European Union The European Regional Development Fund

The Interreg IVB North Sea Region Programme

Fact Sheets

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This is a set of guidance notes, which contain concise but vital information for project partners.

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The Interreg IVB North Sea Region Programme

I Financial Issues

Exchange Rates

FACT SHEET NO 1

Background

Five different currencies are used in the seven countries participating in the North Sea Programme. In this Fact Sheet some guidance on how to address the currency issue on project level is described.

Guidance

The currency issue and how to address exchange rate problems will have to be decided before the project is started. It is recommended that the issue is dealt with in a contract between the Lead Beneficiary and the other beneficiaries.

There are a number of different solutions to choose from:

1. All statements from the Lead Beneficiary to the programme secretariat are completed in Euro. The project partners convert their expenses from their national currency into Euro. These converted figures are used by the Lead Beneficiary to fill in the periodic report form.

2. All statements from the Lead Beneficiary to the programme secretariat are completed in Euro. The project beneficiaries send their figures to the Lead Beneficiary in their national currency. The Lead Beneficiary has to convert all the received figures into Euro and use the converted figures to fill in the Periodic Report Table.

3. All statements from the Lead Beneficiary to the programme Secretariat are completed in the Lead Beneficiaries national currency. The project beneficiaries send their figures to the Lead Beneficiary in their national currency. The Lead Beneficiary converts all the received figures into the Lead Beneficiaries national currency and uses these converted figures to fill in the Periodic Report Table.

When the statements of expenditure regarding a project are converted into Euro, the Commission monthly exchange rates for the month, in which the statement of project expenditure and source of funding (Periodic Report) is completed, must be used. These rules apply both for the individual beneficiary and for the entire partnership statements.

The exchange rates shown on the website of the European Commission (address below) are not official, so we recommend that you always verify these rates in the Official Journal of European Union.

When checking the Official Journals of European Union, you must make sure that the monthly exchange rate shown on the European Commission's website is similar to the one, which can be found in the Official Journal for the last but one working day at the Commission in the month preceding the month in which the statement of project expenditure and source of funding (Periodic Report) is completed. These exchange rates can be found in the Communications section of the Official Journal, which is normally published the day after (http://eur-lex.europa.eu/JOIndex.do?ihmlang=en).

There is a site for each currency shown below:

- Norwegian kroner:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=NOK&Language=en
- Swedish kroner:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=SEK&Language=en
- Danish kroner:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=DKK&Language=en
- English pound:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=GBP&Language=en

When the programme Secretariat is paying the projects, the amount paid will be in Euro. If the Lead Beneficiary wants to be paid in national currency the Euro amount will be converted using the exchange rate on the day the payment is carried out.

This means that the Secretariat will always convert all statements to Euro and calculate the payment in Euro. The Secretariat will monitor the project expenditure in Euro and suggests that Lead Beneficiaries do the same.

The exchange rate used by the Secretariat for converting statements expressed in a national currency, will also be the Commission's exchange rate from the last but one working day in the month preceding the month during the date the payment claim is received by the Secretariat.

References

- Council Regulation (EC) 1083/2006 Art 81

I Financial Issues

Eligible Costs

FACT SHEET NO 2

Background

"Expenditure actually paid out" are the key words in terms of assessing the eligibility of expenditure under the Interreg IV B North Sea Programme. No expenditure can be reimbursed unless it is directly linked to the approved budget and based on invoices that have actually been paid. Activities that are not described in the approved application are as a general rule ineligible.

In cases where projects generate revenue, this revenue may not be treated as profit. All revenue generated from sales, rentals, subscriptions, fees or other equivalent sources must be reported on budget line 12 and must be deducted from the eligible costs.

In addition to these key principles, a number of more detailed rules apply when the eligibility of an expenditure is to be assessed.

Sub-contracting

Costs arising from sub-contracting are eligible. It is the Lead Beneficiary's responsibility to ensure that public tender rules are observed and that contracts are awarded at normal market prices. The Lead Beneficiary must ensure that the public tenders process is duly documented.

Staff costs

Staff costs relating to projects are eligible under the North Sea Programme. In order to be eligible, staff costs must:

- Be additional (c.f. (EC) 1083/2006, Article 15 & 1828/2006, Article 50),
- Be based on timesheets and payslips, which permit the identification of real costs in relation to the project,
    - The time spent on the project must be documented by means of properly functioning time registration system (the one which allows for time registration by project, allows for descriptions of activities carried out and has a validation/verification mechanism for the superiors).
        - An example of a timesheet is attached. The time registration system should register at least the information, which is in the timesheet. Otherwise the timesheet must be used.
- Only in very exceptional cases can staff costs exceed 50% of the total eligible expenditure under the project,
- Unpaid voluntary work and other 'in-kind' contributions are eligible provided that their value can be determined based on the amount time spent and a standard rate for this time (c.f. Commission Regulation, 1828/2006, Article 51),

- Certified by an eligible controller.

Overheads
Overhead costs must be calculated on a **real-cost** basis or on the **average real costs** of an operation of the same type. Typically, overhead costs will consist of costs for office accommodation broken down on project level on a pro rata basis.

If an average rate is used, the rate cannot exceed 25% of the costs, which directly affect the level of the overhead. E.g. Staff costs. In such cases the calculations should be well documented and periodically reviewed (Commission Regulation 1828/2006 Article 52).

Control
All costs for project control are eligible costs. In some countries, interim claims can be controlled by an internal controller, in which cases the costs will be regarded as staff costs and entered under budget line 3, Permanent Staff. For most projects, also interim claims must be controlled by an external controller, in which cases control costs must be posted under budget line 9, Control. All control costs, for internal and external control, should be reported under budget line 'Control'.

Costs for the 1st level control of the Swedish Lead Beneficiaries and Beneficiaries should not be budgeted for as they will be paid by the Swedish National Authority.

Financial Charges
Charges for financial transactions are eligible but debit interest is not eligible.

VAT
VAT does not constitute eligible expenditure unless it is genuinely and definitively borne by the final beneficiary. VAT, which is recoverable by whatever means, cannot be considered eligible, even if it is not actually recovered by the final beneficiary. To ensure compliance with this rule it is required that this issue is addressed in the partnership agreement.

