



Fact Sheet 1 - General rules on eligibility

	Valid from	Valid to	Comments to change
Version 1	27.04.15	05.06.19	
Version 2	From programme start		Clarification of eligible cost when finalising the project
Version 3	From programme start		Additional clarification of eligible cost when finalising the project

Core message: In order to receive funding, all of the costs you report must not only be 'correct' - calculated and entered accurately in your organisation's book-keeping system. They must also be 'eligible' – meaning that they live up to a number of special rules governing EU expenditure. This fact sheet covers the general principles that apply to all reported expenditure.

Project expenditure is only eligible when certain general principles are respected. This fact sheet explains these universal principles.

1. Only approved activities are funded

The only costs that can be reimbursed are those directly linked to the budget and activities approved in the application. Expenditure incurred for activities not specifically covered or logically linked to activities in the approved application is ineligible. If you want to carry out other activities you must apply to the programme to change your application (see Fact Sheet 26).

2. All costs are co-financed at 50%

Beneficiaries spend money on the project and report all associated costs to the programme. The programme will pay 50%. The other 50% must be covered by the beneficiary in the form of cash or paid staff time (see Fact Sheet 2). In-kind contributions are **not** eligible in the North Sea Region programme.

3. Only beneficiaries included in the application can receive funds or provide co-financing

Only beneficiaries included in the application can receive funding and/or provide co-financing to the project. The same rule applies to associated organisations or subsidiaries of the formal beneficiary: Their costs are only eligible if they are included as a separate beneficiary in the application. Sub-contractors which have been selected according to the relevant procurement rules are not beneficiaries and should not be named in the application (see Fact Sheet 11 on Tendering).



4. Funding is reimbursed and never paid in advance

Costs must relate to activities which have already taken place. It is not possible to report costs that have been paid in advance for activities which will be delivered or carried out at a later stage unless such advance payments are proportionate compared to total contract value and the norm in the market concerned. It is the beneficiary's responsibility to provide evidence of this in the event of concerns being raised by control or audit.

5. All costs must relate to the eligible period

All project costs must be incurred within the eligible period defined in the latest version of the project subsidy contract. The start date is defined as the date of approval of the project. See the guidance for each call for project proposals to find the start date for the call you are applying for. The end date is defined by the project in the application.

During implementation: Each claim for payment to the programme may only contain expenditure paid within the relevant reporting period.

The end date (project closure) marks the end of activities. After this date the project has three months to prepare and submit its final report. No costs except costs in relation to drawing up the final report and the final report on expenditure – this includes costs for First Level Control - are eligible after the project closure date. This means that no new costs can be incurred after the project closure date but invoices relating to activities taking place prior to the project closure date can be paid after the project closure date.

6. In general, funding is only available for beneficiaries and activities from inside the North Sea Region

As a general rule, all beneficiaries must be located in the North Sea Region. There is a list of the NUTS regions included in the Cooperation Programme. There are exceptions to this general rule (see Fact Sheet 18). Similarly, all activities must as a general rule take place inside the North Sea Region. There are also a number of exceptions to this rule (see Fact Sheet 18).

7. The programme only pays costs which the beneficiary can prove it has paid in order to implement the project

To be considered eligible, costs must be clearly linked to project activities, be real (reflecting only the actual costs paid for project activities by the partner) and actually defrayed (based on invoiced costs that have already been paid). All beneficiaries must keep evidence of this for all costs¹. Fact Sheet 12 contains guidance on the types of evidence to keep and how long it has to be kept.

¹ The only exceptions to this rule are project preparation costs (paid as a lump sum), office and administration costs (paid at a flat rate). These exceptions are covered in Fact Sheets 3 and 7).



8. If a project receives any income because of its activities, this must be deducted from the costs claimed

In general, all revenues generated by project activities must be deducted from the costs declared. Common examples include entrance fees for events, charges for books and publications etc. The only exception is where a beneficiary participates in the programme as part of an approved state aid scheme (see Fact Sheets 10 and 16).

9. Activities included in the project can only receive one EU grant

If costs are claimed from the North Sea Region programme, they cannot receive support from any other EU fund or EU instrument. If a beneficiary is involved in related projects or the funded project forms part of a larger initiative, it must be clear from the application which specific activity each fund and each programme is funding. Likewise, during implementation separate project accounts must be kept, which clearly show the precise activities funded by the North Sea Region.

10. Sound financial management

All projects must always demonstrate cost effectiveness and good value for money during implementation. All purchases of services and products must be made at the lowest possible cost for the quality level required to meet project objectives².

11. The relationship between programme rules and national rules

All projects must comply with relevant European Union laws, programme rules and national laws in the country of each beneficiary ("applicable law")³. National rules only apply when eligibility rules are not available for a particular type of cost in either the regulations or programme rules. If, however, national rules are stricter than EU or programme rules, the national rule should be applied⁴.

12. What costs are ineligible according to the regulations?

Costs that are defined as ineligible according to EU regulations can never be reported. The following types of expenditure are not eligible⁵:

- I. Interest on debt

² See Article 30 Regulation (EC) 966/2012 on the general rules applicable to the budget of the Union

³ Article 6 of Regulation (EU) No 1303/2013 (the Common Provisions Regulation).

⁴ This is known as the hierarchy of rules laid down in Article 18(3) of Regulation EU No. 1299/2013

⁵ For more information see:

- Article 69 point 3 of the Regulation (EU) No 1303/2013 and Article 3 (3) of Regulation (EU) No 1301/2013 of the European Parliament and of the council of 17 December 2013 (the ERDF regulation)
- Article 18 of Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation)
- Article 2 point 2 of the Commission Delegated Regulation (EU) 481/2014 of 4 March 2014



- II. Any purchase of land exceeding 10% of the total eligible expenditure for the project. For derelict sites and sites containing former industrial buildings, the limit is increased to 15%. If projects work with environmental conservation, it is possible to increase the limits subject to prior approval by the programme
- III. Value Added Tax (VAT) except where it is non-recoverable under national VAT legislation
- IV. Fines, financial penalties and expenditure on legal disputes and litigation
- V. Costs of gifts, except those costing no more than €50 per gift where the gift is related to the promotion, communication, or publicity of a project. Any gifts must be modest and the rationale fully justified in project reporting
- VI. Costs related to changes in currency exchange rates
- VII. Investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact
- VIII. Aid to undertakings in difficulty, as defined under Union State aid rules (See also Fact Sheet No 17)
- IX. Investment to achieve the reduction of greenhouse gas emissions from extremely energy intensive industrial activities (as listed in Annex I to Directive 2003/87/EC)⁶

References

- Commission Delegated Regulation (EU) no 481/2014 Articles 1-7
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation)
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (the CPR Regulation)

⁶ In addition and even though it is very unlikely that such costs would ever be included in a North Sea project, it should be noted that the following items are also ineligible: (i) Decommissioning or construction of nuclear power stations (ii) Manufacturing, processing and marketing of tobacco and tobacco products



Fact Sheet 2 - Staff Costs

	Valid from	Valid to	Main changes
Version 1	27.04.15	11.05.16	
Version 2	12.05.16	23.05.18	Clarifies details around hourly rate calculations
Version 3	24.05.18		Modification of the calculation for the hourly rate and information specifically for German beneficiaries

Core message: There are detailed rules about who can claim staff costs, how to claim staff costs and the documentation required for this. This Fact Sheet lays out the requirements for staff working full time and part time on the project.

Fact Sheet 2

This Fact Sheet applies to every country except Flanders.
Dutch beneficiaries may, in addition to the options described in this fact sheet, also use the simplified option described in Fact Sheet 2b.

Background

Staff costs represent a major part of the costs claimed by most projects and it is therefore very important that these costs are reported correctly. This fact sheet explains which staff costs are eligible and how to calculate costs for the hours used on the project. Only staff costs calculated according to the rules set out here are eligible¹. It is also important to remember that:

- Staff costs must result from approved project activities
- Only staff formally employed by a beneficiary can report staff costs – and to become a beneficiary, an organisation must be named separately in the approved application

Full time project staff and part-time project staff

Staff members can be divided into four categories:

- Staff members working full time on the project

¹ Provisions in the EC regulations make it possible to use three different options for reporting of staff costs but the partner countries in the programme have selected one option only.



- Staff members working part-time on the project with a fixed percentage of time allocated to the project
- Staff members working part-time on the project with a flexible amount of time allocated to the project
- Staff paid by the hour

There are different requirements in terms of documentation for each of the different categories.

Eligible costs and documentation for full time staff

Staff costs = Gross employer costs

The gross salary is the amount on the payslip and any other costs, which must be paid by the employer. These costs might include pension and insurance contributions. To be eligible, such extra costs must be:

- Stated in the employment document or required by law
- In accordance with any legislation referred to in the employment document and the norms of the country and organisation where the employee works
- Not recoverable by the employer²

Staff working full time on the project do not need to keep timesheets. Staff working fulltime on the project can never use an hourly rate calculation.

Eligible costs and documentation for staff working part-time on the project with a fixed percentage of hours

Staff costs = The relevant percentage of gross employer costs

The employer must issue a document for each employee that sets out the percentage of time to be used on the project³. Gross employer costs are calculated as above. No registration of working time (time sheets) is required because the amount of time worked on the project is fixed in the written agreement with the employer⁴.

² 481/2014 §3.2 (b)

³ 481/2014 §3.5

⁴ 481/2014 §3.4 (a)



Eligible costs and documentation for staff working part-time on the project with a flexible number of hours

Staff costs = Hours worked x Hourly rate

The hours worked must be documented in a time registration system (timesheets or equivalent) covering 100% of the employee's working time (i.e. also covering all hours worked on tasks not related to the project)⁵. The system used must make it possible to clearly distinguish the time spent on the project.

The hourly rate can be calculated in two different ways. After one of these options has been selected for a beneficiary, this decision cannot be changed during project implementation. It is not possible to use any other way of calculating the hourly rate. See above for the calculation of gross employer costs. Costs claimed in a given month using the hourly rate can never exceed the amount actually paid out as salary for the month.

Hourly rate option 1:

The hourly rate is calculated according to the total working time per month laid down in the employment contract⁶.

- Hourly rate = Gross employer costs per month / Total number of working hours per month fixed in the employment contract. For a full time employee, the number of hours per month = the total number of hours per year i.e. 1720 / the number of months per year i.e. 12 = 143.33.

Choosing option 1 means that the hourly rate must be calculated on a monthly basis, which in turn means that the hourly rate will differ from month to month as it will depend on the actual gross employer costs for the individual month.

Hourly rate option 2:

The hourly rate is calculated on the basis of a set number of 1720 hours per year. This number is set in the regulations⁷.

- Hourly rate = Latest documented annual gross employer costs / 1720 hours

The latest documented annual gross employer costs can be calculated by using the current payroll specification * 12 months or when a full year of gross employer cost is available this amount can be used.

⁵ 481/2014 §3.4 (b)

⁶ 481/2014 §3.6 (i)

⁷ 481/2014 §3.6 (ii)



Eligible costs and documentation for staff paid by the hour

Staff costs = Hours worked x Hourly rate set in employment document

The hours worked must be documented in a time registration system (timesheets or equivalent).

Additional points and clarifications

- Staff costs must be calculated individually for each staff member
- Any bonuses or increases of salaries resulting from involvement in an EU co-financed project must be evaluated against the principle of sound financial management.⁸ Any such payments should not be excessive, must be linked to new responsibilities and/or targets, and must reflect norms in the country and organisation involved.
- No overhead costs can be reported under this budget line
- Daily allowances and any other travel and accommodation costs cannot be included under this budget line and must be reported under Travel and accommodation instead
- The staff costs reported can never exceed the documented Gross Employer Costs
- In the event of sickness, holiday, maternity leave etc. these hours can sometimes be charged to the project proportionally if they are non-recoverable by the employer:
 - For a full time employee 100% of these hours can be charged to the project.
 - For staff working part-time on the project with a fixed percentage of time, the same percentage can be charged to the project.
 - For part time workers with a flexible percentage of time allocated to the project and for workers contracted on an hourly basis, no sick time etc. can be charged to the project.
- Overtime payments are eligible provided they are paid out to the employee and are in conformity with national legislation and the employment policy of the beneficiary. Overtime must also be charged proportionally to the project i.e. it is not possible to work all regular hours on standard tasks and then charge all project hours at overtime rates

⁸ Part of this must include an assessment of whether special qualifications, new tasks, etc. are required,



For German Beneficiaries Only

Background

This option creates a provision for cases where there is no employment contract and therefore also no compensation according to a contract, while work is being performed.

This fixed hourly rate is primarily intended for the so called "IB" (income tax) entrepreneurs but **not** for volunteers and interns. In this case entrepreneurs can claim costs for their own labour. The scheme provides a flat rate of € 33 per hour

Fixed hourly rate for German beneficiaries, in cases where the previous mentioned calculations can not be made

If the calculations described above prove impossible to make, the costs for a beneficiary's own labour for the project can be based on the number of hours that the person concerned has worked for the project multiplied by a fixed hourly rate of € 33.

For a full-time employee a maximum of 100 project working hours can be claimed per month. This leads to a maximum of 1200 hours worked in the project – using this method – per financial year. The hours must be documented in the time registration system (using timesheets or equivalent). This time registration must be verifiable and must specify for the individual staff member the actual number of hours spent on the subsidized project.

Minimum requirements for timesheets

Each beneficiary should use a time registration system that fits its own internal rules and procedures. The sample below is intended to show the minimum information that needs to be recorded. Where electronic time registration systems are used, these must comply with the requirements set out in Regulation 1303/2013 regarding standards and security. Note again that staff working part-time with a variable number of hours need to record 100% of their working time and not just the time spent on the project.



Project Title:

Beneficiary organisation:

Timesheet for: (Name of person)

Date	Project	Hours used

Signatures:

Date _____ Name of worker

Date _____ Responsible manager

References

- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, Articles 67-69
- Commission Delegated Regulation (EU) no 481/2014 of 4 March 2014 Article 3



Fact Sheet 2a – Staff costs in Flanders-Belgium

	Valid from	Valid to	Main changes
Version 1	27.04.15	28.06.15	
Version 2	29.06.15	18.01.17	<ul style="list-style-type: none"> • improvement of general wording • exact name of the National Authority added, • new text with stronger emphasis on need for proof of payment or compensation of overtime added section on specific categories of staff streamlined (secondment, public authority staff) or erased (independent academic staff, student worker)
Version 3	19.01.17	21.06.17	<ul style="list-style-type: none"> • rules on secondment updated
Version 4	22.06.17	05.02.19	<ul style="list-style-type: none"> • new rule on eligibility of staff with a monthly salary based on an hourly wage (as of 1/7/2017) • updated name of National Authority
Version 5	06.02.19	05.03.20	<ul style="list-style-type: none"> • updated interpretative rules on "overtime"
Version 6	05.03.20	22.11.20	<ul style="list-style-type: none"> • further specifications about an update of the hourly rate
Version 7	23.11.20		<ul style="list-style-type: none"> • further specification of the scope and/or coverage of the fact sheet

Core message: The Flemish authorities (Flanders Innovation & Entrepreneurship) have put in place a mandatory standard system for calculating staff costs. This system applies to beneficiaries covered by the 1st and 2nd level control system for Flanders-Belgium and which are therefore under the liability of Flemish authorities. This fact sheet thus makes abstraction of geographical location or institutional background of a beneficiary. .

This Fact Sheet applies to beneficiaries covered by the 1st and 2nd level control system for Flanders-Belgium. All such beneficiaries must use this Fact Sheet



On the method itself

The Standard Hourly Rate (SHR) methodology is a mandatory simplified cost options method developed for beneficiaries in ERDF/ETC programmes covered by the 1st and 2nd level control system for Flanders-Belgium and which are therefore under the liability of Flemish authorities. This approach thus makes abstraction of geographical location or institutional background of a beneficiary.¹

- In return for increased legal certainty and a reduced administrative burden, the model takes into account staff costs in a fair and reasonable way but will not necessarily cover 100% of the full staff cost
- The full real costs are no longer the basis for reporting staff costs, financial control will only address correct application of the methodology. In other words, controllers no longer have to investigate the real cost for reported staff
- Time sheets are still needed but in a simplified form as only hours worked on a project (project hours) need to be recorded. Non project hours like holidays, sick leave, team activities, training etc must not be reported upon.

The formula to calculate a Standard Hourly Rate

The formula to calculate a Standard Hourly Rate for each member of staff is the following:

$1.2/100 \times \text{monthly gross salary} = \text{hourly rate}$

The factor of 1.2 in this formula is designed to automatically take into account:

- a fair and reasonable share of any salary costs on top of the gross salary
- eventual salary cost reductions for the employer/employee
- all non project hours like holidays, sick leave etc.

How to apply this methodology (i) Calculation of the hourly rate

To calculate their eligible hourly rate, beneficiaries have to apply the formula:

$\text{Hourly rate} = 1.2/100 \times \text{monthly gross salary}$

For example:

€ 3,000 gross salary = $1.2/100 \times 3,000 = 36$ euro/hour

€ 3,500 gross salary = $1.2/100 \times 3,500 = 42$ euro/hour

€ 4,000 gross salary = $1.2/100 \times 4,000 = 48$ euro/hour

¹ Exception: in programmes that offer the possibility, beneficiaries can also choose to calculate their staff costs on the basis of a 20% flat rate of their other direct costs.



The monthly gross salary to be used is the one in the January pay slip of the calendar year in which activities are executed. Alternatively the gross monthly salary of the first full month after the employee started to work in the organisation can be used.

Only the amount referred to under the header “gross salary” must be used. No other salary costs may be included in the calculation. The 1.2 factor already takes into account such additional salary costs.

Specific case: Individuals with a part-time employment contract should use their full-time equivalent gross monthly salary as calculation basis.

In case individuals have several employment contracts, the calculation base is the total gross monthly salary of all contracts together, unless their ERDF activities are only linked to one specific employment contract.

How to apply this methodology (ii) Calculation of staff costs

Staff costs = Hours worked x Hourly rate

Time registration = only hours worked on the project need to be recorded. Non project hours and non-working time (holidays, sick leave...) cannot be reported.

Time registration is done on a monthly basis and provides a monthly overview of project hours and someone's contractual number of working hours per month. See also “Documentation to be provided when claiming staff costs” below.

Detailed rules

- Updating the standard hourly rate: The same hourly rate has to be applied throughout the whole calendar year. The hourly rate can be updated at the beginning of the following calendar year. An intermediate update of the hourly rate is only possible on the basis of a new employment contract.
- Maximum Limit for hourly rates: It is assumed that an individual's gross monthly salary is linked to his or her qualifications for a job. Therefore the maximum eligible hourly rate is limited to 100 EUR/hour
- Overtime: Is only eligible if compensated by extra leave or actually paid out by the employer and if treated and processed in line with applicable labour law. Beneficiaries may choose themselves whether they report such hours or not. For beneficiaries who choose to report overtime it is essential that they - apart from correctly registering project hours - run a solid time registration system within their organization that keeps track of the global actual working time of individual employees. At all times it must be possible to clearly deduct from the said system which project hours constitute actually compensated overtime or not. If beneficiaries choose to report overtime for a given month, they must prove that the hours worked as overtime were actually compensated through extra leave or paid out to the employee concerned. Eventual overtime during a given month compensated by extra leave shall be recorded as such in the time registration for that given month. Regardless whether the extra



leave was actually taken up during that month. Extra pay in compensation of overtime must be reported in connection to the related month. During control(s) of project expenditure sample checks will take place to check whether the extra leave was actually taken up. Also the consistency between project hours reported as extra compensated overtime in the time sheets and the overall time registration system of the organisation can be checked at that moment.

- Maximum number of working hours: Up to 31/12/2018: reported project hours cannot exceed the number of contractual working hours per month. As of 1/1/2019: the principles elaborated above regarding "overtime" apply.
- Exceptional project hours outside normal working days (weekends): can be reported according to the same logic as for other project hours; the same rules regarding overtime apply.
- Employment on several ETC/Regional ERDF projects: staff employed on more than one ETC/Regional ERDF financed project at the same time shall keep one time registration that records and distinguishes project hours for the different projects. Non ETC/Regional ERDF project related activities must not be recorded.
- As of 1/7/2017: Staff with a monthly salary based on an hourly wage: for payment claims as of 1/7/2017 the monthly gross salary to be used as calculation basis for the standard hourly rate is calculated as follows:

gross hourly wage (January/first month of full employment) x 7,6 x 21,5

Documentation to be provided when claiming staff costs

- Employment contract (1x at start of project)
- Time registration signed by the employee (project staff) and the employer (manager). The time registration contains the actual hours worked on the project per month with a clear and sound description of the project activities performed. The time registration also keeps track of the contractual number of working hours per months. A model is available at www.efro.be. Beneficiaries can use their own time registration system as long as the elements contained in the model provided by the National Authority are covered.
- January pay slip for each calendar year in which the employee works on the project. For staff not employed in January, the pay slip from the first full working month.
- Proof of payment or compensation of overtime where applicable.

Particular categories of staff costs

Seconded staff (Detachering)

The salary cost of staff seconded by a third party to a beneficiary organisation in order to execute project activities is eligible and shall be calculated in the same way as the salary costs of regular staff, provided that the beneficiary bears the salary cost itself.

If the beneficiary organisation does not issue pay slips for such staff and the secondment cost is born via invoices, the pay slip from the organization of origin of that staff member shall be used to determine the hourly rate.



Justification to be provided next to the standard documentation mentioned above: the secondment contract.

A word of caution: secondment can by no means be used by procuring authorities to circumvent public procurement provisions.

Public authority staff

The costs of public authorities are eligible when these authorities implement a project that is additional to their core tasks. Within this framework, the salary costs of public authorities are considered eligible expenditure regardless of the fact whether this concerns new and or existing contractual or statutory government staff.

Temporary/interim employment

Temporary/interim employment is not eligible as a staff cost and should instead be reported under external experts (externe prestatie).

Staff of linked enterprises/organisations

Staff of linked enterprises/organisations can under certain conditions be reported as staff costs by a given organisation even though the employer mentioned on a payslip does not match the name of the organisation who reports the staff costs.

Conditions are:

- sufficient arguments and probative elements/documents exist and are provided that proof the link or unity;
- Flanders Innovation & Entrepreneurship (National Authority) confirms that the organisations at stake can be considered as linked enterprises/organisations or a unity; confirmations by Flanders Innovation & Entrepreneurship are always done on a case by case basis.



Fact Sheet 2b - Vereenvoudigde berekeningsmethodiek uurtarief voor Nederlandse partners binnen het Interreg- programma Noordzee Regio / Noord-West Europa / Interreg Europe

	Valid from	Valid to	Main changes
Version 1	27.04.15	23.05.18	
Version 2	24.05.18	28.02.19	Additional information about seconded staff
Version 3	01.03.19	08.04.19	Reversion to the original Fact Sheet Version 1 without additional information about seconded staff (for legal reasons)
Version 4	24.05.18		Reversion to Fact Sheet Version 2 <u>with</u> additional information about seconded staff

This Fact Sheet only applies to The Netherlands. All beneficiaries in The Netherlands must consult this FactSheet. The English translation is at the end of the document

Nederlandse partners kunnen gebruik maken van een van de volgende opties:

1. De voor het programma beschreven algemene berekeningsmethodiek, of
2. De in de Regeling Europese EZ-subsidies (Staatscourant 18.094 d.d. 30 juni 2015) in artikel 1.4, eerste lid onder a beschreven mogelijkheid.

Nederlandse partners moeten op het moment van de aanvraag een keuze maken voor een van de twee methodes, en deze gedurende de gehele looptijd van het project gebruiken.

Berekening volgens de Regeling Europese EZ-subsidies, artikel 1.4, eerste lid onder a

Loonkosten worden berekend door het aantal aan het project bestede uren te vermenigvuldigen met een volgens de volgende methodiek berekend tarief:

- een per medewerker bepaald individueel uurtarief, berekend op basis van bruto jaarloon, vermeerderd met een opslag van 32% voor werkgeverslasten,
- waarna dat bedrag vervolgens door 1.720 uur op basis van een 40-urige werkweek wordt gedeeld.

Toelichting



Het eerste lid van artikel 1.4 van de Regeling Europese EZ-subsidies (REES) geeft vier verschillende wijzen om loonkosten te berekenen. Hierbij wordt nadrukkelijk gebruik gemaakt van de vereenvoudigde mogelijkheden die verordening 1303/2013 biedt. Binnen het programma Noordzee Regio mag de eerste van de vier genoemde opties ook gebruikt worden, met dien verstande dat de opslag voor indirecte kosten ('overhead') bij NSR in een aparte begrotingsregel is opgenomen. Om die reden zijn indirecte kosten voor dit programma uit de berekening van het uurtarief genomen.

De uit de REES afgeleide toegestane mogelijkheid om loonkosten te berekenen betreft de werkelijke loonkosten, waarbij per medewerker een individueel uurtarief wordt berekend. Dat uurtarief wordt via een aantal stappen berekend:

1. Bepaal op basis van een recente loonstaat of jaaropgave het bruto jaarsalaris (inclusief niet-prestatie gebonden eindejaarsuitkering en exclusief vakantie-uitkering) van de betrokken persoon.
2. Pas op dit bedrag een forfaitaire opslag toe van 32% voor werkgeverslasten. Dit percentage wordt sinds 2010 ook toegepast bij het Europees Sociaal Fonds (ESF) en is na onderzoek in 2013 ook toepasbaar gebleken voor het EFRO. In dit percentage zijn de vakantie-uitkering, pensioenpremies en sociale verzekeringspremies meegenomen.
3. Deel het bedrag bij (2) door 1.720 uur bij een 40-urig dienstverband (artikel 68, tweede lid, van verordening 1303/2013) om het individueel bepaalde uurtarief te bepalen. In deze berekening wordt uitgegaan van een voltijdsdienstverband van 40 uur. Indien geen sprake is van een 40-urige werkweek, dan zal bij stap (3) met een deeltijdfactor rekening gehouden moeten worden; hierbij wordt het aantal uren volgens het dienstverband gedeeld door 40 en vervolgens vermenigvuldigd met 1.720.

