

## Fact Sheet 01: General rules on eligibility

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

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

### Only approved activities are funded

Only costs that are directly linked to the budget and the activities in the approved application can be reimbursed. Expenditure incurred for activities which are not specifically covered or logically linked to activities in the approved application is ineligible. If you wish to carry out other activities, you must apply to the programme to change your application (see Fact Sheet 25).

### All costs are co-financed at 60 % and 50 %

Project partners incur project related costs and report those to the programme. The programme will, subsequently, reimburse 60% of the costs for partners located in an EU Member State (ERDF funding) and 50% of the costs for Norwegian partners (Norwegian funding). The remaining part is covered by the partner. In-kind contributions are **not** eligible in the North Sea Programme.

### Only partners included in the application can receive funds or provide co-financing

Only partners included in the application can receive funding and/or provide co-financing to the project. The only exception from this general rule is cases where national funding is granted to project partners for the purpose of co-funding. Sub-contractors that have been selected according to the relevant procurement rules are not partners and should not be named in the application.

## Funding is reimbursed and never paid in advance

Costs must relate to activities that have already taken place. It is not possible to report costs that have been paid in advance for activities that will be delivered or carried out at a later stage, unless such advance payments are proportionate to total contract value and the norm in the market concerned. It is the partner's responsibility to provide evidence of this e.g. during control or audit. Similarly, no advance payments are made to projects by the programme.

## All costs must relate to the eligible period

All project costs must be incurred within the eligible period, as defined in the latest signed version of the project contract. The start date is defined as the date of project approval. 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 project's eligibility 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 reports on activities and expenditure (this includes costs for 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.

## In general, funding is only available for partners and activities located in the North Sea programme area

As a general rule, all partners must be located in the North Sea Programme area. There is a list of the NUTS regions included in the Interreg Programme covering the North Sea Programme, which can be found on the programme website. However, there are exceptions to this general rule (see Fact Sheet 17). Moreover, all activities should also take place inside the North Sea Programme area, but there are also a number of exceptions to this rule (see Fact Sheet 17).

## The programme only reimburses costs that a partner has incurred 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 be defrayed (based on invoiced costs that have already been paid). All partners must keep evidence of this for all costs.<sup>1</sup> Fact Sheet 13 contains guidance on the types of evidence to keep and how long it has to be kept.

## If a project receives any income in relation to the project activities these must be deducted from the costs claimed

In general, all revenue generated by project activities must be deducted from the costs declared. Common examples include entrance fees for events, charges for books and publications, etc.

## Activities included in the project can only receive one EU grant

If a partner claims costs from the North Sea programme, they cannot receive support for the same costs from any other EU fund or EU instrument. If a partner is involved in related projects or the funded project forms part of a larger initiative, it must be made clear in the project application which activity/ies are funded by which fund/ programme. Likewise, during implementation separate project accounts must be maintained, which clearly show the activities funded by the North Sea programme.

## 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 objectives.

## 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 partner (“applicable law”).<sup>2</sup> National rules only apply when eligibility rules are not available for a particular type of cost in either the regulations or the programme rules. If, however, national rules are stricter than EU or programme rules, the national rule should be applied.<sup>3</sup>

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<sup>1</sup> 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 8).

<sup>2</sup> Article 2 of Regulation (EU) No 2021/1060 (the Common Provisions Regulation).

<sup>3</sup> This is known as the hierarchy of rules laid down in Article 18(3) of Regulation EU No. 1299/2013 and repeated EU Regulation 1059/2021 governing the 2021-2027 Interreg period.

## Shared costs

All partners in a project contribute to the joint development and implementation of the project. For this reason, the North Sea Programme accept shared costs. Costs categorised as shared varies from project to project, however, one common expenditure type is the overall project management. Cost for the joint project management is initially paid by the lead partner but the co-funding of this expenditure should be proportionally match-funded by the individual partners.

Costs categorised as shared in a project partnership are not reported as shared costs to the programme. This means that while the costs that constitute shared costs can be claimed by the partners that incurred the costs, the arrangements for calculating and keeping track of the shared costs are handled outside of the programme reporting setup. The normal eligibility rules apply to this type of costs, i.e. only incurred, paid and documented costs can be reimbursed by the programme.

Shared costs are often subject to discussions and sometimes disagreements in the partnerships and **it is essential that this subject** is addressed in the partnership agreement. The agreement should address both how the costs are shared and paid but also what happens if a partner is unable to cover their part of the shared costs.

## 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 eligible<sup>4</sup>:

- I. Fines, financial penalties and expenditure on legal disputes and litigation
- II. Costs of gifts (in any amount)
- III. Costs related to changes in currency exchange rates
- IV. Value added tax ('VAT'), except:
  - for operations the total cost of which is below EUR 5 000 000 (including VAT);
  - for operations the total cost of which is at least EUR 5 000 000 (including VAT) where it is non-recoverable under national VAT legislation<sup>5</sup>
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## References

- Interreg regulation (EU) no 1059/2021 Article 37-44
- Common Provisional Regulation (EU) No. 1060/2021

<sup>4</sup> Interreg regulation 2021/1059 Article 38(3)

<sup>5</sup> Common Provisional Regulation EU No. 2021/1060 Article 64(1(c))

## Fact Sheet 2: Staff costs

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	
Version 2	28.06.2022	-	Hourly rate for Denmark has been updated.
Version 3	01.11.2022	-	Updated hourly rate for the Netherlands has been updated.

### 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.

### Background

Staff costs represent a major part of the costs claimed by most projects; therefore, it is 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 eligible. It is also important to remember that:

- Staff costs must result from approved project activities
- Only staff employed by a partner can report staff costs.

### Gross employer costs

Gross employer costs are defined as the direct costs an employer pays to employ an individual. In the context of Interreg projects, however, the gross employer costs shall, in accordance with Article 39 of the Interreg Regulation, be limited to the following:

- *"Salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment or work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned;*

- *any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council<sup>27</sup>, provided that they are:*
  - *fixed in an employment document or by law;*
  - *in accordance with the legislation referred to in the employment document and with standard practices in the country or the organisation where the individual staff member is actually working or both; and*
  - *not recoverable by the employer<sup>1</sup>."*

## Full time project staff and part-time project staff

Staff members can be divided into three categories:

1. Staff members working full time on the project
2. Staff members working part time on the project with a fixed percentage of time allocated to the project
3. Staff paid by the hour

There are different documentation requirements for each of the categories.

### 1. Eligible costs and documentation for full time staff

Staff costs = Gross employer costs

The employer must issue for each employee a document that sets out the full time being used on the project, e.g. as part of their contract<sup>2</sup>. 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 employer.

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

Staff costs = Gross employer costs x fixed percentage

The employer must issue for each employee a document that sets out the percentage of time to be used on the project, e.g. as part of their contract<sup>3</sup>. 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

<sup>1</sup> For example, if the partner can get an employee's short term sick leave reimbursed from another source (national agreement).

<sup>2</sup> Common Provisional Regulation No. 2021/1060 Article 55(5)

<sup>3</sup> Common Provisional Regulation No. 2021/1060 Article 55(5)

written agreement with the employer.

### 3. 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). The timesheet is normally signed by the employee and his/her immediate superior. For one-person companies or in cases where there is not superior to refer to, it is sufficient that the timesheet is signed by the employee.

#### Additional points and clarifications

- Staff costs must be calculated individually for each staff member.
- Any bonuses or salary increases resulting from involvement in an EU co-financed project must be evaluated against the principle of sound financial management.<sup>4</sup> 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 (see Fact Sheet 4).
- 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.
  - In all such cases it must be documented that the employee has been absent due to illness. There are no formal requirements for this documentation, but at a minimum the employee must have reported ill and registered this in the organisation's time registration system.
- 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.

#### Cases where there is no employment contract

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 self-employed, entrepreneurs, working cooperatives, etc. but **not** for volunteers or interns.

If the other options for handling staff costs described above cannot be used or do not apply, the costs for a

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<sup>4</sup> Part of this must include an assessment of whether special qualifications, new tasks, etc. are required,

partner'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 (see the table below for specification per country).

This option for handling staff costs is limited to a maximum number of eligible hours per month, depending on the country in which the partner is located (see the limitations in the table below.)

The hours must be documented in the time registration system (using timesheets or the equivalent). This time registration must be verifiable and must specify for the individual staff member the actual number of hours spent on the project.

<b>Country</b>	<b>Hourly rate</b>	<b>Maximum working hours (if any)</b>
Belgium	N/A	N/A
Denmark	49 EUR	160 hours per month
France	N/A	N/A
Germany	33 EUR	100 hours per month
Norway	N/A	N/A
Sweden	N/A	N/A
The Netherlands	47,83 EUR	1720 hours per year



## Seconded staff

The salary cost of staff seconded by a third party to a partner organization in order to execute project activities is eligible provided that the partner pays a non-profit rate to the third party. The staff cost methodology mentioned previously in this paper has to be applied when establishing the cost of the seconded staff.

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.

This is also applicable in situations where a cooperation of public organisations seconds staff to these public organisations, or vice versa: where public organisations second staff to a joint cooperation.

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

## References

- Interreg Regulation No. 2021/1059 Article 39 (Staff costs), however limited within the scope of Article 38 of the same regulation.
- Common Provision Regulation No. 2021/1060 Article 55(5)

## Fact Sheet 2a: Staff costs in Flanders-Belgium

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	08.11.2022	n/a
Version 2	09.11.2022	-	Switch from an hourly based standard calculation method to a monthly based system for regular staff.

### CORE MESSAGE

The Flemish authorities (Flanders Innovation & Entrepreneurship) have put in place a mandatory standard system for calculating “regular” staff costs. Separate programme rules apply for staff without an employment contract. This system applies to partners 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 in Belgium.

### Rationale

The mandatory calculation method works according to a monthly based logic instead of an hourly basis that varies as was the case in the previous programming period.

Beneficiaries covered by this fact sheet shall apply the described method to calculate and report the overall gross employment cost for staff being reported on their project.

This method applies both to staff working full time (category 1) or part time with a fixed percentage (category 2) on a project.

A number of previous and standard North Sea programme provisions for staff continue to apply.

### How to determine a person’s gross monthly employment cost

Step 1: identify the person’s gross monthly salary via the person’s monthly pay slip. Only the amount referred to under the header “gross salary” must be used. No other salary costs may be included in this amount. The factor in the next step will cover all additional salary costs legally covered by the employer.

Step2: apply the factor 1,7 to the identified amount. You now know the person’s gross monthly employment cost.

Step 3: apply the relevant FTE % for Interreg project activities as fixed in the task assignment letter

Step 4: you know now the eligible staff costs for this month

Example

1	Employee gross monthly salary (A)	3.000
2a	Factor covering employer's contributions (B)	1,7
2b	Total monthly salary costs (C)	5.100
3	Fixed percentage of time per month for the project (D)	60%
4	Eligible staff costs:	3.060

### Supporting evidence

The following **supporting evidence** is required

- Mission/task assignment letter or equivalent written agreement between the employer and employee. This letter or agreement should stipulate:
  - the assignment % of the employee on the project
  - a description of the main role(s), tasks, responsibilities... of the employee regarding the project
  - the assignment % on other EU funded projects (if applicable)
- Pay slips (1 per month covered)

No registration of working time (time sheets) is required since the amount of time worked on the project is fixed in the written agreement with the employer

### Further **points of attention**

- Given their central role in the calculation described above, it is key to run a good filing system for the pay slips that will be used throughout the project.
- As far as not foreseen by programme tools, we also recommend to keep an overview table specifying per month the calculation of the monthly employment costs for each employee on the project;
- Beneficiaries are further reminded of the importance of organising a transparent and consistent audit trail for persons working on several EU funded projects. This in view of mitigating risks related to possible double funding.

### Changes to or updating the fixed %

The implementation of projects is a dynamic process. Events along the way will prove whether ex-ante estimates on staff time needed to implement each project stage are sufficiently robust. Even roles of staff involved may evolve over time.

It is therefore possible to adapt the % of staff working on the projects and eventually even the related tasks of a person if necessary.

This requires an adapted or new mission/task assignment letter as described above.

In view of counterbalancing the administrative burden for all bodies, we recommend not to change these elements lightly.

We recommend to privilege the six monthly reporting cycle to determine whether any updates or changes are needed for the upcoming reporting period.

The approved staff budget remains anyway the starting point of what beneficiaries can claim.