Purchases
Purchase of land for amount exceeding 10% of the total eligible costs for the individual project. In cases relating to environmental conservations a higher percentage can be allowed in exceptional cases.

Scrap-value (Breakup value) for equipment
Purchase of project related equipment (e.g. IT equipment) is considered eligible expenditure. However, if the equipment has a breakup value by the end of the project then it is only the difference between the purchase value and the breakup value which is considered eligible.

IT equipment, for example, purchased less than 3 years before the end of the project will normally have a break up value. This breakup value must therefore be deducted from the purchased costs unless it can be documented that project continues more than 3 years after the purchase of the equipment.

It must be emphasised that the principle of a "break up" value is intended for IT and similar equipment only. The principle does not apply for infrastructure investments in general.

References
- Commission Regulation (EC) 1828/2006, Article 48-53
- Commission Regulation (EC) 1080/2006 of the European parliament and of the council, Article 7 and Article 13
- Appendix 11 to the Manual for 1st level control, which provides and overview of the relevant national rules and guidance

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FACT SHEET NO 2

Project title:

Lead / Beneficiary:

Time sheet for:____
(Name of employee)

____
(Organization)

Date	Phase/Workload	Activity	Time spent
Total			

Signatures:

Date: ____ (Employee)

Date: ____ (Line-manager)

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The Interreg IVB North Sea Region Programme

FACT SHEET NO 3

I Financial Issues

Auto Decommitment

Background

At the beginning of each calendar year ERDF-funding is automatically committed by the European Commission. As the North Sea Programme was approved in 2007, the first year of commitment was 2007. If this ERDF-funding is not spent within three years of the year when it is committed (N+2, where N is the year of commitment) the unspent part is automatically taken back or 'decommited' by the Commission.

The first year of potential decommitment is, thus, 2009. In practice this means that all projects that do not meet their spending targets as described in the Contract risk having parts of their grant decommitted. Decommited funding is lost – permanently.

Guidance

The decommitment rule (also known as the N+2 rule), applies **only** on programme level and not on project level. Consequently, funding set aside in a project budget for one particular year cannot be spent by a project up to 2 years after the year stated in the budget. If funds are unspent by the end of a budget year, they are in principle lost if the programme as a whole is subject to de-commitment.

Thus, projects that do not meet their spending targets are in real danger of loosing their ERDF grant. The only way to avoid decommitment is to meet the spending targets as described in the Contract.

If a Lead Beneficiary finds him/her self in a situation where significant deviations from the approved spending plan are expected, the Lead Beneficiary must immediately inform the programme secretariat of the expected deviation and the reasons for these deviations. Projects must therefore focus on meeting their annual spending targets. If these targets are met, there is absolutely no risk of decommitment.

Applicants are therefore strongly advised to prepare a detailed costed workplan before completing sections 7.1 and 7.2 of the applications form. This provides the best possible basis for estimating actual expenditure and the timing of this expenditure and will result in realistic spending targets that the project can meet.

References

- Council Regulation (EC) No.1083/2006, Article 93.

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I Financial Issues

Public Tendering

FACT SHEET NO 4

Background

During the implementation of a project, virtually all project partnerships buy products and services when e.g. hiring consultants, renting conference facilities, setting up websites, using external auditors etc. as part of the day-to-day project life. Also, it is quite common for infrastructure projects to subcontract construction work to a contractor.

Whenever purchases are made, contracts are awarded and external suppliers are involved in a project, the public tendering rules must be observed, including EC Public Procurement laws and relevant national regulation.

Guidance

Be aware that the fundamental principles in public tendering (e.g. non-discrimination, transparency) **also** apply for purchases and subcontracted activities **below the threshold values**. Basically, the only difference in the requirements for public contracts below and above the threshold are the formal set of procedures you need to go through.

The basis for the public tendering rules are the **Directives** (see below) but it is important to bear in mind that the rules may vary significantly between the countries.

The Lead Beneficiary is responsible for compliance with the public tendering procedures for the **entire partnership**. It is, therefore, strongly advisable to address this issue in the partnership agreement, cf. Fact Sheet No. 5 on the Lead Beneficiary principle and strongly advisable that you consult with the designated controller.

Central to ensuring adherence to the public tender rules is the **documentation**. Public tendering documents constitute part of the audit trail and have to be included in the audit, cf. Fact Sheet No. 12 on First Level Control. It is, therefore, essential that all documents are kept on the accounting file until the end of 2023 (c.f. (EC) 1083/2006, Art. 90).

Projects which cannot document compliance with public tendering procedures risk losing the ERDF grant.

References

- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts
- Commission Directive 2005/51/EC of 7 September 2005 amending Annex XX to Directive 2004/17/EC and Annex VIII to Directive 2004/18/EC of the European Parliament and the Council on public procurement (Text with EEA relevance)
- Directive 2005/75/EC of the European Parliament and of the Council of 16 November 2005 correcting Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts
- Appendix 11 to the Manual for 1st level control, which provides and overview of the relevant national rules and guidance

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II Partnership

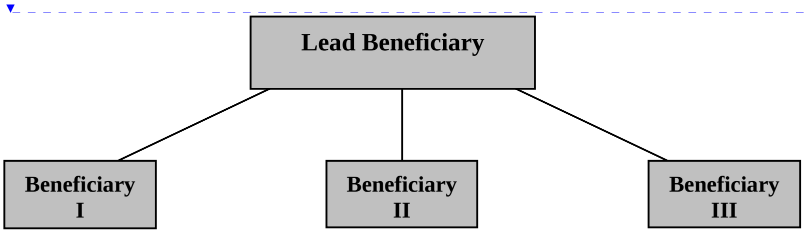
Lead Beneficiary Principle

FACT SHEET NO 5

Background

The activities of a project will be carried out by a number of partners of whom one will act as Lead beneficiary and thus form the link between the project and the programme secretariat, which acts on behalf of the Managing Authority and Paying Authority.

