



CENTRAL BALTIC INTERREG IV A PROGRAMME 2007-2013

Cross-border co-operation programme under
the European Territorial Co-operation objective

Economically competitive and innovative region
Attractive and dynamic societies
Safe and healthy environment



APPLICATION AND SELECTION PROCESS

- BEAR IN MIND WHEN FILLING IN THE APPLICATION:
 - All information in English!
 - Use "old" microsoft excel (97-2003)
 - Be clear!
 - All relevant information must be in the form
 - No changes after the submission
 - Send identical versions by e-mail and post
 - Assessment criteria on our website
- ASSESSMENT PROCESS
 - Assessment in JTS:
 - Technical assessment
 - Content assessment
 - Steering Committee decision



APPLICATION

- CHOOSING THE RIGHT SUB-PROGRAMME – PRIORITY – DIRECTION OF SUPPORT
- EXPLAINING THE PROJECT IDEA IN THE APPLICATION
 - Origin
 - Objectives
 - Methodology
 - Expected results
 - Cross-border relevance
 - Communication and publicity
 - Sustainability of project results
 - Project management



APPLICATION

- LOCATION OF ACTIVITIES
- ACTIVITIES TARGETED TO THE ADJACENT AREAS
 - Reported on project partner basis
- ACTIVITIES OUTSIDE THE PROGRAMME AREA
- ACTIVITIES OUTSIDE THE EUROPEAN UNION
 - Must be included in (max 2) project partner budgets



ANNEX 1

- THE ELIGIBILITY OF PARTNERS
- HOW MANY PARTNERS SHOULD THERE BE?
 - Project partners
 - Additional partners
- DIVISION OF TASKS BETWEEN LEAD PARTNER AND PROJECT PARTNERS



ANNEX 2

- PLANNING ACCORDING TO WORK PACKAGES
 - Thematic division of project activities (max 5)
 - How detailed should the information be?
 - Division of tasks between the partners
 - Strategic focus - Results - Activities - Outputs - Costs



ANNEX 3 + 6 (BUDGET AND PARTNER BUDGET)

- PLANNING YOUR BUDGET
 - The budget is always in relation to the content
 - Minimum and maximum budgets?
- PLANNING THE FINANCING
 - ERDF CO-FINANCING: Estonia and Latvia up to 85%
Finland and Sweden up to 75%
 - OWN CONTRIBUTION
 - What is eligible?
 - Where do we get the money from?
 - What is in-kind?



ANNEX 3 + 6 (BUDGET AND PARTNER BUDGET)

- ELIGIBILITY OF COSTS, BASIC GUIDELINES
 - EU Regulations and National rules
 - national eligibility rules made (partly) available (www...)
 - the strictest rule always applies
 - Only real paid out costs incurred during the duration of the project
 - Occurred earliest on the day the JTS has received the Application AND the date put in the application (NB! The signed paper version required also)
 - No double financing
 - No shared costs
 - No financing from other **projects**
 - No advance payments
 - No seed/preparation money



Be aware that:

- the national **First Level Control** plays a crucial role in determining the eligibility
- the Lead Partner principle requires a lot from the LP
- the Subsidy Contract sets the limits and obligations to the LP/PPs
- Partnership Agreements required
- All documents must be kept until 2025 (The LP must notify the MA/JTS of all organisations and people responsible for holding records of invoices)



BUDGET LINE 1 - Office and Rent Costs

- **NO FLAT RATES ACCEPTED**
 - The calculation method for the indirect costs is mandatory
 - The costs of phone bill to be divided between several projects **pro-rata** in case the costs cannot be **directly allocated** to these projects technically
- The appropriate level of the rent of the office facilities must be in line with the **standard level** within comparable organisations
- Security services, car parking etc are only possible **if attributable** to the project (indirect costs allocated by clear and duly justified, fair and equitable method)
- The same rules apply for private companies/SFE (all the costs must be comparable, reasonable and fair)