In algemene zin wordt nog opgemerkt dat aan de loonkosten altijd een registratie van de uren ten grondslag dient te liggen. Deze (sluitende) urenregistratie moet controleerbaar zijn en dient in elk geval op persoonsniveau inzicht te geven in het aantal daadwerkelijk aan het gesubsidieerde project bestede uren. De urenregistratie kan fysiek of digitaal plaatsvinden. Om aansluiting met de eigen bedrijfsvoering van de subsidieontvanger niet te bemoeilijken, stelt de regeling aan de urenregistratie zelf geen eisen, maar uiteraard dienen de vastlegging van uren door de medewerker en de goedkeuring daarvan door diens leidinggevende of door de verantwoordelijke projectleider binnen een redelijke termijn te geschieden. Vanzelfsprekend dient voldaan te worden aan de vereisten zoals vastgelegd in het Gemeenschappelijk Strategisch Kader (Verordening 1303/2013, § 140).

Overige categorieën voor de berekening van loonkosten

Vast uurtarief voor Nederlandse partners, in het geval bovenstaande vereenvoudigde berekening niet is te maken

De kosten van de door een subsidieontvanger verrichte eigen arbeid ten behoeve van het project worden, indien een berekening als hierboven beschreven niet mogelijk is, berekend door het aantal uren dat de betrokken persoon aan het project ten behoeve van deze activiteiten heeft gemaakt te vermenigvuldigen met een vast uurtarief van € 34.

Toelichting



Deze optie schept een voorziening voor die gevallen waarin door het ontbreken van een dienstverband (en daarmee dus ook van verloning) geen sprake is van loonkosten maar er wel werkzaamheden worden verricht. Er is in dat geval sprake van eigen arbeid. De regeling voorziet in een vast tarief van € 34. Deze mogelijkheid is met name bedoeld voor de zogenaamde IB-ondernemers, echter niet voor vrijwilligerswerk en stagiairs (de stagevergoeding is onderdeel van de indirecte kosten, tenzij er sprake is van een dienstverband). Het genoemde tarief is gebaseerd op het gebruikelijke loon, zoals de Belastingdienst dat op € 44.000 voor 2014 heeft bepaald. Vervolgens is dezelfde berekening toegepast als hiervoor omschreven.

Het verschil met het in de REES, art. 1.4, lid 2 genoemde bedrag wordt veroorzaakt doordat in die regeling een opslag van 15% voor indirecte kosten onderdeel uitmaakt van het tarief, terwijl dat in dit programma een aparte begrotingsregel is ("office and administrative expenditure").

Eerder werd verwezen naar de Uitvoeringsregeling EFRO Programmaperiode 2014-2020. Deze is per 1 juli 2015 opgenomen in de Regeling Europese EZ-subsidies. Daarbij heeft geen inhoudelijke wijziging plaatsgevonden.

Detachering

De loonkosten van gedetacheerd personeel van een 'third party' naar een 'project beneficiary' voor de uitvoering van het project is toegestaan zonder winstopslag, conform de loonkostenberekening systematiek zoals beschreven in factsheet 2b resp. het programma handboek, de Regeling Europese EZ-subsidies (Staatscourant 18.094 d.d. 30 juni 2015) in artikel 1.4, eerste lid onder a beschreven mogelijkheid. Indien Nederlandse 'beneficiaries' de voorkeur hebben voor de loonkostenberekening systematiek zoals beschreven in factsheet 2, dan kan deze berekeningssystematiek ook worden toegepast als men reeds in een eerder stadium voor deze loonkostensystematiek had gekozen.

De detachingsconstructie dient onderbouwd te worden middels een detachingscontract (inclusief loonstroken van de 'third party') en indien van toepassing een sluitende urenregistratie. In het contract moeten werkzaamheden voor een specifieke werknemer zijn beschreven, (inclusief tarief, start en einddatum) die redelijkerwijs de INTERREG project werkzaamheden tenminste kunnen omvatten.

Waarschuwing: een detachingsconstructie mag in geen enkel geval gebruikt worden om de aanbestedingsregels te omzeilen. Bij enige twijfel over de toepassing van deze regel, heeft het de aanbeveling contact op te nemen met het Nederlandse National Contact Point om de detachingsconstructie te bespreken.

In geval van twijfel is de Nederlandse tekst leidend.



Simplified method for the calculation of the hourly rate for Dutch partners within the Interreg-programme North Sea Region / North-West Europe / Interreg Europe

Dutch partners may either use

1. The standard programme system for calculating staff costs as described for the programme; or
2. The option set out in the Regulation European Economic Affairs Subsidies article 1:4, first paragraph under a (published in Staatscourant [Gazette] 18,094 dated 30 June 2015).

All Dutch beneficiaries must decide on one of the two methods at the time of application and must use the same method for the whole project period.

Calculation of Staff Costs according to the Regulation European Economic Affairs Subsidies article 1:4, first paragraph under a

Labour costs are calculated by multiplying the number of hours spent on the project by a rate calculated according to the following methodology:

- For each employee the hourly rate is calculated individually using the gross annual salary plus a surcharge of 32% for employer's costs
- This amount is then divided by 1,720 hours based on a 40-hour working week.

Background

The first paragraph of Article 1:4 of the Dutch Regulation European Economic Affairs Subsidies ('REES') provides four different ways to calculate labour costs. The simplified options as described in Regulation 1303/2013 are taken into account. In the North Sea Region programme only the first of the four options can be used. Indirect costs (overhead) are included in a separate budget line in the NSR-programme and should not therefore form part of the calculation of the hourly rate.

Detailed approach

The option taken from the 'REES' to calculate labour costs covers how to calculate an individual hourly rate derived from the actual labour costs per employee. This hourly rate is calculated through a number of steps:

1. Determine the annual gross salary (including non-performance-related annual bonus and exclusive holiday allowance) of the person concerned. This should be based on a recent payroll record or annual salary statement.
2. Add a flat rate of 32% to this amount for employer costs. This rate has also been used by the European Social Fund (ESF) since 2010 and, after examination, also for the ERDF since 2013. This percentage covers the holiday allowance, pension contributions and social security contributions.



3. Divide the amount (2) by 1,720 hours in a 40-hr contract (Article 68, second paragraph, of Regulation 1303/2013) to determine the individual hourly rate. In this calculation, a full-time employment contract of 40 hours is assumed. If the contract is for less than 40 hours per week, then a part-time factor should be taken into account in step 3. This is the number of hours according to the employment contract divided by 40 and then multiplied by 1,720.

In general, it is noted that labour costs should always be based on a system of time registration. This (full) time registration must be verifiable and must specify at least on individual level the actual number of hours spent on the subsidized project. The timesheet can be physical or digital. In order not to complicate connection to the beneficiaries' own systems of time registration, there are no programme-specific rules for these systems though they must comply with the standards and security minimums laid out in Common Provisions Regulation 1303/2013 §140. Registration of hours by the employee and the approval thereof by the supervisor or the responsible person must be kept up-to-date and should be completed shortly after the work has been done.

Particular categories of staff costs

Fixed hourly rate for Dutch partners, in case the above simplified calculation can not be made

If the calculation as described above is not possible, the costs for a beneficiary's own labour for the project are calculated based on the number of hours that the person concerned has worked on the project multiplied by a fixed hourly rate of € 34.

Background

This option creates a provision for cases where there is no employment contract and therefore also no compensation according to a contract, while work is being performed. There is, in that case, their own labour. The scheme provides for a flat rate of € 34. This option is primarily intended for the so-called "IB" (income tax) entrepreneurs, but not for volunteering and interns (the placement fee is part of the indirect costs, unless there is an employment contract). This rate is based on the usual wage, as the Dutch IRS has determined at € 44,000 for 2014. Subsequently, the same calculation is applied as described above. The difference with the rate in the Dutch ERDF-programmes ('REES', art. 1:4, second paragraph) is that in those programmes the 15% flat rate for indirect costs is part of the hourly rate, where in this programme indirect costs is a separate budget line ("office and administrative expenditure").

Before, reference was made to the Dutch Implementing Order ERDF 2014-2020. This Implementing Order has been integrated into the Regulation European Economic Affairs Subsidies. No changes have been made to the content.

Seconded staff (Detaching)

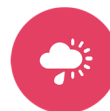
The salary cost of staff seconded by a third party to a beneficiary organisation in order to execute project, activities is eligible provided that the beneficiary pays a non profit rate to the third party. For the calculation methodology of staff cost, the same methodology should be used as mentioned in factsheet 2b (NSR) or the programme manual (NWE and Europe), the Regulation European Economic Affairs Subsidies article 1:4, first paragraph under a (Staatscourant 18.094 d.d. 30 juni 2015). If a Dutch beneficiary has the preference for the staff cost methodology as mentioned in factsheet 2, this methodology can also be applied if the project partner opted at an earlier stage to use this calculation method.



The secondment has to be substantiated by means of a secondment contract (including salary slips of the third party) and if applicable timesheets. The contract must describe the tasks for the specific employee (including start and end date) that can reasonably include the INTERREG project activities.

A word of caution: secondment can by no means be used by procuring authorities to circumvent public procurement provisions. In case of any doubt, please discuss the case with the Dutch National Contact Point.

In case of doubt, the Dutch text will be leading.



Fact Sheet 3 - Office and Administration (including 'Overhead' costs)

	Valid from	Valid to	Main changes
Version 1	27.04.15		

Core message: All office and administration costs must be covered by a flat-rate of 15% of staff costs. This may not cover all real costs but is a reasonable rate, which should avoid the efforts and errors involved in trying to report real costs for overheads in the past.

15% Flat-rate

All office and administration costs (overhead costs) are reimbursed as a flat-rate based on verified staff costs. This is the only way to claim such costs and no items related to standard office and administration costs can be included under any other budget line. As with all other costs, 50% of this expenditure is reimbursed.

The 15% flat-rate is automatically calculated and filled in by the Online Monitoring System when preparing the project budget and reporting staff costs. As a result, there is no need for documentation or any extra accounting evidence for these costs. Note also that any changes to the staff budget will result in an automatic recalculation of office and administration costs.

Summary

All office and administration costs are calculated as;

$$\text{Office and administration costs} = 15\% * \text{Staff costs}$$

Audit trail

The only documentation needed to justify "Office and administration" costs is effective documentation of staff costs (see Fact Sheet 2). When controlling other budget lines, however, First Level Controllers **must ensure** that no costs have been included which should have been



reimbursed as part of the flat rate. Those costs would include but are not limited to the following cost items¹:

- Office rent
- Insurance and taxes related to the buildings where staff are located and to the equipment in the office (e.g. fire, theft insurances)
- Utilities (e.g. electricity, heating, water)
- Office Supplies
- General accounting services provided by the beneficiary organisation
- Archiving of documents
- Maintenance, cleaning and repairs
- Security
- Standard IT hardware and software
- Communication (e.g. telephone, fax, internet, postal services, business cards)
- Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- Charges for transnational financial transactions

Two types of cost that might otherwise fit under office and administration costs can, however, be claimed under other budget lines:

- Specialist equipment, IT hardware and software, furniture and fittings which are **essential for the project** and which are not part of the standard office set-up of the beneficiary can be reported under the budget line for equipment. These must be specified in the application.
- Costs of control and audit of the project (**first level control**) can be included under the external expertise and service budget line. This does not apply in Sweden where First Level Control is provided **only** by Tillväxtverket, free of charge.

References

- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, Articles 67 1d and 68 1b
- Commission Delegated Regulation (EU) no 481/2014 of 4 March 2014 Article 4

¹ Commission Delegated Regulation No. 481/2014 § 4



Fact Sheet 4 - Travel and accommodation costs

	Valid from	Valid to
Version 1	27.04.15	

Core message: Travel and accommodation costs are rarely problematic provided that they are (i) limited to staff working for a beneficiary (ii) are clearly relevant to the project (iii) respect the principle of value for money and (iv) are within the North Sea Region. There are additional requirements for costs which do not meet all of these criteria.

Background

Travel and accommodation costs are an important part of any transnational project. This fact sheet provides guidance on how to report these costs and highlights a number of basic principles.

Who can report travel and accommodation costs?

In general, travel and accommodation costs can only be reported for staff employed by a beneficiary in the project. All staff involved must be able to demonstrate that the trip directly relates to delivery of the project or to participation in programme events such as a seminar for first level control.

The travel and accommodation expenses of external experts and service providers can also be included provided there exists a written agreement and that all those reporting travel are necessary to the delivery of the project. The expertise and role of all people funded in this way must be demonstrated and well-documented. All such costs must be in accordance with the same value for money principles applying to project staff. These costs should be reported under the budget heading 'External expertise and service costs'. An example might be covering the travel costs of an expert speaker asked to present at a project conference.

Which costs can be reported?

Costs which can be reported include:

- Travel costs (e.g. tickets, car hire costs, car mileage, toll charges and parking fees)
- Accommodation costs (hotel bills)
- Daily travel allowances in line with the written rules of the beneficiary organisation



- In rare and well-justified cases, visa costs

It must be ensured that free services (e.g. accommodation provided by an event organiser) and any costs claimed directly (e.g. an invoice for a group lunch) have been correctly deducted from any travel allowance payments in line with the standard written rules for the beneficiary. No double funding of such costs is allowed.¹

Detailed rules

- Travel and accommodation costs must be clearly linked to the project and must be (i) necessary for effective delivery of the project or (ii) linked to participation in programme events. The programme will under no circumstances cover the travel costs of spouses or other family members.
- Transport and accommodation choices should always respect value for money and should make use of the cheapest appropriate option for every journey.
- Travel and accommodation costs can only be reported for people directly relevant to project activities. The beneficiary must be able to justify the number of people attending any event (for example, a conference/seminar) and the number of days away. It is only possible to claim for the days actually needed to carry out the activity (e.g. no extra nights)
- If a journey includes activities for more than one project, or for the project and other business of the host organisation, travel and accommodation costs should be charged proportionally. For example, if the person travelling attends three meetings but only one is relevant to the project, the project will as a starting point only pay one third of the travel costs. Regardless of the details of the method chosen to decide the proportion of costs paid by the project, the method should be fair, transparent and well-documented.
- Rules on costs for alcohol vary from country to country. Some countries (e.g. the UK) do not consider costs for alcohol to be eligible expenditure. Check your national rules!

Costs for travel and accommodation related to activities outside the programme area are described in Fact Sheet No 18 under 'Location of expenditure'.

References

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation), Articles 18 and 20
- Commission Delegated Regulation (EU) no 481/2014 of 4 March 2014 Article 5

¹ Common Provisions Regulation 1303/2013 §65.11 and Regulation 481/2014 §5.2



Fact Sheet 5 – Contracting External Experts and Services

	Valid from	Valid to
Version 1	27.04.15	

Core message: External experts and services can be an important part of many projects. It is necessary to define in the application which contracts the project intends to offer. During implementation it is essential to ensure that all of the correct tendering procedures are followed and documented.

Background

Many beneficiaries make use of external assistance when implementing a project. This fact sheet provides guidance on the principles and rules for purchasing external services.

Definition

Any costs for external expertise and services provided by a public or private body or an individual outside of the beneficiary organisation belong in this cost category. These rules also apply to costs for first level controllers where these are paid by the beneficiary. All external expertise and service payments must be made on the basis of contracts or similar written agreements and supported by invoices or requests for reimbursement linked to the tasks carried out.

General Principles

- Unless participating in the programme as part of an approved State Aid scheme, all beneficiary organisations, both public and private, are responsible for ensuring that EU and national public procurement rules are respected and that all contracts comply with the basic principles of transparency, non-discrimination and equal treatment. More information on this issue can be found in Fact Sheet 12 - Tendering Procedures.
- The work carried out by external experts and service providers must be directly related to the project. Examples might include technical experts, communications support, First Level Controllers and project management support
- The costs of the services must always be proportionate to the value added to the project



- If as part of a project, a beneficiary provides a service to another beneficiary for payment; all such transactions must be based on non-profit and can only reflect the actual costs incurred by the service provider. Additional information about this can be found in the FAQ section of the programme website: <https://northsearegion.eu/project-information/faq/trading-between-partners>
- Beneficiaries or ex-beneficiaries of a project are **not permitted** to bid on contracts offered by that project.
- Where there are relevant framework contracts in place for a beneficiary organisation, these may of course be used provided that there was a satisfactory procedure for the original procurement.

Detailed rules for different budget lines

- All costs related to external experts (including for example their travel and accommodation expenses) must be recorded under the budget line “External Experts and Services”.
- Costs for experts provided in-house or by affiliated companies are eligible but all such costs must be reported under the staff budget line. It is a condition that affiliated companies are already listed as beneficiaries in the application form.
- Any contract extensions or offers of additional contracts to the same supplier must also comply with all European Union, national and organisational procurement rules.

References

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation), Article 18
- Commission Delegated Regulation (EU) no 481/2014 of 4 March 2014 Articles 5 & 6



Fact Sheet 6 - Equipment and investments

	Valid from	Valid to	Main changes
Version 3	05.10.17		Clarifications about differences between equipment, infrastructure and investments
Version 2	03.05.17	04.10.17	Added specific reference to land purchase from Fact Sheet 1 for easier reference
Version 1	27.04.15	02.05.17	

Core message: Both specialist equipment and investment can be funded provided that they are necessary to the project and that the transnational benefit is clear. Projects need to be aware of whether they can claim full purchase value or only depreciation value.

Background

The starting point for both the Equipment and Investment budget lines is that expenditure budgeted there must be essential for the delivery of the approved project. Expenditure under these budget lines therefore needs to be itemised in the approved project application so that the relevance of each item can be assessed. Investments that are (i) not covered in the application or (ii) approved subsequently as part of a change are ineligible.

Cost items

Equipment can include items like laboratory equipment, machinery and instruments, tools and other devices, vehicles or any other item essential for delivery of the project. If the equipment is necessary for successful implementation and is included in the approved application, then it is eligible for reimbursement.

Standard office equipment (e.g. a copy machine), standard IT hardware and software (e.g. laptops and word processing software), and office furniture and fittings cannot be claimed under the Equipment budget line and should instead be considered to form part of the costs covered by the flat rate overhead payment (see Fact Sheet 3).

Infrastructure investments are eligible for reimbursement provided that they are itemised and described in the approved application.



Land purchases may not as a general rule exceed 10% of the total eligible expenditure for the project. For derelict sites and sites containing former industrial buildings, the limit is increased to 15%. If projects work with environmental conservation, it is possible to increase the limits subject to prior approval by the programme. All land purchases must be included under the list of investments in the application.

Full purchase cost vs. depreciation

In general, investments in infrastructure and specialist equipment can be reported at the full purchase price. However, when the accounting rules applying to a beneficiary require that the value of equipment is depreciated over a number of years and the item has not been fully depreciated by project end, only the depreciated value will be considered eligible. You must consult your national and/or other relevant accounting rules on this.

Similarly, when a project makes use of equipment which was purchased by a beneficiary before project start but which is still being depreciated in the beneficiary's accounts according to the relevant rules, the programme may fund the amount depreciated on the equipment for each year of the project.

The amount charged to the project should correspond to the amount of time the equipment is used by the project i.e. it would only be possible to charge 100% of the annual depreciation value to the project if the item was used exclusively by the project in that year. It is important to note that it is not possible to charge any depreciation to the programme in this way when the original purchase was made with European Union funds.

Rules for purchasing second-hand equipment

It is possible to buy second-hand equipment for the implementation of the project. The second-hand cost for the item can be reported under either of the options explained above (full purchase value or depreciation value). It is essential for second-hand purchases that:

- No other assistance has been received for it from the ESI Funds
- Its price does not exceed the generally accepted price on the market in question
- It has the technical characteristics necessary for the operation and complies with applicable norms and standards.

This must be verified in the project's records.



Durability of project results and transfers of ownership

Investments made by the project should remain in place after the end of the project and continue to benefit the programme area. The formal limit is five years from the date of the final payment to the project. During this period investments should:

- Remain in use and inside the programme area
- Not change ownership in a way that gives a firm or public body an undue advantage
- Undergo no major change in nature, objectives or implementation conditions, which would undermine the original objectives of the investment¹

Any changes after the end of the project which do not comply with these conditions may result in a request for repayment of part of the grant.

References

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (the CPR Regulation)
 - Art. 65(11) (double funding)
 - Art. 68(b) (applied flat-rate)
 - Art. 69(2) (depreciation)
- Commission Delegated Regulation (EU) no 481/2014 Article 7

¹ Common Provisions Regulation 1303/2013 §71.1



Fact Sheet 7 - Preparation costs

	Valid from	Valid to	Main changes
Version 2	10.06.15	Preparation costs are only paid to approved projects
Version 1	27.04.15	09.06.15	

Core message: A lump sum one-off payment of €20,000 is available to cover all project preparation costs. Projects apply for this payment as part of submitting the Full Application.

Background

The project budget is used to cover costs incurred by the project *after the date of approval*. Preparation costs are granted to cover all costs from the time before approval such as the travel and staff costs involved in planning, meetings and writing the application.

When can you claim preparation costs?

The North Sea Region programme uses a two-step application process. Projects submit an Expression of Interest and if the Steering Committee feels that the idea fits well in the programme, projects are asked to prepare a Full Application. Projects which submit a Full Application to one of the next two meetings of the Steering Committee after approval of their Expression of Interest will be considered for preparation costs.

Preparation costs cover the full preparation period including time spent on preparing the Expression of Interest.

How do you claim preparation costs?

The Full Application form includes a request for payment of preparation costs.

Each project can only receive preparation costs once. In cases where a project is rejected and resubmits, preparation costs will be paid only once. The Steering Committee will decide whether an application is a resubmission or is sufficiently new to justify payment of preparation costs.

When are preparation costs paid and how much is available?



Approved projects will as a rule receive payment as part of their first regular project payment after submitting the first claim. Requests for alternative arrangements must be agreed with the Joint Secretariat.

Preparation costs are €40,000 funded at a 50% rate meaning that the programme will pay out €20,000. Payment will be made to the Lead Beneficiary stated in the application form and can be distributed amongst the beneficiaries according to whatever agreements have been made by the partnership.

The payment is made as a lump sum in line with Common Provisions Regulation 1303/2013 §67 1 (c). This means that you do not need to keep audit trail evidence to justify individual cost items.

First Level Control for these costs is carried out by the Joint Secretariat (JS) under the responsibility of the MA. This control consists of an assessment of whether the received Full Application complies with the Operational Assessment Criteria as outlined above and is sufficiently different to all applications submitted previously. Preparation costs are the only type of costs where the Joint Secretariat plays a role in first level control.



Fact Sheet 8 - Shared costs

	Valid from	Valid to	Main changes
Version 3	03.05.17	Clarified when and how shared cost information should be entered in the External Experts and Services table of the application
Version 2	10.06.15	02.05.17	One figure corrected on page 3
Version 1	27.04.15	09.06.15	

Core message: This Fact Sheet explains how costs paid by one beneficiary on behalf of the whole partnership can be divided amongst the beneficiaries. It is essential that these arrangements are agreed in advance and properly documented to avoid control and audit problems (this is a regulatory requirement). It is also essential to understand that shared costs, just like all other expenditure, must be based on documented real costs.

Background

In a cooperation project it is expected that tasks will be distributed throughout the partnership. This often gives rise to situations where one partner pays the costs for an activity that is delivered for the benefit of the whole partnership. Project management and administration is the obvious example but there are many types of costs that might be paid in this way, e.g. a common project website, project conferences etc.

There are various ways of organising how these costs are split and paid for by different beneficiaries. The programme does **not** regulate which method each project uses. There are, however, some minimum standards for transparency and eligibility and these are covered in this fact sheet. It is worth bearing in mind that shared costs can become a source of disagreement between partners and can at times trigger unexpected challenges e.g. with the tax authorities. It is, therefore, important to set down all agreements on paper and check with all relevant national authorities.

Starting point for shared costs

If shared costs are used, the project Partnership Agreement (see Fact Sheet 14) must state the *maximum* amount that every beneficiary will have to pay for shared costs and the types of costs that will be covered. It is not possible for any partner to claim shared costs from the rest of the partnership without this written agreement.

There are different models for how to address shared costs. The proposals below seek to address the main problem: Ensuring that every beneficiary always has a full audit trail including shared costs and that it is always possible to reconcile the amount claimed by every beneficiary with the amount certified by the first level controllers. It is possible to use different models for different types of cost



within the project – provided once more that all arrangements are set out clearly and in full in the partnership agreement.

Model 1 - Sharing tasks but not costs:

- Distribute tasks and costs throughout the partnership. The easiest method is to look at all the shared tasks and approximate costs as part of the application procedure and then ensure that these tasks are evenly distributed throughout the partnership. For example, Beneficiary 1 pays for a workshop venue, Beneficiary 2 covers the design of a leaflet, Beneficiary 3 covers the travel costs of an external expert etc.

Advantages: No extra paperwork and easy to write into partnership agreement. Can be easily adjusted throughout the project.

Disadvantages: Requires a very evenly balanced partnership where all partners are willing to take a role in the common tasks. This is not always realistic. Works best with relatively small costs.

How to enter information in the application: Each partner enters the expected amounts for the contracts it will award in section C.8 of the application - External Expertise and Services Description. No further action required.

Model 2 - Splitting up larger invoices:

- If there are more extensive contracts, ask the supplier to split the invoice and charge each beneficiary's share of the costs directly. The Lead Beneficiary should ensure that the final total amount is correct. The contracting beneficiary should ensure that any tendering requirements have been fulfilled and that evidence of this is supplied to all paying beneficiaries. For example, the project awards a contract for project management. The Lead Beneficiary organises the tender and signs the contract. The contractor sends separate invoices to each of the paying beneficiaries for their share.