### North Sea programme provisions that continue to apply

- Staff costs must be calculated individually for each staff member.
- Any bonuses or salary increases resulting from involvement in an EU co-financed project must be evaluated against the principle of sound financial management (Part of this must include an assessment of whether special qualifications, new tasks, etc. are required). 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 (see Fact Sheet 4).
- In the event of sickness, holiday, maternity leave, etc. working time can sometimes be charged to the project proportionally if they are non-recoverable by the employer:
  - For a full-time employee 100% of the working time 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.
  - In all such cases it must be documented that the employee has been absent due to illness. There are no formal requirements for this documentation, but at a minimum the employee must have reported ill and registered this in the organisation's time registration system.

### Particular categories of staff

**Seconded staff (Detachering)** The salary cost of staff seconded by a third party to a partner 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 partner bears the salary cost itself. If the partner 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 monthly 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.



**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 prove 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.

### Further information

Please refer to the Flemish national contact point or Flemish MC representative in case of further detailed or interpretation questions.

Eventual updates on this fact sheet will also be announced and published via the Interreg specific pages of the VLAIO website.

## Fact Sheet 03: Office and Administration

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### 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 seen as a reasonable rate, which should avoid the administrative efforts and potential errors involved in trying to report all real costs for overheads.

### 15 % flat rate

All office and administration costs (overhead or indirect 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, these will be reimbursed based on the grant rate applicable to the individual partner.

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

### Summary

All office and administration costs are calculated as:

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

### Audit trail

Costs for “office and administration” are not documented directly but depend on the documentation of staff costs (see Fact Sheet 2). When controlling other budget lines, however, Controllers **must ensure** that no costs that should have been reimbursed as part of the flat rate have been included. Those costs are limited to the following items<sup>1</sup>:

<sup>1</sup> Interreg Regulation No. 2021/1059 Article 40



- Office rent
- Insurance and taxes related to the buildings where staff are located and to the equipment in the office (e.g. fire, theft insurance)
- Utilities (e.g. electricity, heating, water)
- Office supplies
- Accounting
- Archives
- Maintenance, cleaning and repairs
- Security
- IT systems
- 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 that are **essential for the project** and that are not part of the standard office set-up of the partner can be reported under the budget line for equipment. These must be specified in the application.
- Costs for external Controlling (previously known as First Level Control) can be included under the external expertise and service budget line. This does not apply in Sweden where Control is provided **only** by Tillväxtverket, free of charge.

## References

- Common Provisional Regulation No. 2021/1060 Article 54(b)
- Interreg Regulation No. 2021/1059 article 40

## Fact Sheet 4: Travel- and accommodation costs

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

Travel and accommodation costs are rarely problematic provided that they are (i) limited to staff working for a project partner (ii) are clearly relevant to the project (iii) respect the principle of value for money. There are, however, additional requirements for costs which do not meet all of these criteria.

### Background

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

### Who can report travel and accommodation costs?

In general, travel and accommodation costs can only be reported for staff employed by a partner 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 seminars for Controllers or reporting workshops.

Travel and accommodation expenses of external experts and service providers can also be reported to the programme provided there exists a written agreement (e.g. contract or the equivalent) and that all travel expenses reported 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 that apply to regular project staff. These costs should be reported under the cost category '**External expertise and service**<sup>1</sup>'. An example of this is travel costs of an expert speaker invited to present at a project conference.

<sup>1</sup> Interreg Regulation No. 2021/1059 Article 41(3)

## Which costs can be reported?

Costs that can be reported is limited to:

- Travel-related (e.g. plane and public transport tickets, travel and car insurance, fuel, car mileage, tolls, and parking fees. Note: parking fines and speeding tickets are **not** eligible)
- Meals
- Accommodation (e.g. hotel room)
- Visa fees
- Daily travel allowance (in line with the written rules of the partner organisation)

It must be ensured that free services (e.g. accommodation provided by an event organiser, meals served free of charge, etc.) 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 partner organisation. No double funding of such costs is allowed.<sup>2</sup>

## 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. Under no circumstances will the programme cover the travel costs of spouses or other family members.
- Transport and accommodation choices should always respect the principle of value for money and should make use of the most cost efficient option for every journey unless otherwise stipulated in the standard rules of the organisation in question.
- Travel and accommodation costs can only be reported for people directly relevant to project activity delivery. The partner must be able to justify the number of people attending the event (for example, a conference/seminar) and the number of days away from the office. It is only possible to claim costs/expenditures 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 during a trip 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.

## References

- Interreg Regulation No. 2021/1059 Article 41

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<sup>2</sup> Interreg Regulation No. 2021/1059 Article 41(2)

## Fact Sheet 5: External Experts and Services

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### 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 project partners 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 and all costs for external expertise and services provided by a public or private body or an individual outside of the partner organisation belong in this cost category. These rules also apply to costs for Controllers, when these are paid by the partner and are external to the partner organisation. 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

- All partner 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 be in Fact Sheet 12 - Tendering Procedures.
- The work carried out by external experts and service providers must be directly related to the project. Examples include technical experts, communications support, Controllers, and/or project management support.
- The costs of the services must always be proportionate to the value added to the project.

- If (in exceptional cases), as part of a project, a partner provides a service to another partner for payment, all such transactions must be based on a zero-profit basis and can only reflect the actual costs incurred by the service provider.
- Partners and inactive partners of a project are **not permitted** to bid on contracts offered by that project and its partners.
- If a partner organisation has relevant framework contracts in place, these may be used, provided that the framework contracts have been subject to public procurement rules.

## Detailed rules<sup>1</sup>

External expertise and service costs shall be limited to the following services and expertise provided by a public or private legal body or a natural person other than the partner and all partners involved in the project:

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks)
- training
- translations
- development, modifications and updates to IT systems and website
- promotion, communication, publicity, promotional items and activities or information linked to the project
- financial management (not covered by in-house staff)
- services related to the organisation and implementation of events or meetings (including rent, catering or interpretation)
- participation in events (e.g. registration fees)
- legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- intellectual property rights
- Control costs<sup>2</sup>
- the provision of guarantees by a bank or other financial institution where required by European Union or national law or in a programming document adopted by the monitoring committee
- travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- other specific expertise and services needed for operations

## Additional specifications

- All costs related to external experts (including, for example, their travel and accommodation expenses) must be reported under this 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 costs budget line.

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<sup>1</sup> Interreg Regulation No. 2021/1059 Article 42

<sup>2</sup> Interreg Regulation No.2021/1059 Article 46(6)



- Any contract extensions or offers of additional contracts to the same supplier must also comply with all European Union, national and organisational procurement rules.
- Rules on costs for alcohol vary from country to country. Some countries do not consider costs for alcohol to be eligible expenditure. Check your national rules!

## References

- Interreg Regulation No. 2021/10592021 Article 42

## Fact Sheet 6: Equipment

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

Costs for equipment 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 equipment budget and associated costs must be essential for the delivery of the approved project. Expenditure under this budget line, therefore, needs to be itemised in the approved project application so that the relevance of each item can be assessed. Costs related to equipment purchases that are (i) not covered in the application or (ii) approved subsequently as part of a change are ineligible.

### Cost items

In accordance with the applicable regulation<sup>1</sup> costs for equipment purchased, rented or leased by the project partner shall be limited to the following:

- office equipment
- IT hardware and software
- furniture and fittings
- laboratory equipment
- machines and instruments
- tools or devices;
- vehicles
- other specific equipment needed for operations.

<sup>1</sup> Interreg Regulation No. 1059/2021 Article 43

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. These items fall under the office and administration flat rate (see Fact Sheet 3).

### Full purchase cost vs. depreciation

In some cases, the accounting rules will not permit the full value of a piece of equipment to be claimed at once (this also covers purchase of second hand equipment). Instead, it is necessary to depreciate the value of the piece of equipment over a period of years. If this is the case, and the item has not been fully depreciated by the end of the project, only the depreciated value is 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 partner before project start but which is still being depreciated in the partner's accounts according to the relevant rules, the programme may fund the amount depreciated on the equipment for each year of the project.

In general, depreciation costs may be considered eligible and can be reported to the programme if<sup>2</sup>;

- No other assistance has been received for it from the Interreg funds or other European funds (See Fact Sheet 1 – double funding)
- The price does not exceed the generally accepted price on the market in question
- It has the technical characteristics necessary for the project and complies with applicable norms and standards.

The amount charged to the project should correspond to the amount of time in which 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.

### 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.

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<sup>2</sup> Interreg Regulation No. 1059/2021 Article 43(2)



This must be verified in the project's records.

## References

- Interreg Regulation No. 1059/2021 Article 43

## Fact Sheet 7: Infrastructure and works

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

In rare cases projects funded under the North Sea Programme will have activities that incur costs categorized as infrastructure and works. This fact sheet outlines the basics on the eligibility of these costs.

### Background

The budget line 'infrastructure and works' covers planned costs and expenditure linked to the planning and execution of permanent buildings and/or installations. It is expected that costs incurred under 'infrastructure and works' will be limited for the majority of projects funded under the North Sea Programme.

Due to their size, costs considered relevant under this budget line will require approval by the programme's Monitoring Committee. In practice this means that all costs related to activities that fall under 'infrastructure and works' should be planned ahead and included in the project application form.

### Cost items eligible under this budget line

Costs for infrastructure and works include the following:

- purchase of land not exceeding 10 % of the total eligible expenditure for the project concerned<sup>1</sup>
- building permits
- building materials
- labour
- specialised interventions (e.g. soil remediation, mine-clearing).

It should be noted that the eligible labour costs related to infrastructure and works must be directly linked with the activities carried out under this budget line, while external labour costs should be handled under the budget line "external expertise and services".

<sup>1</sup> Common Provisional Regulation No. 2021/1060 Article 64(1(b))



## Procurement

Project partners are encouraged to monitor closely the applicable procurement rules.

## References

- Interreg Regulation No. 2021/1059 Article 44
- Common Provisional Regulation No. 2021/1060 Article 64(1(b))

## Fact Sheet 8: Preparation costs

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

A lump sum of €40,000 in expenditure is available to cover all project preparation costs. Projects apply for this payment as part of submitting the Full Application.

### Background

A lump sum payment for preparation costs is granted to each project approved in the North Sea Programme, if this is requested during the application process. The payment covers travel and staff costs related to planning, meetings, application writing, etc.

### When can I claim preparation costs

The North Sea Programme uses a two-step application process for regular projects (see Fact Sheet 18 – Application assessment process). Project applicants must submit an expression of interest, and, if the Monitoring Committee decides that the idea fits well in the programme, the applicants are asked to prepare a full application. Projects that submit a full application at one of the two Monitoring Committee meetings following approval of their Expression of Interest will receive the preparation costs payment, if the project is approved by the Monitoring Committee.

Preparation costs cover the entire preparation period, including time spent preparing the expression of interest.

### How do I claim preparation costs?

If the lump-sum budget of €40,000 in expenditure has been included in the budget section of the approved application form and the lead partner has checked the box next to the statement 'Our partnership would like to be reimbursed for preparation costs,' the expenditure can be claimed as part of the first project finance report submitted to the programme. There is no documentation needed to verify the preparation costs.

## When are preparation costs paid and how much is available?

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

Preparation costs of €40,000 in expenditures are funded at the rate specific to the location of the lead partner, i.e. 60%<sup>1</sup> in Denmark, Flanders, France, Germany, Netherlands, and Sweden and 50%<sup>2</sup> in Norway. The payment will be made to the lead partner and can be distributed amongst the partners according to the agreement made by the partnership.

Control for these costs is carried out by the Joint Secretariat (JS) under the responsibility of the Managing Authority (MA). This control consists of an assessment of whether the full application has been submitted and subsequently approved by the programme's Monitoring Committee. Preparation costs are the only type of costs controlled by the Joint Secretariat.

## References

- Common Provisional Regulation No. 1060/2021 Article 53(1(c))

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<sup>1</sup> The reimbursement by mean of ERDF funding will be 24.000€.

<sup>2</sup> The reimbursement by mean of Norwegian funding will be 20.000€

## Fact Sheet 9: Investments

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

A limited number of projects is expected to include one or more investments. An investment normally consists of a bundle of associated cost items, covering more than one cost category. In the context of planning a project, an investment is not a cost category and focus is on describing what it does, why a long lasting expenditure is relevant during the implementation of the project, and who will own it after the closure of the project.