BUDGET LINE 2 - Personnel

• Personnel employed by the project

- Appropriate salary levels for project personnel in line with national legislation/collective agreements and in line with salaries paid in similar tasks in comparable organisations
- Obligatory social security costs, bonuses etc. as legislated on national level
- Paid out holiday salaries are eligible during implementation (In the final Payment Claim a separate calculation is required allocating the holiday salaries according to the actual working hours)
- Full-time project managers recommended
- Timesheets for part-timers on daily basis and reported monthly

• Other partner personnel contributing to the project

- Internal decision on assignment to work for project may vary according to the nature of the organisation (however, an official assignment needs to be documented)
- Is a cash contribution, must be supported by bookkeeping and timesheets

• Unpaid voluntary labour

- Always consult JTS and ensure that unpaid voluntary work is acceptable
- **National specifications**
- **Included in the budget as well as in the financial side as an in kind contribution**



BUDGET LINE 3 - Travel and accommodation

• Travel costs within the programme area

- mainly for project personnel
- related to the project implementation and based on national regulations
- reasonable and cost-effective
- daily allowances according to the national rules
- public transportation whenever possible
- travel costs of the key stakeholders only in justified cases (pre-approval by the JTS required always)
- Travel costs for public officials as steering group representatives not eligible (must be covered by their own organisation)

• Travel costs outside the programme area

- **related to the project implementation**
- included and justified in the Application, prior to the submission of the Application Form, JTS pre-approval required
- **always exceptions**

Special/exceptional cases: Rented cars/busses (tenders, justifications etc. required)



BUDGET LINE 4 - External expertise

- Partner activities should be outsourced with caution
- Partner organisation's fixed contracts allowed
- The use of the expertise within the partner organisation is possible as a result of tender process that a separate department of the organisation has won (justification required always)
- NB! Project partners already assigned to the project cannot be subcontracted
- Can be purchased outside programme area



BUDGET LINE 5 - Equipment

- Depreciation allowance/deductions according to national accounting method and period - In most cases the 36 month rule applied
 - difference: Laptop vs. laboratory simulator
 - difference: one year project vs. 3 year project
- If the duration of the project is shorter than the depreciation time, the remaining costs are borne by the partner organisation itself
- Rental/leasing procedure recommended e.g. in cases of various laboratory equipment
- Full payment where the remaining value of the purchased item after installation is ZERO (0 Euro)
 - The remaining 0-value must be verified taking into account the national regulations



BUDGET LINE 6 - Investments

- Not an investment programme in the first place
- Cross-border character and relevance
- JTS pre-consultation always required!
- Long-term nature in planning and implementation
- The co-financing rates vs. national rules and procedures
- Plans, permits, licences, feasibility studies etc must be annexed to the application
- Ownership issues are set in the Subsidy Contract
- NB! the difference between investment and equipment
- NB! No planning of the investments in the projects



BUDGET LINE 7 - Other direct costs

- Only costs essential for the project implementation – Supported by invoices directly attributable to the project
- Only defined costs – no lump sums
- A list of examples in the Programme Manual



BUDGET LINE 8 - In-kind contributions

- NB! In-kind contributions in form of unpaid voluntary labour are included in BL 2
- Provision of land or real estate, equipment or raw materials or availability of premises (for office use, seminar use etc.)
- **NB! Included in the budget as well as on the financing side**
- The national specifications must be taken into account
- The values of the in-kind contributions must be evaluated and certified before submitting the application
- Pre-approval by the JTS always required
- The budgeted amount cannot be exceeded



BUDGET LINE 9 - Income

- Estimations during the Application phase
- Must be reported in the PR/PC and will be deducted from the ERDF co-financing proportionately
- Examples of income:
 - The participation fees of seminars and various events
 - The sales of publications or other project products
- Income generation within five years after the project has been completed may lead to repayment of funds
 - This refers also to income generated from materials, models etc created by the project



FINANCIAL ISSUES: Value Added Tax (VAT)

- VAT declaration a mandatory Annex in the AF
- Eligible expenditure only if genuinely and definitely borne by the project partner
- Each project partner separately
- **In unclear cases the VAT will always be deemed ineligible**



FINANCIAL ISSUES: Expenditure incurred outside the European Union

- Max 10 % of the ERDF contribution 2007-2013
- Clear benefit for the programme
- JTS pre-approval required
- All costs must be borne by max 2 project partners
- Strictly limited to the following items:
 - 1) Expert Services
 - 2) Organisation of joint seminars/events (not occasional events)
 - 3) Travel costs
- Outside European Union = Canada, Japan, Brazil...