Slettet: The lead beneficiary must be a public or a public-similar-organisation.¶



The Lead Beneficiary and the (project) beneficiaries are considered as final beneficiary. Payments to the project must be based on expenditure actually paid out by the final beneficiary. The Lead Beneficiary will act as a link between the project (partnership) and the programme (Joint Technical Secretariat). At project level the Lead Beneficiary is the overall administratively and financially responsible body.

The Lead Beneficiary is responsible for:

- Signing a partnership agreement with all the beneficiaries, where at least the following has to be covered:
    - Provisions guaranteeing the sound financial management of the funds allocated to all beneficiaries and sub-partners;
    - Provisions securing the protection of the audit trail at all levels;
    - Arrangements for recovering amounts unduly paid.
- Appointment of a project controller,
- Delivering project reports and documentation,
- Delivering project outputs,
- Production of documents required for control and payments,
- Overall project management,
- Compliance with public tendering procedures for the entire partnership.

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 quick as possible.

References

- Commission Regulation (EC) No 1828/2006, Article 15 & EC 1080/2006 Article 20

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II Partnership

Letter of Intent

FACT SHEET NO 6

Background

Each project application that is submitted to the Programme Secretariat must include a Letter of Intent from each of the beneficiaries involved in the project. The purpose of this letter is to ensure that the necessary funding for completion of the projects is available.

The Letter of Commitment is a legally binding statement from the partners stating that the beneficiary is fully capable of participating in the project from a financial point of view and able to deliver the outputs required.

No project applications will be considered by the Steering Committee unless all Letters of Intent are in place.

In some cases further evidence of commitment will be required for example in the form of a bank guarantee.

Guidance

The Letters of Intent are legally binding documents and must consequently be signed by a person that is entitled to make financial commitments on behalf of his/hers organisation. The Letters of Intent must be issued on official paper from the partner organisation.

Each Letter of Intent must:

- State that the beneficiary is familiar with the application and accepts to be a partner in the project,
- Declare that the beneficiary is willing to fulfil his/her obligations as described in the application,
- Declare the beneficiary assumes responsibility in the event of irregularity in the expenditure declared (c.f. EC 1080/2006 Article 20.2(a)),
- In relevant cases, state that the beneficiary takes responsibility for the correct use of funding of activities carried out by partners out side eligible area (c.f. Operational Programme 5.2.3.3) and that the relevant national authorities will be informed (c.f. EC 1080/2006 Article 20.2(b)),
- State the sum of match funding that the partner will make available in accordance with the application and from which date match funding will be available,
- Mirror the funding plan in the application i.e. compliance between the amount stated in section 6.1 of the application and the amount provided as match funding in the Letter of Intent. **This is a common mistake. Please double check the figures.**

References

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(To be filled in on letterhead paper)

Letter of Intent

On behalf of XXXX I hereby confirm that XXXX will participate in the Interreg IVB project XXX under the North Sea Programme.

XXXX is familiar with all aspects of the project application regarding the Interreg IVB project XXXX and accepts to be a (Lead)Beneficiary in the project. I hereby also declare that XXXX is willing to fulfil all obligations as described in the application.

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

(**In cases, where projects have beneficiaries from countries not participating in the North Sea Programme**)

XXX takes responsibility for the correct use of funding of activities carried out by XXX (partner(s) out side eligible area) and will make sure that the relevant national authorities will be informed (c.f. (EC) 1080/2006 Article 20.2(b)).

(**For private partners**)

XXX will participate in the project in accordance with Fact Sheet No XX.

In accordance with the project funding plan, XXXX will make available Euro XXX for our participation in the project. The funding will be available from (Date).

(Date and signature and stamp)

II Partnership

Public-Private Partnerships

FACT SHEET NO 7

Background

Interreg has never been designed for traditional private sector projects, but nevertheless, private sector involvement in Interreg projects has always been possible and desirable. The scope of participation by private sector partners is significant. This Fact Sheet outlines the legal framework for private sector involvement.

The legal framework

Several options are available for the involvement of the private sector in projects under the IVB North Sea Region Programme

Public and private beneficiaries

Both public and private sector organisations such as e.g. universities, research institutes or labour market organisations can be beneficiaries and lead beneficiaries in projects under the North Sea Region programme and as such receive money from the programme.

In order to receive money the following conditions must be met:

- The organisation is a legal body,
- The organisation acts as non-profit organisation in the context of the project and operates in line with the principle of real costs – this does not exclude beneficiaries acting on a for-profit basis in other contexts. It should be born in mind that there must be a clear separation of the project costs and other non-project related costs in the accounting system,
- All project results are made available to the general public free of charge i.e. the organisation has no physical or intellectual ownership of project results or outcome. This includes an active communication strategy In relation to the projects results,
- Public tender and publicity rules are adhered to,
- In certain cases a bank guarantee may be required.

Private sector beneficiaries are subject to the same conditions as all other beneficiaries under the programme, this includes provisions for 1^{st} level control.

As a project partner the costs in terms of e.g. internal hours or overheads constitutes eligible expenditure.

The fulfilment of these requirements are essential for participation in projects as a beneficiary., There are, however, other important ways of participating as described below.

Private partners as suppliers
This is the most common way of private sector involvement as project activities are often – following a public tender process - subcontracted to contractors. Being a supplier simply means that the company/organisation delivers some goods or services and is being paid by way of an invoice.

The costs originating from suppliers constitute eligible expenditure. It is important to emphasise that private organisations, who are or have been involved in a project as a beneficiary cannot "change horses" and become suppliers in the same project.

Slettet: Private partners as "testers" of new techniques¶
This happens when a private partner is delivering new and innovative product to a project as a supplier. By delivering, the private partner, gains experience and know how in relation to the new technique, which may give him/her a competitive advantage. ¶
¶
<sp>Basically the private partner delivers a service/product to the project for which they get paid by way of invoicing the project. As in the case of suppliers in general the costs of "testers" are fully eligible.¶

Private partners as sponsors of the "public good"
Sometimes a company or a group of companies see an interest in sponsoring public goods e.g. a lighthouse or a transport corridor are both good examples of public goods. Financial contributions or contributions in kind from private partners in this context constitutes match-funding of ERDF.