Advantages: Easy to write into partnership agreement and manage.

Disadvantages: Limited to costs for external suppliers.

How to enter information in the application: Each partner enters the expected amounts it will pay directly to the supplier in section C.8 of the application - External Expertise and Services Description. No further action required.

Model 3 - Internal reimbursements:

- Reimbursements within the project. A beneficiary incurs costs and then divides these proportionally between the beneficiaries. The beneficiary then requests repayment of the amount concerned. The original invoice stays with the paying beneficiary. Accounting evidence for the contributing beneficiaries is the request for reimbursement.

Advantages: Transparent, flexible and easily verifiable. This method does not complicate the calculation of ERDF payments for each partner.

Disadvantages: Some national tax authorities insist that a request for repayment should be treated as an invoice and that VAT should be added to the amount requested. VAT (or any other tax or fee) added to payments between partners is never eligible. Partners considering this method must therefore consult their national tax authorities and will not be able to use this method if authorities insist on payment of VAT.

How to enter information in the application: The contracting partner enters the full amount for each contract it will award in section C.8 of the application - External Expertise and



Services Description. No information is required in the application about the amount to be reimbursed by each partner. No further action required.

Model 4 - Costs paid by and reimbursed to Lead Beneficiary:

Some shared costs are not invoiced. The most common example is the internal staff hours of the Lead Beneficiary and the associated office and administration costs. Provided there is a written agreement, a share of these can still be claimed from other beneficiaries. Only the Lead Beneficiary can receive reimbursement in this way! This must be approached as follows:

Example

- The Lead Beneficiary (LB) has internal staff costs of €400,000 and an additional €100,000, which should be shared proportionally between all 5 beneficiaries in the partnership (according to amounts set out in the Partnership Agreement).
- The LB enters the full amount (own costs + full amount that will be shared) in its budget. Meaning that the LB staff budget will be €500,000
- It is agreed in the Partnership Agreement that the beneficiaries will each pay 1/5 of the budgeted amount to be shared i.e. €20,000.
- When reporting, the LB reports all costs, including those that will be shared in the regular statement of expenditure table.
- In the separate shared costs table (D.1.1 of the application form), the LB includes the amounts per budget line which need to be paid by other beneficiaries in the reporting period. For example, in the reporting period the LB has paid €50,000 of costs that will be shared. In the shared costs table they will enter €40,000 (€50,000 - 1/5 of the shared costs, which is the LB's share) (See below).
- When the LB receives payment from the programme, it will withhold €5,000 from the amount to be transferred to each beneficiary to cover their share of the shared costs.¹
- NOTE:** The amount paid by the beneficiaries for shared costs can never exceed the amount agreed in the Partnership Agreement.
- NOTE:** Only the Lead Beneficiary can recover costs in this way

D.2 - Project budget – overview per beneficiary / per budget line

Beneficiary	Staff costs	Office and admin.	Travel and accommodat	External expertise	Equipment	Infrastruc- ture	TOTAL BUDGET	(Net revenue)	TOTAL ELIGIBLE BUDGET
LB	500.000	75.000	20.000	350.000	300.000		1.245.000	(50.000)	1.195.000
PP2	20.000	3.000					23.000		23.000
PP3	300.000	45.000	15.000		20.000		380.000		380.000
PP4	-	-	35.000				35.000		35.000
PP5	10.000	1.500					11.500		11.500
Total	830.000	124.500	70.000	350.000	320.000	-	1.694.500	(50.000)	1.644.500

Shared

Shared cost amount related to the remaining partnership

costs are real cost based

D.2.1 - Shared costs to be claimed from other beneficiaries

Beneficiary	Staff costs	Office and admin.	Travel and accommodat	External expertise	Equipment	Infrastruc- ture	TOTAL
LB	40.000	6.000					46.000
Total	40.000	6.000	-	-	-	-	46.000

Many partnerships express shared costs at project

¹ European Territorial Cooperation regulation 1299/2013 §13.3



start as a percentage of each partner's budget (e.g. all partners will pay 5% of their project budget for project management). It is essential, however, that any fixed rate payments are later justified against real cost calculations and adjustments/refunds are made if necessary. For example, if all partners pay 5% for shared costs but final project accounts state that only 3.5% was actually spent on shared activities, the difference must be refunded. Office and administration (overhead) costs arising from staff time used on shared activities must be calculated in the same way as for the rest of the project (see Fact Sheet 3).

Irregularities in shared costs

As with all other costs, responsibility for the correctness of a cost (and ultimately liability in the event that repayment is required) lies with the beneficiary originally incurring the cost. If the beneficiary incurring the cost is responsible for an irregularity, it will be liable for the full amount regardless of cost sharing arrangements.

References

- Commission Delegated Regulation (EU) no 481/2014 Articles 1-7
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation)
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (the CPR Regulation) Articles 65-71
- Regulation (EU) No 1301/2013 of the European Parliament and of the council of 17 December 2013 (the ERDF regulation)



Fact Sheet 9 – Deducting revenue from project payment claims

	Valid from	Valid to
Version 1	27.04.15	

This Fact Sheet does not apply to beneficiaries participating in the programme as part of an approved State Aid scheme!

Core message: All revenues (payments to the project other than the grant) must be deducted from amounts claimed. This can be done (i) in advance by estimating expected revenues and reducing the project budget accordingly or (ii) after payment of revenues – in which case all revenues received within 3 years of the end of the project must also be reported and deducted.

Background

Revenue resulting from project activities can occur both during implementation and after closure of a project. This Fact Sheet explains how to treat these revenues in North Sea Region projects.

Revenue and net revenue during implementation

All revenues generated by project activities during the implementation of the project must be deducted from the eligible costs claimed. Revenue means cash in-flows directly paid by external users for the goods or services provided by the project.

The most common sources of project revenue are entrance fees for events, charges for films, DVDs, books and publications etc. Revenue can also be generated from payments for the use of infrastructure, sale or rent of land or buildings, or payments for services provided by the project.

Where revenue generating activities involve operating costs and replacement costs for short-lived equipment, these expenses can be deducted from the revenue. The resulting net revenue is then deducted from the amount to be claimed from the programme. The basis for the calculation and reimbursement of ERDF from the programme is always:

$$\text{Eligible costs} - (\text{net}) \text{ revenues} = \text{Net eligible costs}$$



Revenue and net-revenue after completion

If a project generates or expects to generate revenue after the completion of the project, this should ideally be taken into account from the start of the project by calculating the expected revenue and deducting this from the project budget. Different methods exist and projects which can use this model must contact the Joint Secretariat for further advice¹.

Most North Sea Region projects will find that it is not realistic to determine revenues in advance using any of the approved methods because of the small amounts of revenue involved and uncertainty about whether potential revenues will be realised. Where this is the case, the actual net revenue generated must be monitored and reported for three years after completion of the project. These amounts will have to be paid back to the programme.

There is one exception: Projects whose total eligible costs are less than €1,000,000 do not always have to take account of revenue and net revenue after project closure. Projects falling into this category should contact the secretariat for further advice.

Regulations

- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, (the CPR Regulation) Article 61

¹ When calculating the net revenue in advance, different methods exist:

- A. Application of a flat rate net revenue percentage for the relevant sector. If e.g. the sector in question is the energy sector then the flat rate for the energy sector must be applied.
- B. Calculation of the discounted net revenue of the project taking into account the reference period appropriate to the sector in which the project is implemented.

The method by which the net revenue is deducted from the eligible expenditure must comply with national rules in the member state in which the net revenue is generated



Fact Sheet 10 - Exchange Rates

	Valid from	Valid to
Version 1	27.04.15	

Core message: The North Sea Region includes countries inside the Eurozone and countries outside. As a result, costs will be incurred in different currencies. Regardless of the currency in which expenditure is incurred, however, all costs must be reported to the Joint Secretariat in Euro. There is only one accepted method for doing this.

Guidance

All expenditure incurred in a currency other than Euro must be converted into Euro by the beneficiary incurring the expenditure. The beneficiary must use the monthly accounting exchange rate of the European Commission for the month when the expenditure was submitted to the beneficiary's First Level controller for verification¹.

In practice this means that when a beneficiary has completed its report on expenditure, the last thing to do before submitting the report to the First Level Controller for verification is to convert all non-euro figures into Euro using the exchange rate of the Commission for the month when the report is submitted to First Level Control - and not when the expenditure was incurred.

The official European Commission exchange rate can be found on the following website:

https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en

No other exchange rate or conversion method is valid in the North Sea Region programme. Beneficiaries must keep a printed record of the exchange rate used for each claim in case the project is audited at a later stage. Use of incorrect exchange rates is a common but easily avoidable error.

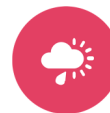
A new exchange rate must be used every time a report is submitted to the First Level Controller.

¹ Regulation 1299/2013 §28. Option b



References

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation), Article 28
- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, (the CPR Regulation) Articles 80 & 133



Fact Sheet 11 - Tender procedures

	Valid from	Valid to	Main changes
Version 2	27.04.15	23.05.18	Specified that the €5,000 threshold for the 3-offer rule is excluding VAT. Clarified the situation regarding use of existing purchasing agreements.
Version 3	24.05.18		Three offer rules - modifications about beneficiaries asking for offers instead of collecting them.

Core message: See also Fact Sheet 05 – Contracting External Experts and Services. It is essential that *all contracts* for any amount over €5,000 (excluding VAT) are offered to a range of bidders and that advertisement and selection procedures are documented. Failure to do so may mean that the beneficiary has to repay the whole value of the contract. This fact sheet also sets out the very limited cases where alternative procedures may be used including the use of Framework Contracts.

Fact Sheet 11

Background

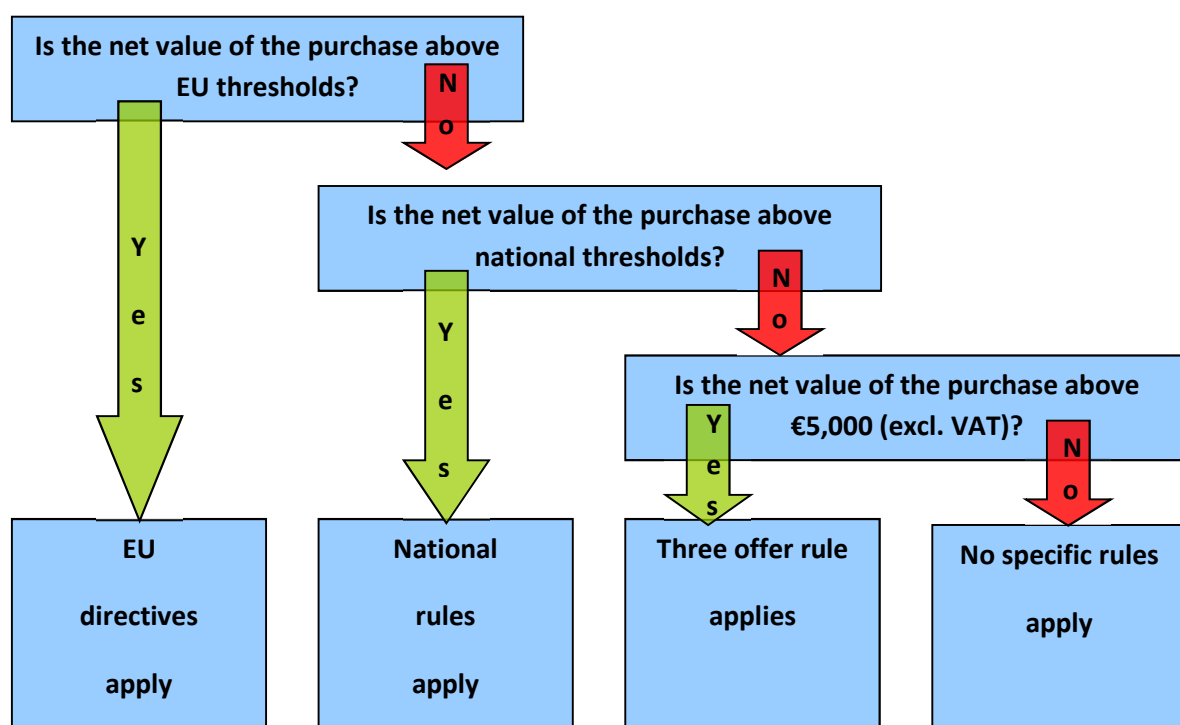
All expenditure on externally provided products and services must be subject to standard procedures that ensure the best possible value for money. Only very small amounts (under €5,000) are exempted – though the requirements for small amounts are much lighter. These requirements apply to all beneficiaries of the North Sea Region programme (public and private) unless they are participating in the programme as part of an approved State Aid scheme. Failure to use and document these procedures may well result in the whole contract value being found ineligible.

Which rules apply to which amounts?

There are four different situations to consider. The first step when making any external purchase is to decide which one applies:



- **Large value contracts over European Union threshold value.** Large contracts must be advertised at European level and are subject to rigidly defined procedures. It is not possible to define one value at which these rules enter into force because this depends on the types of contract. See Directive 2014/24/EU Article 4 and Directive 2014/25/EU Article 15 for details.
- **Contracts which are substantial but below the European threshold amount** are generally subject to national and/or organisational rules. If you grant a contract you will be expected to know these rules and to be able to show them to controllers and auditors. These rules may go down to quite low amounts.
- **Contracts which are below national/organisational limits** but above €5,000 are subject to programme rules requiring that at least three offers are collected (see explanation below). Even if the rules of the beneficiary country/organisation do not require tendering for these amounts, programmes rules take precedent and mean that *you must always get three offers for amounts over €5,000 (excluding VAT)* unless there is an existing purchasing agreement in place which complies with national and organisational rules. For example, if an organisation normally starts tendering for amounts over €8,500 according to national rules, for contracts related to the project they will have to collect 3 offers for amounts between €5,000 and €8,499, and follow national rules for amounts of €8,500 and above.
- **Contracts and purchases below €5,000 (excluding VAT)** are not subject to any specific procedure but must of course still comply with value for money and sound financial management requirements





Main principles always apply: transparency, equal treatment and non-discrimination

It is possible to use stricter rules than those required by legislation but not to do less than is required. In particular, statements from beneficiaries that it was not possible to find more than one bidder will **never** be accepted unless a project can document that it made extensive efforts to find alternative suppliers and offered the contract on the open market.

Documenting a procurement process (audit trail)

Precise requirements for each type of procedure will be set out in the rules for different sizes of contract and must be respected in full. In general, however, the following aspects should be reflected in all requests for an offer (though of course in a brief form for small amounts):

1) **Terms of reference** – All information about the subject and the tendering process is included in this document. The terms of reference, based on the required procurement procedure, should include at least the following sections:

- a) *General provisions* – A brief description of the general framework
- b) *Subject of the procurement* – A detailed description of works, services and goods required and stating the complete list of requirements for the product/service. A separate technical specification may be included or attached as an annex to the Terms of Reference
- c) *Timeframe* – The timeline for delivery of the goods / providing the service
- d) *Price and/or other limitations* – The price limit and any specific limitations related to the contract
- e) *Eligibility criteria* – Specific requirements that companies have to fulfil in order to be eligible to submit an offer. The criteria have to be objective, non-discriminating and relevant to the subject of the procurement procedure
- f) *Assessment criteria* – Criteria for assessing the offers submitted. The criteria have to be objective, non-discriminating and relevant to the subject of the procurement procedure
- g) *Contracting and payment* – Details on contracting procedures and payment
- h) *Information/formal requirements* – Conditions of the procurement procedure (e.g. details on how to submit offers, formal requirements about how offers should be presented)

2) **Publication of the notice** – Different rules apply depending on the procurement procedure, contract size and national requirements. As a minimum, publication should be in a format and for a sufficient length of time that effectively allows potential bidders to take action.



3) **Registration of offers** – All offers received must be carefully documented to ensure transparency and equal treatment of all bidders.

4) **Assessment and decision-making** – The offers submitted have to be assessed according to the same criteria which were set out in the terms of reference. No additional criteria may be added to the assessment process. The assessment of each offer has to be well documented.

5) **Contracting** – A signed contract setting out all terms for the assignment must be available.

These requirements represent the minimum standard for correct procurement procedures and should be followed along with any additional requirements specified in European Union or national legislation.

Principles of sustainability

The programme encourages sustainability and supports the inclusion of additional 'green' criteria in tendering whenever legally possible.

"Three offer" rule

For purchases of goods or services with a value below the European Union and national thresholds, the programme requires that all beneficiaries use the "three offers" procedure. This procedure has been introduced to ensure transparent selection procedures, equal treatment and cost effectiveness for goods and services.

According to this rule, all beneficiaries must ask for at least three offers for all goods and services costing more than **€ 5,000 (excl. VAT)** but below the national, organisational and EU thresholds. In such cases, the beneficiary must keep the correspondence requesting the offers and written evidence of the bids received. It is acceptable if less than 3 offers are received provided that there is evidence that 3 suppliers were offered the contract on equal terms.

If it is not possible to collect three offers, the activities undertaken to try and obtain the offers still have to be documented. This will ensure that prices for similar goods, services or works have been compared and the selection procedure is transparent.

Please note that if stricter national or institutional rules exist these should be observed to avoid contradictions and possible rejection of costs on national/institutional level. National rules will, if they are stricter, over-rule the programme rules.



Consequences in case of errors or failure to use procurement

Failure to comply with procurement rules or the use of inappropriate / incomplete procedures according to national or European Union rules (including the “three offer” rule set out above) will have financial consequences. Based on the type and importance of the failure, a financial correction will be determined according to the guidelines developed by the European Commission (Decision No C (2013) 952710). In the worst cases, the full contract amount will be ineligible.

Other forms of value for money procedure

There are two possible alternatives to regular procurement procedures. These are ‘In-house’ contracting and use of framework contracts. Each beneficiary must consult the applicable national / European Union regulations to see whether they can use such exceptions in different situations. Minimum requirements and recommendations related to procedures are outlined here.

1) **“In-house” contracting** refers to situations where a public authority contracts another organization, which is fully owned and/or controlled by the contractor (e.g. inter-departmental arrangements), to provide certain goods, services or works. In such cases the contractor might decide not to follow public procurement procedures provided that:

- a) There is no private ownership involved
- b) The subsidiary organisation itself carries out 90% or more of activities for the contracting authority
- c) The parent organisation exercises control over the subsidiary in a similar manner as to its own departments.

To ensure transparency and efficiency, in-house sub-contractors will still have to follow public procurement rules when procuring goods, services and works from any third parties.

Framework contracts

Framework contracts are umbrella agreements which set out all or some of the terms on which the parties of the agreement will enter into contracts in the future. Where a project beneficiary organisation has **already procured** a provider for certain types of goods and services **according to the relevant public procurement rules**, any goods and services provided for the project and in line with the framework contract are eligible. If required, the beneficiary may need to provide evidence of the original procurement.



References

- Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts¹
- Directive 2014/24/EU of 26 February 2014 on public procurement and repealing Directive 2004/18/EC
- Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (the CPR Regulation), Article 67.4

¹ Public procurement reform. In December 2011 the Commission proposed the revision of Directives 2004/17/EC (procurement in the water, energy, transport and postal services sectors) and 2004/18/EC (public works, supply and service contracts), as well as the adoption of a directive on concession contracts. The directives were voted by the European Parliament on 15 January 2014 and adopted by the Council on 11 February 2014. The Member States have until April 2016 to transpose the new rules into their national law (except with regard to e-procurement, where the deadline is September 2018).



Fact Sheet 12 – Documents required for the Audit Trail

	Valid from	Valid to	Main changes
Version 2	27.04.15		Changes to the retention period for documents after the end of the project. The new rule here applies to all documents for all projects from the start of the programme.

Core message: The audit trail comprises not just invoices and proof of payment but documentation for all costs. It should show not just what was paid but also the need for this expenditure and that value for money principles were observed. A full audit trail will be required at short notice for all project audits so documentation must be kept up to date at all times.

Background

This Fact Sheet explains what is meant by documenting costs and the need for a complete audit trail. A full set of relevant documentation should be the starting point for all first level control.

Documentation required for the Audit Trail

It is not possible to provide a comprehensive list as requirements will vary slightly depending on the project, the activities and the beneficiary organisation's administrative rules. However, the audit trail must include proof that all costs are eligible (see Fact Sheet 1). This is a huge difference compared to regular audit of accounts, which focuses on the basic soundness of the expenditure recorded as set out below:

Illustration 1 – example of a simplified audit trail



First level control and audit of an Interreg project will start here but will also consider not just what was paid but also the need for this expenditure, whether it complies with all relevant rules and regulations, and that value for money principles were observed. The tables below provide examples of the sorts of documents and evidence that should be available.

All documentation should be accessible at the beneficiary's premises. For some documents it may be sufficient to provide access to a digital system. This should be checked with the



controller/auditor in advance. For details of the rules behind these documentary requirements see the individual fact sheets on the relevant issue.

Costs for Office and Administration and preparation costs are the only case where the North Sea Region programme does not require documentation as payment of these costs is based on a flat rate calculated from staff costs or a lump sum.

Main supporting documents needed for different types of costs

Basic background documents

- Subsidy contract and all amendments
- Latest approved version of application
- Evidence of the accounting system (either separate accounting system or adequate accounting code/cost centre) for all project-related transactions
- Partnership agreement and all amendments
- Programme documents: Cooperation Programme, fact sheets, programme and first level control manuals etc.

Basic project report documents

- Activity report including all obligatory annexes, properly signed and submitted
- List of expenditure by budget line
- Copies of main project deliverables such as studies, agendas of meetings, etc. in line with the activity report
- Publicity items such as brochures, publications, website etc.
- Proof of payment for all reported costs – e.g. payment statements

Staff costs

- A document showing the contractual relationship (e.g. employment contract or other formal agreement) for all employees reporting staff costs (part-time and full-time)
- Written agreement(s) outlining the work to be done for the project for all persons reporting staff costs (part-time and full-time)
- A document specifying salaries for each relevant month and each person working on the project (e.g. payslips, print-out of the accounting system)
- Proof of payment of salaries and any additional compulsory employer contributions (e.g. social insurance)
- **For part-time work on the project – based on a fixed percentage of time worked per month:** Document setting out the percentage of time to be worked on the project for each person reporting staff costs under this option
- **For part-time work on the project – based on a flexible number of hours OR hourly rates:** Records of time worked (e.g. signed time sheets or equivalent) showing 100% of the work of the person
- **For part-time work on the project OR hourly rates:** Calculation scheme for salary costs for each employee working part-time on the project

Travel and Accommodation

- Agenda or similar of the meeting/seminar/conference
- Proof of participation
- Paid invoices or documents of equivalent probative value (hotel bills, tickets, etc.)
- Information on daily subsistence allowance / per diem claims

Public procurement (see Fact Sheet 11!). Remember that first level controllers and external project management almost certainly need to be tendered.

- Initial cost estimate made by the project partner to identify the applicable public procurement procedure
- Procurement publication/notice
- Terms of reference
- Offers/quotes received
- Report on assessment of bids (Evaluation/selection report)
- Information on acceptance and rejection
- Complaints by bidders (if any)



External experts and services

- The selected offer or the contract
- Invoices and proof of payment of external services and experts (e.g. bank account statement)
- **For experts and services that are NOT exclusively used for the project:** Calculation method showing the share allocated to the project and justification for the share allocated
- Deliverables and other evidence of the work carried out by external experts

Specialist Equipment and Infrastructure

- The selected offer or contract
- Invoices and proof of payment
- **For depreciation:** Calculation scheme for depreciation
- **For equipment used only partially for the project:** Calculation method showing the share allocated to the project and justification for the share allocated
- Proof of existence (pictures, delivery note etc.)

In addition, projects using shared costs should ensure that they keep all relevant supporting documentation explained in the relevant fact sheets.

All supporting documents must be kept for five full years from 31 December of the year in which the final payment is made to the project.¹ All supporting documents for projects involving any grant of state aid (including to final recipients) and for all beneficiaries from Norway must be kept for ten full years from 31 December of the year in which the final payment is made to the project. You will be informed about the exact date when you end your project.

¹ Common Provisions Regulation 1303/2013 §140 (1)



Fact Sheet 13 – Roles and responsibilities in project partnerships

Fact Sheet 13

	Valid from	Valid to	Main changes
Version 4	18.11.20		Minor clarification for co-beneficiaries: Role and responsibilities section. The section on co-beneficiaries has been updated
Version 3	03.05.17	17.11.20	-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

¹ In line with 1299/2013 §13.4



- 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).

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)

² 1299/2013 §13



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.

³ 1299/2013 §27

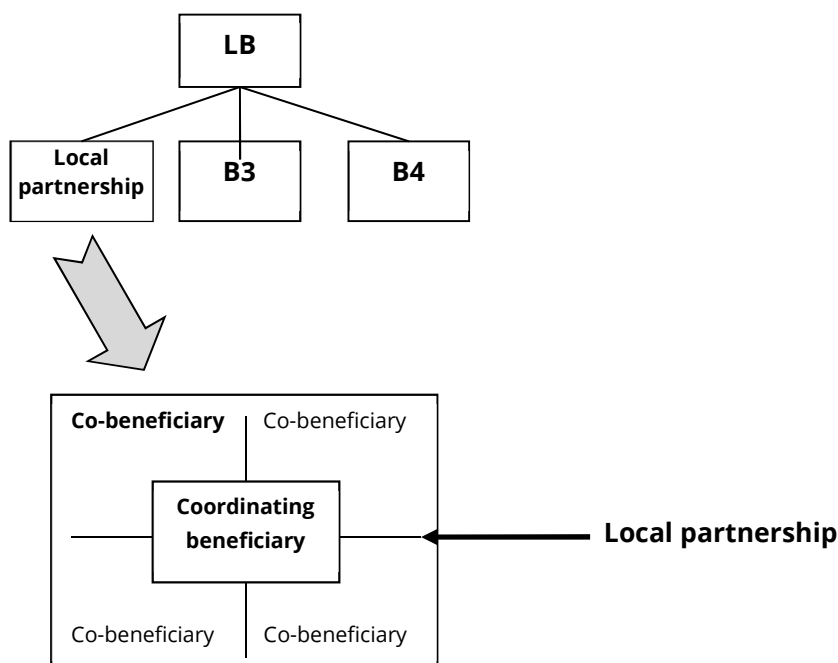


Alternative partnership structures

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.