FINANCIAL ISSUES: Shared Costs

- **Not allowed** in case a certain **single** project expenditure is divided between two or more project partners regardless of the allocation method (=no sharing of a single invoice!)
- **Can Be Allowed** when within a larger group of single expenditures the single and clearly separable expenditures are divided between the project partners (two or more) in accordance of the approved application (e.g.seminar arrangements: catering/publicity/general arrangements)
- The **preferred** and **strongly recommended** solution is that already during the project planning all the expenditures are allocated between the project partners in such a way that cost sharing is unnecessary



FINANCIAL ISSUES: State Aid and the De Minimis Rule

- EU competition policy
- 200 000 EURO limit over a three year period including the CBOP financial decision (repayment in case of violations of the De Minimis rule)
- All aid forms (EU/national) under the scheme notified by the European Commission
- Applied to private enterprises (especially SFE)
- Responsibility of the project partner to prove their eligibility under the De Minimis rule
- The information **should be** available also in the previous financing decisions granting the specific aid



FINANCIAL ISSUES: Public Procurement Procedures

- Subject to EU/National rules
- Minimum of three offers (bid-at-three)
- Amounts above 1 500 Euros (excluding VAT) always require an official written tender procedure
- Amounts below the 1 500 Euros by less official price comparisons (e.g. by phone/email) with adequate documentation and justification
- Documentation to ensure proper audit trail



FINANCIAL ISSUES: Reporting and First Level Control

- Reporting based on milestones
- Each partner must have their costs checked by the national FLC
- After FLC has controlled and verified the costs, the LP compiles the PR/PC and sends it to the JTS for control
- Certifying Authority pays the ERDF funding to the Lead partner



FINANCIAL ISSUES: Closing the project

- The project activities must be finished in good time before the project ends – leave enough time for final reporting and closing the project.
- Plan for final audit
- Costs are eligible if they have incurred during the project duration, even if they are paid out after the project has ended. Try to get as much paid during the project, however.



ANNEX 4 (INDICATORS)

- PROGRAMME INDICATORS
- HORIZONTAL OBJECTIVES
- PROJECT INDICATORS
 - QUALITATIVE
 - QUANTITATIVE



CHECKLIST – MANDATORY AND OTHER ANNEXES

- NATIONAL CO-FINANCING STATEMENT
- REGISTRATION CERTIFICATE
- IF RELEVANT – VAT DECLARATION
- IF RELEVANT - DE MINIMIS DECLARATION
- IF RELEVANT – DOCUMENTS ABOUT INVESTMENTS
(Long-term financial plan, action plan, feasibility study, permits, SEA and others...)



SENDING THE APPLICATION FORM

- PRESS FINALISE AND PRINT (THE PROGRAMME GENERATES A SO-CALLED CHECK SUM FUNCTION)
- SAVE THE APPLICATION FORM
- SEND THE APPLICATION FORM BY E-MAIL AND ONE SIGNED PAPER VERSION
- NO CHANGES POSSIBLE AFTER THIS - THE E-MAIL AND PAPER VERSION MUST BE **IDENTICAL!**





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PROGRAMME
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**MORE INFORMATION ON
MATTERS OF FINANCIAL ELIGIBILITY:**

Joint Technical Secretariat

WWW.CENTRALBALTIC.EU

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NATIONAL FIRST LEVEL CONTROLLERS

 EUROPEAN UNION
EUROPEAN REGIONAL DEVELOPMENT FUND
INVESTING IN YOUR FUTURE