Public sector projects as facilitators or providers of framework conditions
In some cases projects produces a forum for exchange of knowledge, which can benefit private sector partners. In other cases a project can contribute to a "lift" general level of competence in a given sector. In both cases the offer from the project is open for the general public and exclusion of interested parties is not possible.

Real life examples from Interreg projects of these two options are the creation of a knowledge forum for stakeholders in the windmill industry and a project promoting the use of ICT in small and medium sized businesses. In these cases the services developed and the costs associated with the development constitute eligible expenditure.

References
Council Regulation (EC) No 1083/2006, Article 2(5)

European Union The European Regional Development Fund

The Interreg IVB North Sea Region Programme

II Partnership

Sub-Partners

FACT SHEET NO 8

Background

The North Sea Region programme's general rule is to work with "full" partners only - as described in Fact Sheet No 5.

The programme will allow for full partners to work with an extra layer of partners commonly designated by the term "sub-partners".

In general sub-partners are small in size, lack the financial and organizational capacity to cope with EU funded projects and/or have specific expertise in a particular theme or work package of a project. They usually only contribute to projects through staff time.

Guidance

The rules regarding legal status and eligible activities determined for "full" partners apply equally to sub-partners. Sub-partners cannot be contractors or suppliers. The nature of the involvement i.e. being sub-partner or contractor cannot be changed during the project implementation.

Sub-partners should have a relevant role in the execution of the project activities (they can be linked to a specific work package and should have a clear budget plan) while "full" partners continue to deliver an important part of the project. A budget breakdown for each sub-partner must be included in the project application as an appendix.

Sub-partners shall be identified and clearly mentioned in the application form and the obligatory partnership convention signed between the Lead Beneficiary and the other full partners.

Liabilities

Sub-partners shall be attached to a full partner and will be legally responsible for the content of their contribution. The full partner they are attached to shall act as a first guarantor of their financial contribution towards the project/the programme.

The sub-partners should either:

a) Sign the joint partnership agreement as described in Fact Sheet No 5, or

b) Sign a contract with the full partner in which the sub-partner agree to comply with the stipulations of the overall partnership agreement.

Sub-partners are, in other words, bound by the same rules and obligations as the full project partners.

Sub-partners will not have to submit individual letters of intent, but may be covered by the overall letter of intent from the full partner. Alternatively, the sub-partner may submit its own letter of intent. The full partner can, however, base his/her letter of intent on a combination of contributions from his/her own organisation and contributions from the sub-partners.

Sub-partners are as de facto beneficiaries of ERDF funding financially responsible and liable for their share of ERDF. The grant rate for sub-partners will be the same as for the “full” partner.

Finance and control

Sub-partners shall keep a full audit trail of all invoices and expenses to support claims on the same basis as a full partner. Full partners working with sub-partners will have their sub-partners expenses controlled by their 1st level controller.

The 1st level controller shall include on the spot checks at the sub-partners premises depending on his own assessment of the situation, the nature of activities performed by the sub-partner and in line with national rules for 1st level control.

Evaluation and/or approval of sub-partners

When assessing projects the programme secretariat will evaluate on a case by case basis the status, role and number of proposed sub-partners.

The number of sub-partners shall be evaluated against the specific activities to be executed by the formal partner but should be a manageable number and, in principle, not exceed the number of full partners.

The programme secretariat retains the option of advising against the inclusion of an organisation (or organisations) as a sub-partner(s) in a project.

References

Commission Regulation (EC) No 1828/2006, Article 15

III Application & Approval

Detailed Costed Workplan

FACT SHEET NO 9

Background

All project applications under the North Sea Programme will include a detailed costed workplan in a format of section 6.1 and 6.2 of the application.

The workplan will in detail describe the activities that are anticipated in the application from a financial point of view.

One of the main purposes of a costed workplan is to demonstrate that the project applicant has thought through exactly what he/she intents to do in a quantitative way as well as the qualitative way described in the application. This is of crucial importance for the success of the project, as it introduces an element of realism into the planning of the project that will be absent without the costed workplan.

Realism in the planning of a project is important if the project is to meet the spending targets, which will be a key element of the Contract. The spending targets are a very important element of the Contract, as the fulfilment of the spending targets will make it decommitment of funds less likely. See Fact Sheet no 3 for further details of decommitment.

Guidance

The formal minimum requirements for the costed work plan are that a budget in the format included in this fact sheet is presented for each partner beneficiary in the project as well as on aggregate level for the project as such.

In addition to the budget a time schedule divided on an annual basis must be presented in the format described in the application form. Each work package must be costed on aggregate level as well as on an annual basis. This division on an annual basis will form the basis for the spending targets of the projects.

References

Apportionment of Estimated Expenditure (Section 13.1 in Application Form)

Expenditure in Euro	Lead Beneficiary	Beneficiary 2	B3	B4	B5	B6	B7	Total
1. External experts and consultants								
2. Temporary staff								
3. Permanent staff								
4. Travel and accommodation								
5. Meetings, conferences, seminars								
6. General costs (specify)								
7. Promotion and publications								
8. Material investments, including all expenditure on infrastructure (specify)								
9. Control								
10. Other (specify)								
11. Irrecoverable VAT								
12. Revenue (to be deducted)								
13. **Total eligible expenditure**								
14. Ineligible expenditure								
15. **Total expenditure (15=13+14)**								
Funding								
ERDF								
Own contribution								
Total funding								

(Section 13.1a in Application Form)

Expenditure in Euro	Sub-partner 1	Sub-partner 2	SP3	SP4	SP5	SP6	SP7	Total
1. External experts and consultants								
2. Temporary staff								
3. Permanent staff								
4. Travel and accommodation								
5. Meetings, conferences, seminars								
6. General costs (specify)								
7. Promotion and publications								
8. Material investments, including all expenditure on infrastructure (specify)								
9. Control								
10. Other (specify)								
11. Irrecoverable VAT								
12. Revenue (to be deducted)								
13. **Total eligible expenditure**								
14. Ineligible expenditure								
15. **Total expenditure (15=13+14)**								
Funding								
ERDF								
Own contribution								
Total funding								

Timing and Estimated Expenditure (Section 13.2 in Application Form)

Euro	2010		2011		2012		2013		2014		2015		Total per partner
	March/ September		March/ September		March/ September		March/ September		March/ September		March/ September		
Lead Beneficiary													
Sub-partner 1													
Sub-partner 2													
Beneficiary 2													
Sub-partner 1													
Sub-partner 2													
Beneficiary 3													
Total per year													

FACT SHEET NO 9

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III Application & Approval

Technical Assessment Process

FACT SHEET NO 10

Background

All project applications submitted by the close of the Call for Proposals the latest will be assessed following a standardized procedure. The Programme Secretariat carries out the technical assessment of the projects, according to the approved procedure and criteria, using the technical assessment forms.