### Background

This fact sheet clarifies what is considered an investment in the North Sea Programme, how you, as an applicant, describe an investment in your project application, and what you need to remember and plan for after your project has completed all activities and received a final payment.

An investment does not necessarily cover only one cost category (budget line), but could be a combination of equipment costs, infrastructure and works, and external expertise.

### What is an investment?

An investment is the physical outcome of one or more activities carried out by the project, and will have a long lasting effect. The stress on the word 'physical' simply means that it is limited to investments in infrastructure, fixed equipment or similar tangible items, which will be in place and operational after the completion of the project.

Common to all investments is the fact that they are large-scale and long-term operational elements related to project implementation and delivery. The understanding behind investments is that they will remain operational after the closure of the project.

Large equipment purchases do not necessarily qualify as investments. In a North Sea Programme context, only the cases described above are considered investments, and they should be described as such in the application form.

## Describing the investment

Applicants should state the number of expected investments in their project at the expression of interest stage; however, no detailed description(s) is required until the applicants fill in the full application. The following list provides an overview of the information needed at this stage of the application process:

- **Investment title**
- **Justification**
  - Explain why this investment is needed.
  - Clearly describe the transnational relevance of the investment.
  - Describe who (e.g. partners, regions, target groups, etc.) is benefiting from this investment, and how.
  - In the case of a pilot investment, please clarify which problem it tackles, which findings you expect from it, how it can be replicated, and how the experience coming from it will be used for the benefit of the programme area.
- **Location of the investment**
  - Location of the physical investment; if possible, a specific address where the investment will be located
  - Drop-down list (NUTS3 codes + whole programme area)
- **Risks associated with the investment**
  - Explanation of the risks associated with the investment, go/no-go decisions, etc. (if any)
- **Investment documentation**
  - Please list all technical requirements and permissions (e.g., building permits) required for the investment, according to the respective national legislation. If these are already available, attach them to this application form, otherwise indicate when you expect them to be available.
- **Ownership**
  - Who owns the site where the investment is located?
  - Who will retain ownership of the investment at the end of the project?
  - Who will maintain the investment? How will this be done?

## Durability of investments and transfers of ownership

Investments made by a project should remain in place after the project closes, and they should continue to benefit the programme area. For a period of five years after the date of the final project payment, the investment(s) must:

- 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 any major change in nature, objectives or implementation conditions that would undermine the original objectives of the investment<sup>1</sup>

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

## Publicity requirements

In accordance with the Interreg regulation<sup>2</sup> all partners/projects are required to clearly acknowledge and publicise their receipt of programme funding for any investment worth more than 100.000€ (funding + own contribution). To this end, the partner/project is required to put up a plaque or billboard, made visible to the public, presenting the emblem of the Union in accordance with the technical requirements laid down in Annex IX of Regulation (EU) 2021/1060.

## References

- Common Provisions Regulation No. 2021/1060 Article 65
- Interreg Regulation No. 2021/1059 Article 36(4(c))

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<sup>1</sup> Common Provisions Regulation No. 2021/1060 Article 65(1)

<sup>2</sup> Interreg Regulation No. 2021/1059 Article 36(4(c))

## Fact Sheet 10: Deduction revenue from project payment claims

Version	Valid from	Valid to	Main changes
Version 1	14.12.2021	-	n/a

### CORE MESSAGE

All revenue (payments to the project other than the grant) must be deducted from expenditure claimed. This should be done by the individual partner by simply deducting revenue from the expenditure (e.g. linked with a conference where attendees pay an entrance fee) before the expenditure is reported to the programme.

### Background

Revenue resulting from project activities can occur both during implementation and after completion of a project. This fact sheet explains how to treat revenue during project implementation in the North Sea Programme

### Revenue during implementation

All revenue generated as a part of project activities during the implementation of a 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, 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:

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

## Fact Sheet 11: Exchange Rates

Version	Valid from	Valid to	Main changes
Version 1	14.12.2021	-	n/a
Version 2	07.11.2022	-	The URL to the official European Commission exchange rate has been updated.

### CORE MESSAGE

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

### Guidance

All expenditure incurred (paid) in a currency other than Euro must be converted into Euro by the partner incurring the expenditure. The partner must use the European Commission's accounting exchange rate for the month when the expenditure was submitted to the partner's Controller for verification<sup>1</sup>.

In practice this means that when a partner has completed their report on expenditure, their last step before submitting the report to the Controller for verification is to convert all non-Euro figures into Euro using the Commission's exchange rate for the month when the report is submitted to Control - 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-infoeuro\\_en](https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en)

No other exchange rate or conversion method is valid in the North Sea programme. Partners must keep a printed or digital 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. Conversion of expenditure is only relevant for partners located outside of the Eurozone, i.e. Denmark, Sweden and Norway.

<sup>1</sup> Interreg Regulation No. 2021/1059 Article 38(5)



## When does a cost need to be converted into EUR?

If a project partner located in a Member State and the Eurozone incurs expenditure in another currency, but the amount is defrayed from its bank account in Euro, no conversion is necessary; instead, the amount on the bank statement should be declared. Alternatively, if a non-Eurozone Member State (or third country) partner incurs expenditure in Euro, but the amount is defrayed from its bank account in the local currency, the amount on the bank statement in the local currency needs to be converted. The conversion should then follow the procedure for conversion as outlined above.

## References

- Interreg Regulation No. 2021/1059 Article 38(5)

## Fact Sheet 12: Tender procedures

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a
Version 2	16.11.2021	-	Minor updates of wording in relation to the three-offer rule. In addition to this an illustration has been added.

### CORE MESSAGE

It is essential that *all contracts* with values of €10.000 (excluding VAT) or above are offered to a range of bidders and that advertisement and selection procedures are documented. Failure to do so may mean that the project partner 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.

### Background

All expenditure on externally provided products and services must be market tested in order to ensure the best possible value for money. Only very small amounts (under €10.000, excluding VAT) are exempted. These requirements apply to all partners of the North Sea 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 result in the contracted amount being found ineligible by the relevant Controller.

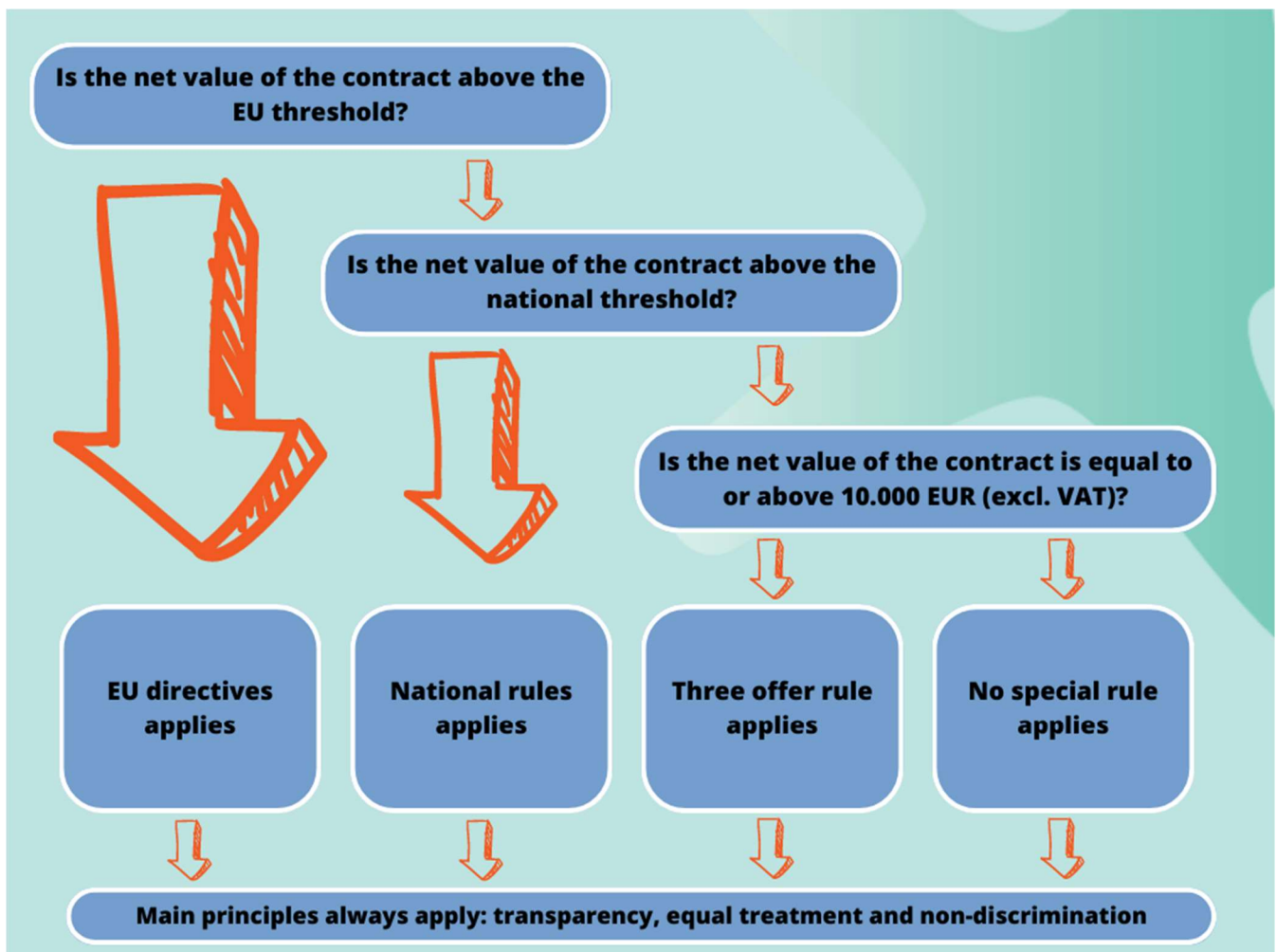
### Which rules apply to which amounts?

There are four situations to consider. The first step when making any external purchase is to decide which 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 that 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 document that you adhere to the rules when checked by controllers and auditors. These rules may also apply to low amounts.

- Contracts that are below national/organisational limits** but at €10.000 EUR and above (excluding VAT) are subject to the programme rule that stipulates that at least three offers must be requested (see explanation below). Even if the rules of the partner country/organisation do not require tendering for these amounts, programmes rules take precedent, and this means that you *must always request three offers for amounts equal to or larger than €10.000 (excluding VAT)* In contrast to the above, a project partner is allowed to purchase various goods or services from the same supplier without having to apply the programme minimum rule for procurement. However, the cost of the individual purchase must be below the limit and the purchases cannot be considered part of the same purchase (i.e. contract).



## Types of procurement procedures

Depending on the estimated contract value the various principles from the previous sections apply. If a partner has to procure a product or a service, the following procedures are considered most prevalent:

- **Open procedure:** In an open procedure anyone may submit a full tender.
- **Restricted procedure:** Anyone may ask to participate in a restricted procedure, but only those who are pre-selected may submit tenders.
- **Competitive negotiated procedure:** In competitive negotiated procedures anyone may ask to participate, but only those who are pre-selected will be invited to submit initial tenders and to negotiate.
- **Competitive dialogue:** This procedure can be used by a contracting authority with the aim of proposing a method of addressing a need defined by the contracting authority.
- **Three-offer rule:** Programme specific rule on a minimum threshold for minimum degree of procurement (you can read more about this in the section "Three offer" Rule).
- **Framework contract:** The contracting partner already has or will have a framework contract in place for the needed purchase/service (you can read more on this in the section "Other forms of procedures" below).
- **Other:** Other procedures, not mentioned here.

The procurement methods mentioned here are also offered as options in the full application form. The applicant must indicate (for relevant cost items) the envisaged applicable procurement procedure in the application form.

When choosing the procurement procedure, it is important to acknowledge and follow the applicable requirements governed by either the EC directive(s), national law, the organizational rules of the partner organisation, or the programme rule.

## Documenting a procurement process (audit trail)

In general, the following aspects should be reflected in all requests for an offer (although 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, 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 must fulfil in order to be eligible to submit an offer. The criteria have to be objective, non-discriminatory and relevant to the subject of the procurement procedure
- f) **Award criteria** – Criteria for assessing the offers submitted. The criteria have to be objective, transparent, non-discriminatory 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 must be assessed according to the same criteria that 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 regulations or national legislation applicable to the chosen award procedure.