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)
- Each co-beneficiary needs to submit a finance report and a progress report in the OMS, and these need to be signed off by the Authorised Signatory of the coordinating beneficiary. Thus, the co-beneficiary does not need their own Authorised Signatory
- Both the finances and the progress report can be filled in by the co-beneficiary OR by the coordinating beneficiary, based on agreement by the organisations in the local partnership.
- If the co-beneficiary does not have any expenses to claim, expenditure is set at zero in the finance report
- Co-beneficiaries do not need their own FLC, although they may choose to do so for specific reasons. The coordinating beneficiary's own FLC can certify all finance reports in a local partnership
- The advantages of all beneficiaries in a local partnership using the same first level controller are that the designation procedure only needs to be done once for the partnership and the co-beneficiaries do not need separate FLC checks. The Coordinating Beneficiary must, however, ensure that all co-beneficiaries' reports 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



Fact Sheet 14 - Partnership Agreement

	Valid from	Valid to	Main changes
Version 2	27.04.15		A previous version was available on the programme website but all projects must use this version.

Core message: It is a regulatory requirement that all projects draw up and sign a Partnership Agreement. This fact sheet provides a template from which to develop the agreement and highlights some of the main issues to consider.

Background

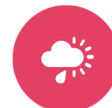
This Fact Sheet provides Lead Beneficiaries with a starting point for establishing a Partnership Agreement and aims to ensure that all essential elements are addressed explicitly, including provisions for protecting the audit trail and for dealing with shared costs within a project¹. Creation of a Partnership Agreement for the project is a Lead Beneficiary responsibility in accordance with the regulations.

A template is attached as an important input in the drafting process. It should, however, serve as a minimum requirement only and should be adapted as necessary to each individual project. When adaptations of the text are made, it must be ensured that the new text still complies fully with the requirements in the regulations.

Guidance

- Every project must have a Partnership Agreement signed by all project beneficiaries – this also includes all co-beneficiaries collaborating in a local partnership (see Fact Sheet 13 on Roles and Responsibilities in Project Partnerships)
- The Partnership Agreement must be concluded after the project contract is issued but before the first claim for payment is submitted. It is, however, recommended to make agreements on shared costs, the division of preparation costs and financial liabilities as part of the application process
- Changes in the partnership must be reflected in an amended Partnership Agreement or Addendum

¹ European Territorial Cooperation Regulation 1299/2013 §13.2 (a)



- Partnership Agreements should indicate and explicitly explain how shared management costs will be calculated for all beneficiaries. The agreed method for how to calculate and report shared costs can only be changed if all beneficiaries agree to it and sign off an amended Partnership Agreement
- In addition to the elements mentioned in the template, other points may be added such as:
 - Deadlines for internal reporting (taking into account requirements of different national systems)
 - Internal procedures and deadlines for requesting changes
 - Dates and venues of main meetings foreseen etc.

Relevant legal advice may be necessary before finalising the agreement. Programme bodies cannot be held responsible for any financial loss incurred as a result of applying the template attached to this Fact Sheet.

References

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation) Article 13 & 27
- Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 Article 13 & 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 125(9)



Important note on Article 11: Article 11 on the requirement to make all project deliverables and outputs available to the general public free of charge does not apply to beneficiaries approved under a state aid scheme in line with section 5.3 of the Cooperation Programme

Partnership Agreement for the project **XXX**

Model Agreement between the lead beneficiary and project beneficiaries of an Interreg North Sea Region project.

This document serves as an example and represents the minimum requirements of a partnership agreement under the North Sea Region Programme. It must be negotiated between partners and tailored to the partnership's individual needs. The partnership can amend the document as necessary but no elements of the model agreement can be omitted.

Definitions and Abbreviations

For the purpose of this agreement, the following words and abbreviations shall have the following meanings:

Agreement means the Partnership Agreement

Approval Decision means the approval decision of the Steering Committee as indicated in the Subsidy Contract

Approved Application means the application which was approved by the Steering Committee. The approved application serves as the reference point for all project activities.

Lead Beneficiary means: lead beneficiary as referred to in Article 13 of Regulation (EU) No 1299/2013

Programme means the Interreg North Sea Region Programme

Programme Authorities means the Managing Authority, Joint Secretariat, Certifying Authority and/or Audit Authority

Programme Manual means the latest published version of the programme manual



Project Beneficiaries means the project beneficiaries named in the approved application, including the Lead Beneficiary

Project means *[FILE NO, ACRONYM, TITLE]* as described in the approved application

Subsidy is the maximum ERDF/ERDF equivalent co-financing allocated to the project in accordance with the approved application



[FILE NO, ACRONYM and TITLE of the project]

Having regard to:

- Article 13(2) of Regulation (EU) no 1299/2013 of the European Parliament and of the Council of 17 December 2013, on the European Territorial Cooperation goal,
- The programme manual section “project partnership agreement”, whereupon beneficiaries in a project funded under the Interreg North Sea Region Programme have to conclude an agreement concerning their mutual financial and legal responsibilities, including the functions and responsibilities of the lead beneficiary,
- The subsidy contract signed between the managing authority and the lead beneficiary, section F5.

For the implementation of the Interreg North Sea Region project *[FILE NO, ACRONYM and TITLE of the project]*, approved by the Steering Committee – on *[DATE]*, the following agreement shall be made between the beneficiaries in the project.

Article 1

Parties to the agreement

The parties to this agreement are the lead beneficiary and the project beneficiaries as listed in the approved application.

Article 2

Subject of the agreement

1. Subject of this agreement is the organisation of a partnership in order to implement the project *[FILE NO, ACRONYM and TITLE of the project]* as indicated in the annexes. The annexes comprise:
 - the application as approved by the Steering Committee
 - the subsidy contract between the Managing Authority and the lead beneficiary
 - Budget by budget line by beneficiary, spending plan by beneficiary, allocation of tasks and objectives, outputs and results by beneficiary (this information can be found in the approved application and the subsidy contract)



2. The annexes - including all provisions they are based on and refer to - are considered to be an integral part of this agreement.

Article 3

Obligations of the parties

Lead beneficiary's obligations

1. The lead beneficiary will comply with all obligations deriving from article 13 (2) of Regulation (EU) No 1299/2013, the subsidy contract and the programme manual, and inter alia, ensure the transfer of the subsidy to the project beneficiaries as quickly as possible and in full unless otherwise agreed in the partnership as described in article 13 (3) of Regulation (EU) No 1299/2013.
2. The lead beneficiary will inform the other project beneficiaries on a regular basis about any relevant communication between the lead beneficiary and the joint secretariat. In addition all correspondence between the lead beneficiary and the programme will be available to the project beneficiaries in the Online Monitoring System. It is the responsibility of the individual project beneficiary to keep itself informed on all relevant communication regarding the project which is available in the Online Monitoring System.
3. Before submitting a request for change as described in Fact Sheet No 26 to the Joint Secretariat, the lead beneficiary shall obtain the approval of its project beneficiaries on the changes proposed. The lead beneficiary may set a deadline to the other project beneficiaries for this approval so that beyond this deadline the proposed changes are considered as approved by all project beneficiaries.
4. When relevant make arrangements for shared costs in line with Fact Sheet No 8.

[If the project wants to provide more explicit information, it could be copied from the relevant Regulation, the subsidy contract and/or the programme manual and added to the Agreement as an annex.]



The obligations of project beneficiaries

5. To be eligible as project beneficiary under the Interreg North Sea Region Programme, the project beneficiary has to be a legal entity.
6. All project beneficiaries will do everything in their power to deliver the project as defined in the present agreement and in line with the latest approved version of the application.
7. All project beneficiaries shall comply with the provisions of the Cooperation Programme, the Subsidy Contract, the Fact Sheets and guidance regarding project activities issued by the national authorities participating in the Cooperation Programme or issued by the Joint Secretariat on behalf of those national authorities.
8. All project beneficiaries shall comply with the statutory rules under European law, national statutory regulations, orders, decrees and rulings, permits and exemptions which are relevant for the performance of the present agreement, specifically with respect to their own portion of the project.
9. It is the responsibility of each project beneficiary to ensure that the relevant national rules on data protection are observed.

In addition, project beneficiaries shall fulfil the following obligations:

10. To nominate a contact person(s) for the part of the project for which it is responsible and give the lead beneficiary the authority to represent the beneficiary in the project. In the event of changes of the person(s) in charge the lead beneficiary must be notified immediately;
11. To provide the lead beneficiary with all the information, in the prescribed form, necessary to draw up the mandatory reports for the project as described in the subsidy contract as well as all other reports on activities, requests for payment and other documents or information requested by the joint secretariat. The information so requested will be provided to the lead beneficiary on time and complete;
12. To follow the programme requirements i.e. making use of the Online Monitoring System in all exchanges of information with the programme authorities.



13. To make the beneficiary contributions available as foreseen in the approved application and this agreement;
14. To react promptly to any request of the lead beneficiary, of programme authorities and bodies involved in the programme implementation, in particular for what concerns requests related to the coordination, implementation and evaluation of the project;
15. To notify immediately the lead beneficiary of any event that could lead to a temporary or final discontinuation or any other deviation of the project, as well as any change related to the name of the organisation, its contact details, legal status or any other change concerning the beneficiary's legal entity which may have an impact on the project or on their eligibility to the programme.
16. To comply with the planned budget, spending plan by beneficiary, allocation of tasks and objectives, outputs and results by beneficiary as indicated in the approved application and to notify the lead beneficiary without delay of any event that may lead to a deviation.

Article 4

Eligibility of Expenditure

1. Each project beneficiary can only report eligible expenditure. In order to be deemed eligible, the reported expenditure of each project beneficiary shall:
 - a. relate to activities and costs which are carried out and incurred within the eligibility period indicated in the subsidy contract;
 - b. relate to activities set out in the approved application which are necessary for carrying out the project and achieving the project's objectives, outputs and results, and are included in the budget of the approved application;
 - c. be reasonable, justified, and comply with the applicable EU and programme rules. In the absence of rules set at EU or programme level or in areas that are not precisely regulated national or institutional rules in accordance with the principles of sound financial management apply;
 - d. be incurred and paid out by the project beneficiary and be substantiated by proper accounting evidence allowing identification and checking;

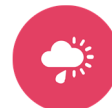


- e. be identifiable, verifiable, plausible, determined in accordance with the relevant accounting principles, and recorded in a separate accounting system or with an adequate accounting code;
 - f. be verified by a designated first level controller in accordance with Regulation (EU) No 1299/2013, Article 23(4). For Swedish beneficiaries only Tillväxtverket can be designated as first level controller.
2. By derogation to Article 4.1 (a) to (e), simplified costs options are indicated in the programme manual or the Fact Sheets and must be applied accordingly by each project beneficiary.
 3. In case a project beneficiary does not comply with the eligibility rules, the lead beneficiary and/or the programme authorities may impose corrective measures which have to be implemented by the concerned beneficiary. Those corrective measures can lead to the exclusion of any ineligible expenditure and to the request for repayment of all or part of the concerned subsidy.

Article 5

Decision-making under the agreement

1. Decisions with regard to the:
 - general project activities will be taken by [...] (e.g. the lead beneficiary following consultations with the project beneficiaries)
 - individual activities of project beneficiaries will be taken by [...] (e.g. the lead beneficiary following consultations with the project beneficiaries)
 - general project budget will be taken by [...] (e.g. the lead beneficiary following consultations with the project beneficiaries)
 - individual budget of project beneficiaries will be taken by [...] (e.g. the lead beneficiary following consultations with the project beneficiaries)



- request for the exclusion and addition of beneficiaries will be taken by [...] (e.g. the lead beneficiary following consultations with the project beneficiaries)
2. The decision will be taken by [...], (e.g. majority vote, 5% majority etc.,)

[Further details on the rules of procedure document]

Article 6

Financing of joint activities and preparation costs

1. The arrangements for sharing costs between beneficiaries are defined between the involved beneficiaries in line with Fact Sheet No 8: *[If applicable, concrete details on how the procedures and individual shares of shared costs for each beneficiary can be included here or as an annex to the agreement.]*
2. Preparation costs are € 40,000 funded at an intervention rate of 50% which means that the programme will pay out a sum of € 20,000. The amount is paid out as a lump sum in line with Regulation (EU) 1303/2013 §67.1(c). The specific rules in relation to preparation costs are found in Fact Sheet No 7.

Fact Sheet 14

Article 7

Project and programme performance

1. In case a project beneficiary does not successfully reach one or more expected objectives, outputs or if the results as set out in the approved application are not successfully reached, the concerned project beneficiary is responsible to follow the requested corrective measures by the programme authorities.
2. In case one or more project beneficiary(ies) fail to respect the contractual arrangements on delivery in time, delivery to budget and delivery of outputs as defined in the annexes of this agreement, the programme may reduce the subsidy allocated to the project and, if necessary, stop the project by terminating the subsidy contract. In such cases, the



concerned project beneficiaries will be liable in compliance with article 8 of this agreement.

3. Subsidy payments not requested by each project beneficiary in time and in full as indicated in the spending plan included in the approved application may be lost for the concerned project beneficiary.

Article 8

Liability

1. In case a project beneficiary does not comply with its obligations as agreed upon in this agreement and its relevant annexes, the concerned project beneficiary shall be the sole responsible for any liabilities, damages and costs, resulting from the non-compliance.
2. No project beneficiary shall be held liable for not complying with its obligations as agreed upon in this agreement if the non-compliance be caused by force majeure. In such a case, the beneficiary involved must announce this immediately in writing to the other project beneficiaries.

Article 9

Audit rights, evaluation of the project / archiving of documents

1. The European Commission, the European Anti-Fraud Office, the European Court of Auditors, the EFTA Surveillance Authority and, within their responsibility, the relevant bodies of the participating EU Member States and Norway or other programme authorities are entitled to audit the proper use of funds by the project beneficiaries or arrange for such an audit to be carried out by authorised persons.
2. Each project beneficiary will with no delay produce all documents required for the audit, provide necessary information and give access to his/her business premises.



3. In accordance with Regulation (EU) 1303/2013, Articles 56 and 57 each project beneficiary undertakes to provide independent experts or bodies carrying out any project evaluation with any document or information necessary to assist the evaluation.
4. Each project beneficiary will archive documents related to the project implementation as described in Fact Sheet No 12 regarding documentation and the audit trail. For Norwegian and Swedish beneficiaries, accounting evidence and other supporting documents must be kept for ten full years from 31 December of the year in which the final payment is made to the project.
5. In accordance with Regulation (EU) No 1303/2013, Article 140 (the archiving of the documents) each project beneficiary must ensure that all documents are kept either:
 - a. In their original form;
 - b. As certified true copies of the originals;
 - c. On commonly accepted data carriers including electronic versions of original documents;
 - d. Or documents existing as electronic versions only.

Notwithstanding the foregoing, the archiving formats have to comply with national and EU legal requirements. Specific guidance on documents required for the audit trail can be found in Fact Sheet No 12.

6. The requirements as indicated in point (4) also apply to any project beneficiary which leaves the partnership before the end of the project.

Article 10

Communication and publicity

1. Each project beneficiary will contribute as necessary to the delivery of the communication work package as described in the approved application that ensures adequate promotion of the project and its results towards potential target groups, project stakeholders and the



general public in compliance with the Annex XII (2.2) of Regulation (EU) No 1303/2013, the Subsidy Contract and the programme Fact Sheets

2. Unless differently required by the managing authority, any notice or publication in relation to the project, made in any form and by any means, including the internet, must state that it only reflects the author's views and that the programme authorities are not liable for any use that may be made of the information contained therein.
3. Each project beneficiary agrees that the programme authorities shall be authorised to publish, in any form and by any means, including the internet, the following information:
 - a. the name and a summary description of the project,
 - b. the name of the lead beneficiary and the project beneficiaries,
 - c. address(es) of the project website(s) and/or other information on how the project can be contacted,
 - d. the purpose of the ERDF-/ERDF equivalent - funding,
 - e. the amount of the ERDF-/ERDF equivalent – funding awarded and paid from the Cooperation Programme,
 - f. the duration of the project,
 - g. the geographical scope of the project,
 - h. the activity reports including the final activity report

Article 11

Intellectual Property Rights

1. All intellectual property, outputs and results (whether tangible or intangible) that derive from the project will be the property of the lead beneficiary and the project beneficiaries but must be made available to the general public as described in section 5.3 of the Cooperation Programme.
2. In line with this, the results of the project have to be made available to the general public free of charge by the lead beneficiary and project beneficiaries. The Managing Authority and



any other relevant Programme stakeholder (such as the National Contact Points, the European Commission) may reserve the right to use them for information and communication actions in respect of the programme. If there are pre-existing intellectual and industrial property rights which are made available to the project, these will be fully respected provided that they are notified by the lead beneficiary and project beneficiaries to the Managing Authority in writing.

3. Any income generated by the intellectual property rights must be managed in compliance with the applicable EU, national and programme rules as described in the Fact Sheets.

[If applicable, concrete details on how the project will handle and agree upon the intellectual property rights for the project's outputs and results can be included here.]

Article 12

Cooperation with third parties, delegation legal succession and outsourcing

1. In case of cooperation with third parties including suppliers of good/services, the project beneficiary concerned shall remain solely responsible to the lead beneficiary concerning compliance with its obligations as set out in this project partnership agreement.
2. The lead beneficiary shall be informed by the project beneficiary about the subject and party of any contract concluded with a third party.
3. No project beneficiary shall have the right to transfer its rights and obligations under this project partnership agreement without the prior consent of the other project beneficiaries and the responsible programme implementing bodies.
4. In cases of legal succession, the lead beneficiary or concerned beneficiary is obliged to transfer all duties under this partnership agreement to the legal successor.
5. Outsourcing to consultants or to suppliers of goods/service shall be undertaken in accordance with procedures set out in the public procurement rules applicable e.g. relevant national rules and/or Fact Sheets to the contracting beneficiary and in compliance with the EU directives on public procurement.



Article 13

Duration and right of termination

1. The agreement will enter into force on the date on which it is signed by all parties. (No payments will be made to the project by the programme authorities until the agreement is signed.) It will remain in force until complete fulfilment of the lead beneficiary and beneficiaries' obligations under this project partnership agreement and the subsidy contract i.e. until the final report from the project has been approved by the programme authorities and no outstanding issues in relation to audit remains.
- a. In particular, all relevant provisions necessary for the fulfilment of the archiving and audit obligations defined in article 9 of this agreement shall remain in force until the end of the period referred to Fact Sheet No 12 and in article 140 of Regulation (EU) No 1303/2013.

Article 14

Non-fulfilment of obligations and disputes

1. Should one of the project beneficiaries not fulfil its obligations, the lead beneficiary shall contact the concerned beneficiary and remind this beneficiary to comply within a maximum of [DAYS]. The lead beneficiary shall make any effort to contact the concerned beneficiary in order to solve the difficulties, including seeking the assistance of the Managing Authority / Joint Secretariat of the Programme.
2. Should the non-fulfilment of obligations continue, in spite of notifications as mentioned under point one of this article, the partnership may decide to exclude the concerned beneficiary from the project. The Managing Authority / Joint Secretariat shall be informed immediately by the lead beneficiary if the partnership intends to exclude a project beneficiary from the project.



3. In case of non-fulfilment of a project beneficiary's obligation having financial consequences for the funding of the project as a whole, the lead beneficiary may demand compensation to cover the sum involved.
4. In case of any disputes, even if regarded as such by only one of the project beneficiaries, which may arise owing to a further agreement or an actual action which is wholly or partly subject to the present agreement, the project beneficiaries shall first work towards an amicable settlement. In case the beneficiaries do not reach an amicable settlement, the settlement will be adjudicated by the competent court or by arbitration in the district in which the lead beneficiary has its registered office. The lead beneficiary's registered office is located in [address].

Article 15

Demand for repayment

1. Should the programme authorities in accordance with the provisions of the subsidy contract demand repayment of all or part of the subsidy already transferred, each project beneficiary concerned is obliged to reimburse its share of the subsidy amount unduly received to the lead beneficiary.
2. The lead beneficiary shall, without delay, inform the concerned project beneficiary about any ERDF/Norwegian equivalent amount unduly paid due to an irregularity as soon as it is informed by the Managing Authority/Joint Secretariat. It shall also forward, without delay, the letter by which the Managing Authority has asserted the recovery order and notify each project beneficiary of the amount to be repaid. This amount is due by the deadline indicated by the lead beneficiary in accordance with the recovery procedure described in the subsidy contract. In case the amount to be recovered shall be subject to interest, the interest rate will be determined in accordance with the relevant EU and national rules and would be applied to each concerned beneficiary.
3. According to article 122.2 of Regulation (EU) 1303/2013 and article 27.3 of Regulation (EU) 1299/2013, if the lead beneficiary does not succeed in securing repayment from other project beneficiaries or if the Managing Authority does not succeed in securing repayment



from the lead beneficiary, the Member State or third country on whose territory the beneficiary concerned is located shall reimburse the Managing Authority any amounts unduly paid to that beneficiary. The EU Member State or third country (Norway) on whose territory the concerned beneficiary is located shall be entitled to undertake any legal action that it may deem necessary towards the concerned beneficiary in order to recover the unduly paid amount, based on national jurisdiction rules and in accordance with any agreement the EU Member State or Norway may have entered into with the beneficiary. In that case, the lead beneficiary shall have the right to transfer its rights and obligations under this agreement to the EU-Member State or Norway on whose territory the concerned beneficiary is located provided that the EU-Member State or Norway agree to this transfer.

Article 16

Amendment of the partnership agreement, withdrawals

1. This agreement shall only be amended in writing. The amended agreement must be signed by all parties involved.
2. Modifications to the project (e.g. concerning activities, time schedule or budget) that have been approved by the programme authorities, in compliance with the procedure set in the Programme Manual, can be carried out without amending the present agreement.
3. If one of the project beneficiaries withdraws from the partnership, the lead beneficiary and the project beneficiaries shall endeavour to cover the contribution of the withdrawing project beneficiary, proposing to the programme authorities either to reallocate the tasks of the withdrawn beneficiary inside the partnership and/or to replace the withdrawn beneficiary by one or more new project beneficiaries.

Article 17

Working language

1. The working language of the project shall be English.



2. If more than one language version of the Agreement exists the English version of the Agreement is the binding one.

Article 18

Final provisions

1. This agreement is governed by [...] law [law of the country where the lead beneficiary is located].
2. If any provision in this agreement should be wholly or partly ineffective, the project beneficiaries undertake all to replace the ineffective provision by an effective provision which comes as close as possible to the purpose of the ineffective provision.



Signatures

The lead beneficiary

Title of the institution:

Place and date:

Name and function of the signatory:

Signature/Stamp:

The project beneficiary [#number]

Title of the institution:

Place and date:

Name and function of the signatory:

Signature/Stamp:



Fact Sheet 15 – Private Sector Beneficiaries

	Valid from	Valid to	Main changes made
Version 2	03.05.17		Clarified that private sector beneficiaries may not apply as 'Not state aid relevant'
Version 1	27.04.15		

Core message: Participating in an EU funded programme as a private beneficiary means changing normal business practices and adopting a number of rules and procedures from public administrations. It is essential that all private beneficiaries are aware of and commit to these requirements before agreeing to participate. Note also that the requirements are different depending on whether the beneficiary is part of an aid scheme or not. Make sure all private beneficiaries are aware of these rules before starting the project!

Is the private beneficiary part of an aid scheme?

This is an essential question as it decides which rules will apply. An aid scheme in the North Sea Region means a De Minimis grant or a grant under the General Block Exemption Regulation (GBER). Project applicants will be informed about whether a beneficiary is part of a scheme during the application process. If you have any doubts, you must clarify this with the Joint Secretariat.

This Fact Sheet is divided into two parts. The first part contains general guidance for all private sector beneficiaries. The second part is for private beneficiaries who are **not** part of an aid scheme. Beneficiaries under an aid scheme must consult Fact Sheet 16 - State Aid

General Guidance for Private Sector Beneficiaries

A number of important requirements apply to all beneficiaries but should be emphasised for private beneficiaries in order to address some issues that have caused problems in the past. These are:

- You must keep detailed records of all costs claimed. The records that need to be kept are detailed in the other Fact Sheets and especially Fact Sheet 12 – Documents required for the Audit Trail. The requirements may well be stricter than you are used to.
- You must give free and complete access to all of these records in the event of control or audit. This includes information that may normally be confidential (e.g. pay slips). If you want to claim these costs, you must ensure access to all of the evidence.



- You must keep a separate record of project expenditure in a separate accounting system or using an adequate accounting code for all project transactions so that it is possible to identify all project related transactions.¹
- The expenditure you report for the project is subject to all of the rules and regulations stated in the programme Fact Sheets and other documents except where it is specifically stated that there is an exemption for private sector beneficiaries.
- Your expenditure will be subject to first level control by a controller designated according to the procedures in place in your country (see Fact Sheet 24).
- You can at any time be subject to additional control or audits by representatives appointed by the programme authorities, participating countries or the European Commission (the EFTA Surveillance Authority for Norwegian funds). You must assist these representatives and give them full access to project related documentation.