Before the assessment procedure begins a letter acknowledging receipt of application is sent to the Lead Partner. If essential information is missing the acknowledgement letter informs on this as well.

The assessment procedure is split into two phases, the eligibility check and the second phase, based on the core selection criteria and the priority considerations. Prior to this standardised procedure, the secretariat offers project applicants pre-assessments of their draft project ideas.

Guidance

Pre-assessment of project drafts

Once a project idea has been outlined, project developers have the possibility to submit a 3-4 page draft with the main aim, activities and outputs of the project to the Secretariat.

Good applications need to address a range of issues and the pre-assessment gives the opportunity to receive comments on the project idea's strength and weaknesses at an early stage. The sooner this can be done, the longer partners can work on developing the idea before the actual deadline. A pre-assessment can never provide a guarantee that a project will be approved but it can improve its chances.

As the secretariat also carries out the final assessment of project applications for the Steering Committee, a separation of responsibilities between giving advice to projects and then carrying out technical assessments is required. As a result the secretariat will not carry out pre-assessments on applications that are virtually complete or once the Call for Applications has opened.

This service is in great demand and a queuing system has therefore been introduced to cope with the workload. Each project can only ask for one pre-assessment and it takes about 3 weeks to carry it out. The pre-assessments are made by the Project Development Unit that will consult a Finance Officer when a draft includes any financial issues.

Eligibility check
Only projects that have passed the eligibility check will be considered by the Steering Committee for approval or rejection. The reason for this is to make sure that projects presented to the Steering Committee meet the basic requirements of the relevant EU regulations as well as the basic requirements of the Interreg IV B North Sea Programme.

If a project fails the eligibility check, the Lead Partner will receive a letter explaining why the application is ineligible. Lead Partners of eligible projects will be informed about the outcome of the eligibility check and in addition a copy of the application is sent to the National Authority to ensure that the project is not against national policy.

Assessment against Core Selection Criteria and Priority Considerations
The Project Development Unit at the Secretariat completes the technical assessment of all eligible applications, consulting the Finance Unit on financial matters. Every eligible project is assessed against a number of Core Selection Criteria, including Measure Criteria, and Priority Considerations. (Detailed description in Application Guide)

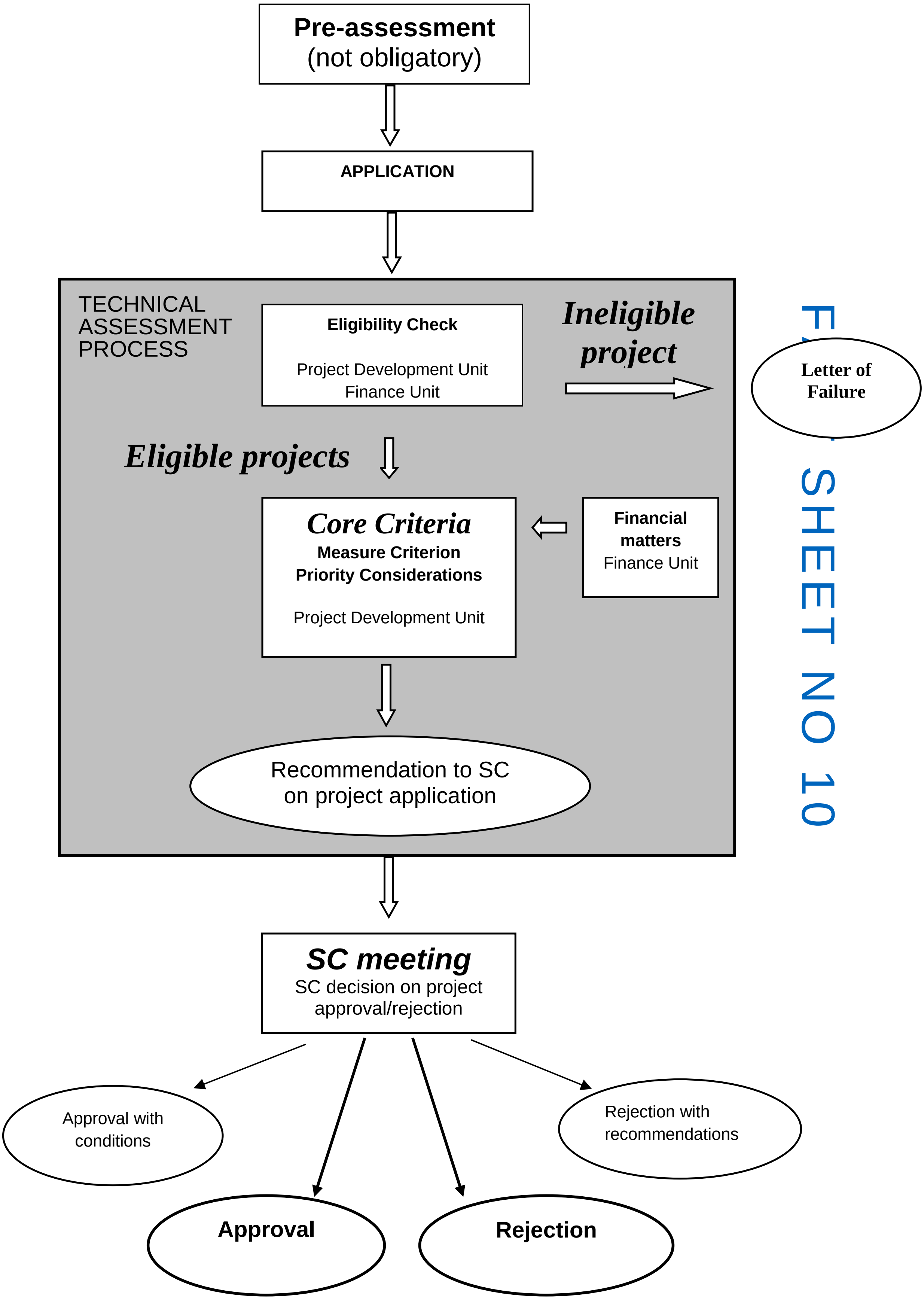
Core Selection Criteria cover the essential criteria that a project must fulfil in order to be approved. If a project is assessed as being weak in these criteria, it will be recommended for rejection. Every project has to apply under one of the programme's measures. If it relates to several, the most relevant should be chosen. The *Measure Criteria* assess the contribution that the project will make towards achieving the objectives of the relevant measure. Projects must demonstrate that they will make a valuable contribution.