## Principles of sustainability

The programme encourages sustainable measures 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 partners use the "three offers" procedure<sup>1</sup>. This procedure has been introduced to ensure transparent selection procedures, equal treatment and cost effectiveness for goods and services.

According to this rule, all partners must ask for at least three offers for all goods and services costing **€ 10.000 (excl. VAT) or more** but below the national, organisational and EU thresholds. In such cases, the partner

<sup>1</sup> Unless the partner is participating under a state aid scheme

must keep the correspondence requesting the offers and written evidence of the bids received. It is acceptable if fewer than three offers are received, provided that there is evidence that three suppliers were contacted about the contract on equal terms.

If it is not possible to collect three offers, the activities undertaken to try and obtain the offers still need 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, overrule 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 (2019) 3452). In the worst cases, the full contract amount will be considered ineligible.

### Other form of procedures

There are two possible alternatives to regular procurement procedures. These are ‘In-house’ contracting and use of framework contracts. Each partner 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.

#### “In-house” contracting

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 the majority of the 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 that 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 partner organisation has already procured (or will procure) 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 partner may need to provide evidence of the original procurement.

### Reporting

A contracting project partner must be clear on the type of procurement procedure applied prior to contracting an external provider. The reason for this is that during project reporting the partner will be asked, per cost item, to indicate the exact type of procurement procedure applied when the good or service was contracted.

The partner controller must ensure the correctness of the procurement procedure applied.

### References

- Directive 2014/24/EU of 26 February 2014 on public procurement<sup>2</sup>
- Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors<sup>3</sup>
- Interreg Regulation No. 2021/1059 Article 58
- Financial corrections - European Commission Decision No C (2019) 3452

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<sup>2</sup> Latest amended by Commission delegated Regulation 2019/1828 (version of 01.01.2020)

<sup>3</sup> Latest amended by Commission delegated Regulation 2019/1829 (version of 01.01.2020)

## Fact Sheet 13: Documents required for the Audit Trail

Version	Valid from	Valid to	Main changes
Version 1	14.12.2021	-	n/a

### CORE MESSAGE

The audit trail comprises not just invoices and proofs of payment but also documentation for correctness and eligibility of all costs. It should demonstrate not just what was paid but also why the expenditure was made and whether value for money principles were observed (including tendering rules, if applicable). A full audit trail can be required at short notice for all project audits, so documentation must be kept up to date at all times.

For small-scale projects only documentation for staff costs is required as other costs/budget lines are covered by a flat rate of 40% of staff costs.

### 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 Controls.

### Documents required for the audit trail

It is not possible to provide a comprehensive list of documents, as requirements vary slightly from project to project, depending on activities and the partner organisation's administrative rules. However, the audit trail must include proof that all costs are eligible. This is different to a regular Control of accounts, which focuses on the basic soundness of the expenditure recorded as set out below:

Control and audit of an Interreg project starts here but also takes into account what was paid, why the

*Illustration 1 – example of a simplified audit trail*



expenditure was made, whether it complies with all relevant rules (programme and national) and regulations (EU), and whether 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 partner's premises. Access to digital versions of documents is likely sufficient in most cases (however, please observe your organisational and national standards). 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 issues.

Office and administration and preparation costs are the only cost categories in which the North Sea Programme does not require documentation since payment of these costs is based on a flat rate calculated from staff costs or a lump sum. For small-scale projects only documentation for staff costs is required as other costs/budget lines are covered by a flat rate of 40% of staff costs.

## 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: Interreg Programme, fact sheets, programme and Control manuals /requirements, 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**  
Employment document outlining the hourly rate 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 12). Remember that 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
- Tender documentation
- 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
- Tender documentation
- 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.)

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. An exception to this rule relates to Norwegian partners and partners under a State aid scheme: all supporting documents pertaining to partners from Norway, including activities in which they are involved, plus supporting documents for partners involving any grant of state aid (including to final recipients) 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.

## Fact Sheet 14: Roles and responsibilities in project partnerships

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	28.06.2022	
Version 2	28.06.2022	-	Detailing the capabilities of a private lead partner

### CORE MESSAGE

Every project has a lead partner, who has overall responsibility for ensuring that the project is delivered according to plan and for coordinating with programme management bodies. All partners, however, are responsible for delivering the activities they have committed to in the approved application and for ensuring the correctness of all costs claimed. This fact sheet explains the details of these roles. All partners should consult it before joining a project.

### Definition

A partner is defined in the regulations as a public or private body responsible for initiating or both initiating and implementing operations. In other words, a partner is one of the organisations that is part of the partnership in the project application. Organisations that 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 external experts or provide a service in line with the applicable procurement rules. Every partnership is managed by a lead partner, which also acts as the contact to programme authorities.

### Location of the lead partner?

The lead partner should act as the coordinator and driver of project activities. In the North Sea Programme, the lead partner should - as a general rule - be located in the programme area (see Fact Sheet 17).

In some cases, however, the lead partner can be located in part of a programme country which is not in the programme area, e.g. a national ministry based in Berlin. In such cases it is important that the main project activities will be carried out in the programme area and/or that the benefits of the project will be delivered to the programme area. An assessment of whether this is the case and of whether the lead partner can fulfil the programme's administrative requirements will form part of the overall project assessment. .

Lead partners can also be from Norway and, like all partners from Norway, they must comply with all EU rules.

## Criteria for lead partners

In the North Sea Programme:

- A lead partner cannot, as a point of departure, be from the private sector. However, if the organisation has private legal status, and acts in a non-profit capacity, then the partner might be exempt from this rule. The joint secretariat will ask the national representative of the country in which the organisation is based to confirm this exemption during the eligibility check, which is part of the application assessment process.
- The lead partner must demonstrate knowledge of managing European funding projects and sufficient capacity to fulfil the role.
- The lead partner must have sufficient funds to cover any repayments required to the programme (see below).

## Lead partner role

The lead partner is responsible for:

- Signing a contract with the Managing Authority on behalf of the partnership
- Signing a partnership agreement with all partners (see Fact Sheet 15), guaranteeing sound financial management of all funds allocated to the project and protection of the audit trail at all levels
- Arrangements for recovering amounts unduly paid
- Submitting compiled reports and supporting documentation to the programme via the Online Monitoring System
- Ensuring that the expenditure reported by all partners results from implementing the project and corresponds only to the activities agreed between the partnership and laid out in the approved application. This means that the lead partner has to ensure that their Controller has confirmed that the expenditure reported at partner level has been certified (see Fact Sheet 24).
- Ensuring that any indirect aid to third parties does not exceed 20.000 EUR per undertaking per project (see Fact Sheet 16)
- Ensuring successful implementation of the project<sup>1</sup>

All payments from the programme will be made to the lead partner. The lead partner must pass on the relevant ERDF share to the partnership as quickly as possible and in full. The amount can only be reduced when a written agreement on shared costs is laid out in the partnership agreement and states that the lead

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<sup>1</sup> Interreg Regulation No. 2021/1059 Article 26 (1)

partner will reduce the amount of ERDF paid to beneficiaries in order to cover their contribution to the shared costs or similar agreements.<sup>2</sup>

## Partner role

A partner 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
- Delivering 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 13)

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

## Lead partner liability for financial corrections

If funds have been incorrectly paid to a partner, 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 partner. The following procedure then applies:

- Lead partner repays the full amount to the programme immediately.
- The partner reporting the incorrect expenditure repays the lead partner.
- If it is not possible to recover the funds from the partner after all reasonable measures have been taken, the country where the partner is based will refund the amount concerned to the programme authorities.
- The programme will then reimburse this money to the lead partner<sup>3</sup>.

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

## Sub-partners

The great majority of project partners will be either lead partners or partners as described above. In some cases, however, a few of the administrative requirements can be simplified to encourage the participation of small organisations with limited resources, or larger organisations that only wish to play a very limited role in the project (for example, acting as a test case in a small pilot). For these organisations it is possible to

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<sup>2</sup> Interreg Regulation No. 2021/1059 Article 26 (2)

<sup>3</sup> Interreg Regulation No. 2021/1059 Article 52

become a sub-partner of a partner in the same country. In this set-up the partner is responsible for managing administrative activities for one or more sub-partners.

The possibility to become a sub-partner of another partner is created primarily for the benefit of SMEs, NGOs, charities or even small municipalities, which may lack the financial and/or organizational capacity to cope with the administrative requirements of EU funded projects but have valuable expertise in a particular theme or work package.

There are a number of advantages to being a sub-partner:

- A sub-partner does not need their own authorised signatory. A sub-partner needs to submit separate finance and progress reports in the OMS, but these may be signed by the authorised signatory of the partner.
- Both the finance and the progress reports can be prepared by the sub-partner OR by the partner, based on an agreement between the organisations.
- Sub-partners do not need their own Controller. The partner 's Controller can certify the sub-partner's finance reports.

**Please note that these are the only differences. All programme rules regarding legal status, obligations and eligibility apply to all partners and sub-partners.**

## References

- Interreg Regulation No. 2021/1059 Articles 23, 26 and 52
- Common Provisions Regulation No. 2021/1060 Articles 2 (9) and 82

## Fact Sheet 15: Partnership Agreement

Version	Valid from	Valid to	Main changes
Version 1	28.06.2022	-	n/a

### CORE MESSAGE

It is a regulatory requirement that all projects draw up and sign a Partnership Agreement. In extension to this Fact Sheet the North Sea Programme provides a template which should be used as a minimum approach to cover the regulatory requirements. All additional agreements between partners have to be made in an annex to the Partnership Agreement.

### Background

This Fact Sheet provides Lead Partners 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 project. Drafting the Partnership Agreement for the project is a Lead Partner responsibility in accordance with the regulations<sup>1</sup>.

The available partnership agreement template must be the point of departure when drafting the project specific Partnership Agreement. The template presents the minimum requirements for partnership agreements. If the partnership wishes to include additional aspects, annexes may be attached to the template.

### Guidance

- Every project must have a Partnership Agreement signed by all project partners – this also includes all sub-partners (see Fact Sheet 14 on Roles and Responsibilities in Project Partnerships).
- The Partnership Agreement is an internal project document and will therefore not be signed by the programme. Projects are however obligated to have a valid Partnership Agreement in place at all times.
- The Partnership Agreement must be completed and signed within six months after the project contract is issued and before the first claim for payment is submitted. It is however recommended to

<sup>1</sup> Interreg Regulation No. 2021/1059 Article 26(1(a))

make agreements on shared costs, the division of preparation costs and financial liabilities already as part of the application process.

- Changes in the partnership must be reflected in an amended Partnership Agreement or addendum. Please note that, as stated in article 14 in the template, modifications to the project (e.g. concerning activities, time schedule or budget) that have been approved by the programme authorities (in compliance with the rules set out in Fact Sheet 25 on project changes), can be carried out without amending the present agreement. Only in cases where (a) new partner(s) join(s) a project, the project is asked to submit an updated Partnership Agreement. In such a case, it is not necessary that all partners send in a new signature - only the additional partner(s).
- Partnership Agreements should indicate and explicitly explain how shared management costs will be calculated for all partners. The agreed method for how to calculate and report shared costs can only be changed if all partners agree to it and sign off an amended Partnership Agreement.
- In addition to the elements mentioned in the template, other important aspects might be added in an annex to the partnership agreement such as:
  - Detailed allocation of tasks, including contribution to the achievements of the set targets in the application form (activities, outputs and results)
  - Deadlines for internal reporting (taking into account requirements of different national systems)
  - Internal procedures and deadlines for requesting changes
  - Preparation cost division

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.

The signed partnership agreement has to be in place and a copy should be uploaded to the Online Monitoring System, not later than six months after the signature of the project contract.

## References

- Interreg Regulation No. 2021/1059 Articles 26.

## Partnership Agreement

It is a regulatory requirement that all projects draw up and sign a Partnership Agreement. This template must be used as a minimum approach to cover the regulatory requirements. All additional agreements between partners have to be made in an annex to the Partnership Agreement.

### Preamble

Having regard to:

Article 26 (1) a of Regulation (EU) 2021/1059;

the following agreement is hereby made between the lead partner (LP) of the project and the project partners as listed in the project application for the implementation of the Interreg North Sea Programme project [project number, title of the project and acronym], approved by the Monitoring Committee of the Interreg North Sea Programme on ..... [date].