Guidance for private beneficiaries who are not part of an aid scheme

If a private sector beneficiary is receiving a grant that is not part of the De Minimis scheme or under the General Block Exemption Regulation, the following additional rules apply:

- It is not possible for a private sector beneficiary to apply as 'Not State Aid relevant' in the application. All private sector beneficiaries must either apply under an aid scheme (see above), or apply under the 'No Economic Advantage' category and thereby commit to complying with the following rules
- The beneficiary must be a legal body
- The beneficiary must act as a non-profit organisation in the context of the project. This does not exclude companies acting on a for-profit basis in other contexts
- The beneficiary must make all results related to the project freely available and free of charge. This includes securing public access to the project results and allows no ownership by beneficiaries of intellectual property rights for the project results
- Project activities are carried out in accordance with the principle of real costs and do not qualify as a "commercial activity"
- The beneficiary must use tender rules when granting contracts to a third party (see Fact Sheet 11)
- The beneficiary must monitor and repay all project related revenues in line with Fact Sheet 9 including after the end of the project

¹ Common Provisions Regulation 1303/2013 §125.4 (b)



- All supporting documents must be kept for five full years from 31 December of the year in which the final payment is made to the project.²

² Common Provisions Regulation §140.1



Fact Sheet 16 – State Aid

	Valid from	Valid to	Main changes
Version 5	20.05.21		Sentence about GBER beneficiaries receiving funding will be displayed at the Programme website is removed
Version 4	05.10.17	19.05.21	New setup concerning aggregated de minimis
Version 3	03.05.17	04.10.17	More precise wordings in several places. Added some additional detailed requirements for use of GBER.
Version 2	27.04.15	...	Clarification in relation to the use of de minimis and GBER in connection with fisheries, aquaculture, and agricultural sector projects

Core message: Beneficiaries can participate in the programme in a way that gives a competitive advantage. For example, an SME might be supported to develop a new product. There are, however, strict rules regarding the nature of participation, the amounts that can be claimed, and the documentation that has to be provided. You will be asked in the application to explain how any companies are participating. This Fact Sheet explains in detail what the requirements are. Note that although State Aid is mainly a concern for private sector beneficiaries, public sector organisations can also be affected and must therefore know these rules.

Background

The Cooperation Programme of the North Sea Region indicates that partnerships can include private partners insofar as they increase the value of the project. The inclusion of private sector participants can in many cases help ensure the relevance of the projects and it is envisaged that at least 10% of programme funding will go to the private sector. It is however crucial that the inclusion of private sector beneficiaries (or public sector beneficiaries active on a market) is done without violating the 'State Aid' rules. These rules are in place to ensure that public aid is not used to give an enterprise from one country an unfair competitive advantage over other companies in other countries.

Important note: Definition of beneficiaries in State aid

If your project involves State aid, you have to use a wider definition of 'beneficiary' than is the case in other programme documents. Normally, in the North Sea Region programme, a 'beneficiary' is



any partner listed in the approved project application. In State aid, however, a 'beneficiary' is any operator receiving a benefit from the aid grant.

For example, the beneficiary stated in the application might be a trade association receiving a grant to provide free innovation support services to SMEs. It is the SMEs which will receive the final benefit of the grant. The programme's assessment of State aid will therefore go down to the level of the final beneficiary of the grant (the SMEs) and use the criteria described below to assess whether they are receiving State aid.

General concepts behind State aid

State aid is aid given to an economic undertaking that is seen as distorting or threatening to distort competition in the internal market. For example, granting aid to support an SME developing a smartphone application in the Netherlands could distort competition for a similar SME in Germany, as it would reduce the actual costs of development of the product. When assessing whether State Aid is present, it is very important to be aware of the definitions of a number of key terms:

- Undertaking: An undertaking is an entity carrying out an economic activity, regardless of the legal status of the entity and whether it aims to make a profit. Participating in an economic activity is enough to determine whether an entity is an undertaking or not. As such, private and public bodies and NGOs can be undertakings¹.
- An economic activity is defined as any activity involving the offer of goods or services on a given market.
- Non-economic activities are understood as activities that can only be carried out by the state, such as issuing passports and the provision of similar public goods for which there is no market. This is a fluid term, and understanding is subject to frequent modification. Many North Sea Region project activities could be considered economic activities but are not considered State Aid because they do not confer a competitive advantage.
- Competitive advantage is defined as any economic benefit the undertaking would not normally gain under normal market conditions.

¹ EC Regulation (EU) No 1403/2013 of 18.12.2013, paragraph 4.



Assessing the risk of State aid

An assessment of whether a measure (activity) constitutes State Aid is based on five criteria. If the answer to all five questions below is 'Yes', there is a very high risk of State Aid and appropriate action must be taken. As can be seen, the answer to three of the five questions is always 'Yes'!

1. Is the measure imputable to the state and financed through state resources? In the North Sea Region programme, the answer to this question is always YES.
2. Is the measure selective? In the North Sea Region programme, the answer is always YES.
3. Does it have the potential to affect trade between the member states? In the North Sea Region programme the answer is always YES, as ETC projects aim at transnational effects.
4. Does the measure confer an advantage on the undertaking? This needs to be considered for each beneficiary.
5. Does the measure distort or threaten to distort competition? Yes, if there is an economic or potential economic advantage (closely related to question 4).

Criteria 1, 2 and 3 will always be answered 'Yes' in North Sea Region projects, as the funds come from the state, there is a selection process, and effects are intended to go beyond a local impact only². In assessing possible cases of state aid, the assessment will therefore focus on whether the measure in question is an economic activity which confers an economic advantage to the beneficiary and whether there is any distortion or potential distortion of competition resulting from the grant. If the answer to one of these two questions is no, there is no risk of State aid. If the answer to both questions is yes, then there is a very high risk of State aid and the programme will require that the beneficiary concerned uses one of the three options outlined below.

Managing State aid – options

In cases of State aid, these options are available:

1. Negate the economic advantage
2. For beneficiaries (undertakings) from Belgium, Denmark, The Netherlands, Germany, Sweden and the United Kingdom the amount of aid granted under de minimis can be up to €1,200,000 over three fiscal years.
3. For beneficiaries (undertakings) from Norway the amount of aid granted under de minimis can be up to €200,000 over three fiscal years.

² State Aid Rules for the Baltic Sea Region 2014-20, Fiona Wishlade, European Policy Research Centre, p. 13.



4. Measures for SMEs may be exempted under the General Block Exemption Regulation (GBER). This applies for all programme countries, with a ceiling of €2 million per undertaking per project.

OPTION 1: Negating economic advantage

If a beneficiary's participation in a project poses a risk of State aid, the programme may advise the partnership to re-focus its application with a view to removing any potential economic advantage and thereby the risk of State Aid. This is done by ensuring that the project complies with four demands (see Fact Sheet 15 for additional information):

- Absolutely all findings must be made public free of charge. This also includes background documents, data and methodologies. It should be possible for any organisation or enterprise outside the partnership to duplicate the project's work from the material provided.
- No intellectual property rights can be claimed by a beneficiary or by the project. The project or a beneficiary may require that it is cited as the original source of material but it cannot limit access to material or make any kind of charge for this.
- Beneficiaries including private enterprises must act on a not-for-profit basis for all project activities. This means that all expenditure must be charged to the project at cost and without profit.
- All EU, national and organisational tender procedures must be followed when buying external expertise, services or other goods for the project. This also applies to private sector enterprises and organisations, which are not normally subject to tendering rules (see Fact Sheet 11).

When private profit-generating companies are beneficiaries in a project partnership, they should, as a rule, make use of option 2 or option 3 presented below. Private sector beneficiaries can never use the 'Not State Aid relevant' category in the application.

OPTIONS 2 and 3: The de minimis option

De minimis is State aid granted to an undertaking but for such a small amount that it is deemed not to distort or threaten to distort competition. The European Commission has set this amount at €200,000 per undertaking over a period of three years with a few exceptions³. De minimis aid may be granted in an aggregated manner to beneficiaries from Belgium, Denmark, the Netherlands, Germany, Sweden and the United Kingdom. For these beneficiaries, the maximum

³ If the beneficiary applying for the grant is in the field of road freight transport for hire or reward, the ceiling is set at €100,000 per undertaking over a period of three years.



amount of aid available may be up to €1.200.000 per undertaking over a period of three fiscal years with a few exceptions⁴.

At application stage, a project must indicate whether one or more beneficiaries are applying under the de minimis scheme. Each de minimis beneficiary must submit a de minimis Self-Declaration along with the application form.

Before de minimis aid can be granted:

The project must obtain a self-declaration from the relevant beneficiaries confirming that they have not received public grants in the 3 previous fiscal years which would take them over the de minimis ceiling. Any type of enterprise may receive de minimis aid including large enterprises.

The period of three years to be taken into account should be assessed on a rolling basis⁵, meaning that the amount of aid granted in the current fiscal year and the two previous years is always taken into account. In the North Sea Region programme de minimis aid cannot be cumulated with any other aid grant.

Once de minimis aid has been granted:

If an undertaking is granted de minimis aid, a formal notification to the undertaking and project will be issued, referring to the de minimis Regulation (EU) No 1407/2013, article 6. This notification is generated automatically when a project with a de minimis grant is approved. This notification is issued by the programme, on behalf of the Member State where the beneficiary is based. The de minimis aid is considered as being granted by the country where the beneficiary is located.

Further monitoring: On behalf of the Member States, the programme compiles and records all information regarding the application of grants under the de minimis regime in the programme to ensure continuing compliance of all beneficiaries with the €200,000/€1,200,000 limit. These records will be kept for 10 fiscal years, from the date on which the last individual aid was granted. Beneficiaries must keep project records for the same period.

These records are shared with the national authorities via the online monitoring system⁶.

Requirements for beneficiaries:

All beneficiaries receiving State Aid must:

- Ensure that the self-declaration is filled out accurately and in full.

⁴ If the beneficiary applying for the grant is in the field of road freight transport for hire or reward, the ceiling is set at €600.000 per undertaking over a period of three years.

⁵ EC Regulation (EU) No 1407/2013 §10

⁶ Data will be entered into national systems for monitoring de minimis aid if a Member State has such a system.



- Note that the limits refer to all grants of public funds and not just North Sea Region programme grants.
- Immediately inform the programme of any grants of public funding received after completion of the self-declaration.
- Keep all project records for a minimum of 10 years after receiving the final project payment⁷.

OPTION 4: The General Block Exemption Regulation (GBER) Option

The GBER is essentially a long list of different types of aid which serve a useful public function (exemptions) and can therefore be accepted provided that a number of conditions are met. Only one exemption is in use in the North Sea Region programme. This is set out in Article 20 of the GBER: Aid for cooperation costs incurred by SMEs participating in European Territorial Cooperation projects.

The eligible costs exempted under this part of the GBER are those of participating in a project. These are:

- Staff and office costs provided that these are directly linked to the project
- Advisory and support services linked to cooperation and provided by external consultants or service providers. This means consulting, assistance and training for the exchange of knowledge and experience and for improvement of cooperation⁸
- Travel and costs of equipment and investment directly related to the project, and depreciation of tools and equipment used directly for the project

All expenditure under all cost categories (e.g. staff) must comply with other programme rules as set out in the other fact sheets (see below on revenue, however).

As for all other beneficiaries, SMEs participating under the GBER will receive a grant covering 50% of their total costs. In accordance with the GBER, the ceiling for SME aid is €2 million per undertaking per project⁹. It should be noted that in the North Sea Region programme, any aid granted to an undertaking cannot be 'cumulated' with *de minimis* aid for the same eligible costs, i.e. if the grant is over €200,000, for Norwegian beneficiaries (undertakings), or €1,200,000 for beneficiaries (undertakings) from the other six countries in the programme then the whole amount will need to be under only one scheme.

⁷ *de minimis* regulation 1407/2013 §6.4 'Records regarding individual *de minimis* aid shall be maintained for 10 fiscal years from the date on which the aid was granted'.

⁸ 651/2014 §2 Definition 64

⁹ Commission Regulation (EU) No 651/2014 §4.



Before GBER aid can be granted

The main requirement for receiving aid under Article 20 of the GBER is that the beneficiary is an SME according to the definition in the regulations. The criteria for defining an SME are laid out in Annex I of the GBER¹⁰ and at the end of this fact sheet. The project must obtain a self-declaration from the relevant beneficiaries confirming that they are SMEs.

Once GBER aid has been granted

All information pertaining to the GBER scheme and its beneficiaries is forwarded to the European Commission (or the EFTA Surveillance Authority in Norway) and is made available to the public.

Further monitoring

All beneficiaries receiving aid under the GBER must retain all documents for at least 10 years after the date of the final aid payment to the project¹¹.

Undertakings in the fisheries, aquaculture, and agricultural sectors

Programme funding cannot be used for the direct support of undertakings involved in fisheries, aquaculture, or primary agricultural production. The limitations for the fishery and aquaculture sectors include all activities of production, processing and marketing of fishery and aquaculture products. For agriculture, the regulations exclude undertakings active in the primary production of agricultural products. This applies to both de minimis and GBER. Aid may, however, be provided to undertakings in the sector of processing and marketing of agricultural products where the aid complies with the terms of the de minimis or of Article 3 (c) ii and 20 of Commission Regulation (EU) 651/2014 of 17 June 2014 (GBER) declaring certain categories of aid compatible with the internal market.¹²

Article 20 (GBER) limits to activities

SMEs receiving assistance under the project must be:

- (a) micro enterprises (fewer than 10 employees, annual turnover and/or annual balance sheet < € 2 million)
- (b) small enterprises (fewer than 50 employees, annual turnover and/or annual balance sheet < € 10million) or
- (c) medium sized enterprises (fewer than 250 employees, annual turnover < € 50 million, annual balance sheet < € 43 million)

¹⁰ Ibid Annex 1

¹¹ 651/2014 §9.4

¹² In the sector of processing and marketing of agricultural products, Article 20 GBER is applicable if neither of the two conditions under letters (i) and (ii) of Article 1(3)(c) GBER is fulfilled. In other words, 'where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or where the aid is conditional on being...passed on to primary producers.'



The programme cannot provide assistance to any undertaking in difficulty (as defined in §2 (18) Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market). The aid granted under article 20 may only cover the cooperation costs incurred by SMEs participating in European Territorial Cooperation projects (see §20 Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market).

Aid should be limited to supporting organisational cooperation, advisory and support services, travel expenses, costs of equipment, tools and investment provided in all cases that these are directly related to the project and linked to cooperation.

Larger enterprises can under no circumstances receive support under a GBER scheme. The aid is legal only when given to SMEs.

Exemption from programme rules on tendering and revenue generation

Beneficiaries participating in the programme under the de minimis or GBER rules may not need to follow programme rules on tendering (see Fact Sheet 11) or revenue generation (see Fact Sheet 9) and may retain rights to products and services developed as part of a project. Nevertheless the requirements of the Financial Regulation for transparency, equal treatment, non-discrimination and sound financial management always apply to all beneficiaries at all times.



Fact Sheet 17 – State Aid for final recipients

	Valid from	Valid to	Main changes
Version 4	13.11.18		Clarification in relation to aggregated De Minimis for final recipients
Version 3	03.05.17	12.11.18	Use of GBER no longer possible for final aid recipients.
Version 2	27.04.15	...	Clarification in relation to the use of de minimis and GBER in connection with fisheries, aquaculture, and agricultural sector projects

Core message:

SMEs that are not listed in the project partnership but still get a benefit from the project may still fall under state aid rules as 'final recipients' of aid. This factsheet outlines cases in which this may happen, and the associated rules and requirements. Note that the rules and comments made here **do not always apply** to project beneficiaries! Project beneficiaries must consult Fact Sheet 16 to learn how to use state aid within the partnership.

Other relevant fact sheets

The issue of state aid is a cross-cutting issue that appears in a number of fact sheets and is most often linked with the inclusion of private sector beneficiaries. To familiarise yourself with the issue, please also refer to Fact sheet 15 – Private Sector Beneficiaries, Fact sheet 16 – State Aid, and Fact sheet 27 – Intellectual Property Rights. The information provided in these fact sheets will give you the general regulatory background for state aid in the programme. This fact sheet focuses only on state aid granted to final recipients, not to actual project beneficiaries.

Background

The programme allows private partners to participate in projects when they provide a clear benefit to the project. It is crucial, however, that the inclusion of private sector beneficiaries is done without violating the 'State aid' rules. These rules are in place to ensure that public aid is not used to give enterprises from one country an unfair competitive advantage over other companies.

In some cases, the inclusion of private sector companies does not happen at partnership or project level, but a level down at 'final recipient' level through the activities that the project carries out. A final recipient is defined as an aid recipient that is not officially listed as a beneficiary in the project but which, through the activities carried out by the project, receives an advantage compared to other companies. In other words, the benefits conferred by the project are passed



on to undertakings that are not part of the project. For this reason, these final recipients may have to be placed under a state aid scheme.

Support to final recipients: What counts as aid and what does not count as aid?

Two types of support may be provided to SMEs and create different requirements.

- General support such as workshops and training which are open to all relevant SMEs and which target general knowledge and capacity development for these SMEs may be offered free. All such services must be offered in full compliance with the programme rules governing 'No economic advantage' as described in Fact Sheet 16 on State Aid.
- Services for specific SMEs which involve the provision of services with a clear value count as state aid. Examples would include consultancy, research and development, coverage of travel costs, etc. The full cost of all such services must be documented by the project and the beneficiary must ensure that the SMEs comply with all relevant terms of the de minimis scheme (see below).

How to manage aid to final recipients

The programme manages the risk of state aid in the case of final recipients using the de minimis scheme.

de minimis

Using de minimis, the service provided to the final aid recipient may be funded 100% without the need for the business to provide any contribution. In addition, de minimis allows aid to be given to large enterprises. However, the de minimis rules allow any enterprise or related group of enterprises to receive no more than €1,200,000 of public support from de minimis schemes over three fiscal years for the member states in the programme. This limit applies to all de minimis public funding regardless of source (i.e. not just from the North Sea programme) and covers not just direct grants but also indirect support such as favourable terms for taking up loans. For Norwegian final recipients, the maximum aid that may be received over 3 fiscal years remains at 200,000 Euro.

Monitoring of this limit is managed by asking all final aid recipients receiving de minimis aid to sign a self-declaration confirming that they have not received aid exceeding the limit. If it is later found that this self-declaration is incorrect, the enterprise concerned will have to pay back any



new aid received over the last three fiscal years¹: Exceeding the limit by even one euro means that the new amount can no longer be considered as de minimis aid. Furthermore, any new grant of aid to an undertaking after it has received the initial support from the project will have an impact on the de minimis self-declaration as de minimis aid is assessed by the European Commission on a “rolling basis”. This means that new aid provided during the project could be non-compliant if the new grant means that the beneficiary then exceeds the de minimis threshold.

This means that enterprises receiving de minimis aid must be made fully aware of the limits and the implications of signing the self-declaration.

The self-declaration

In order to facilitate the reporting and monitoring of aid awarded to final recipients, the programme has developed a self-declaration form for final recipients under de minimis. The template of this self-declaration is available on the following pages and should be printed on letterhead paper of the beneficiary providing the support.

¹ Article 3(7) of the *de minimis* regulation. If, for example, the recipient has already been granted EUR 190,000 during the past three years, and then receives EUR 15,000 more as part of aid for an NSRP project, the recipient will have to pay back the entire EUR 15,000 – not just the EUR 5,000 in excess of the EUR 200,000 limit.



Use of the de minimis Regulation (1407/2013) for participation of an enterprise - Final Recipients

As part of project XXX, you are receiving state aid under the de minimis Regulation (1407/2013). In order for this aid to be legal, you must confirm that you meet all requirements for the aid scheme, especially that you have not received more than €1,200,000 of de minimis public support over the last three fiscal years. For this purpose, please fill out this declaration with the requested information.

Subject: information on the grants received de minimis²

Please complete this declaration of previous State aid received under the *de minimis* rule. Please note that having received previous aid under the *de minimis* Regulation does not automatically disqualify you from receiving further *de minimis* aid from the Territorial Cooperation Programme.

Declaration

I, the undersigned, representing XXX (final recipient) and receiving aid in the project XXX (name of project) declare that³:

The institution I represent and all other entities belonging to the same company group as my institution⁴ have not received any contribution falling under the *de minimis* Regulation during the previous three fiscal years (the current fiscal year and the previous two fiscal years);

or

The institution I represent and all other entities belonging to the same company group as my institution⁵ have received the following contribution(s) falling under the *de minimis* Regulation during the previous three fiscal years (the current fiscal year and the previous two fiscal years) and this amount together with the current support does not exceed €1,200,000:

Organisation providing the de minimis aid	Beneficiary (as defined in Regulation 1407/2013)	Country which granted the de minimis	Amount of the contribution in EUR ⁶	Date of grant

² Regulation (EC) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty and the Functioning of the European Union to *de minimis* aid (the 'de minimis regulation').

³ Please select the applicable option.

⁴ Article 2(2) of the *de minimis* regulation defines when a group of undertakings are considered as a single undertaking (and therefore belong to the same company group).

⁵ *ibid*

⁶ Please also indicate in which form aid was granted. If aid was granted in a form other than grants (e.g. guarantee and loans) please explain how the conditions of Article 4 of (EC) No 1407/2013 (Calculation of gross grant equivalent) are complied with.



TOTAL				

Date, place, signature.



Detailed rules and requirements

Undertakings in the fisheries, aquaculture, and agricultural sectors

Programme funding cannot be used for the direct support of undertakings involved in fisheries, aquaculture, or primary agricultural production. The limitations for the fishery and aquaculture sectors include all activities of production, processing and marketing of fishery and aquaculture products. For agriculture, the regulations exclude undertakings active in the primary production of agricultural products. Aid may, however, be provided to undertakings in the sector of processing and marketing of agricultural products where the aid complies with the relevant terms of the de minimis regulation.⁷

The audit trail

In order to fulfill the requirements for the audit trail, the following should be respected:

- The self-declarations for de minimis need to be kept by the beneficiary(ies) organizing the activities offering the advantage. The final recipients may retain a copy but the original should be available at the beneficiary organization in case of audit or control.
- Confirmation must be provided by the First Level Controller of the checks carried out, ensuring that the self-declarations are in place.

10 year retention period

For all state aid documents, whether relating to final recipients or direct recipients, all evidence must be kept on file for 10 years after 31 December in the year in which the final payment is made to the project.

⁷ In the sector of processing and marketing of agricultural products, aid is permissible provided neither of the two conditions are fulfilled. In other words, 'where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned; or where the aid is conditional on being...passed on to primary producers.'



Fact Sheet 18 - Beneficiaries and activities outside the programme area

	Valid from	Valid to	Comments to change
Version 1	27.04.15	05.06.19	
Version 2	05.06.19		Clarification about the 20% rule regarding costs incurred within programme area and which costs related to a beneficiary located outside the area are counted within the 20% limit

Core message: As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region. There are ways of working outside the North Sea Region but special rules and limits apply.

Background

European funding granted under the North Sea Region programme is meant for the development of the North Sea Region. As a result, NSR funding which is spent outside the programme area is carefully monitored and limited by special rules. This expenditure is only eligible if a project follows these rules.

Location of beneficiaries

As a starting point, funding is generally only available to beneficiaries located inside the North Sea Region (see the Cooperation Programme for a full list of the regions covered). All projects must ensure that partners are from one of these regions or that they comply with the special rules laid out below.

- The Lead Beneficiary of every project must be from the programme area (including Norway)¹
- In some cases the Lead Beneficiary can be located in part of a programme country which is not in the programme area. A common example could be a national ministry based in e.g. Berlin. 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 area². 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.
- Sole beneficiaries must be located in one of the Member States in the programme area³
- Partners from outside the European Union part of the programme area and Norway are subject to special rules. Three different situations are possible:
 - Zone 1: The rest of the territory of Member States that are not completely part of the North Sea Region (e.g. southern Germany, western England)

¹ European Territorial Cooperation Regulation 1299/2013 § 13.4

² In line with 1299/2013 §13.4

³ European Territorial Cooperation Regulation 1299/2013 Article 13.5



- Zone 2: Member States which are not in the North Sea Region (e.g. Poland)
- Zone 3: Non-EU countries outside the programme area (e.g. Iceland)

Three conditions apply to *all* such beneficiaries. These are:

- Involvement of the beneficiary must provide a clear benefit to the programme area. It should be explained in the application form why a beneficiary from within the programme area cannot provide the same benefit.
- No more than 20% of programme funds and funds per project can be allocated to such beneficiaries⁴.
- Effective control and audit arrangements must be put in place. Unfortunately, this is currently complex and in practice often impossible. Different rules apply for each of the zones as follows:
 - Zone 1: Beneficiaries must clearly state in the application that they are from outside the programme area. If the project is approved, they will find and gain approval for a first level controller just like a beneficiary from inside the programme area (see First Level Control Manual).
 - Zone 2: No arrangements are in place yet. The European Commission is trying to establish a Europe-wide system. Projects should contact the programme to hear the current status of these arrangements. In the meantime, projects should make alternative arrangements for the involvement of organisations in other EU countries (see below).
 - Zone 3: No arrangements are in place yet. Projects should contact the programme to hear the current status of these arrangements.

Alternative arrangements for involvement

In order to avoid some of the complications explained above, it is often best for organisations from outside the programme area to participate not as beneficiaries but through other means:

- **As invited experts.** A hosting organisation within the programme area can fund travel, accommodation and living costs. The hosting organisation must ensure that all relevant value for money procedures are respected including tendering if necessary.
- **As contracted service providers.** An organisation within the programme area contracts a clearly defined service from an organisation outside the programme area. The contracting organisation must ensure that all relevant value for money procedures are respected and especially tendering, which will be required for all but the smallest amounts. Note that it is not possible in such cases to try to avoid procurement by saying that only one qualified organisation could be found.

In both of these examples, the special rules regarding the location of beneficiaries would not apply.