The *Priority Considerations* do not refer to the Priorities and Measures of the programme but to other aspects of a project that are considered valuable. If there are more project applications which pass the eligibility check and comply with all Core Selection Criteria than the programme budget allows for, the Steering Committee can use the Priority Considerations for selecting between project proposals.

Recommendation and decision
A conclusion is reached based on the assessment described above. The technical assessment and application form of each eligible project is sent to the Steering Committee members 3 weeks before the Steering Committee meeting.

The members of the Steering Committee are guided by the secretariat's recommendations but it is the members of the committee themselves who make the final decision on a project. A project may be approved, rejected but invited to reapply, rejected or, in very exceptional cases, approved with minor conditions.

The Lead Partners of the projects considered by the Steering Committee will be informed of the Steering Committee's decision following the meeting.


Pre-assessment
(not obligatory)
APPLICATION
TECHNICAL ASSESSMENT PROCESS
Eligibility Check
Project Development Unit
Finance Unit
Ineligible project
Letter of Failure
Eligible projects
Core Criteria
Measure Criterion
Priority Considerations
Project Development Unit
Financial matters
Finance Unit
Recommendation to SC on project application
SC meeting
SC decision on project approval/rejection
Approval with conditions
Approval
Rejection
Rejection with recommendations
SHEET NO 10

IV Reporting

Indicators

Background

Indicators have been established for the Operational Programme for each priority for the purpose of measuring progress and effectiveness of its operations. They can be found in the Operational Programme following each priority description (chapter 4).

Please refer also to Appendix 4.1 of the Operational Programme for definitions and explanatory notes on indicators, targets and data collection.

Every project must provide indicators, which are used to measure performance. Progress towards achieving indicator targets must be included once a year, when requested in a periodic report and in the final report. Some indicators are the same for all projects. Other indicators will be chosen by projects to reflect the specific activities and aims of the project concerned.

Reports on the indicators will be used to assess the progress of the individual project and the programme as a whole. Selecting the appropriate indicators is one of the core criteria for approval of projects.

Guidance

Projects must supply indicators for outputs and results.

1. **COMPULSORY INDICATORS**
   These indicators <u>must be established for every project</u>, that is, it is compulsory to relate to each indicator and, if relevant, specify the exact indicator description regarding what you intend to measure.
2. **GENERIC INDICATORS**
   These indicators <u>are potentially relevant for every project</u> as they relate to activities cutting across all priorities.
3. **PRIORITY INDICATORS**
   It is <u>compulsory to establish at least one output and one result indicator</u>. If the priority indicators listed in the table do not suit the planned activities, outputs and results, additional indicators may be established. However, this must be duly justified!
   Indicators from priorities other than the one targeted by the project may also be chosen, as relevant. This is important as it shows the interrelation of the projects and priorities and the project's wider contribution to the programme objectives.

Indicators are quantitative and should be regularly monitored to check progress towards targets. For this reason, projects should avoid having too many indicators.

It is also important that the indicators selected are:

- **Relevant**: Will the indicators measure all of the project's key activities?
- **Specific**: Is it clear exactly what will be measured, in what geographical area measurements will be made, what units (number, euros, km) will be used?
- **Measurable**: Will the project be able to collect accurate information to measure progress towards the targets set? The information required for measurements should be quite easy to collect.

The value for the indicators at the start of the project is called the **baseline**. It will often be zero and will only increase as the project progresses – e.g. number of reports produced. Sometimes, however, if you measure something that already exists (number of people employed in an area), the baseline figure will not be zero.

Each indicator must also have a **target**. This is the figure that the project expects to reach at the end of its activities. Normally it can be expected that the figures reported at the end of the project will be roughly identical to the targets set at the start. Any significant difference between these two figures will require explanation – especially of course if the project has underperformed.

Finding further information

See the Indicator Appendix for the Application Form and Guide for the indicators all projects must report on. Please refer also to Appendix 4.1 of the Operational Programme for definitions and explanatory notes on indicators, targets and data collection.

Please contact the secretariat if you need further guidance on indicators.

IV Reporting

Change of Budget

FACT SHEET NO 12

Background

As part of their application for support under the Interreg IV B North Sea Programme, all applicants are requested to submit a detailed budget that corresponds to the activities described in the application. When the individual project is approved by the Steering Committee, this approval covers the activities and budget described in the application. The approved budget can be found in the Contract.

In some cases changes to the original budget are, however, necessary e.g. if control costs exceed the funding set aside for that purpose.

Guidance

The total eligible budget of the project **cannot** be changed. No change of budget can reflect a change of aims or objectives of the project.

- **Minor changes – Up to 10% of an individual budget line or 10% of the overall eligible expenditure**
  The Lead Beneficiary can build in minor changes in the budget presented to the Secretariat in the periodic reports. The Secretariat must, however, receive with the given periodic report, a budget change request, where the changes must be sufficiently explained.