### Article 1: Legal framework

*1. The following legal provisions and documents constitute the contractual basis of this partnership agreement and the legal framework for the implementation of the project [project name]:*

- The European Structural and Investment Funds Regulations, Delegated and Implementing Acts for the 2021-2027 period, as further specified below;
- The Interreg Programme, approved by the European Commission on 11.08.2022 (Decision No. C (2022) 5939 final) setting the programme (hereinafter referred to as Interreg North Sea Programme);
- The programme rules of the Interreg North Sea Programme (Fact sheets);
- The laws of the PP's countries applicable to this contractual relationship;

2. The following laws and documents constitute the legal framework applicable to the rights and obligations of the parties to this agreement:

- Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 966/2012, together with related Delegated or Implementing Acts;
- The European Structural and Investment Funds Regulations, Delegated and Implementing Acts for the 2021-2027 period, especially:
  - Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021, laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund, and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, and repealing Council Regulation (EC) No 1303/2013, and any amendment;
  - Regulation (EU) No 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, and repealing Regulation (EC) No 1301/2013, and any amendment;
  - Regulation (EU) No 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial goal (Interreg) supported by the European Regional Development Fund and external financing instruments, and repealing Regulation (EC) No 1299/2013, and any amendment;
- Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing directive 95/46/EC (General Data Protection Regulation, GDPR);
- Articles 107 and 108 of the Treaty on the Functioning of the European Union, Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty; Delegated and Implementing acts, as well as all applicable decisions and rulings in the field of state aid;
- All other EU legislation and the underlying principles applicable to the LP and the PPs, including the legislation laying down provisions on competition and entry into the markets, the protection of the environment, and equal opportunities between men and women;
- National rules applicable to the LP and its PPs and their activities;
- Project data, comprising but not limited to latest project documentation such as application form and all project information available in the Online Monitoring System;
- the project contract, concluded between the LP of the project and the MA;

- All guidelines and any other documents relevant for project implementation (e.g. guidance notes for the individual calls, fact sheets in their latest version, as published on the programme website or handed over to the LP directly during the project implementation).

*Should the above-mentioned legal norms and documents, and any other documents or data of relevance for the contractual relationship be amended, the latest version shall apply.*

## **Article 2: Definitions**

For the purposes of this partnership agreement, the following definitions apply:

- a) Project partner (PP): any institution financially participating in the project and contributing to its implementation, as identified in the approved application form. It corresponds to the term “beneficiary” used in the European Structural and Investment Funds Regulations.
- b) Lead partner (LP): the project partner designated by all partners and who assumes responsibility for ensuring implementation of the entire project according to Articles 23 (5) and 26 (1) b of Regulation (EU) No 2021/1059.
- c) Project data: data comprising but not limited to latest project documentation such as application form and all project information available in the Online Monitoring System.

## **Article 3: Subject of the Partnership Agreement**

This partnership agreement lays down the arrangements regulating the relations between the LP and all the PPs, in order to ensure sound implementation of the project as in the latest approved version of the application form, as well as in compliance with the conditions for support set out in the European Structural and Investment Funds Regulations, delegated and implementing acts, the programme specific rules based thereon, and the project contract signed between the MA and the LP.

## **Article 4: Duration of the partnership agreement**

The present partnership agreement comes into force on the date on which it is signed by all parties (LP and all PPs), and under the condition that the project is approved for co-financing by the Programme. It remains in force until the LP and PPs have completed in full their obligations as further defined in article 6 of this agreement towards the MA and any relevant European body.

## **Article 5: Roles and duties in the partnership**

- Is entitled to represent the PPs in the project.

- Is responsible for the overall coordination, management and implementation of the project towards the MA.
- Ensures timely commencement and implementation of the activities within the lifetime of the project, in compliance with all obligations to the MA. The LP must notify the JS of any factors that may adversely affect implementation of the project activities and/or financial plan.
- Monitors the delivery of the agreed project activities, outputs and results.
- Prepares and submits the project progress reports, including supporting documents, according to the Fact Sheets, and additional requested documents and/or information from JS and MA.
- Addresses requests for project modifications, according to the Fact Sheets.
- Is, in general, the contact point representing the partnership for any communication with the JS/MA or any other of the programme bodies.
- Provides the partners with all relevant project documents, and reports on the implementation of the project. The LP must regularly inform the PPs of all relevant communication between the LP and the JS/MA.
- Carries out any other tasks agreed with the project partners.

PPs are responsible for carrying out specific project activities in the manner and scope indicated in the application form or agreed in writing with the other partners in the project. PPs commit themselves to undertake all steps necessary to support the LP in fulfilling its obligations as specified in the project contract signed between the MA and the LP, as well as in this partnership agreement.

The PPs must:

- Actively cooperate in the implementation of the project;
- Cooperate in the staffing and/or financing of the project in accordance with the partnership agreement;
- Keep to other obligations on the basis of this partnership agreement.
- Provide the LP with all the information and documents required for coordinating and regularly monitoring the technical and financial progress of the project; and necessary in preparing the progress and final reports concerning the part of the project that the partner is responsible for;
- provide any additional information related to reporting to the LP or JS/MA if requested, in due time.

The PPs are responsible for:

- Carrying out the specific activities set out in the project data;
- Complying with any deadlines set by the programme, the LP or agreed within the partnership
- Notifying the LP of any factors that may adversely affect implementation of the project in accordance with the project data;

In particular, for the part of the project for which it is responsible, each PP must ensure:

- That it is in compliance with relevant rules concerning, inter alia, equal opportunities, protection of the environment, financial management, branding, public procurement and State Aid;
- That it is implemented in accordance with the rules and procedures set in the Fact Sheets;

## Article 6: Financial management of the project

Each PP must:

- set up separate accounts or adequate bookkeeping systems for the financial settlement of the project, ensuring that expenditure and revenues, as well as the received national and programme co-financing related to the project, are clearly identified.
- strictly follow the EU eligibility rules as well as further eligibility rules set up by the programme in the Fact Sheets and, if applicable, national rules.
- Be responsible for guaranteeing the sound financial management of programme funds received and, in cases of recovery, for reimbursing the LP or relevant programme body directly for unduly paid programme funds, in accordance with the rules and procedures set in the Fact Sheets;
- Regularly submit expenditures for verification to the designated controllers, according to the rules set at programme and national level. Verified expenditures must be submitted through the Online Monitoring System to the LP immediately after verification
- Return to the LP or any relevant programme body any amounts of programme co-financing unduly paid concerning their participation in the project, in accordance with the rules and procedures set in the Fact Sheets. In the case of national co-financing, the specific regulation of the country granting it applies.
- ensure that the expenses incurred are strictly related to the project activities, in line with the project data.
- ensure that programme requirements on eligibility of expenditure, as provided for in the Fact Sheets and in line with the project contract signed between the MA and the LP, are strictly respected.
- set up a physical and/or electronic archive where data, records and documents composing the audit trail are stored, in compliance with the requirements described in the Fact Sheets.

Furthermore, the LP must:

- Ensure that the expenditure presented by the PPs participating in the project has been incurred for the purpose of implementing the project, which means that it corresponds to the activities agreed between those partners as specified in the project data.
- Verify that the expenditure presented by the PPs participating in the project has been validated by the controllers, according to the rules set at programme and national level.
- Receive EU co-financing for the entire project and transfers it to the other partners participating in the project within [XXX] days<sup>1</sup> of its receipt.

<sup>1</sup> in accordance with Regulation No. 2021/1059 Article 26(2)

- Constantly monitor the spending of the project budget foreseen for each PP, and ensure that budget shifts are carried out within the limits and according to the rules as set out by the programme in the Fact Sheets,
- Put together in writing and as an annex to this partnership agreement, a clear and transparent description for how shared costs should be handled. The annex should also indicate the expected amount of shared costs each PP can expect to cover during the lifetime of the project.

If a PP fails to inform the LP of any deviation from the project data, the LP is then entitled to refuse to include in the project report the costs of this partner that are connected to such deviations and/or that result in an overspending of the approved budget of this partner. Similarly, if a PP fails to provide the necessary input for the preparation of the project reports within the deadline agreed with the LP, the LP may refuse to report the costs of this PP to the programme, in agreement with the JS/MA.

The PPs (including the LP) must provide access to the premises, documents and information, irrespective of the medium in which they are stored, for verifications by the MA, the JS, the AA, relevant national authorities, authorised representatives of the EC, the European Anti-Fraud Office, the European Court of Auditors, the Group of Auditors and any external auditor authorised by these institutions or bodies. These verifications may take place up to 5 years from 31 December of the year of the last payment from the programme to the LP or PP. The PPs must ensure that all original documents, or their certified copies, in line with the national legislation related to the implementation of the project, are made available until the above final date of possible verifications, and until any on-going audit, verification, appeal, litigation or pursuit of claim has been completed.

### **Article 7: Recoveries**

Should the MA represented by the JS, in accordance with the provisions of the respective articles of the project contract, demand repayment of programme funds already transferred, each PP must transfer to the LP or relevant programme body any amounts paid to them in excess, according to the rules and timeframe as set out by the programme in the Fact Sheets and the project contract and recovery documents.

In such cases, the LP must immediately forward to the PPs the recovery documents received from the MA/JS, by which the MA/JS has asserted the repayment claim, and notify every PP of the amount repayable.

If the recovery concerns the LP alone, then the LP must not stop payments to the other PPs.

### **Article 8: Modifications, withdrawal from obligations and non-fulfilment of obligations**

The LP and each PP agree not to withdraw from the project unless there are unavoidable reasons for doing so. Should this nonetheless happen, the LP and the remaining PPs must find a solution in agreement with the rules and procedures as described in the Fact Sheets.

If a PP fails to comply with its obligations under this partnership agreement, the partnership may decide as

a last resort to remove this PP from the project and request modifications as outlined in the Fact Sheets.

If a PP does not comply with its obligations as agreed upon in this partnership agreement and its relevant annexes, the concerned PP shall be the sole responsible for any liabilities, damages and costs, resulting from the non-compliance.

No PP shall however be held liable for not complying with its obligations as agreed upon if the non-compliance be caused by force majeure. In such a case, the PP involved must announce this immediately in writing to the LP and the other PPs.

The LP can, if necessary, request modifications of the project data to the JS/ MA or other relevant programme body. Any modifications requested, including budget, partnership and operational changes, must be agreed and authorised by the PPs of the project beforehand, according to pre-agreed rules of procedure or other decision-making mechanism established in the partnership.

The LP and PPs must strictly follow the provisions of the Fact Sheets when requesting and/or implementing modifications in the project.

### **Article 9: Information and communication, publicity and branding**

The LP and the PPs must comply with the EU publicity rules as well as the communication requirements outlined in the Fact Sheets and provide any material developed during the lifetime of the project that may be useful to publications at the programme level.

The LP and PPs ensure that any outcome and result produced during project implementation can be used by all interested parties and organisations and are in the public interest and publicly available. Moreover, the PPs will support the LP and play an active role in any actions organised by the programme to disseminate and capitalise on project results.

### **Article 10: Intellectual property rights, confidentiality and conflict of interest**

The LP and PPs must undertake to comply with all applicable national and EU law, including but not limited to laws on intellectual property rights, especially copyright, regarding any output produced as a result of project implementation.

The LP or PP shall ensure that it has all rights to use any pre-existing intellectual property rights, if necessary for the implementation of the project.

The result of the joint activities covered by the agreement concerning reports, documents, studies, electronic data and other outputs, are the joint property of the partnership, unless specifically agreed otherwise.

The LP and PPs are obliged to take all necessary measures in order to avoid conflicts of interest, and to keep

each other informed without delay on any circumstances that have generated or may generate such conflict.

The LP and PPs are obliged to inform the relevant programme bodies if there is any sensitive or confidential information related to the project that may not be published or made publicly available. This clause does not affect the LP and PPs obligation to make all results and outputs of the project available to the public.

### **Article 11: Dispute settlement**

Disputes arising between PPs or between the LP and PP/PPs concerning their contractual relationship and, more specifically, the interpretation, performance and termination of this agreement should strive to be resolved amicably. Should this not be possible, the law of the country of the LP shall apply.

In case of amicable resolution of disputes in the partnership, the JS/ MA may act as mediator.

### **Article 12: Third party contracts, liability and outsourcing**

In the case of cooperation with third parties including but not limited to sub-contractors and in-house bodies, with regard to the project, the relevant PP remains solely responsible towards the other PPs concerning compliance with its obligations as set out in the Fact Sheets. PPs must inform each other about the scope of such contracts and the names of the contracted parties.

