week, cannot report 860 project-related hours for a reporting period, which is the maximum limit for 6 months for a full-time employee). If more hours are worked in one reporting period than in the next one, the employee can report two periods at once (instead of separately) to exploit the maximum hours limit.

**Question 22:** If you have more productive hours than it is allowed to report, can you transfer them to a colleague who has not worked the maximum productive hours?

**Answer:** No, it is not possible to transfer the hours of one employee to another one who has still 'available hours' to report.

**Question 23:** It was said that each partner has to travel. Do you mean "each partner organisation" or each "person" listed in the staff cost accounting?

**Answer:** The travel requirement refers to one employee per partner organisation. If 5 employees work on the project for the partner organisation and 1 employee of the 5 has travelled, the travel requirement is fulfilled already.

**Question 24:** Is there a limit for the budget?

**Answer:** No, there is no limit for the budget in a core project, but the budget has to be proportionate to the planned activities.

**Question 25:** Organised transportation to the study tour is reported in CAT 4 for participants of the event but also for event organising partner or is it CAT 3?

**Answer:** If the transportation belongs to 'event costs' (one supplier is responsible for transport, catering, venue etc.), it will be CAT 4. If the transport is invoiced as 'bus rent' separately, it will be CAT 5 (renting of vehicles).

**Question 26:** How flexible can the external services budget be handled after approval, e.g. if more travel costs for external experts would be needed and less costs for other services applied for?



**Answer:** The specifications under CAT 4 external services and CAT 5 Equipment are indicative, so it is possible to increase one cost item and decrease another cost item instead, provided that the additional costs are relevant for the project.

**Question 27:** As costs are paid afterwards (reimbursements principle), how long is a delay before reimbursements will be paid in practice to applicant? (i.e. is it, for example, 6 months reporting + some months?) Is there difference between simplified costs options and real costs?

**Answer:** Based on the reimbursement principle, the payment of the Programme co-financing against the first costs after the project approval can last approx. 1 year (the first reporting period is longer as it is composed of 6 months regular implementation and 3 months of the contracting phase). If a report includes only SCOs (CAT 1-3), the duration from the report submission to payment is on average 3 months, if the report includes SCOs (CAT 1-3) and real costs (CAT 4-6), the duration might be a bit longer.

**Question 28:** Is cost-sharing of common costs (e.g. financial management) allowed?

**Answer:** No, cost sharing is not allowed.

**Question 29:** Is it possible for associated partners to have their own budgets in the project?

**Answer:** No, associated organisations do not have a budget for the project.

**Question 30:** Is there a budget flexibility between different cost categories? (e.g. increase staff costs and reduce external services during the project lifetime)

**Answer:** Budget flexibility allows projects (on the overall project level, i.e. cumulatively for all project partners) to overspend on one or more of their approved cost categories by 20% or EUR 40,000, whichever is higher (please note that an increase of CAT 1 staff costs, results automatically in an increase of CAT 2 and CAT 3, as both are flat rates of CAT 1).

**Question 31:** How often are the project partners paid?

**Answer:** On average every 6 months (after each reporting period).

**Question 32:** The salaries of employees of state institutions in Latvia are fixed by law and are far below what the programme provides for. Consequently, there is a difference between the salary actually paid and the salary financed by the programme. How do you deal with this difference? Can this surplus be used for other activities?

**Answer:** The Programme does not monitor the difference between actual costs and the reimbursement via simplified cost options (approximation of costs). The difference is a consequence of applying SCOs. The surplus of funds could be used for additional project activities.

**Question 33:** When reporting staff costs, is a time sheet mandatory?

**Answer:** Yes, a time sheet is mandatory, in the Programme it is called 'Report of hours and employment confirmation' and it is available under <https://interreg-baltic.eu/toolkit/reporting/>

**Question 34:** Can we claim costs for associated partners (e.g. for travels to project events)? If yes, in which category?



**Answer:** Under certain circumstances, it is possible to claim travel costs for associated organisations under CAT 4. The representative of the associated organisation has to have an active role in the project related event which must be documented.

**Question 35:** Is it allowed to use overcompensation (e.g. unused travel budget) for other cost items (e.g. covering costs of external experts) without reporting them?

**Answer:** Yes, it is possible to use overcompensation for other project relevant costs.

**Question 36:** If at national level de minimis support is already exhausted, how it will be evaluated in Interreg application? (Will GBER will be applied?)

**Answer:** The programme grants de minimis from Germany. If the limit of EUR 300,000 for 3 years from Germany is exhausted, the only measure available in this case will be GBER for this partner.