  Provided the proposed changes are acceptable in terms of eligibility and compliance with the approved project application, the Secretariat will confirm the new budget in writing to the Lead Beneficiary. Otherwise, periodic report will be paid based on the most current budget and overspendings on budget lines will be deducted.

- **Major changes – More than 10% of an individual budget line or 10% of the overall eligible expenditure**
  In order to carry out major changes in the budget, the situation in which the project operates must have altered. On the basis of this new situation the Lead Beneficiary must be able to justify that the proposed changes are imperative to the achievement of the original output and outcome of the project.

Finance Unit and Project Development Unit can request additional information on the proposed changes.

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www.northsearegion.eu

Note

- Any changes to the budget require approval in writing from the Secretariat.
- Major changes involving a shift of money from “external costs” e.g. “Control” or “Promotion and publications” to “Permanent staff” are normally not accepted.
- The guidance above does not cover changes in funding plan/the financial split between partner beneficiaries.
- Whenever changes are made to the budget, whether minor or major, the Lead Beneficiary must provide a new version of section 6.1 of the original application. For comparison old version and net changes in the same format must be submitted as well.
- Any changes to budget line 8, ‘Infrastructure Investments’ on partner level require resubmission of the relevant appendix of the application for written approval.

IV Reporting

Control and reporting

Background

The purpose of this Fact Sheet is to give an overview of the 1st level control system and to introduce the most important procedures. More detailed information on the procedures, documents, checklists, reporting forms etc. referred to in this fact sheet can be found in the Manual for the 1st level control.

In many respects, the control and reporting procedures are similar to the set up known from the IIIB programme but there are important differences to note including new standard procedures to follow. These new standard procedures have been introduced to strengthen the efficiency and transparency of the first level control system.

A project controller must be appointed right from the start of the project. The project controller (also known as the 1st level controller) is the controller of the Lead Beneficiary. In addition to be controller of the Lead Beneficiary, the project controller also checks and signs off the consolidated claims for payment on behalf of the entire partnership. To enable the project controller to sign off the claim on behalf of the entire partnership, each beneficiary, participating in the project, regardless of its size, must have a 1st level controller appointed. All 1st 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 described below.

Also be aware that the 1st level controllers have to accept to control the project towards the Interreg secretariat before the Contract can be considered valid.

Guidance

Designation procedure:

A standard procedure must be followed when appointing a 1st level controller for a beneficiary. This includes using a checklist which must be filled in by the proposed controller and sent to the designation body whose responsibility it is to designate or reject the proposed controller. Except n Sweden, in which a centralised 1st level control system is set up, this designation procedure must be followed in all countries participating in the programme. The Swedish National Authority, NUTEK, will automatically inform the Swedish beneficiaries on the 1st level controller appointed for Swedish beneficiaries.

The options for selecting the 1st level controller vary significantly between the countries and it is therefore important that each beneficiary consults national requirements in this respect.

Scope of Controlling and use of standard forms and checklists

All projects must report on activities and expenditure twice a year. In each case all beneficiaries are subject to a control. Standard reporting forms are available and must be used by each beneficiary. Likewise, standard checklists must be used by each 1st level controller. The standard reporting forms are designed to ensure that the secretariat gets the necessary information to monitor the project implementation.

The checklists are designed to ensure that the control covers all requirements of the control. It is very important to bear in mind that the scope of the control is not limited to administrative desk checks of e.g. invoices, timesheets, calculations and the reliability of the financial system. The checks must also include on-the-spot checks of project related activities and check of compliance with community and national rules on e.g.:

- eligibility rules,
- publicity requirements,
- public tendering procedures,
- compliance with EU environmental policies and rules on equal opportunities.

For further information and guidance on controlling of the Lead Beneficiary and the other beneficiaries, please consult the Manual for the 1st level control.

Division of work between the first level controller and the beneficiary

Good public auditing practice requires that the responsibility between the management and the controller is well defined. The point of departure is that the management is responsible for and in charge of preparing the statement of accounts and all other relevant documentation. It is, on the other hand, the controller's responsibility to make an assessment of how the management of an agency has managed this task. Further information about this division of work can be found in the Manual for 1st level control.

Irregularities

If the controller detects irregularities, the secretariat and the Certifying Authority must be notified in writing immediately.

Control must cover all beneficiaries

It is essential that all beneficiaries are included in all interim claims. This is to ensure a proper and full monitoring of the project implementation. Equally important, to avoid decommitment of programme funds all eligible expenditure must reported at each reporting round.

Control costs

At each reporting round each beneficiary must be controlled. It is crucial to make sure that a sufficient amount is set aside in the project budget for control. It is important in this context to take note of the scope of the control requirements Costs for the 1st level control of the Swedish Lead Beneficiaries and Beneficiaries should not be budgeted for as they will be paid by the Swedish National Authority.

Retaining Documents

The Manual for 1st level control outlines the requirements for the safekeeping of accounting and other important documents. Suffice here it is to state that all accounting evidence must be kept on the accounting file until the end of 2023.

Change of a First Level Controller

If an approved 1st level controller stops before the end of the project, the controller must contact the new controller and inform him/her why he/she is no longer the controller for the project. A change of a 1st level controller, can only take place in accordance with the procedure described in the Manual for 1st level control.

References

Manual for 1st level control

European Union The European Regional Development Fund

The Interreg IVB North Sea Region Programme

IV Reporting

Publicity Requirements

FACT SHEET

Background

Publicity and communications measures referring to the Interreg IVB North Sea Region Programme for the 2007-2013 programming period fall under Article 69 of the European Council Regulation (EC) No 1083/2006 and Chapter 2, Section 1 of the European Commission Regulation (EC) No 1828/2006.

Commission Requirements

The Regulation (EC) No 1828/2006 states that all communication measures aimed at beneficiaries, potential beneficiaries and the general public must include the EU flag, a reference to the European Union and the fund concerned (ERDF), as well as a statement chosen by the Managing Authority.

In the case of the North Sea Region Programme this function has been delegated to the programme secretariat. The programme statement is: 'Investing in the future by working together for a sustainable and competitive region.'