Should a PP not comply with its obligations, this PP shall be the sole responsible for damages and costs resulting from this non-compliance.

### **Article 13: Assignment, legal succession**

In case of legal succession, e.g. where the LP or any PP changes its legal form, the LP or PP is obliged to transfer all duties and obligations under this partnership agreement to its successor. Legal succession shall be formalised according to the rules as set out in the Fact Sheets.

### **Article 14: Amendment of the partnership agreement**

An amended partnership agreement must be signed by all PP's. The LP must present the amended partnership agreement to the relevant programme body without undue delay.

Modifications to the project (e.g. concerning activities, time schedule or budget) that have been approved by the programme authorities, in compliance with the respective Fact Sheet on project changes, can be carried out without amending the present agreement.



## Article 15: Termination

The partnership agreement must be terminated as a consequence of termination of the project contract.

Following termination of the partnership agreement, the LP and PPs are still obliged to comply with all the requirements after closure, such as recoveries or document retention for audit and evaluation purposes.

## Final Provisions

The partnership agreement is written in English since the working language of the project shall be English.

In case of conflicting clauses or interpretation thereof between this agreement and the project contract, the project contract takes precedence.

If any provision in this partnership agreement should be wholly or partly ineffective, the parties to the partnership agreement undertake to replace the ineffective provision by an effective provision which comes as close as possible to the purpose of the ineffective provision.

Amendments and supplements to the present agreement must be in written form. Consequently, any changes to the present agreement will only be effective if they have been agreed on in writing.

## Signatures

All PPs (including LP) must sign and date the partnership agreement.

### Lead Partner

Title of the institution:

.....

Place and date:

.....

Name and function of the signatory:

.....

Signature/Stamp:

.....



**Project partner [#number]**

Title of the institution:

.....

Place and date:

.....

Name and function of the signatory:

.....

Signature/Stamp:

.....

**Subpartner [#number]**

Title of the institution:

.....

Place and date:

.....

Name and function of the signatory:

.....

Signature/Stamp:

.....



## Abbreviations

AA - Audit Authority

AF - Application Form

EC - European Commission

ERDF - European Regional Development Fund

EU - European Union

JS - Joint Secretariat

LP - Lead Partner

MA - Managing Authority

MC - Monitoring Committee

NA - National Authority

PP(s) - Project Partner(s)

## Fact Sheet 16: State Aid

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021		This version is applicable to projects approved as part of either Call 1 or Call 2 only.

### CORE MESSAGE

Project partners can participate in the programme in a way that gives them a competitive advantage, which may result in a state aid situation. For example, an SME might be supported to develop a new product. In addition, undertakings that are not a partner in the project but get a benefit from the project may still fall under state aid rules when they receive indirect aid. Strict rules regarding the nature of participation, the amounts that can be claimed, and the documentation that has to be provided apply to undertakings that will (potentially) receive state aid. This fact sheet explains in detail what the requirements are.

### Background

State aid is aid granted to an undertaking that distorts or threatens 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 give the beneficiary an advantage by relieving it of expenses it would otherwise have had to bear in the course of its day-to-day business operations. When assessing whether state aid is present, it is very important to be aware of the definitions of a number of key terms<sup>1</sup>:

- **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 undertakings.
- **Economic activity:** An economic activity is defined as any activity involving the offer of goods or services on a given market. When a project partner is a public partner and exercises their public power or acts in their capacity as a public authority, this is not considered an economic activity. In

<sup>1</sup> Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016)

contrast, when a public entity undertakes an activity which can be separated from the exercise of public powers, this is an economic activity and the entity acts as an undertaking in relation to that activity.

- **Competitive advantage:** Competitive advantage is defined as any economic benefit the undertaking would not normally gain under normal market conditions; that is to say, in the absence of state aid.

## 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 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 Programme, the answer to this question is always YES.
2. Is the measure selective? In the North Sea Programme, the answer is always YES.
3. Does it have the potential to affect trade between the member states? In the North Sea 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 Programme projects, as the funds come from the state, there is a selection process, and effects are intended to go beyond a local impact only. In assessing possible cases of state aid, the assessment will therefore focus on whether the measure in question is an economic activity that confers an economic advantage to the partner and whether there is any distortion or potential distortion of competition resulting from the grant. If the answer to both questions is yes, then there is a risk of state aid and the programme will require that the partner concerned applies the rules set out below. Please note that the programme considers grants to private partners always a risk of state aid; therefore, these partners are always required to apply the rules set out below.

The section below explains how potential state aid to project partners should be handled. In some cases, however, undertakings that are not part of the project partnership receive a competitive advantage as a result of project activities. More information about this is included under the sub-heading 'Managing indirect state aid to other organisations'.

## Managing state aid to project partners – General Block Exemption Regulation (GBER)

If there is a risk of state aid, partners are required to apply under the programme's GBER scheme.

The GBER is essentially a long list of different types of aid (exemptions) that serve a useful public function and can therefore be accepted, provided that a number of conditions are met. Only one exemption is in use in the North Sea Programme. This is set out in Article 20 of the GBER: Aid for cooperation costs incurred by undertakings participating in European Territorial Cooperation projects. In accordance with the GBER, the ceiling for aid is €2 million per undertaking per project<sup>2</sup>.

As is true for all project partners, partners participating under the GBER scheme will receive a grant covering 60% of their total costs (50% for Norwegian partners). In accordance with the GBER, the aid intensity to partners that apply under the GBER scheme shall not exceed 80% of the organisation's total budget. In addition to programme funding (60% for partners located in Member States or 50% for Norwegian partners), the aid intensity rate also includes any public match-funding. Project partners under the GBER scheme are therefore required to submit a self-declaration with the full application confirming that the aid intensity does not exceed 80%.

The programme cannot provide assistance to any undertaking in difficulty (as defined in Commission Regulation (EU) 651/2014, Article 2(18) declaring certain categories of aid compatible with the internal market).

In exceptional cases, the GBER may not be sufficient for organizations that would like to participate in an Interreg North Sea project. However, these organisations may be able to participate in the project under another State aid scheme called De Minimis. Please contact the Joint Secretariat if this is relevant for your project.

### *Practical information*

When a partner applies under the GBER scheme, this should be indicated in the full application. The self-declaration form can be downloaded from the Online Monitoring System (OMS) and submitted to the programme as an annex to the full application. In addition, partners under the GBER scheme need to report the amount of GBER aid received from the programme in every full finance report (see Fact Sheet 20 – Reporting). All information pertaining to the GBER scheme and the project partners involved is forwarded to the European Commission (or the EFTA Surveillance Authority in Norway) and is made available to the public. All partners receiving aid under the GBER must retain all documents for at least 10 years after the date of the final aid payment to the project<sup>3</sup>.

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<sup>2</sup> Commission Regulation (EU) 2021/1237, Article 1(3)

<sup>3</sup> Commission Regulation (EU) 651/2014, Article 9(4)

## Managing indirect state aid to other organisations

In some cases, private sector companies participate in activities carried out by a project but not as project partners. This is known as receiving indirect aid. An undertaking receiving indirect aid is defined as an aid recipient that is not officially listed as a partner in the project but which, through the activities carried out by the project, receives an advantage over other companies (for example, by taking part in a training course for SME's offered through the project). In other words, the benefits conferred by the project are passed on to undertakings that are not part of the project. For this reason, recipients of indirect aid may have to be placed under a state aid scheme.

Two types of support may be provided to these undertakings, and each has a set of requirements.

- General support such as workshops and training that are open to **all relevant undertakings** and target general knowledge and capacity development for these undertakings is not considered indirect state aid and may be offered free of charge.
- Services for **specific undertakings** that involve the provision of services with a clear value count as indirect state aid. Examples include consultancy, research and development, coverage of travel costs, etc. In this case the aid must not exceed 20.000 € (per undertaking during the project lifetime) and the rules set out in the paragraph below should be applied<sup>4</sup>.

The programme manages the risk of indirect state aid using Article 20a of the GBER.

Using Art. 20a, the service provided to the undertaking that is not a formal partner in the project may be funded in full without requiring the undertaking to provide any contribution. In addition, Art. 20a allows aid to be given to large enterprises. However, the total amount of aid granted under Art. 20a GBER to a non-partner undertaking per project shall not exceed 20.000 €.

The project partner granting the indirect aid monitors the value of services offered and provides the relevant information when reporting to the programme. This includes the name of the enterprise receiving indirect aid (i.e. the service provided) as well as the amount of aid received. The partner must also ensure that the aid granted does not exceed the limit of 20.000 € per undertaking per year. The amount of aid granted is to be based on a precise calculation using a convincing methodology.

For all state aid documents, whether related to indirect 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.

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<sup>4</sup> Commission Regulation (EU) 2021/1237

## Fact Sheet 16: State Aid

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021		This version is applicable to projects approved as part of either Call 1 or Call 2 only.
Version 2	20.09.2022		This version is applicable to all applicants and projects approved from Call three and onwards. This version of the fact sheet includes a change of paradigm from a risk-based to an activity-based approach when assessing the risk of state aid.

### CORE MESSAGE

Project partners can participate in the programme in a way that gives them a competitive advantage, and the financing from the programme will, in this situation, be considered State aid. For example, an SME might be supported to develop a new product. In addition, an undertaking that is not a partner in the project but gets a benefit from the project may still fall under the State aid rules when they receive indirect aid. Strict rules regarding the nature of participation, the amounts that can be claimed, and the documentation that has to be provided apply to undertakings that will (potentially) receive State aid. This fact sheet explains in detail what the requirements are.

### Background

State aid is aid granted to an undertaking which may distort or threaten 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 give the project partner an advantage by relieving it of expenses it would otherwise have had to bear in the course of its day-to-day business operations. When assessing whether State aid is present, it is very important to be aware of the definitions of a number of key terms<sup>1</sup>:

- **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 undertakings.
- **Economic activity:** An economic activity is defined as any activity involving the offer of goods or

<sup>1</sup> Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016).

services on a given market. When a project partner is a public partner and exercises their public power or acts in their capacity as a public authority, this is not considered an economic activity. In contrast, when a public entity undertakes an activity which can be separated from the exercise of public powers, this is an economic activity and the entity acts as an undertaking in relation to that activity.

- **Competitive advantage:** Competitive advantage is defined as any economic benefit the undertaking would not normally gain under normal market conditions; that is to say, in the absence of State aid.

## Assessing State aid

An (ex-ante) assessment of whether a partner's involvement in a project is State aid relevant or not is based on the activities the partner will carry out as part of the project. This is called an activity-based assessment.

Whether an organisation is private or public is irrelevant to State aid considerations. Public organisations may be recipients of State aid, while the participation of a private organisation in a project may not be State aid relevant. The determination of whether an organisation must go under a State aid scheme comes down to the project-related activities they plan to undertake.

Applicants (i.e. the project partners) are asked to carry out a simple self-assessment of the potential State aid relevance of their activities via a self-assessment form in the application (see Annex 1). In this assessment, two criteria are checked:

1. Is the project partner engaged in an economic activity in the framework of the project?
2. Will the project partner gain an advantage from the project that it would not have otherwise?

On the basis of these two criteria, it can be determined whether an applicant's (i.e. the project partner) activities in a project are State aid relevant. If both criteria are met, the risk of State aid is assessed to be high and mitigating measures have to be adopted. If the answer to only one of them is 'yes,' the risk is considered low, and no mitigation measures are necessary.

Applicants (i.e. the project partners) whose activities in the project are assessed to be State aid relevant can mitigate this by making use of GBER Article 20, or, in exceptional cases, de minimis. The section below explains how potential State aid to project partners will be handled in practice. In some cases, however, undertakings that are not part of the project partnership receive a competitive advantage as a result of project activities. More information about this is included under the sub-heading 'Managing indirect State aid to other organisations.'

## Managing State aid to project partners – General Block Exemption Regulation (GBER)

If the activities a project partner will carry out in the project are deemed State aid relevant, the project partner is required to apply under the programme's GBER scheme. The GBER is essentially

a long list of different types of aid (exemptions) that serve a useful public function and can therefore be accepted, provided that a number of conditions are met. Only one exemption is in use in the North Sea Programme. This is set out in Article 20 of the GBER: Aid for cooperation costs incurred by undertakings participating in European Territorial Cooperation projects. In accordance with the GBER, the ceiling for aid is €2 million per undertaking per project<sup>2</sup>.

