



Fact Sheet 13 – Roles and responsibilities in project partnerships

	Valid from	Valid to	Main changes
Version 3	03.05.17		-Minor wording change recommending the use of the same FLC for local partnerships. -Clarified the role of the Lead Beneficiary and the First Level Controller of the Lead Beneficiary p. 3
Version 2	20.10.15	Extension of organisations eligible to be Lead Beneficiary
Version 1	27.04.15	20.10.15	

Core message: Every project has a Lead Beneficiary, who has overall responsibility for ensuring that the project is delivered according to plan, and for coordinating with programme management bodies. All beneficiaries are however responsible for delivering the activities they have committed to and for ensuring the correctness of all costs claimed. This Fact Sheet explains the details of these roles. All beneficiaries should consult it before joining a project.

Definition

A beneficiary is defined in the regulations as a public or private body responsible for initiating and/or implementing operations. In other words, a beneficiary is one of the organisations identified as being part of the partnership in the project application. Organisations which are involved in the project in some other way and do not appear in the application cannot receive funding – unless they have been contracted as an external supplier in line with the applicable procurement rules. Every partnership is managed by a Lead Beneficiary, which also acts as the contact to programme authorities.

Location of the Lead Beneficiary?

The Lead Beneficiary should act as the coordinator and driver of project activities. In the North Sea Region, the Lead Beneficiary should generally be located in the programme area (including Norway).

In some cases the Lead Beneficiary can be located in part of a programme country which is not in the programme area. In such cases, however, it is important that the main activities will be carried out in the programme area and/or that the benefit of the project will be delivered to the



programme area¹. An assessment of whether this is the case and of whether the Lead Beneficiary can live up to programme's administrative requirements will form part of the overall project assessment. A common example could be a national ministry based in e.g. Berlin. Norwegian Lead Beneficiaries must comply with all EU rules.

Criteria for Lead Beneficiaries

In the North Sea Region programme:

- The Lead Beneficiary cannot as a rule be a private sector beneficiary. Universities, trusts, foundations and similar organisations are excepted from this general rule. The Joint Secretariat must be consulted in cases of doubt and will decide on a case-by-case basis based on the administrative and financial capacity of the organisation in question.
- The Lead Beneficiary must demonstrate knowledge of managing European funding projects and sufficient capacity to fulfil the role
- The Lead Beneficiary must have sufficient funds to cover any repayments required to the programme (see below)

Lead Beneficiary role

The Lead Beneficiary is responsible for:

- Signing a Subsidy Contract with the Managing Authority on behalf of the partnership
- Signing a partnership agreement with all beneficiaries (see Fact Sheet 14), including as a minimum:
 - Provisions guaranteeing sound financial management of all funds allocated to the project and protection of the audit trail at all levels
 - Arrangements for recovering amounts unduly paid
- Submitting compiled reports and supporting documentation to the programme via the Online Monitoring System
- Ensuring that all expenditure reported at beneficiary level has been verified by the designated controller (see Fact Sheet 24)
- Ensuring that the expenditure reported by all beneficiaries results from implementing the project and corresponds only to the activities agreed between the partnership and laid out in the approved application²

All payments from the programme will be made to the Lead Beneficiary. The Lead Beneficiary must pass on the relevant ERDF share to the partnership as quickly as possible and in full unless a written agreement on shared costs is laid out in the partnership agreement and states that the Lead Beneficiary will reduce the amount of ERDF paid to beneficiaries in order to cover their contribution to the shared costs (see Fact Sheet 8).