The Structural Funds regulations emphasizes the role of the Member States in relation to informing beneficiaries, potential beneficiaries and the general public of the role played by the European Union in regional development.

Slettet: For more information on the requirements regarding references on e.g. billboards, please consult Chapter 2, Article 8 of Regulation (EC) No 1828/2006.¶
¶

Programme Requirements

All projects under the North Sea Region Programme 2007-2013 are required to draft and adopt a Communication Plan. The plan should reflect and be relevant for the entire time period which the project will receive part funding from the European Commission through the North Sea Region Programme.

The Communication Plan should clearly indicate how the communications aim and objectives as stated in the plan will bring added value to the project and how the strategy of the plan will help to achieve this.

The plan should have a budget and explain the connection between the proposed measures and activities and the budget. The target groups of communications as well as measures and initiatives they refer to in the plan should be clearly defined. The responsibilities to carry out the different parts of the plan should be clearly defined. The Communication Plan should indicate how and when the plan will be evaluated and revised.

The Communication Plan must not in any way contradict Article 69 of the European Council Regulation (EC) No 1083/2006 or Chapter 2, Section 1 of the European Commission Regulation (EC) No 1828/2006.

The Communication Plan should be consistent with and not contradict measures and other statements and references to communications made in the Application Form of the project.

A Communication Plan guidance has been written by the North Sea Region Programme and is available as a download through the Programme website. Projects are recommended to read the guidance before drafting a Communication Plan for the project.

Programme Logo Requirements
All publicity materials including websites and related media commissioned and produced under the responsibility of a North Sea Region Programme should have a reference to the Programme, including the Programme statement.

The graphical guideline of the North Sea Region Programme should be followed when publicising the Programme logo and related materials. The guideline can be downloaded from the North Sea Region Programme website.

European Commission Technical Guidance

The official European colours are Pantone Reflex blue and Pantone Yellow 2C.

While respecting certain principles, you may use this emblem in a number of different ways:

- **Reproduction on a colour background**: preferably, the symbol should be placed on a white background. Avoid a wide variety of colours and in particular, those which do not complement the blue. In situations where it is impossible to avoid a colour background, the rectangle should be encased in a white border, the thickness of which is equal to one twenty-fifth of the height of the rectangle,
- **Reproduction in white and blue**: reflex blue should be used and the stars placed in white,
- **Reproduction of documents in black and white**: in this case the flag should be depicted as black stars on a white background.

Download the flag in the different formats:
http://ec.europa.eu/regional_policy/sources/graph/embleme_en.htm

References

- Commission Regulation (EC) No 1828/2006, Chapter II, section 1 on information and publicity measures to be carried out concerning assistance from the Structural Funds: http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_371/l_37120061227en00010163.pdf
- The European Commission's website with guidance on the use of the EU emblem: http://europa.eu/abc/symbols/emblem/index_en.htm
- The North Sea Region Programme 2007-2013 website: http://www.northsearegion.eu

IV Reporting

Preparation Costs

FACT SHEET NO 15

Background

Costs for developing new projects and preparing project application material are eligible under the North Sea Programme. A specific set of rules regarding the eligibility of these costs have been decided by the Monitoring Committee of the programme.

Guidance

Preparation costs are eligible provided:

- The costs are eligible according to the relevant EU regulations and directly connected with the development of the project,
- The project is subsequently approved by the Steering Committee,
- The costs have been incurred not more than 12 months before the application is received by the Secretariat but not before 1 January 2007. For projects which are not approved in the first case and who subsequently reapply, the eligibility date is 12 months before the first application,
- The costs must be declared on the attached form for preparation costs and the form must be signed by the Lead Beneficiary and verified by the project controller.

The grant rate for preparation costs is 50% of the total eligible costs of preparing the project application. All grants for preparation costs are subject to a common ceiling of Euro 20.000 in assistance (ERDF) or 2% of the total eligible project-budget, which ever is the lower amount.

Examples of activities that would be eligible as preparation costs:

1. Consultancy costs concerning tasks that:
   - Cannot be carried out by the project partners due to lack of capacity or knowledge,
   - Form part of the project application (only a part of the total work related to the application can be carried out by consultants).

2. Translation costs concerning:
   - Papers which are necessary for the project application,
   - Translation made into English.

3. Travel and accommodation costs for an international meeting concerning:
   - One meeting,
   - Setting up the project application.

Examples of activities that would not be eligible as preparation costs:

- International partner search,
- Preparations by negotiations about the purchase of land, obtaining of permits etc,
- Salary costs,
- Translations into languages other than English.

COMPILED DECLARATION OF PREPARATION COSTS

Filing No:		Project title:	

FACTSHEET No 15:
When making the declaration for preparation costs the specific rules outlined in FACTSHEET No 15 must be adhered to. Each beneficiary (including the Lead Beneficiary) claiming preparation costs must complete this form and have it signed by its own controller. The Lead Beneficiary must submit a compiled form that includes all beneficiaries and have it signed by the project controller.

	Euro
Consultancy costs	
Translation costs	
Travel and Accommodation	
Other preparation costs *)	
Total preparation costs	
Total ERDF claimed **50%**	

Other costs must be specified, otherwise they will not be considered eligible.

Signatures:

Lead Beneficiary: ....

Project Controller: ....

FACT SHEET NO 15

DECLARATION OF PREPARATION COSTS FOR INDIVIDUAL BENEFICIARIES

Filing No:		Project title:	

FACTSHEET No 15:
When making the declaration for preparation costs the specific rules outlined in FACTSHEET No 15 must be adhered to. Each beneficiary (including the Lead Beneficiary) claiming preparation costs must complete this form and have it signed by its own controller. The Lead Beneficiary must submit a compiled form that includes all beneficiaries and have it signed by the project controller.

	Euro
Consultancy costs	
Translation costs	
Travel and Accommodation	
Other preparation costs *)	
Total preparation costs	
Total ERDF claimed **50%**	

Other costs must be specified, otherwise they will not be considered eligible.

Signatures:

Beneficiary: ....

Controller: ....

FACT SHEET NO 15