As is true for all project partners, partners participating under the GBER scheme will receive a grant covering 60% of their total costs (50% for Norwegian partners). In accordance with the GBER, the aid intensity for partners that apply under the GBER scheme shall not exceed 80%.<sup>3</sup> In practice, this means that at least 20% of the partner's total eligible budget in the project under the GBER scheme needs to come from their own funds. Project partners under the GBER scheme are required to submit a self-declaration with the small-scale or full application confirming that the aid intensity does not exceed 80% (see below).

The programme cannot provide assistance to any undertaking in difficulty (as defined in Commission Regulation (EU) 651/2014, Article 2(18) declaring certain categories of aid compatible with the internal market).

In exceptional cases, the GBER may not be sufficient for organizations that would like to participate in an Interreg North Sea project. However, these organisations may be able to participate in the project under another State aid scheme called de minimis. For partners from Belgium, Denmark, France, the Netherlands, Germany and Sweden, de minimis aid may be granted in an aggregated manner. For these partners, the maximum amount of aid available may be up to 6 x €200.000 per undertaking over a period of three fiscal years. Please contact the joint secretariat if this is relevant for your project.

For Norwegian organisations that need to participate in the programme under a State aid scheme, the default option is GBER. Pre-approval by Norwegian authorities is needed for Norwegian organisations that would like to make use of the de minimis option.

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<sup>2</sup> Commission Regulation (EU) 2021/1237, Article 1(3)

<sup>3</sup> According to Commission Regulation (EU) 2021/1237, Article 20(3), "the aid intensity shall not exceed the maximum co-financing rate provided for in [...] Regulation (EU) 2021/1059, [...]". The Interreg Regulation 2021/1059, Article 13(1) sets the co-financing rate at the level of each Interreg programme at a maximum of 80%. Since the programme co-financing rate does not exceed 60%, there is no violation of the aid intensity rule.

### Practical information

When a partner applies under the GBER scheme, this should be indicated in the full application or small-scale project application. The self-declaration form is signed electronically via the Online Monitoring System (OMS) and submitted to the programme together with the full application or small-scale project. In addition, project partners under the GBER scheme need to report the amount of GBER aid received from the programme in every full finance report (see Fact Sheet 20 – Reporting). All information pertaining to the GBER scheme and the project partners involved is forwarded to the European Commission (or the EFTA Surveillance Authority in Norway) and is made available to the public. All partners receiving aid under the GBER must retain all documents for at least 10 years after the date of the final aid payment to the project<sup>4</sup>.

### State aid status plausibility check and verification

When carrying out the technical assessment of an application, the joint secretariat conducts a plausibility check of the State aid status selected by the applicants (i.e. the project partners), assessing whether the selected status is in line with the information provided in section B.1 of the application form (question: What is the role (contribution and main activities) of your organisation in the project?). Clear discrepancies between the self-assessment and the applicant's answer to this question will be forwarded to the responsible national authorities for further verification.

### Managing indirect State aid to other organisations

In some cases, third party organisations participate in activities carried out by a project but not as project partners. This is known as receiving indirect aid. An undertaking receiving indirect aid is defined as an aid recipient that is not officially listed as a partner in the project but which, through the activities carried out by the project, receives an advantage over other companies (for example, by taking part in a training course for SME's offered through the project). In other words, the benefits conferred by the project are passed on to undertakings that are not part of the project. For this reason, recipients of indirect aid may have to be placed under a State aid scheme.

Two types of support may be provided to these undertakings, and each has a set of requirements.

- General support such as workshops and training that are open to **all relevant undertakings** and target general knowledge and capacity development for these undertakings is not considered indirect State aid and may be offered free of charge.
- Services for **specific undertakings** that involve the provision of services with a clear value count as indirect State aid. Examples include consultancy, research and development, coverage of travel costs,

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<sup>4</sup> Commission Regulation (EU) 651/2014, Article 9(4)

etc. In this case the aid must not exceed 20.000 € (per undertaking during the project lifetime) and the rules set out in the paragraph below should be applied<sup>5</sup>.

The programme manages the risk of indirect State aid using Article 20a of the GBER.

Using Art. 20a, the service provided to the undertaking that is not a formal partner in the project may be funded in full without requiring the undertaking to provide any contribution. In addition, Art. 20a allows aid to be given to large enterprises. However, the total amount of aid granted under Art. 20a GBER to a non-partner undertaking per project shall not exceed 20.000 €.

The project partner granting the indirect aid monitors the value of services offered and provides the relevant information when reporting to the programme. This includes the name of the enterprise receiving indirect aid (i.e. the service provided) as well as the amount of aid received. The partner must also ensure that the aid granted does not exceed the limit of 20.000 € per undertaking per year. The amount of aid granted is to be based on a precise calculation using a convincing methodology.

For all State aid documents, whether related to indirect 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.

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<sup>5</sup> Commission Regulation (EU) 2021/1237

## Annex 1 – State aid self-assessment tool

Is the partner involved in economic activities through the project? <i>Please consider the questions below.</i>			
	<i>Assessment question</i>	<i>Answer</i>	<i>Justification</i>
I	<i>1. Will the project partner implement activities and/or offer goods/services for which a market exists?</i>	<i>Yes/No</i>	<i>Explain: - Text</i>
	<i>2. Are there activities/goods/services that could have been undertaken by a market actor with the view to making a profit (even if this is not the project partner's intention)?</i>	<i>Yes/No</i>	<i>Explain: - Text</i>
Does the project partner or any market operator receive an economic advantage in the context of this project? <i>Please consider the questions below.</i>			
	<i>Assessment question</i>	<i>Answer</i>	<i>Justification</i>
II	<i>1. Does the project partner plan to carry out the economic activities on its own, i.e. rather than selecting an external service provider via public procurement procedures to carry out the activities, for example?</i>	<i>Yes/No</i>	<i>Explain - Text</i>
	<i>2. Will the project partner itself or any other market actor not included in the project partnership or target audience gain any benefits from the project's economic activities?</i>  <i>(The benefit(s) would not have been obtained without the project funding coming from the North Sea Programme.)</i>	<i>Yes/No</i>	<i>Explain - Text</i>

### Objective assessment

#### *Direct aid*

If both questions in part I (I.1 and I.2) and both questions in part II (II.1 and II.2) can be answered with a "Yes", then the risk of state aid exists and a state aid scheme for the partner has to be applied.

#### *Indirect aid*

If the answer to question II.2 is 'yes,' then a risk of indirect state aid exists and GBER article 20.a. should be applied when the relevant activities are being implemented. Please read more about managing indirect aid in the fact sheet on state aid.

## Fact Sheet 17: Partners and activities outside the programme area

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

As a basic rule, all partners, activities and expenditure must take place inside the boundaries of the North Sea Programme area. However, there are ways of working outside the programme area. In these cases, special rules apply.

### Background

European funding granted under the North Sea Programme is meant for the development of the North Sea programme. As a result, programme funding that 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.

If a project partner or activity included in an application as part of a project is located outside the programme area, whether inside or outside the European Union, the selection of that project shall require the explicit approval by the managing authority in the monitoring committee.<sup>1</sup> The activities and partners outside the programme area must contribute to the objectives of the programme.<sup>2</sup>

### Controlling partners located outside the programme area

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

- As a general rule, the lead partner of each project must be located in the programme area (which includes the southern regions of Norway).

<sup>1</sup> Regulation (EU) 2021/1059 (Interreg reg.) Art. 22, 1)

<sup>2</sup> Regulation (EU) 2021/1059 (Interreg reg.) Art. 37, 1)

- In special cases the lead partner can be located in part of a programme country that is not in the programme area, e.g. a national ministry based in Berlin. In such cases, however, it is important that the main activities be carried out in the programme area and/or made clear that the benefits of the project will be delivered to the programme area. An assessment of whether this is the case and whether the lead partner can live up to programme's administrative requirements will form part of the project application assessment.
- Partners located 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 part of the North Sea Region (e.g. southern Germany, southern France)
  - Zone 2: Member States that are not in the North Sea Programme (e.g. Poland)
  - Zone 3: Non-EU countries outside the programme area (e.g. UK or Iceland)

Two conditions apply to *all* such partners. These are:

- Involvement of the partner must provide a clear benefit to the programme area. It should be explained in the application why a partner located within the programme area cannot provide the same benefit.
- Effective control and audit arrangements must be in place. Unfortunately, this is complex and, in practice, often impossible. Different rules apply for each of the zones as follows:
  - Zone 1: Partners must clearly state in the application that they are located outside the programme area. If the project is approved, the partner must find and obtain approval for a Controller just as a partner located inside the programme area does.
  - Zone 2: No arrangements are in place. 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. Projects should contact the programme to hear about the status of these arrangements.

## Alternative arrangements for involvement

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

- **As invited experts.** A hosting organisation within the programme area can fund travel, accommodation and other relevant 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, especially tendering, which will be required for all but the smallest amounts.



- Note that it is not possible in such cases to circumvent procurement procedures by saying that only one qualified organisation could be found.

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

## References

- Interreg regulation 2021/1059

## Fact Sheet 18: Application Assessment Process

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

The programme will use a combination of 1-step (small-scale projects) and 2-step application procedures (regular projects), when selecting projects for funding. All applications are assessed by the Joint Secretariat according to a set of standard procedures and assessment criteria. The programme's Monitoring Committee then decides which projects should receive funding. This fact sheet explains how your application will be assessed.

### Background

The programme will be implemented through regular and small-scale projects. Regular projects are selected by making use of a 2-step application procedure. Applicants first submit an expression of interest (EOI) and, if successful, submit a full application. In contrast, small-scale projects are selected in a 1-step process, i.e. they are approved or rejected on the basis of one application, rather than two.

All expressions of interest (EOIs), full applications and small-scale project applications submitted by the deadline of a call for proposals are assessed following a standard procedure. The Joint Secretariat (JS) carries out the assessment using standard eligibility and assessment checklists. This results in a recommendation, which is presented to the programme's Monitoring Committee. This committee makes the final decision on whether or not a project should receive funding from the programme<sup>1</sup>.

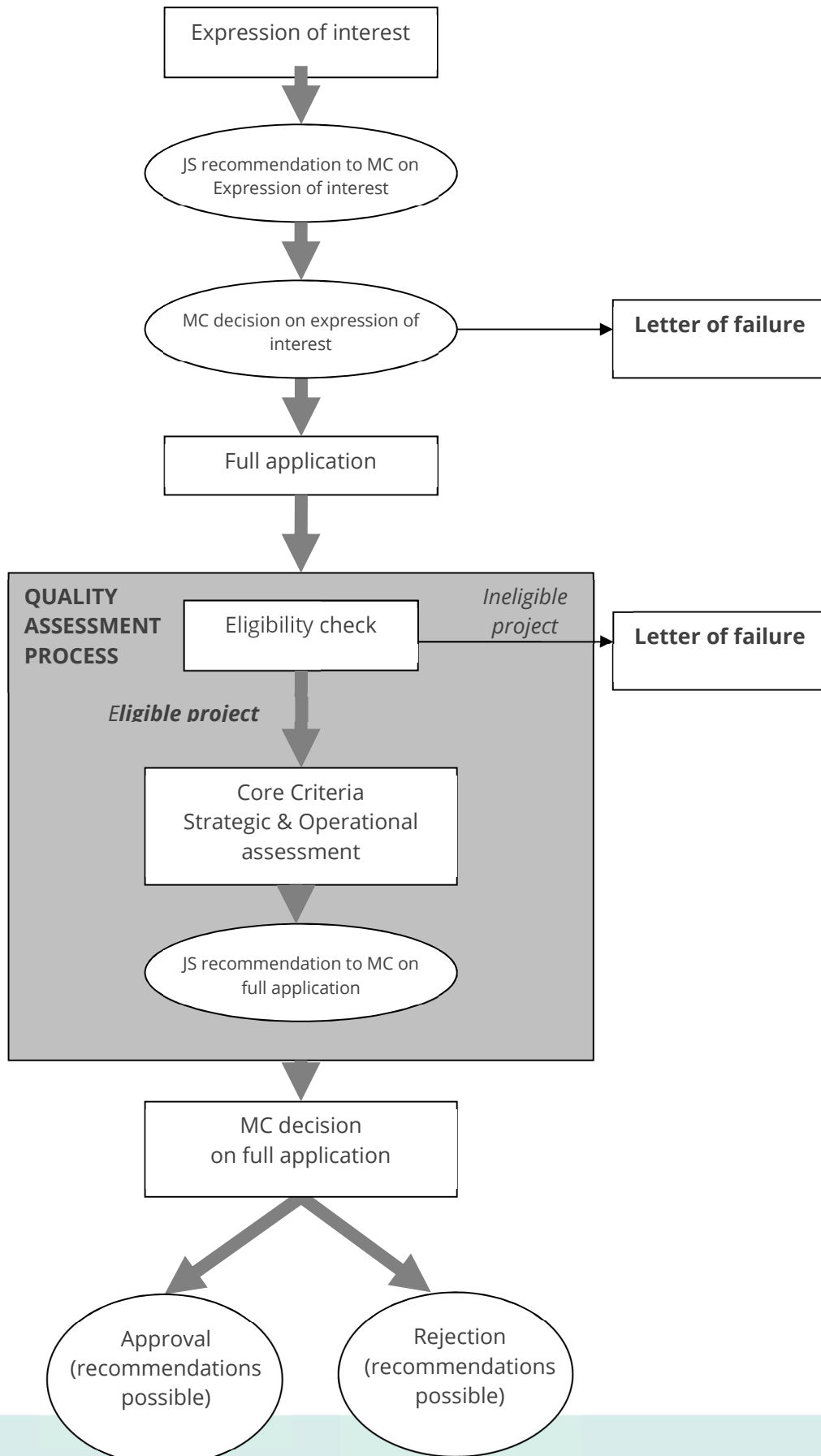
If non-essential information is missing when an application is submitted, the JS will indicate this to the Monitoring Committee and request follow-up from the project if the application is approved. However, if the application is incomplete or lacks important supporting documentation, the application will not be assessed.