**Question 37:** Could you please elaborate on infrastructural costs (CAT 6)? Is there a cost limit in this category (e.g. % of total costs)? And if all costs that are needed to the project implementation are eligible?

**Answer:** There is no limit for CAT 6. All costs that are related to the planned infrastructure investment are eligible if they are project-relevant (the costs refer to site preparation, delivery, handling, installation, and renovation).

**Question 38:** How should staff cost be reported - how it will be checked how many hours were used for project?

**Answer:** The management verification (control) of staff costs will be made based on the submitted document 'report of hours and employment confirmation' per employee by the Managing Authority/Joint Secretariat.

**Question 39:** Often interested project partners e.g. smaller municipalities struggle with own financial contribution to the project. Do you have any advice on how to deal with own contributions? What costs can be included as a contribution?

**Answer:** Each project partner has its own budget and during its application commits itself to contribute with its own financial sources. Each project partner should ensure a certain financial capacity to pre-finance project activities and be able to cover own contribution. In some countries, there is a possibility to receive contributions to project activities from international (e.g. UNESCO), national, regional and/or local funds which can be granted up to the level of the partner's own financial contribution. Important – no other EU funds/sources can be used for that purpose.

**Question 40:** Can a partner procure a service (translation) from West Germany (region that is not covered by Programme area)? Can a meeting be held in West Germany and be paid for a venue?

**Answer:** Yes, it is possible to procure a translation service from parts of Germany that are not covered by the Programme area. Also, a meeting could be held in West Germany.

**Question 41:** Is there minimum size for partner budget?

**Answer:** No, there is no such a minimum.





**Question 42:** If the initially declared subcontracting service is performed by the project partner himself, is it possible to increase the amount provided for subcontracting in the budget to the staff cost line. Who authorizes this? Decrease subcontracting (external service) and increase staff?

**Answer:** Budget flexibility allows projects (on project level, i.e. cumulatively for all project partners) to overspend on one or more of their approved cost categories by 20% or EUR 40,000, whichever is higher (please note that an increase of CAT 1-staff costs, results automatically in an increase of CAT 2 and CAT 3, as both are flat rates of CAT 1). The budget of the project and project partners cannot be exceeded. The budget change within the budget flexibility is minor and it does not require any prior approval.

**Question 43:** Are there different hourly rates for staff costs for different countries and different type of staff (technicians, MSc., Professor etc.)?

**Answer:** The hourly rates are different per country, but within one country there is only one hourly rate applicable to all possible positions.

**Question 44:** Is Office and administration costs equivalent to overhead?

**Answer:** CAT 2, office and administration is a flat rate of CAT 1 (15% of CAT 1), the items covered by this CAT 2 are specified in the Programme Manual and these cannot be declared under other CAT.

**Question 45:** Will the presentation from yesterday and today be sent to us in order to better prepare and understand of the process?

**Answer:** Yes, the presentations of our webinars will be sent to the participants.

**Question 46:** My question concerns cost of equipment ill that is not going to be used full time in the project. If one department of a big research institution is a partner in the project wants to use the equipment from another department, will it still be internal invoicing? Should we use depreciation cost?

**Answer:** The equipment can be reported as depreciation costs. In the described case, the internal invoicing cannot take place (one department of a partner organisation sends an invoice to another department of the organisation in order to declare the costs to the programme Interreg BSR). The equipment even if of another department, it is still of the project partner who is named in the application form and therefore eligible for Programme co-financing for the time frame it is needed for project activities.

**Question 47:** Is there any catalogue of eligible costs considering promotion and communication?

**Answer:** We do not have such catalogue. The promotion and communication costs are eligible if they are essential for the project implementation. Partners have the possibility to provide the cost description (100 characters) under the items of cost category 4 or to elaborate more directly about such items in the work plan by explaining for what exactly these promotion/communication materials are needed.

**Question 48:** I read that the own contribution should be within one budget category. If we say that the own contribution is within the staff costs, but the staff costs in general are bigger than own contribution, can we split it- one part of staff cost is own contribution and other part is funded by the ERDF?

**Answer:** Own contribution relates to the partner budget (not to a specific cost category). The partner budget consists of Programme co-financing and own contribution. If a partner from EU has a budget of EUR 100,000, then the partner has to have these costs, pay for these costs and then declare these costs



to the Programme. As the programme co-financing rate for EU partner is 80%, so EUR 80,000 will be reimbursed by the programme and EUR 20,000 will be own contribution.