¹ In line with 1299/2013 §13.4

² 1299/2013 §13



Beneficiary Role

A beneficiary is responsible for:

- Complying with all of the terms of the subsidy contract and partnership agreement
- Ensuring that a controller is designated as soon as possible after project approval and that control is carried out on time by the designated controller
- Delivery of content and activities in line with the approved application only
- Timely submission of reports (activity and finance) and required supporting documentation via the Online Monitoring System
- Retaining all documentation related to the project and audit trail (see Fact Sheet 12)

Every beneficiary is responsible for ensuring the correctness of its own expenditure. If an error is found in expenditure which has been paid out, the beneficiary is liable for reimbursing these unduly paid funds

Lead Beneficiary role in First Level Control

The Lead Beneficiary has two roles in the control of all project expenditure:

- Ensuring that the expenditure reported by all beneficiaries results from implementing the project and corresponds to the activities agreed between the partnership and laid out in the approved application
- Ensuring that all expenditure reported at beneficiary level has been verified by the designated controller (see Fact Sheet 24)

In practical terms this means that the Lead Beneficiary and the First Level Controller of the Lead Beneficiary must ensure that completed control documents have been submitted by all beneficiaries and that all of the activities described in each beneficiary's activity report have been agreed by the partnership.

Example: Beneficiary X reports costs for an international conference. The Lead Beneficiary will verify that the international conference is an activity which is in line with the agreed activities in the application. The Lead Beneficiary will not, however, check the tendering/procurement of the selected venue etc. or other details of expenditure. This is a task for the beneficiary's own designated controller.

The Lead Beneficiary and its controller should not therefore carry out additional checks of reported expenditure from the beneficiary reports: The First Level Control checks carried out by each beneficiary's controller constitute the only verification of expenditure (please refer to the First Level Control Manual for further information). The role of the First Level Controller of the Lead Beneficiary is instead to control and verify that the expenditure reported by the Lead Beneficiary is eligible (in line with all rules and regulations) and incurred from activities in the approved application only.

Lead Beneficiary liability for financial corrections



If it is discovered that funds have been incorrectly paid to a beneficiary, the amount concerned must be repaid to the programme. Generally speaking, this will be done by reducing the amount of the next payment to the project. If this is not possible (for example when the final payment has already been made), a recovery notice will be sent to the Lead Beneficiary. The following procedure then applies:

- Lead Beneficiary repays the full amount to the programme immediately
- The beneficiary reporting the incorrect expenditure repays the Lead Beneficiary
- If it is not possible to recover the funds from the beneficiary after all reasonable measures have been taken, the country where the beneficiary is based will refund the amount concerned to the programme authorities
- The programme will then reimburse this money to the Lead Beneficiary³

The recovery procedure (including provisions for legal action internally in the partnership) has to be described in the partnership agreement.

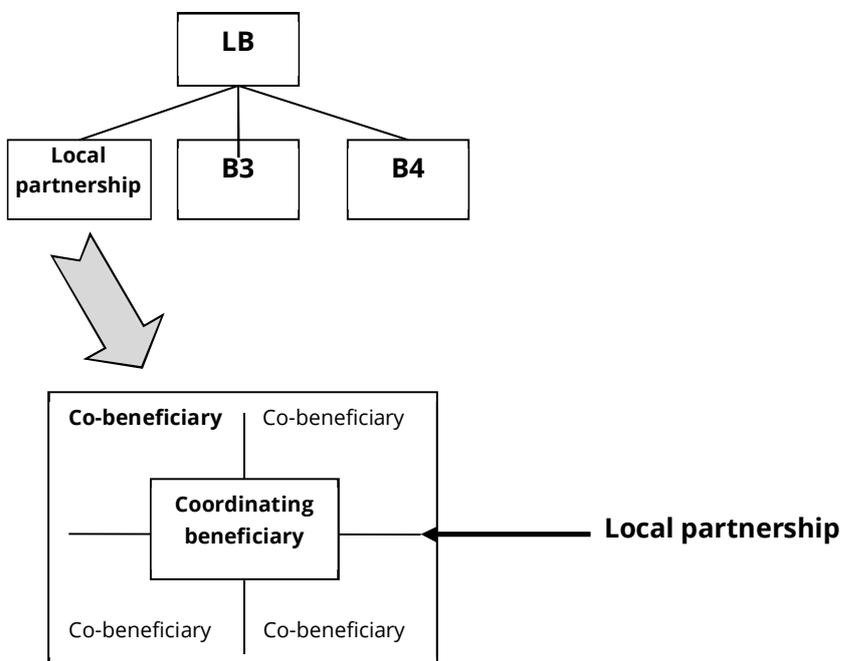
Alternative partnership structures

The great majority of all beneficiaries will be a Lead Beneficiary or a regular beneficiary as described above. In a small number of cases, however, a few of the administrative requirements can be simplified to encourage the participation of small organisations with limited resources, or larger organisations which only wish to play a very limited role in the project (for example acting as a test case in a small pilot). This option is explained below but it is important to stress that even if this approach is used, all organisations receiving programme funds must comply with all programme rules and must ensure that an accurate and complete record is kept to explain all reported expenditure.