Location of expenditure

No more than 20% of programme funds can be allocated to operations outside the programme area⁵. This also applies to expenditure incurred outside the Union part of the programme even though the

⁴ 1299/2013 Article 20.2 (b)

⁵ According to EC Regulation 1299/2013 Article 20.2 (b)



beneficiary is located inside the Union part of the programme area or in Norway – for example when a German beneficiary travels to a conference in Russia and spends money there. If a beneficiary is located outside the programme area, 100% of their costs are considered outside the programme area.

Such expenditure should therefore be reported separately in the periodic report for expenditure. For beneficiaries located inside the programme area, this will generally relate to the costs of meals, accommodation and local transport.

References

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation Goal (ETC-Regulation) Article 20



Fact Sheet 19 - Application Assessment Process

	Valid from	Valid to	Main changes
Version 3	13.04.16	...	Consolidated and simplified some assessment criteria
Version 2	20.10.15	13.04.16	Change to assessment categories. Changed reference to Preparatory Costs
Version 1	27.04.15	20.10.15	

Core message: All applications are assessed by the Joint Secretariat according to a set of standard procedures and criteria. The Programme's Steering Committee then decides whether each project should receive funding. This Fact Sheet explains how your application will be assessed.

Background

In most cases there is a 2-step application procedure. Projects first submit an Expression of Interest and only projects which are approved at this stage are asked to submit a Full Application.

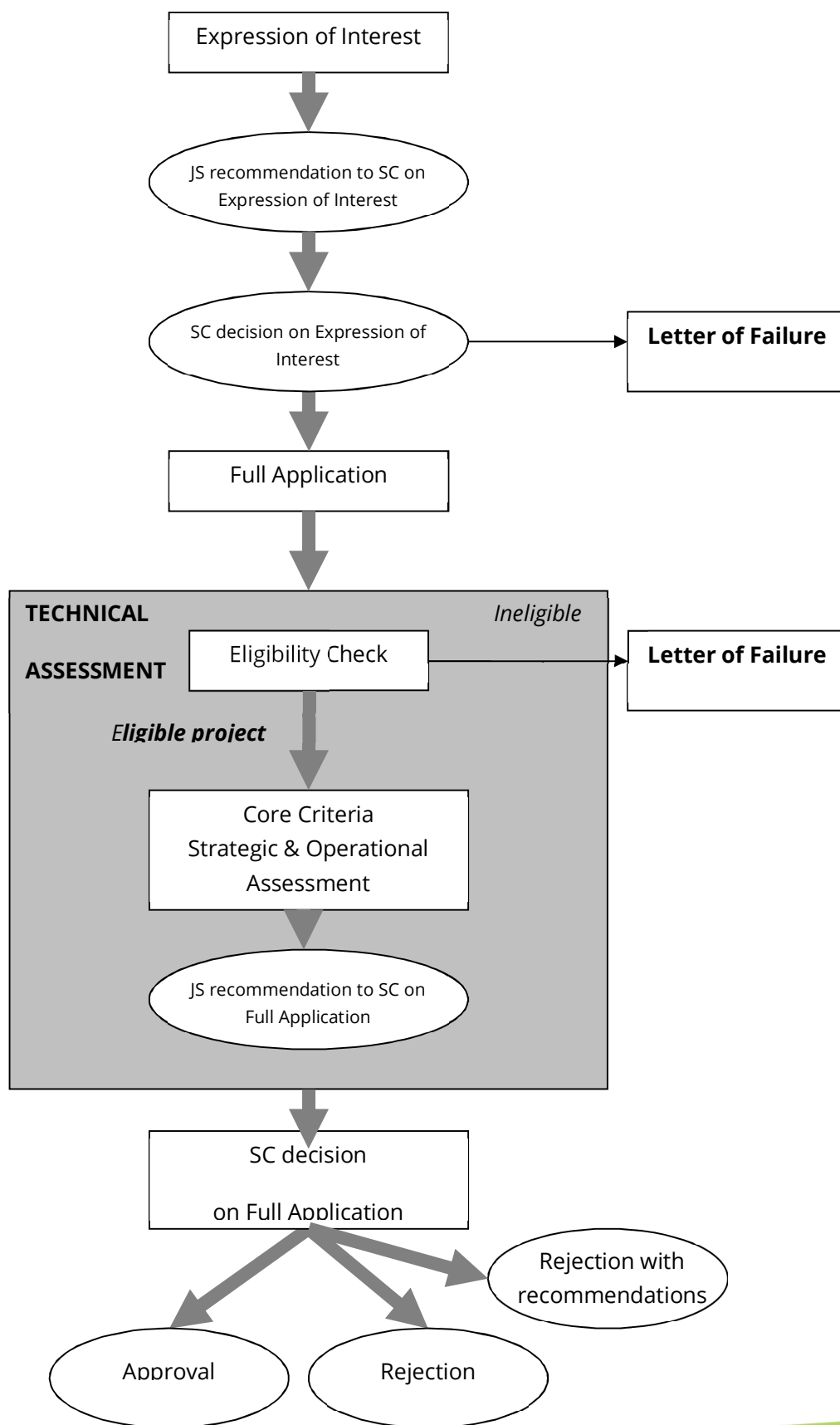
All Expressions of Interest (EOIs) and Full Applications submitted by the close of a Call for Proposals are assessed following a standard procedure. The Joint Secretariat carries out the assessment using standard eligibility and assessment checklists. This results in a recommendation, which is presented to the programme's Steering Committee. This committee makes the final decision on whether a project should be supported or not.

If minor information is missing when an application is submitted, the JS will indicate this and request follow-up. However, if the application is incomplete or lacks major supporting documentation, it will not be assessed.

The assessment procedure for the Full Application is split into two parts, the Eligibility Check and the Strategic & Operational assessment. Only projects that have passed the eligibility check are given a full assessment and considered by the Steering Committee for approval or rejection. All complete applications are assessed.

The Lead Beneficiaries of all projects considered by the Steering Committee will be informed of the committee's decision as soon as possible following the meeting.

The full process is illustrated below.





Guidance –Expressions of Interest (Step 1)

The aim of the Expression of Interest is:

- To provide a relatively easy way for inexperienced partners and/or very innovative ideas to approach the programme and get a realistic assessment of whether funding is likely to be granted.
- To allow the partner countries in the programme to make requests for modifications or additions to project ideas and thereby reduce the number of rejections or conditional approvals of Full Applications.

The Expression of Interest is a short application focusing on content issues. All Expressions of Interest receive a formal assessment by the Joint Secretariat. They are assessed using a subset of the full programme assessment criteria (see Assessment Criteria at end of document). For each of the six categories, the Expression of Interest is assessed as Strong, Sufficient, Weak or Insufficient. No Expression of Interest will receive a recommendation to move on to a Full Application if it is assessed as Insufficient in any category. The 6 categories used are:

- Project Context
- Cooperation Character
- Project's contribution to programme objectives, results and outputs
- Partnership Relevance
- Investments (if relevant)
- Budget

Expressions of Interest which are approved by the Steering Committee will have to develop a Full Application for decision at one of the following two meetings (this will need to be submitted approximately 3 or 9 months after the decision on the Expression of Interest). Rejected Expressions of Interest will receive a letter explaining the main reasons for rejection. It is possible to re-apply with a new Expression of Interest.

Guidance – Full Application (Step 2)

The Technical Assessment is made up of 2 parts: The Eligibility Check and the Strategic & Operational Assessment.

- The Eligibility Check ensures that the submitted application complies with all basic programme rules and relevant European regulations. It assesses whether it is possible for the programme to fund the application.
- The Strategic Assessment criteria determine the extent of the project's contribution to programme objectives and results by addressing joint or common target group needs.
- The Operational Assessment criteria assess the viability and feasibility of the proposed project, as well as its value for money.



If the project fails the Eligibility Check, the Lead Beneficiary will receive a letter explaining why the application is ineligible. Lead Beneficiaries of eligible applications will be informed about the outcome of the Eligibility Check. At the same time, a copy of the application is sent to the national authorities in the Lead Beneficiary country so that they can check that the project is not against national policy.

Every project is given a qualitative assessment, which focuses on assessing every application according to its individual merits. Each part of the assessment links to a specific part of the application so that both assessors and reviewers know exactly which parts of the application to read in order to carry out the assessment (see Assessment Criteria at end of document).

The possible result for each part of the assessment is:

- Strong – the application addresses the criterion well, although it is possible that some small improvements could be made. The answer gives clear information on all important areas.
- Sufficient – the application broadly addresses the criterion, but there are areas which could be strengthened. There are several areas where detail could be improved or the information is unclear.
- Weak – the application is missing important details or only fulfils the criterion to a minimum level. The issue is not sufficient to reject the application by itself but there is clear room for improvement.
- Insufficient – the application fails to address the criterion adequately and/or the information provided is not in line with programme requirements. The answer does not correctly address the question asked.

If a project is assessed as being Insufficient on one of the Strategic or Operational assessment questions, the project is recommended for rejection. An assessment over 'Insufficient' in all categories does not guarantee a recommendation for approval as the final recommendation will take an overall view of the project and its fit in the programme at the time of application – especially if there are many weak areas. It is important to note that the JS makes recommendations and that it is the Steering Committee which makes the decisions. The Guidance for each Call for Proposals will set out any issues of particular importance for the call in question.

Preparation Costs

All approved full applications will receive a lump sum payment for preparation costs provided that they have requested this in the application form (see Fact Sheet 7).



Expression of Interest – Detailed Checklist

Quality Assessment

Scoring applications

The assessment grades are outlined below.

- Strong – the Expression of Interest addresses the criterion well, although it is possible that some small improvements could be made. The answer gives clear information on all important areas.
- Sufficient – the Expression of Interest broadly addresses the criterion, but there are areas which could be strengthened. There are several areas where detail could be improved or the information is unclear.
- Weak – the application is missing important details or only fulfils the criterion to a minimum level. The issue is not sufficient to reject the application by itself but there is clear room for improvement.
- Insufficient – the Expression of Interest fails to address the criterion adequately and or/ the information provided is not in line with Programme rules/regulations. The answer does not correctly address the question asked.

If a project is assessed as being Insufficient on one of categories below, it will be automatically recommended for rejection.



Assessment questions	Assessment will be based primarily on the responses to the following questions. To what extent does the Expression of Interest...?	Strong, sufficient, weak, insufficient
Project's context <i>Is a need for the project justified?</i>	<i>Address common territorial challenges of the programme or a joint asset of the programme area? – Is there a real demand for the project?</i> <i>Make use of available knowledge and builds on existing results and practices?</i>	
Cooperation character <i>What potential added value does the cooperation bring?</i>	<i>Demonstrate the importance of the transnational approach to the topic addressed?</i> <i>Demonstrate new solutions that go beyond the existing practice or adapts and implements already developed solutions?</i> <i>Idea has a potential to fulfil at least 3 cooperation: joint development (mandatory), joint implementation (mandatory), and joint financing or joint staffing?</i>	



Assessment questions	Assessment will be based primarily on the responses to the following questions. To what extent does the Expression of Interest...?	Strong, sufficient, weak, insufficient
<p>Project's contribution to programme's objectives, expected results and outputs</p> <p><i>Will the project potentially contribute to the achievement of programme's objectives?</i></p>	<p><i>Demonstrate results which are:</i></p> <ul style="list-style-type: none"> - in accordance with the selected target groups needs? - specific, realistic, durable, transferable? 	
<p>Partnership relevance</p> <p><i>Is the partnership composition relevant for the proposed project?</i></p>	<p><i>Demonstrate that all partners play a defined role in the partnership and get a real benefit from it?</i></p>	



Assessment questions	Assessment will be based primarily on the responses to the following questions. To what extent does the Expression of Interest...?	Strong, sufficient, weak, insufficient
Investments <i>To what extent are the proposed investments realistic?</i>	<i>Demonstrate the added value of investments and equipment purchases and their trans-national relevance?</i>	
Budget <i>To what extent does the project budget demonstrate value for money?</i>	<i>Demonstrate a budget which appears proportionate to the main results aimed for?</i>	



Full Application – Detailed Checklist

Quality assessment is divided into two categories:

1. Strategic assessment - The main aim is to determine the extent of the project's contribution to the achievement of programme objectives (contribution to programme results), by addressing joint or common target group needs.
2. Operational assessment - The main aim is to assess the viability and the feasibility of the proposed project, as well as its value for money in terms of resources

Scoring applications

The scoring mechanism is outlined below.

- Strong – the Application addresses the criterion well, although it is possible that some small improvements could be made. The answer gives clear information on all important areas.
- Sufficient – the Application broadly addresses the criterion, but there are areas which could be strengthened. There are several areas where detail could be improved or the information is unclear.
- Weak – the Application is missing important details or only fulfils the criterion to a minimum level. The issue is not sufficient to reject the application itself but there is clear room for improvement
- Insufficient – the Application fails to address the criterion adequately and or/ the information provided is not in line with Programme rules/regulations. The answer does not correctly address the question asked.

If an Application is assessed as being Insufficient on one of the Strategic or Operational assessment categories, it will be automatically recommended for Rejection.



Project Summary (Auto-fill from Application A.2)

1. Strategic assessment criteria

Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak, Insufficient	Ref. AF
Project's context (relevance and strategy)	<ul style="list-style-type: none"> Address common territorial challenges of the programme or a joint asset of the programme area – is there a real demand for the project? 		C.1.1
How well is a need for the project justified?	<ul style="list-style-type: none"> Clearly contribute to a wider strategy on one or more policy levels (EU / national / regional)? 		C.3.1
	<ul style="list-style-type: none"> Make use of available knowledge and builds on existing results and practices? 		C.3.2 C.3.3
	<ul style="list-style-type: none"> Make a positive contribution to the programme horizontal principles: equal opportunities and non-discrimination, equality between men and women, sustainable development? 		C.4
Cooperation character	<ul style="list-style-type: none"> Clearly demonstrate the importance of a trans-national approach to the topic addressed? 		B.1 C.1.3
What added value does the	<ul style="list-style-type: none"> the results cannot (or only to some extent) be achieved without cooperation and/or the cooperation has a significant added value for the 		



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak, Insufficient	Ref. AF
<i>cooperation bring?</i>	<p>partners</p> <ul style="list-style-type: none"> - there is a clear benefit from cooperating for the project partners / target groups / project area / programme area 		
	<ul style="list-style-type: none"> • <i>Demonstrate new solutions that go beyond the existing practice in the sector/programme area/participating countries or adapts and implements already developed solutions?</i> 		C.1.2
	<ul style="list-style-type: none"> • <i>Fulfil the 3 cooperation criteria?: joint development (mandatory), joint implementation (mandatory), and joint staffing or financing</i> 		C.5
Project's contribution to programme's objectives, expected results and outputs	<p><i>Indicate a project intervention which demonstrates a logical flow? With the following sub-questions.</i></p> <p>1. To what extent do the project's detailed objectives link to the project's overall</p>		C.2.2 C.2.3



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak, Insufficient	Ref. AF
<i>To what extent will the project contribute to the achievement of programme's objectives?</i>	objective?		
	2. To what extent do the project's overall objectives clear links to one of the programme specific objectives?		
	3. To what extent do the main project deliverables link to project output indicators?		
	4. To what extent do the project outputs link to the project results?		
	5. To what extent are project results specific and quantified? And do they clearly link to the programme result indicator?		
	• <i>Indicate Results and main output that are in accordance with the selected target groups needs?</i>		C.2.2, C.2.3
	- <i>Indicate results that are specific?</i>		C.2.3
	- <i>Indicate results that are realistic (is it possible to achieve them with given</i>		C.2.3,



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak, Insufficient	Ref. AF
	<i>resources – i.e. time, partners, budget - and they are realistic based on the quantification provided)?</i>		C.5, D.1
	• <i>Identify main outputs that are durable?(the proposal is expected to provide a significant and durable contribution to solving the challenges targeted) – if not, it is justified? (Compulsory Output Indicator 1)</i>		C.5 C.2.2
	• <i>Identify main outputs that are applicable and replicable by other organisations/regions/countries outside of the current partnership (transferability) ?– If not, it is justified? (Compulsory Output Indicator 1)</i>		C.5 C.2.2
Partnership relevance <i>To what extent is the partnership composition relevant for the proposed project?</i>	• <i>Involve the relevant actors needed to address the territorial challenge/joint asset and the objectives specified?</i>		B D.4
	• <i>Are there any beneficiaries or activities outside the programme area? If yes, are they justified and relevant for project implementation?</i>		
	• <i>Demonstrate a project partnership that:</i> - is balanced with respect to the levels, sectors, territory - consists of partners that complement each other		B, C.5
	• <i>Demonstrate partner organisations have proven experience and competence in the thematic field concerned, as well as the necessary capacity to implement the project (financial, human resources, etc.) ?</i>		B, C.5
	• <i>Demonstrate a partnership where all partners play a defined role in the partnership</i>		B, C.5



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak, Insufficient	Ref. AF
	<i>and get a real benefit from it?</i>		



2. Operational assessment criteria

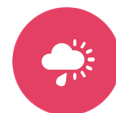
Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak Insufficient	Sections in AF
Management <i>To what extent are management structures and procedures in line with the project size, duration and needs?</i>	<ul style="list-style-type: none"> • Demonstrate management structures (e.g. project steering committee) which are proportionate to the project size and needs and allow partners' involvement in decision-making? • Demonstrate management procedures which are clear, transparent and effective? • Demonstrate project management which includes regular contact between project partners and ensures transfer of expertise across the partnership (internal communication within the partnership)? Demonstrate that provisions for risk and quality management are in place?		C.5 WP 1
	<ul style="list-style-type: none"> • Have a lead partner which demonstrates competency in managing EU co-financed projects or other international projects or can ensure adequate measures for management support? 		B.1
Communication <i>To what extent are communication activities appropriate and forceful to reach the relevant</i>	<ul style="list-style-type: none"> • Have communication objectives which clearly link to the project specific objectives? • Demonstrate chosen approach/tactics which are appropriate to reach communication objectives? • Indicate communication activities and deliverables which are appropriate to reach the relevant target groups and stakeholders? 		C.5 WP 2



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak Insufficient	Sections in AF
target groups and stakeholders?			
Work plan To what extent is the work plan realistic, consistent and coherent?	<ul style="list-style-type: none"> • Propose activities and deliverables which are relevant and lead to the planned main outputs and results? • Distribute tasks among partners which are appropriate? (e.g. sharing of tasks is clear, logical, in line with partners' role in the project, etc.) • Demonstrate a realistic time plan? (contingency included) • Demonstrate a work plan where activities, deliverables and outputs are in a logical time-sequence? • Demonstrate the added value of investments and equipment purchases and their trans-national relevance to reach the project objectives (if applicable)? 		C.5 C.6
Budget To what extent does the project budget	<ul style="list-style-type: none"> • Demonstrate that sufficient and reasonable resources are planned to ensure project implementation? • Demonstrate a budget which appears to be proportionate to the proposed work plan and the main outputs and results aimed for? 		C.7 C.9 B.1, C.5, C.8, C.9, PART D



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak Insufficient	Sections in AF
demonstrate value for money?	<ul style="list-style-type: none"> • Total partner budgets reflect real partners' involvement (are balanced and realistic)? • If there is expenditure for beneficiaries or activities outside the programme area is it within 20% of the total project budget? 		
To what extent is the budget coherent and proportionate?	<ul style="list-style-type: none"> • Justify the need for engaging external expertise in relation to proposed activities? Are proposed services and contracts eligible? • Demonstrate a justified need for equipment purchases? • Demonstrate a justified need for material investments? • Include a clear and realistic level of Shared Costs? <p>Does the project indicate Revenue generation? If yes, for what and how much?</p>		B.1, C.5, C.7, C.8, C.9, PART D
State Aid Check	<p>Is it likely that this project includes state aid?</p> <ol style="list-style-type: none"> 1) Will the project develop goods or services on a market? 2) Are there similar goods/ services already on the market? 3) Will the project confer a competitive advantage (economic or otherwise) to one or several beneficiaries? <p>Conclusion: Is it likely there is state aid? Y/N</p>		



Assessment questions	Assessment is based primarily on responses to the following questions. To what extent does the project application....?	Strong, Sufficient, Weak Insufficient	Sections in AF
	<p><i>If there is a serious risk of State Aid:</i></p> <p>4) <i>Has one or more beneficiary in the project made use of the De Minimis option?</i></p> <p><i>a. Have all Self-Declaration(s) been received along with the application?</i></p> <p><i>b. Are all funding thresholds respected?</i></p> <p><i>c. Are all criteria met?</i></p> <p>5) <i>Has one or more beneficiaries in the project made use of the GBER option?</i></p> <p><i>a. Do the beneficiary(ies) fulfill all criteria for participating under the GBER?</i></p> <p><i>i. Are all of the beneficiaries concerned SMEs?</i></p> <p><i>ii. Are all funding thresholds respected (especially valid in the case of transport beneficiaries)?</i></p>		



Fact Sheet 20 - Letter of Intent

	Valid from	Valid to	Main changes
Version 2	05.10.17		Clarifications in the LOI template concerning local partnerships
Version 1	27.04.15	04.10.17	

Core message: The Letter of Intent represents each partner's commitment to provide the funding set out in the project budget, deliver the activities in the application, and repay any funds that are incorrectly paid out. The letter is generated automatically and needs to be signed and uploaded before the project can be approved.

Background

Every Full Application submitted to the programme must include a Letter of Intent from every beneficiary (all co-beneficiaries in a local partnership sign the same letter – see Fact Sheet 13). The letter is uploaded to the Online Monitoring System along with the electronic application. The purpose of this letter is to ensure that the necessary funding for completion of the project is available and to ensure that each beneficiary is fully aware of the project and its obligations.

No Full Applications will be considered by the Steering Committee unless all signed Letters of Intent are in place. In a limited number of cases, further evidence of commitment may be required such as a bank guarantee. This will be decided on a case-by-case basis.

Guidance

The Letters of Intent must be signed by a representative who is entitled to make financial commitments on behalf of his/her organisation. The text of the letter is included below for information. It is not possible to change the letter once it has been generated by the system.

The key information to note is the commitment that:

- The beneficiary is familiar with the application and accepts being a beneficiary in the project
- The beneficiary is willing to fulfil his/her obligations as described in the application
- The beneficiary assumes responsibility in the event of any irregularity in the expenditure declared
- The relevant national authorities will be informed about the organisation's participation in the project

The beneficiary will make co-financing available in accordance with the application and from which date this co-financing will be available



Letter of Intent

On behalf of XXname of organisation I hereby confirm that XXname of organisation will participate in the Interreg VB project XXname of project under the North Sea Region programme.

XXname of organisation is familiar with all aspects of the project application regarding the Interreg VB project XXname of project and accepts to be a (Lead) Beneficiary in the project. I hereby also declare that XXname of organisation is willing to fulfil all obligations as described in the application. XXname of organisation confirms that all activities and costs included in the application will not receive any other European Union funding.

XXname of organisation will assume responsibility in the event of irregularity in the expenditure declared by XXname of organisation.

(For private partners)

XXname of organisation/enterprise will participate in the project in accordance with Fact Sheet 16.

(For local partnerships)

XXname of organisation agrees to act as the coordinating beneficiary on behalf of the local partnership which consists of the following co-beneficiaries:

<u>XXname of organisation</u>	<u>XXexact amount stated in the funding plan in the application</u>	Signature
<u>XXname of organisation</u>	<u>XXexact amount stated in the funding plan in the application</u>	Signature

In accordance with the project funding plan, XXname of organisation will make available Euro XXexact amount stated in the funding plan in the application for its participation in the project. The funding will be available from XXDate.

(Date and signature and stamp)



Fact Sheet 21 – Final Reporting

	Valid from	Valid to	Main changes
Version 1	23.05.2018	18.11.2020	
Version 2	18.11.2020		Update about requirements for each beneficiary during final reporting

Core message: The final report is filled in once during the lifetime of the project. It contains one form for the final progress on activities and one form for the final progress on the finances. This Fact Sheet covers the final reporting procedure.

Background

The purpose of this Fact Sheet is to give an overview of the procedures for final reporting on activities and claiming funds. More detailed information on the procedures, documents, checklists, reporting forms, etc. referred to in this fact sheet can be found in the First Level Control Manual and the Online Monitoring System.

Final Reporting

All projects must provide a final progress report on activities, accompanied by a finance report (statement of expenditure). The final report has to be submitted no later than three months after the project has ended. The final report on activities replaces the project's last periodic report on activities. Part of the report, therefore, covers the last six months of implementation, the time period that has not been covered by previous periodic reports. This is valid for the section on work package completion. Other parts of the report relate to the entire lifetime of the project. (Please see the sections below for more details on this).

Each beneficiary completes a progress report and statement of expenditure covering its own activities and costs.

Content of Final Report on progress

In the final report you, the project, need to provide a short summary of your achievements **over the entire project lifetime**, together with facts and figures on final achievement of work package targets. The Secretariat will make use of the information provided in the final report to evaluate whether the project has successfully implemented its activities as described in the application form. The information will also be used to communicate project achievements to European stakeholders.



Therefore, the final report should in clear, simple language, avoiding administrative details, jargon, abbreviations, and technical terms.

The Secretariat is less interested in the projects' individual activities than the project's achievements and impacts resulting from transnational activities at the project level. The project should focus on compiling the achievements on a project level in the final report.

The final progress form on activities consists of the sections listed below. The final report, like all preceding periodic reports, is submitted via the Online Monitoring System.

- Highlights of main achievements
- Final progress towards project objectives (including project detailed objectives)
- Final output indicators
- Final result indicators
- Final progress on activities and deliverables (work packages)
- Communication and publicity
- Knowledge transfer
- Investment and equipment
- Capitalisation and impact

Content of Final Report on finances

The final report on finances requires, in principle, the same information as the interim reports on finances. There are no major differences in the periodic and the final reports on finances. A statement of expenditure must accompany a final progress report. Before they can be included in the project-level statement of expenditure, all costs declared by all beneficiaries are subject to first level control – a check that the claim is correct and in line with all relevant rules.