Local partnerships, Coordinating beneficiaries and co-beneficiaries

It is possible to establish a local partnership where one coordinating beneficiary is responsible for managing administrative activities for a number of local co-beneficiaries and acts as the contact to the Lead Beneficiary. This is illustrated in the diagram below showing how a local partnership functions as a single beneficiary in administrative terms.

³ 1299/2013 §27



Co-beneficiaries: Role and responsibilities

The local partnership structure is designed primarily for SMEs, NGOs, charities or even small municipalities, which may lack the financial and/or organizational capacity to cope with EU funded projects but have valuable expertise in a particular theme or work package.

All co-beneficiaries in the local partnership must be from the same country and must be located close enough that a shared controller (if used) can realistically visit any partner.

There are a number of small advantages to being a co-beneficiary:

- The local partnership signs the same Letter of Intent (see Fact Sheet 20)
- Co-beneficiaries do not need to prepare and submit separate reports to the Lead Beneficiary. The Coordinating Beneficiary can instead collect all information and compile a single report covering the whole local partnership. Nevertheless, these reports must include a breakdown of the expenditure for each co-beneficiary presented on the level of each co-beneficiary
- All members of the local partnership can use the same first level controller meaning that the designation procedure only needs to be done once. The Coordinating Beneficiary must however ensure that all co-beneficiaries are controlled effectively.

Though it is indicated above that co-beneficiaries **can** use the same first level controller – it is in fact highly recommended that local partnerships use this option unless it is not otherwise possible (for example, if a national level organisation is required to use a specific first level controller who does not have the mandate to carry out first level control for municipalities, private organisations etc. in the same local partnership). The only purpose of having a local



partnership is to ease the administrative burden on beneficiaries with regards to first level control designation, reporting etc. If in fact the beneficiaries do not want to use the same first level controller it should be carefully considered whether the best option for the project is to operate with a local partnership.

These are the only differences! All programme rules regarding legal status, obligations and eligibility apply to all of the beneficiaries and co-beneficiaries in the local partnership. In particular, all co-beneficiaries:

- Commit to provide co-financing and sign the Letter of Intent
- Sign the partnership agreement and thereby agree to comply with all agreements and rules for the overall project
- Maintain separate records for the project which clearly identify all expenditure included in claims to the programme
- Commit to deliver all content and activities in the approved application
- Submit reporting materials (activity and finance) to the Coordinating Beneficiary on time and in full
- Retain all documentation related to the project and audit trail for a period of 5 years after the 31 December in the year in which the final payment is made to the project⁴
- Co-beneficiaries are responsible for ensuring that all reported expenditure is correct and eligible. If an error is detected, co-beneficiaries must reimburse all unduly paid funds
- Only co-beneficiaries named in the approved application may contribute co-financing to a project or receive funds

Assessment of local partnerships

Assessment of local partnerships will be based on a case-by-case evaluation of the status, role and number of proposed co-beneficiaries. Co-beneficiaries should have a relevant role in delivery of project activities and should have a clear budget plan. The number of co-beneficiaries should be manageable and should not exceed the number of regular beneficiaries. The programme secretariat may advise against the inclusion of an organisation(s) as a co-beneficiary in a project.

References

- Regulation 1299/2013 on the European Territorial Cooperation Goal (ETC-Regulation) Article 13 & 27(2+3).
- Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 Article 25.
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund (the CPR Regulation) Article 2 (10)

⁴ Common Provisions Regulation §140.1