Budgets will be checked for overspendings, both at beneficiary and project level. Any overspendings will be deducted from the final payment. The Secretariat strongly advises you to submit an adjustment for closure change (project budget and activities) prior to the final report in order to deal with these overspendings on individual budget lines. Please get in touch with the joint secretariat about this as far in advance of your final report submission as possible.

Requirements for final reporting

- Reports must be submitted online through the Online Monitoring System by the Authorised Signatory.
- All mandatory sections of the report must be completed before the form can be submitted.
- The final claim for payment should include a finance report from every beneficiary in the project – even if no funding is claimed. Beneficiaries submitting a zero claim must enter this information in the Online Monitoring System and the Lead Beneficiary must explain why this has been done in the project-level report.



- The First Level Control certificate must be filled out correctly and in full. An incomplete First Level Control Certificate will be rejected. (Please see Fact Sheet 24 on First Level Control for more information about the First Level Control requirements.)
- If the First Level Controller makes any deductions, the FLC checklist must include a statement that lists the deducted amounts. Each beneficiary's First Level Controller should also maintain a record of all ineligible expenditure that was deducted from the statement of expenditure in case there is a second (or third) level control done on the beneficiary's finances.

Retaining documents

It is essential that all beneficiaries retain all of the supporting documentation for every report for five full years from 31 December of the year in which the final payment is made to the project. Beneficiaries that have received funding under a state aid scheme must retain the same information for ten years (see Fact Sheet 16). The Manual for First Level Control outlines the requirements for the safekeeping of accounting and other important documents.



Fact Sheet 22 - Reporting

	Valid from	Valid to	Main changes
Version 3	12.05.16		Clarified procedures for reports where some beneficiaries do not claim funding. Confirmed that over-reporting is permitted.
Version 2	20.10.15	Extension of organisations eligible to be Lead Beneficiary
Version 1	27.04.15	20.10.15	

Core message: There will be less reporting in the 2014-2020 programme in order to reduce the administrative burden on beneficiaries. Reporting requirements have however been tightened to ensure that all projects report regularly and that all reports are processed and paid within 90 days (provided that the European Commission has made the necessary funds available to the programme). This Fact Sheet covers the basic procedure.

Background

The purpose of this Fact Sheet is to give an overview of the procedures for reporting on activities and claiming funds. More detailed information on the procedures, documents, checklists, reporting forms etc. referred to in this fact sheet can be found in the First Level Control Manual and the Online Monitoring System.

Timing and number of reports

All projects must provide regular progress reports on activities every six months. At least once a year this must be accompanied by a statement of expenditure and request for payment. The Lead Beneficiary will receive a message from the programme when it is time to report. The first report will be requested no later than 12 months after the contract has been signed. After this reports will be requested every six months. It is possible that the project's final report at the end of project will cover a longer period than 6 months. If this is the case you will be informed by the Joint Secretariat.

Type and scope of reports

There are two kinds of progress reports. Every six months you will be asked to provide a **basic progress report**. For this report you need to provide a short summary of the project's



achievements over the last six months together with facts and figures on progress towards work package targets.

Once a year you will have to provide a **full progress report**. This is the **basic report** plus some additional questions on the functioning of the partnership, how you have involved stakeholders etc. In summary, two progress reports are needed each year: One short (**basic report**) and one slightly longer which adds some questions to the basic report (**full progress report**).

The **final report** at the end of the project also requires different information and focuses on the overall achievements of the partnership over the whole project lifetime.

When you submit a **basic progress report** you may choose whether you submit a statement of expenditure and request for payment or not. You must always submit a statement of expenditure with every **full** and **final progress report** (Please see Fact Sheet 21 on Final Reporting).

Before they can be included in the statement of expenditure, all costs declared by all beneficiaries are subject to first level control – a check that the claim is correct and in line with all relevant rules. See Fact Sheet 24 on First Level Control for further information.

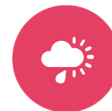
For an overview, please see the table below:

Type of Report	Frequency	Obligatory	Subject to FLC
Basic	Every 6 months	Yes	Yes/No ¹
Finance report with basic report	Every 6 months	No	Yes
Full	Once a year	Yes	Yes
Finance report with full report	Once a year	Yes	Yes
Final	Once	Yes	Yes
Finance report with final report	Once	Yes	Yes

Requirements for reporting

- Reports must be submitted online through the online monitoring system

¹ Yes, if you are also submitting a statement of expenditure and request for payment



- All sections of the report must be completed correctly before the form can be submitted.
- Every claim for payment should include every beneficiary in the project – even if no funding is claimed. Beneficiaries submitting a zero claim must enter this information in the Online Monitoring System and the Lead Beneficiary must explain why this has been done in the report. This is to prevent unexplained periods of inactivity which might impact overall project delivery. Prolonged periods with zero claims from a beneficiary may lead to a demand to report in order to avoid extended periods of expenditure without control.
- Projects must respect the deadlines for submitting reports. If a project is unable to meet a reporting deadline, the Lead Beneficiary **must** contact the Joint Secretariat as soon as possible to ask for approval to submit the report late. If a project does not meet the deadline and does not contact the Joint Secretariat, the report will be considered invalid.
- If a project does not report for one year, the project will be terminated and procedures will be initiated to reclaim all funding already paid out. Repeated failures to submit required reports will raise concerns about project management and may result in termination of the project.
- No beneficiary will ever be paid more than their approved budget for the project as a whole. It is, however, possible to submit claims for higher amounts provided that all of the additional expenditure also complies with all rules and regulations on eligibility.
- The First Level Control certificate must be filled out correctly and in full. An incomplete First Level Control Certificate will be rejected. (Please see Fact Sheet 24 on First Level Control)
- Each beneficiary's First Level Controller should maintain a record of all ineligible expenditure removed from the statement of expenditure and provide information on this in the first level control checklist including a clear statement of the amounts that have already been deducted and therefore fully resolved before submission of the report.

Division of work between Lead Beneficiary and other beneficiaries

Each beneficiary completes a progress report and, if relevant, statement of expenditure covering its own activities and costs. These documents are checked by the beneficiary's first level controller and then submitted to the Lead Beneficiary. The Lead Beneficiary compiles the accumulated progress report and statement of expenditure and submits the completed forms to the Joint Secretariat for review. The partnership may agree additional requirements and deadlines for reporting as part of the Partnership Agreement (see Fact Sheet 14). It is the responsibility of the Lead Beneficiary to ensure that the activity report provides a synthesis picture of project activities and achievements to date rather than a copy/paste of individual beneficiary's work.

The Lead Beneficiary's First Level Controller does not re-control the expenditure reported by the other beneficiaries. This expenditure has already been subject to control according to the standards established in each country and an additional check would be a duplication of effort. See Fact Sheet 13 on 'Roles and responsibilities in Project Partnerships' for details of the Lead Partner role and Fact Sheet 24 on First Level Control.



Processing of reports

Once a completed report is submitted, the Joint Secretariat has 90 days to process the report and make a payment to the Lead Beneficiary - subject to availability of funds from the European Commission. If additional information is required to complete processing of the report and/or make a payment, the 90 day period will be suspended until a satisfactory reply is received from the Lead Beneficiary.

Processing of activity reports focuses on whether the project is progressing in line with the application, whether there is progress on outputs and results, whether the report reflects the activities of the full partnership, and whether any problems are being dealt with satisfactorily. The Secretariat will also use the report to extract data and stories for programme reporting and communication.

If the information in the progress report is incomplete or unsatisfactory but is sufficient to approve the report and make a payment, the project will be asked to provide additional information at the time that the next report is submitted.

Processing of claims for payment focuses on whether first level control has been properly completed and documented, whether any necessary corrective action has been taken and documented, and whether the costs presented for payment after control comply with all rules and regulations. Details on the Joint Secretariat's processing of reports are provided in the programme's Handbook of Standard Procedures.

If questionable expenditure is identified, it will be deducted from the amount claimed until the issue is resolved. Where there are open issues, the project will be asked for clarification. If relevant, the Joint Secretariat may contact individual beneficiaries and/or their First Level Controller for verification of outstanding issues. If this cannot be provided within a period of 15 working days, payment of the amount concerned will be suspended until the issue has been satisfactorily resolved (typically with the next claim for payment).

When processing is complete, the Lead Beneficiary will receive a concluding letter on the progress report and the claim for expenditure (if relevant). These letters may contain additional conditions for the next report. Processing of the next report will not be completed until all open conditions have been met or a satisfactory explanation has been provided for any delays in meeting conditions.

Payment of the amount claimed by the project will be made to the Lead Beneficiary who should distribute it to the beneficiaries without delay². In practice this means that the Lead Beneficiary

² In accordance with Common Provisions Regulation 1303/2013 §132

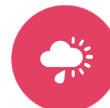


has maximum 15 days to transfer the relevant share of ERDF to each beneficiary within the partnership.

Retaining Documents

It is essential that all beneficiaries retain all of the supporting documentation for every report until five full years from 31 December of the year in which the final payment is made to the project³ or for the ten years where any beneficiary has received state aid (see Fact Sheet 16). The Manual for 1st level control outlines the requirements for the safekeeping of accounting and other important documents.

³ Common Provisions Regulation §140.1



Fact Sheet 23 - Indicators

	Valid from	Valid to	Main changes
Version 1	27.04.15		
Version 2	22.02.16		Number of deliverables clarified to 7 per work package (Background)

Core message: This Fact Sheet brings together all of the indicator information for the programme. Projects only need to consult the relevant sections. Most projects will have no more than about 15 indicators total! The diagram below sets out the process for developing indicators and refers you to the correct tables.





Contents

Table 1: List of Deliverable Indicators and definitions.....	4
Table 2 – Output indicators for the Specific Objectives.....	6
Table 3 – Compulsory Output Indicators	12
Table 4 - Programme result indicators.....	15
Table 5 – Overview of Specific Objectives and Programme Result Indicators	22
Table 6 - Indicators in practice: Example of indicators for one project.....	25

Background

This is a long document but each project will only need to look at small parts of it to find the information they need!

The fact sheet gathers together for easy reference all of the information on indicators that is included in the different tables in the Cooperation Programme. Only a small part of this information will be necessary for each project. This means, for example, that each project will only need to read one of the seven indicator descriptions included in Table 2. It is expected that each project might use a total of about 15 indicators to measure all aspects of its work broken down as follows:

- **Approx. 7 deliverable indicators per work package.** These are very simple measurements of activities like number of meetings, number of pilots etc. They are used to assess how the project will deliver its aims and whether it is progressing according to plan
- **5 output indicators.** These are selected automatically for you based on the Specific Objective you are applying under. If one of these indicators is not relevant for you, you just set the target to zero
- **Approx. 2 project result indicators.** Chosen by you to measure the most important benefits delivered by your project

The online application system will guide you through indicator selection and tell you what kinds of indicators you need to select and when.

Indicators do matter! They demonstrate what your project really expects to achieve and will therefore be an important factor in deciding whether you should receive funding and later in assessing whether it has been a success.



What you need to measure

The programme supports joint development of new and improved solutions, which combine knowledge, experience and resources from each of the partner countries. The tangible benefits delivered by each project (for example, a carbon emissions reduction) will be small because the projects are small. The real value of these projects lies instead in validating new approaches and communicating successes to a wider audience so the whole North Sea Region can benefit from the work carried out. In this way, projects can be expected to have a major effect – though the full effect may not be felt for many years. It is this process of experimentation and communication which needs to be measured by the output and result indicators.

All of the indicators should help to provide answers to three key questions regardless of theme:

1. Have beneficiaries effectively pooled their ideas, experience and resources to arrive at new and better transnational knowledge and proposals on the theme in question?
2. Have they validated this new knowledge through piloting and/or consultation with target groups?
3. Have the findings been effectively communicated to other members of relevant target groups elsewhere in the programme area?

Project indicators focus on whether the pooled resources of the transnational partnership have resulted in improvements to existing practices in participating organisations / regions. These outputs serve as a proof of concept, which validates the project's approach and therefore justifies other organisations in duplicating it. Project indicators should also measure the success of actions to communicate these results.

Programme indicators focus mainly on the third element: If the improvement delivered by the project is limited to project organisations, the benefit for the North Sea Region as a whole will be small. Projects therefore need to make results available in a way that effectively targets other organisations and enterprises which could implement the same improvements, and actively encourage them to take up project results. If an improvement is eventually implemented across the programme area, the cumulative effect will be significant.

The indicators cannot capture all aspects of all projects. They aim instead to provide some core facts and figures that can be collected and compared across a range of projects. In addition, results are generally transferred partially and stakeholders will rarely be able to pinpoint the precise source of all different inputs or to identify one point in time when a change has been clearly adopted. The programme understands and accepts these limitations. Projects are asked to report according to the best data available to them and to be ready to justify the figures reported.

The pictogram on the first page will guide you through the process while the following tables contain all of the information and definitions you need. The Online Monitoring System will also direct you towards the appropriate indicators for different parts of the application. At the end of the Fact Sheet there is one example of a complete set of project indicators.



Table 1: List of Deliverable Indicators and definitions

These indicators are used in the work packages to measure the activities that project staff deliver. Indicators are selected from a drop-down list. Note that selection of some indicators will automatically lead to selection of an additional indicator.

Name of deliverable	Description
Exchange of information event (internal)	Includes all events for exchange on the content (rather than the management) of the project. The events counted should be those used to develop a common understanding of the exact challenges to be tackled, the current situation in each partner organisation, and the solutions that should be attempted to improve the situation. 'Internal' means that the majority of participants are from partner organisations.
Must also use: Number of participants	Number of participants per event. The same people attending multiple events can be counted twice.
Exchange of information event (external)	As above but with external participants. 'External' means that the majority of participants are from outside the partner organisations and are instead representatives of the target group(s).
Must also use: Number of participants	As above
Report/strategy	Includes all written conclusions/partial conclusions published on the project content. Includes digital publication. Does not include reporting to the programme.
Must also use: Number of readers	Either through physical copies distributed (not number printed) or number of hits on digital versions
Policy change	Includes not just political agreements but all changes to the general operating principles of organisations inside and outside the project partnership. Projects should be able to describe the before/after situation and link this directly to the project.
Working practice change	Includes all changes to standard working practices related to the project content. For example, adoption of new processes, new standards, new tools etc.
Pilots/demonstrations	Number of solutions tested – either through physical testing or piloting of new approaches with target groups. This includes testing of new training offers related to other project activities. Projects will be expected to provide details.



New services	Launch of new services that will continue after the close of the project and are open to the 'public' (i.e. members of the target groups outside the project partnership).
<i>Must also use:</i> Number of users	At the time of reporting. It is important that these services continue after project closure. One-off services like an advisory workshop should be reported under 'Events'
Communication initiative	Brochures, leaflets, web content, social media contributions and other communication initiatives. Project activity plans should provide details.
<i>Must also use:</i> Number of users	Measurement depends on the media being used.
Dissemination event	Events run purely as dissemination activities (such as many final conferences) and attendance at external events to publicise the project.
<i>Must also use:</i> Number of participants	
Other (Define)	Wherever possible, projects should use the standard list. Where an important activity cannot be included using the standard list, projects should define their own deliverable. This should be done in consultation with the Joint Secretariat.



Table 2 – Output indicators for the Specific Objectives

There is one output indicator for each specific objective and this will be automatically selected for you. Read the definition of the relevant indicator for a full picture of what is (and is not) covered.

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting	Definitions / Comments
1.1	Number of enterprises cooperating with new / improved knowledge partnerships	Enterprises	500	Project reporting	Annual	<p>A cooperating enterprise should be engaged in regular two-way contact with the knowledge partnership regarding product / process / service innovation. It is not enough to be e.g. a recipient of a newsletter. Only enterprises starting such cooperation after the start of the project should be counted.</p> <p>A knowledge partnership is a formal cooperation of enterprises, researchers, the public sector, NGOs and/or end users. It should provide the knowledge needed to create new products and services and accompany development to the point when these products can be introduced to the</p>



						<p>market. Partnerships also promote improvements to existing processes and the adoption of new technologies.</p> <p>New / improved means that the knowledge partnership has been established as a result of the project or that it has significantly changed the way it operates as a result of the project.</p>
1.2	Number of improved or new innovation support measures launched for enterprises	Innovation support measures	21	Project reporting	Annual	<p>Innovation support measures are initiatives or schemes (other than a knowledge partnership) which aim to encourage more enterprises to innovate or to increase the amount of innovation in already innovating enterprises.</p> <p>Projects should report the number of measures for this indicator rather than the number of participating enterprises. In this context a measure is a clearly defined set of actions in support of innovation. For example, one measure could be an innovation audit. Another could be a graduate recruitment scheme for SMEs. Projects should provide a breakdown of these measures when reporting on this indicator.</p>



						New / improved means that the measures has been implemented as a result of the project or that it has been significantly changed as a result of the project.
1.3	Number of improved or new innovation support measures launched for public service delivery	Innovation support measures	21	Project reporting	Annual	As above but targeted at for public sector organisations. Includes measures which aim to encourage more public administrations to innovate or to increase the amount of innovation in already innovating authorities. Projects should report the number of measures for this indicator rather than the number of participating authorities. Projects should provide a breakdown of these initiatives when reporting on this indicator.
2.1 & 2.2	Number of green products, services and processes piloted and/or adopted by the project	Green solutions piloted / demonstrated	54	Project reporting	Annual	<p>A 'green' product, service or process is one that offers improved environmental performance in terms of preserving natural capital, using better production methods, and / or changing consumption patterns. Green solutions should provide a demonstrable reduction in carbon and other emissions and/or resource use.</p> <p>Piloted or adopted means that projects can report</p>



						<p>completely new solutions developed and tested by the project, or solutions developed outside the project but more widely adopted as a result of the project.</p> <p>Projects should provide a breakdown of these solutions when reporting on this indicator.</p>
3.1	Number of new and/or improved climate change adaptation solutions demonstrated	Climate change adaptation solutions	21	Project reporting	Annual	<p>A climate change adaptation solution is a method that prevents climate change damage to a target site or reduces the negative impact of such damage.</p> <p>New / improved means that the solution has been developed as a result of the project or that it has been significantly changed as a result of the project.</p> <p>Demonstrated means that the solution has been tested in the field and a professional analysis carried out of its costs, advantages, disadvantages and potential improvements.</p> <p>Projects should provide a breakdown of these</p>



						solutions when reporting on this indicator.
3.2	Number of sites managed using new solutions supporting long-term sustainability	Sites	35	Project reporting	Annual	<p>This output aims to capture the take-up of new environmental management solutions across the North Sea Region. A 'site' means a geographically separate area managed in line with the new solution (e.g. a river, a national park, a harbour). Projects should be able to provide lists of sites if required and the size of these sites.</p> <p>A new solution means that the solution has been developed as a result of the project.</p>
4.1 & 4.2	Number of new and/or improved green transport solutions adopted	Green transport solutions	54	Project reporting	Annual	<p>Green transport solutions mean environmentally friendly and low carbon transport solutions.</p> <p>New / improved means that the solution has been developed as a result of the project or that it has been significantly changed as a result of the project.</p> <p>Adopting solutions means changing existing practices / procedures or equipment as a result of the project either by modifying existing practices</p>



						<p>or introducing completely new practices.</p> <p>Each improved green transport mode/method on a route is reported as one solution. For example, 3 reduced emission ships on one shipping route count as one solution. Introducing improved load management on the same route counts as an additional solution etc. Projects should provide a breakdown of these solutions when reporting on this indicator.</p>
--	--	--	--	--	--	---



Table 3 – Compulsory Output Indicators

All projects will have to complete the compulsory indicators as most of these data are aggregated by the European Commission to provide information on the performance of programmes throughout the European Union. Projects report on all 5 indicators – even if the target is zero.

ID	Indicator (<i>name of indicator</i>)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting	Definitions / Comments
Used by all projects	Number of enterprises participating in cross-border, transnational or interregional research projects	Enterprises	80	Project reporting	Annual	<p>Commission definition: Number of enterprises that cooperate with research institutions in transnational R&D projects. At least one enterprise and one research institution participates in the project. One or more of the cooperating parties (research institution or enterprise) may receive the support but it must be conditional to the cooperation. The cooperation may be new or existing. The cooperation should last at least for the duration of the project.</p> <p>Enterprise: Organisation producing products or services to satisfy market needs in order to achieve profit. The origin of the enterprise</p>



						<p>(inside or outside of the EU) does not matter. In case one enterprise takes the formal lead and others are subcontractors but still interacting with the research institution, all enterprises should be counted. Enterprises cooperating in different projects should be added up (provided that all projects receive support); this is not regarded as multiple counting.</p> <p>Research institution: An organisation for which R&D is a primary activity.</p>
Used by all projects	Number of research institutions participating in cross-border, transnational or interregional research projects	Organisations	80	Project reporting	Annual	<p>Commission definition: Number of research institutions in transnational R&D projects. The cooperation may be new or existing. The cooperation should last at least for the duration of the project.</p> <p>Research institution: An organisation for which R&D is a primary activity.</p>
Used by all	Number of organisations / enterprises adopting new	Organisations and enterprises	780	Project reporting	Annual	<p>Adopting new solutions means changing existing practices / procedures or equipment as a result of the project either by modifying</p>



projects	solutions by project end					<p>existing practices or introducing completely new practices.</p> <p>New in this context means new to the organisation / enterprise concerned. All new solutions must introduce new functionality or fundamentally different technologies compared to existing practices. In the case of process innovation, the new process must introduce demonstrable improvements in efficiency and / or effectiveness. If an organisation or enterprise introduces several new solutions, it is still counted as one organisation / enterprise.</p>
Used by all projects	Number of organisations / enterprises informed about new solutions by project end	Organisations and enterprises	7800	Project reporting	Annual	<p>Informed about new solutions means obtaining sufficient information to consider a change to existing practices / procedures or equipment as a result of project information activities. Requires that the enterprise / organisation has actively sought the information by e.g. attending an event, visiting a website, or requesting a publication.</p>



Table 4 - Programme result indicators

The programme has a result indicator for each specific objective. Projects do not need to report on these but the application and subsequent reports do need to explain how the project should logically contribute to the relevant result.

IMPORTANT NOTE – DEFINITION OF CAPACITY

Capacity: All result indicators target 'capacity development'. This means understanding and acting on the obstacles that inhibit stakeholders in relevant target groups from realizing their goals, while at the same time enhancing the abilities that will allow them to achieve measurable and sustainable results. Obstacles may be organizational, technical/technological, infrastructural, operational, logistical or service-related, financial and economic, or political.

ID	Indicator	Measurement unit	Base-line value	Base-line year	Target value (2023)	Source of data	Frequency of reporting	Definition / Comments
	1.1 Capacity of knowledge partnerships in the North Sea Region to deliver marketable product, service and	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	A knowledge partnership is a formal cooperation of enterprises, researchers, the public sector, NGOs and/or end users. It should provide the knowledge needed to create new products and services and accompany development to the point when these products can be



	process innovations							<p>introduced to the market. Partnerships also promote improvements to existing processes and the adoption of new technologies.</p> <p>A marketable innovation is a new or improved product or service which can be traded to satisfy market needs in order to achieve profit.</p>
	1.2 Capacity of authorities / practitioners to increase the scope and quality of innovation in enterprises	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Authorities are public organisations supporting innovation in enterprises. Practitioners are other organisations with this role such as universities, incubators, business associations etc.</p> <p>The scope of innovation regards the amount of innovation being carried out in enterprises. The quality of innovation regards whether this innovation results in marketable products and services.</p>



	1.3 Capacity of authorities / practitioners to increase the scope and quality of innovation in public service delivery	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	As above except that the target group is public authorities and other organisations delivering services for the public good. Improved quality means improvements to the efficiency and effectiveness of public service delivery.
	2.1 Capacity of enterprises and organisations to adopt new or improved green products, processes and services	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Adopting new or improved solutions means changing existing practices / procedures or equipment either by modifying existing practices or introducing completely new practices.</p> <p>A 'green' product, service or process is one that offers improved environmental performance in terms of preserving natural capital, using better production methods, and / or changing consumption patterns. Green solutions should provide a demonstrable reduction in carbon emissions and/or resource use.</p>



	2.2 Capacity of authorities / practitioners around the North Sea to identify and implement new solutions for reducing their environmental footprint	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Authorities are public organisations. Practitioners are other organisations other than enterprises.</p> <p>New in this context means new to the organisation concerned. New solutions must introduce new functionality or fundamentally different technologies compared to existing practices. In the case of process innovation, the new process must introduce demonstrable improvements in efficiency and / or effectiveness.</p> <p>Environmental footprint is the cumulative negative environmental impacts of human activity in the region concerned.</p>
--	---	----------------	--	------	--	---------------------------------------	-----------------------------------	--



	3.1 Capacity of relevant authorities / practitioners around the North Sea to identify and implement solutions for improving climate change resilience	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Authorities are public organisations. Practitioners are other organisations. In the context of this indicator, practitioners may include enterprises seeking to climate-proof their activities.</p> <p>Identifying solutions means finding effective and realistic methods for addressing the various effects of climate change.</p> <p>Implementing solutions means the ability to put new solutions in place and manage the associated costs, disadvantages and potential improvements needed.</p> <p>Improving climate change resilience means reducing the risk of negative events, reducing the severity of unavoidable events, and reducing the damage caused during all events.</p>
	3.2 Capacity of North Sea regions to improve the quality	Capacity scale		2015		Expert consultation during	2017, 2019 and at programme	This indicator addresses all relevant stakeholders in the North Sea



	of the environment					evaluation	close	<p>programme area.</p> <p>Improving the quality of the environment is defined as reducing negative impacts, repairing past damage and/or promoting ecosystem services and biodiversity.</p>
	4.1 Capacity of transport and logistics stakeholders to increase the proportion of long-distance freight carried on sustainable modes in the North Sea Region	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Transport and logistics stakeholders are all those concerned with providing transport and logistics services and infrastructure, those regulating or setting policy for such services, and the users of these services.</p> <p>Long distance freight in this context means freight travelling more than 150 km.</p> <p>Sustainable modes in this context means transport modes with the best possible Greenhouse Gas and emissions profile.</p> <p>The proportion of freight means that this result targets an increase in the overall share of goods carried by sustainable</p>



								modes rather than a simple increase in overall tonnage.
	4.2 Capacity of authorities and enterprises to increase the use of green transport services	Capacity scale		2015		Expert consultation during evaluation	2017, 2019 and at programme close	<p>Green transport services means transport choices with the best possible Greenhouse Gas and emissions profile.</p> <p>This result targets an increase in the overall share of people and goods carried by sustainable modes.</p>



Table 5 – Overview of Specific Objectives and Programme Result Indicators

This table maps the programme intervention logic and shows how the general objectives in the regulations have been translated into specific targets for results. It is provided primarily for background information.

Priority axis	Thematic objective	Investment priorities	Specific objectives corresponding to the investment priority	Result indicators corresponding to the specific objective
<i>Priority 1: Thinking Growth: Supporting growth in North Sea Region economies</i>	1) Strengthening research, technological development and innovation	b) Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialization, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies	<p>1.1 Develop new or improved knowledge partnerships between businesses, knowledge institutions, public administrations and end users with a view to long-term cooperation (post project) on developing products and services</p> <p>1.2 Enhance regional innovation support capacity to increase long-term innovation levels and support smart specialization strategies</p> <p>1.3 Stimulate the public sector to generate innovation demand and innovative solutions for improving public service delivery</p>	<p>1.1 Capacity of knowledge partnerships in the North Sea Region to deliver marketable product, service and process innovations</p> <p>1.2 Capacity of authorities / practitioners to increase the scope and quality of innovation in enterprises</p> <p>1.3 Capacity of authorities / practitioners to increase the scope and quality of innovation in public service</p>



		and diffusion of general purpose technologies		delivery
<i>Priority 2: Eco-innovation: Stimulating the green economy</i>	6) Preserving and protecting the environment and promoting resource efficiency	g) Supporting industrial transition towards a resource efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors	<p>2.1 Promote the development and adoption of products, services and processes to accelerate greening of the North Sea Region economy</p> <p>2.2 Stimulate the adoption of new products, services and processes to reduce the environmental footprint of regions around the North Sea</p>	<p>2.1 Capacity of enterprises and organisations to adopt new or improved green products, processes and services</p> <p>2.2 Capacity of authorities / practitioners around the North Sea to identify and implement new ways of reducing their environmental footprint</p>
<i>Priority 3: Sustainable North Sea Region: Protecting against climate change and preserving the environment</i>	<p>5) Promoting climate change adaptation, risk prevention and management</p> <p>&</p> <p>6) Preserving and protecting the environment</p>	<p>a) Supporting investment for adaptation to climate change, including ecosystem-based approaches</p> <p>&</p> <p>d) Protecting and restoring biodiversity and soil and promoting ecosystem services, including through NATURA 2000, and green infrastructure</p>	<p>3.1 Demonstrate new and/or improved methods for improving the climate resilience of target sites</p> <p>3.2 Develop new methods for the long-term sustainable management of North Sea ecosystems</p>	<p>3.1 Capacity of relevant authorities / practitioners around the North Sea to identify and implement solutions for improving climate change resilience</p> <p>3.2 Capacity of North Sea regions to improve the quality of the environment</p>



t	and promoting resource efficiency			
Priority 4: Promoting green transport and mobility	7) Promoting sustainable transport and removing bottlenecks in key network infrastructures	c) Developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	<p>4.1 Develop demonstrations of innovative and/or improved transport and logistics solutions with potential to move large volumes of freight away from long-distance road transportation</p> <p>4.2 Stimulate the take-up and application of green transport solutions for regional freight and personal transport</p>	<p>4.1 Capacity of transport and logistics stakeholders to increase the proportion of long-distance freight carried on sustainable modes in the North Sea Region</p> <p>4.2 Capacity of authorities and enterprises to increase the use of green transport services</p>



Table 6 - Indicators in practice: Example of indicators for one project

The example below shows how the system works in practice for a project. As can be seen, there are relatively few indicators and almost all are selected from drop down menus as part of the application writing process.

Type	Indicator	Target	Comments
Deliverable	Exchange of information event (internal)	6	<i>Project selects from drop down menu when completing application</i>
Deliverable	Number of participants	120	<i>Auto selected because events has been selected</i>
Deliverable	Exchange of information event (external)	2	
Deliverable	Number of participants	200	<i>Auto selected because events has been selected</i>
Deliverable	Report/strategy	4	<i>Number of separate published documents</i>
Deliverable	Numbers of readers	2000	<i>Auto selected because events has been selected</i>
Deliverable	Pilots/demonstrations	10	
Deliverable	Working practice change	30	
Deliverable	Communication initiative	4	
Deliverable	Number of users	4000	<i>Auto selected because communication has been selected</i>
Deliverable	Dissemination event	1	
Deliverable	Number of participants	120	<i>Auto selected because events has been selected</i>
Output	Number of sites managed using new solutions supporting long-term	20	<i>Normally mandatory though there is very limited choice for the transport priority</i>



	sustainability		
Output	Number of enterprises participating in cross-border, transnational or interregional research projects	0	<i>Mandatory indicator</i>
Output	Number of research institutions participating in cross-border, transnational or interregional research projects	7	<i>Mandatory indicator</i>
Output	Number of organisations / enterprises adopting new solutions by project end	100	<i>Auto selected for all output indicators</i>
Output	Number of organisations / enterprises informed about new solutions by project end	250	<i>Auto selected for all output indicators</i>
Result	Reduction in heavy metals in harbour sediments (copper, mercury and lead)	50%	<i>Project selected but essential for programme reporting as it validates the project pilots</i>



Fact Sheet 24 – First Level Control

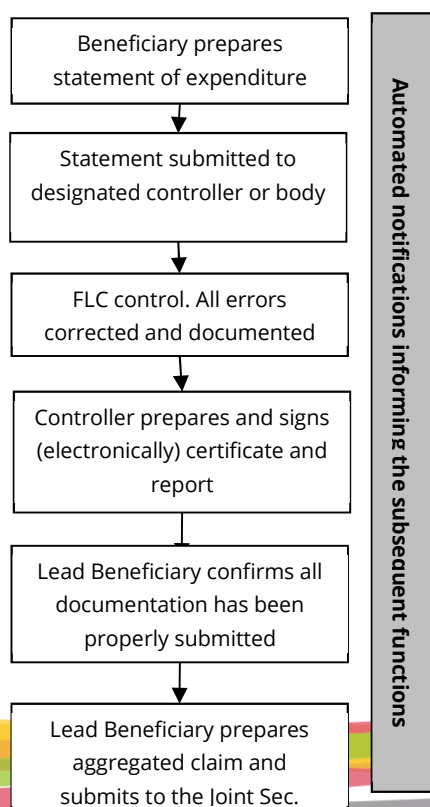
	Valid from	Valid to	Main changes
Version 3	05.10.17		Adding reference to 'First Level Control Requirements' document
Version 2	03.05.17	04.10.17	Clarified wordings and stressed the need to complete designation before claiming any funds
Version 1	27.04.15	02.05.17	

Core message: All projects and all beneficiaries are subject to First Level Control (FLC). An FLC must be designated by the relevant national authorities in order to carry out control activities for a project. The designation procedures vary in the different countries, so please consult the programme manual for specific information regarding each country. **All beneficiaries in a project must complete the designation procedure before any expenditure can be claimed!**

Background

All project beneficiaries must appoint a First Level Controller (FLC) right from the start of the project. The purpose of the first level control is to carry out management verifications in line with Article 125(4)(a) of Regulation No 1303/2013 and Article 23(4) of Regulation 1299/2013. All first level controllers must be independent and designated by the national authorities in each beneficiary country. This happens by way of a designation procedure, which is briefly described in

this fact sheet. In practise the designation is carried within the Online Monitoring System (OMS).



How the first level control process is organized

The first level control process starts at beneficiary level, where the individual beneficiary prepares a statement of expenditure. This can happen twice a year. If a beneficiary chooses not to claim, this must be explained as described in Fact Sheet no 22 on reporting.

When the beneficiary has completed the statement of expenditure, the statement is forwarded to the designated First Level Controller or FLC body. It is up



to the designated controller or FLC body to decide what accounting evidence is needed for the first level control process in line with the relevant national requirements. The control can take place either as a desk check or as an on-the-spot check or a combination of the two. The decision about this rests with the designated controller or FLC body only.

Each designated controller verifies the eligibility of expenditure incurred by the individual beneficiary and confirms this by filling in a First Level Control report and a control certificate. According to Article 23(4) of Regulation No 1299/2013, verification of expenditure can take up to three (3) months. The programme document 'First Level Control Requirements' lays out in detail the issues that should be checked.

The entire process of reporting and drawing up and signing the control certificates is handled in the Online Monitoring System (OMS).

Once the statement of expenditure and control certificates are in place for all relevant beneficiaries – including the Lead Beneficiary - in a project, the Lead Beneficiary will compile the statement into one statement covering the entire project.

The FLC of the Lead Beneficiary has one task in addition to controlling the costs of the Lead Beneficiary. The FLC of the Lead Beneficiary checks that FLC certificates are in place for all beneficiaries included in the statement of expenditure which is submitted to the Joint Secretariat. **It is important to emphasise that the FLC of the Lead Beneficiary does not re-control the expenditure incurred by other beneficiaries but only confirms that a FLC certificate is in place and that it has been signed by the designated FLC.**

For Swedish beneficiaries Tillväxtverket is the only body that can carry out FLC. In Sweden Tillväxtverket as a National Agency has been designated to carry out first level control.

Designation of First Level Controllers

Designation of First Level Controllers takes place in line with Article 23 of Regulation 1299/2013. In line with this it is the individual member state which is in charge of designating FLC's. The designation of First Level Controllers is done via the Online Monitoring System procedures, however, vary in the individual countries and both general and country specific guidance can be found in the programme manual.

It is important to note that selecting an FLC is subject to tendering in all countries except Belgium and Sweden. This means that the guidance in Fact Sheet no 11 must be observed in relation to the appointment of an FLC. For Belgium a national tender has been carried out which means that beneficiaries can choose between a number of FLC's for which tendering has already been completed. In the case of Sweden, Tillväxtverket has been designated as FLC for all Swedish beneficiaries i.e. no other options are possible for FLC.



First Level Control Seminars

First Level Control seminars will be held in all the 7 countries participating in the North Sea Region programme. The seminars are open to first level controllers and beneficiaries in approved projects. The purpose of the seminars is to ensure that all key stakeholders involved with reporting and control are fully aware of the latest regulations, programme rules and where relevant national rules.

All first level controllers should participate at these seminars at least one time. First level controllers who do not participate in any of the seminars may have their designation reassessed by the relevant national authorities. The Joint Secretariat will on a regular basis provide a list of the participants in the seminars to the designation bodies in each country in order to ensure that they are fully updated.

References

- First Level Control Requirements http://www.northsearegion.eu/media/4065/final_first-level-control-requirements.pdf containing a breakdown of the issues that should be checked by first level controllers
- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, Article 125
- Regulation (EU) No 1299/2013 of the European Parliament and the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, Article 23



Fact Sheet 25 - Publicity Requirements

	Valid from	Valid to	Main changes
Version 1	27.04.15	...	
Version 2	17.12.15	12.05.16	Project poster requirement added (European Commission requirement)
Version 3	12.05.16		Clarified rules for billboards
Version 4	03.05.17		Clarified rules for citing programme funding in academic publications

Core message: Accepting an EU grant means agreeing to promote the work of the European Union in the North Sea Region. All materials produced for distribution outside the partnership – in whatever media – must therefore clearly state that the project is EU funded. In addition, the programme's strategy is built on active and effective communication of project results and this Fact Sheet gives some indications of how to tackle this in day-to-day work.

Background

The framework for communication in the 2014–2020 programming period is laid out in articles 115–117 and Annex XII of Regulation 1303/2013. Implementing Regulation (EU) 821/2014 lays out the specific requirements for use of the European Union flag, plaques and billboards.

In addition to these regulations, there are also requirements laid down by the North Sea Region Programme. Projects must follow all requirements in order for spending to be considered eligible. This Fact Sheet provides a summary of the main points.

Summary of requirements

Projects must:

1. Refer to the European Union, the European Regional Development Fund and the North Sea Region Programme correctly and visibly in all project publications, both online and in print
2. Set up a website and provide regular information about the project
3. Make use of the project logo provided by the Joint Secretariat
4. Put up project poster – and a billboard or plaque, when total public funding for an infrastructure or construction contract exceeds €500,000

Please note that most requirements are met by making use of the free project webspace, project logo and project poster provided by the Joint Secretariat, as described in the following sections.



Correct reference to the European Union, Fund and Programme

All project information and communication measures must acknowledge the funding provided by the European Regional Development Fund by displaying the European Union flag in accordance with Commission guidelines, together with a reference to the European Union and the European Regional Development Fund.

Furthermore, all project information and communication measures must clearly refer to the North Sea Region Programme. The project logo provided by the Joint Secretariat has been designed to live up to all of these requirements. Use it to avoid any risk of later errors!

Please also note that 'European Union' must be spelled out at all times. If any item is too small for all of these references, the EU flag and an acknowledgement that the EU has provided the project's funding, must be included as an absolute minimum. Any item failing to meet these requirements will be considered ineligible and may also result in an additional demand for repayment.

Use of project webspace and social media

During implementation, the project must inform the public about the support obtained from the European Regional Development Fund by providing a short description of the project, its aims, results and financial support received on a project website.

The North Sea Region Programme will facilitate this process by providing all projects with a website ("project webspace") hosted through the Programme's website. All projects should make active use of this webspace.

The project webspace is linked to the programme website and online monitoring system. As a result, information about the project including a short description of the project, the budget and contact details of the Lead Beneficiary, will be transferred directly from the project application to the project webspace. Likewise, an overview of the main project outputs reflected in activity reports will be automatically shown on the webspace. Every project must upload all main written outputs with the activity report and these will be transferred to the webspace to provide stakeholders with an up to date picture of project activities and outcomes.

Projects can create their own news and event items, which will be shown on the project webspace as well as on the programme website, ensuring maximum visibility. Furthermore, projects are free to add sections, links, photos and graphics to their webspace.

It is still possible (but not always necessary) for projects to create a separate website. Nevertheless, it is a requirement that project information on the webspace is up to date and that news and other information is communicated on time and regularly.



The North Sea Region Programme does not require the use of social media, but projects are strongly encouraged to make use of the best known platforms to further spread and share important messages and learning. The programme monitors social media and will act as a multiplier of project information to achieve maximum impact.

Project logo and branding

In 2014-2020 Interreg programmes and their projects will use the same brand. This means that all North Sea Region Programme projects will use a specific Interreg project logo provided by the Joint Secretariat.

In addition to the project acronym, the logo contains the European Union flag as well as a reference to the European Union, the North Sea Region Programme and the European Regional Development Fund. This means that by using the logo, projects will automatically live up to basic communication requirements.

Projects are encouraged, but not obliged, to make use of the additional Interreg design guidelines as specified in the project brandbook available on the North Sea Region Programme website.

Use of the project logo supplied by the Joint Secretariat is a requirement, but projects may use an additional visual element as long as this is done in line with the branding guidelines.

Poster, billboard and plaque

All beneficiaries must put up a poster with information about the project at a location visible to the public. The poster should include the project's aims and objectives, total budget and funding obtained, and be of minimum A3 size. If a beneficiary is involved in more than one North Sea Region Programme project, one joint poster will suffice. A ready-to-use poster can be downloaded through the online monitoring system.

If a project finances infrastructure or construction contracts¹ and the total public funding exceeds €500,000, the project must put up a temporary billboard of a significant size at a location readily visible to the public. The temporary billboard must be replaced by a permanent plaque or billboard no later than three months after completion of the project.

The plaque or billboard must state the name and the main objective of the project and be in accordance with European Commission guidelines. The programme will provide a plaque template.

¹ Required for all operations exceeding €500,000 of public financing in accordance with Annex XII of (EC) 1303/2013. In accordance with Regulation 1303/2013 §2 (9), an operation can be defined as a contract.



Citing your project in an academic publication

When citing your project in an academic publication, we kindly ask you to refer to the European Union, the European Regional Development Fund and the North Sea Region Programme. We would also like you to include the acronym of your project in the citation.

Below is an example of a citation which is in line with these requirements:

This research was supported as part of SEEV4-City, an Interreg project supported by the North Sea Programme of the European Regional Development Fund of the European Union.

References and links

Overall legal framework for 2014–2020 communication

European Commission Regulation (EC) 1303/2013, chapter II, Article 115-117 and Annex XII (Annex II section 2.2 refers to the responsibilities of beneficiaries):

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>

Specifications for use of the European Union flag, reference to the European Development Fund and characteristics of plaques and billboards

Implementing Regulation (EU) 821/2014, chapter II:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0821&from=EN>

The Interreg brand design manual with project annex, the North Sea Region Programme Communication Strategy 2014–2020 and other relevant guidance material

The North Sea Region Programme website under *Key Documents* → *Communication Managers*:

www.northsearegion.eu



Fact Sheet 26 - Project Changes

	Valid from	Valid to	Main changes
Version 4	13.11.18		Consolidation of rules at project closure; please consult fact sheet 21 on final reporting on the consolidated instructions.
Version 3	05.10.17	12.11.18	Changes to the rules for minor changes on finances and update of core message
Version 2	20.10.15	04.10.17	Changes to the rules for minor changes
Version 1	27.04.15	19.10.15	

Core message: All projects are subject to some degree of change during implementation. This Fact Sheet covers the different procedures for identifying and implementing (i) changes to basic information (ii) minor changes and (iii) Major changes (limited to two in the project's lifetime). New activities etc., which have not been approved, are not eligible!

Background

Project partnerships must always deliver their project in accordance with the work plan and budget laid out in the approved application. Nevertheless, it is recognized that the budget and work plan in the application are only a best estimate of the work to be carried out and its cost and that some changes are inevitable over the project's lifetime.

Three procedures have therefore been put in place for different kinds of changes and this factsheet should allow projects to (i) identify the type of change they need and (ii) understand the steps for getting approval.

It is never possible to use a project change to increase the total budget approved for the project.

When it comes to making changes, the Lead Beneficiary is responsible for managing and applying project changes for the entire project partnership. Beneficiaries should not start to implement changes until they have the necessary programme approval. Any projects implementing activities prior to approval do so at their own risk.

Updating project facts

Changes to contact details and project staff are inevitable. These can simply be entered in the Online Monitoring System at any time and signed off by the Lead Beneficiary. No further action is required.



Inactive partners

It is never possible for a beneficiary to withdraw from a project: All beneficiaries remain part of the approved partnership for audit purposes though a beneficiary may become inactive and stop reporting expenditure. If a beneficiary is inactive for an extended period without adequate explanation, this may also call into question the viability of the partnership and may result in cancelation of the project. It is the lead beneficiaries' task to officially inform the joint secretariat about inactive partners. They will then be flagged as inactive in the Online Monitoring System and excluded from reporting.

Minor changes

Minor changes which have no impact on the end results or overall financing of the project can be implemented after agreement between the Joint Secretariat and the Lead Beneficiary. As a rule, try to avoid changes and stick to the original project plan. Minor changes would include:

- Changes to deliverables or changes to the definition of a deliverable or the target for achievement provided there is no impact on project outputs and results. Only make a change when there is quite major variation from the application – minor adjustments can simply be explained when reporting. In cases of doubt the beneficiaries should always contact the Joint Secretariat as changes of deliverables may deem the activities ineligible.
- Project lifetime extensions up to 6 months provided there is still time in the programme's lifetime to complete all closure procedures. This only applies one time.
- Changes between budget lines of the same beneficiary, but no changes to the total beneficiary budget.
- If there are significant changes for example, removing the entire budget for Investments it is highly encouraged that a reason for change be included to limit follow up work needed. Remember that changes to staff costs will automatically result in changes to the office and administration budget line.

Major changes

In exceptional and well-justified cases, more significant changes to the original budget, expected results or partnership may be necessary. In these cases it is possible to alter the approved application. However, because this changes the conditions under which the original grant was made, the project will need to be re-approved by the programme's Steering Committee. Major changes will also require that a new contract is issued.

A maximum of two major changes can be submitted in any project's lifetime. One change can, however, include several different categories of change from the list below. For example, a large



project re-organisation might require the addition of a partner and related changes to budgets and the overall outputs that will be delivered. Remember that it is not possible to use a change to increase the total budget for the project.

These changes require approval from the Steering Committee. As a rule, Steering Committee meetings take place every six months. In exceptional cases it may be possible to gain approval through written procedure before the next meeting.

Major changes include:

- Changes to project activities that result in a change to the outputs or results. This will apply even when a project does not ask to change its indicators or targets if the Joint Secretariat considers that other changes may have an impact on a project's results.
- Addition of a beneficiary. It is possible to add a beneficiary provided that the budget can be found from the budgets of the rest of the partnership i.e. a new beneficiary cannot result in an increase of the overall project budget.
- Project lifetime extensions over 6 months.
- All budget changes involving transfers of budget between beneficiaries and especially between countries.

Major changes should be carried out in consultation with the Joint Secretariat to avoid unnecessary delays or problems. The Secretariat can advise on the best timing for submitting the change. Remember that expenditure related to activities or beneficiaries which have not yet been approved is not eligible.

Changes which are not covered by any of the descriptions above will be considered on a case-by-case basis. Projects should be aware that any change request can be rejected and changes must therefore be well justified. If a change is rejected, the project will continue implementation on the basis of the last approved application. In extreme cases where a change seriously undermines the value of the original project, the Steering Committee may decide to end support to the project.

The online monitoring system

Minor and major changes can be applied for at any point in time in the system but it is not possible to start a report when you still have a change request waiting for processing. This is in order to ensure that the latest approved data can be included with the following report. Time change requests accordingly. Remember amendments to projects are not valid until approved by the JS.

The Lead Beneficiary will make use of the system when applying for and processing changes. The system is designed to facilitate the effective processing of all type of changes and will guide the



applicant through the entire change process. All decisions about changes by the JS and programme committees will be made and applied in the system.



Fact Sheet 27 – Intellectual property rights and ownership of project investments

	Valid from	Valid to	Main changes
Version 1	12.05.16		

Core message: General programme rules require that all project deliverables and outputs are made available to the general public free of charge. This fact sheet explains exceptions to this rule and sets out the rules on changes of ownership after project closure.

Background

The programme intervention logic is based on small groups of experts (the project partnership) receiving funding to test new ideas and approaches so that similar organisations throughout the North Sea Region can apply what has been learnt and obtain the same benefits after the end of the project. In this way the small scale outputs of each project can be expected to have a wider impact across the whole programme area. This requires that organisations outside the project partnership can access information on the outputs and how they were achieved.

Grants are also provided in some cases to fund investments for the public good. In such cases it is expected that the equipment and/or infrastructure remain in place at the end of the project and continue to provide the same benefits. As a result there are restrictions on changes of ownership and use after the end of the project.

Intellectual Property Rights

This section starts by explaining the general rule. Beneficiaries approved under one of the programme's state aid schemes should see the next section.

These rules cover the rights for all materials and ideas developed as part of the project using programme funding even where development has only been part funded by the programme.

- The authors of any material retain at all times the right to be acknowledged as the author of the material



- All materials must be made freely available to the general public in a way and to a level of detail that allows other organisations to replicate the results obtained. Such access should not be subject to restrictions or payment
- It is not possible to claim proprietary rights or to restrict commercial exploitation of project materials

In the event that project materials have been developed based on data or materials provided by a project beneficiary, which are covered by more restrictive rights (e.g. copyright), and which were covered by these rights from before the start of the project, the original restrictive rights continue to apply to the original material – but not to any additional materials developed from them as part of the project.

Intellectual Property Rights and State Aid

Project beneficiaries approved under either the de minimis state aid scheme or the General Block Exemption may limit access to the materials they produce.

- Beneficiaries who are part of one of the programme's state aid schemes may apply additional rights to materials they produce as part of the project including proprietary rights and the sole right to commercial exploitation
- These rights should not be understood to replace the general programme obligation to publish updates on progress and results achieved but the details of products and/or ideas may be withheld from publication to protect any proprietary rights
- Where projects combine beneficiaries working under an aid scheme with beneficiaries working according to the 'No competitive advantage' rules (see Factsheet 16), the right to withhold material from publication applies only to materials produced exclusively by the beneficiaries covered by the aid scheme. It is not possible for beneficiaries to transfer or assign rights to others.
- Regardless of these provisions, all beneficiaries must at all times make any and all materials available to auditors and programme management bodies as set out in the subsidy contract

Ownership of project deliverables and outputs

Article 71 of the Common Provisions Regulation (1303/2013) sets out requirements that investments supported for the benefit of the programme area are maintained and continue to provide the same benefit for a reasonable period after the end of the project. In particular, investments in infrastructure or productive investment must be repaid to the programme if within five years of the end of the project:



- The productive activity is stopped or relocated outside the programme area
- Ownership of infrastructure is transferred in such a way that it gives an undue advantage to a firm or public body
- There is a substantial change in the nature, objectives or implementation conditions which undermines the original objectives

All project beneficiaries are required to report all such changes immediately to the programme authorities.

References

- Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013 laying down Common Provision Regulation, Articles 67-69
- Commission Delegated Regulation (EU) no 481/2014 of 4 March 2014 Article 3