The lead partner of all projects considered by the Monitoring Committee will be informed of the committee's decision directly after the meeting.

This fact sheet proceeds as follows. First, the full 2-step application procedure is illustrated below and both steps are described in the guidance. Second, the application process for small-scale projects is illustrated

<sup>1</sup> If an applicant believes that a decision made by the Monitoring Committee is unfair, they can make use of the complaints procedure established for the North Sea Programme.

and described. The assessment criteria for the three types are described in annexes 1, 2 and 3.



## 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 condensed form of the full application, which focuses primarily on the content of the project. All expressions of interest receive a formal assessment by the Joint Secretariat. They are assessed using a subset of the full assessment criteria (see EoI Assessment Criteria as Annex 1 to this Fact Sheet). For each of the assessments 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 Relevance
- Cooperation Character
- Project intervention logic<sup>2</sup>
- Partnership Relevance
- Work plan
- Budget

Expressions of interest which are approved by the monitoring committee will have to develop a full application for decision at one of the following two calls for full applications. Rejected expressions of interest will receive a letter explaining the main reasons for rejection. It is possible to re-apply with a modified expression of interest taking into account the comments by the monitoring committee.

## Guidance – Full application (Step 2)

The quality assessment is made up of two 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. Only projects that have passed the eligibility check are given a full assessment and considered by the Monitoring Committee for approval or rejection.
- The strategic assessment criteria determine the extent of the project's contribution to programme objectives and results by addressing joint needs.

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<sup>2</sup> Project's contribution to programme objectives, results and outputs

- 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 partner will receive a letter explaining why the application is ineligible. The lead partner of the application will be informed about the outcome of the eligibility check. At the same time, the national authorities in the lead partner's country will check that the project is not acting against any national policy. The individual national authorities will check the legal status and other national specific requirements are fulfilled by the partner(s) participating from their country (e.g. capacity check).

Every project is given a qualitative assessment, which focuses on the project's 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 full application assessment criteria in Annex 2 to this fact sheet).

The possible rating for each part of the assessment is:

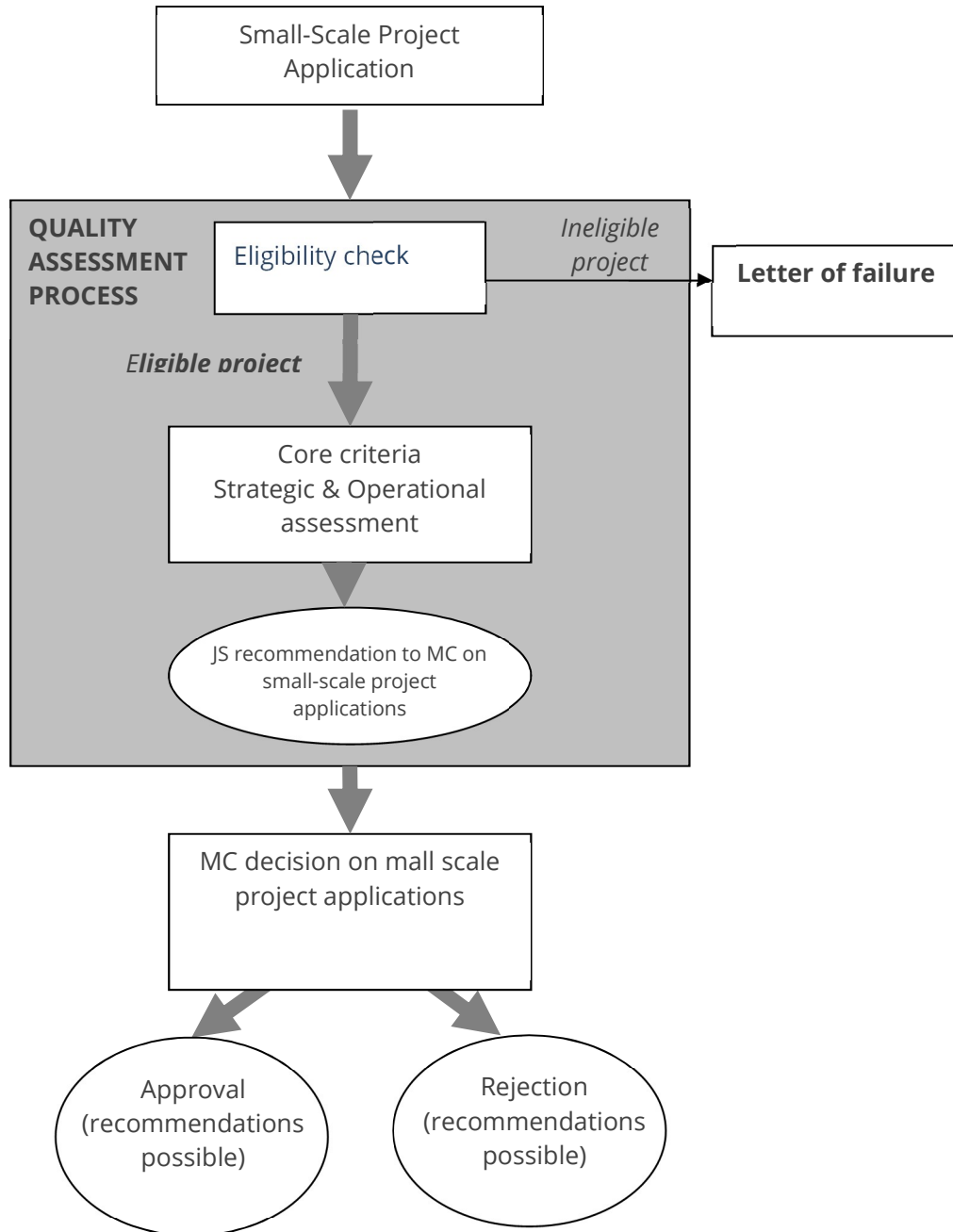
- **Strong** – the application addresses the criterion well, although it is possible that some small improvements could be made. The answer gives clear information on all important areas.
- **Sufficient** – the application broadly addresses the criterion, but there are areas that could be strengthened. 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 rating of 'sufficient' 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. It is important to note that the JS makes recommendations and that it is the Monitoring Committee that makes the final decisions for approval. The guidance for each call for proposals will set out any issues of particular importance for the call in question.

### Guidance – Small-scale Projects Application

Small-scale projects will be selected in a '1-step application procedure'. This means that small-scale projects will have a separate application form, slightly different from the regular projects' 'full application'.

The 1-step application procedure is illustrated below.





The quality assessment process is identical to the assessment process of the full applications. During the quality assessment there will be a slightly different assessment checklist corresponding the small-scale project application form (see Small-scale Project applications Assessment Criteria as Annex 3 to this fact sheet).

## Annex 1

### Expression of Interest – Assessment checklist

#### Strategic assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Project relevance	How well is a need for the project justified?	The project addresses common territorial challenges of the programme or a joint asset of the programme area - there is a real need for the project (well justified, reasonable, well explained).	A.2 'Project summary'	[DROPDOWN]
	To what extent will the project	The project overall objective clearly contributes to the achievement of the programme priority specific objective.	C.1	[DROPDOWN]



	contribute to the achievement of programme's objectives and indicators?	The project contributes to (a) spotlight theme(s) identified by the programme. FOR INFORMATION ONLY! YES/NO question in the assessment drop down.	C.1	
		The project outputs clearly link to programme output indicators and their contribution to programme targets is sufficient.	C.2.1 Output tables in work packages, C.4	
		Project's contribution to programme result indicators is realistic and sufficient.	C.3, C.4	
		The project demonstrates new solutions that go beyond the existing practice in the sector/programme area/participating countries or adapts and implements already developed solutions.	A.2	
Cooperation character	What added value does the cooperation bring?	The importance of cooperation beyond borders for the topic addressed is clearly demonstrated	A.2	[DROPDOWN]
		The results cannot (or only to some extent) be achieved without cooperation.	A.2	
		There is a clear benefit from cooperating for the project partners / target groups / project area / programme area.	A.2, B (Project partnership)	
		Work package objectives are specific, realistic and achievable	C.2	[DROPDOWN]



Project intervention logic	To what extent is project intervention logic plausible?	Proposed project outputs are needed to achieve project specific objectives.	C.2	
		Project outputs and results that contribute to programme indicators are realistic (it is possible to achieve them with given resources – i.e. time, partners, budget - and they are realistic based on the quantification provided).	C.2, C.3, C.4, D	
		Project outputs are durable (the proposal is expected to provide a significant and durable contribution to solving the challenges targeted) – if not, it is justified.	A.2	[DROPDOWN]
Partnership relevance	To what extent is the partnership composition relevant for the proposed project?	The project involves the relevant actors needed to address the territorial challenge/joint asset and the objectives specified.	A.3 B	[DROPDOWN]
		Considering the project's objectives the project partnership: - is balanced with respect to the levels, sectors, territory - consists of partners that complement each other	B	
		All partners play a defined role in the partnership and the territory benefits from this cooperation.	B	

## Operational assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Work plan	To what extent is the work plan realistic, consistent and coherent?	Proposed activities and deliverables are relevant and should lead to planned outputs and results.	C.2, C.3	
		The importance and transnational relevance of investments is clear. (if applicable).	A.2	[DROPDOWN]
Communication	To what extent are communication activities appropriate to reach the relevant target groups and stakeholders?	The communication objectives are relevant and are expected to contribute to project specific objectives.	C.2	[DROPDOWN]
		Communication activities (and deliverables) are appropriate to reach the relevant target groups and stakeholders.	C.2	



Budget	To what extent is the project budget in line with the principles of economy, efficiency and effectiveness?	<p>The principle of economy concerns minimising costs. The resources used by the project partnership to carry out its activities should be made available in due time, in appropriate quantity and quality, and at the best price.</p> <ul style="list-style-type: none"> <li>- The budget allocated to staff and external expertise is in line with the project content and the costs are realistic.</li> </ul> <p>Sufficient and reasonable resources are planned to ensure project implementation.</p>	D.2 & E.3	[DROPDOWN]
		<p>The principle of efficiency concerns getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.</p> <ul style="list-style-type: none"> <li>- The need for engaging external expertise is justified and the costs seem realistic.</li> <li>- Financial allocation per cost category is in line with the work plan.</li> <li>- If applicable, the distribution of the budget per period is in line with the work plan.</li> <li>- The application of lump sums and unit costs is appropriate and in line with the programme rules.</li> </ul>		
		<p>The principle of effectiveness concerns meeting the project objectives and achieving the intended results.</p> <ul style="list-style-type: none"> <li>- The available information in the budget is transparent and sufficient. On that basis, the project budget</li> </ul>		



		<ul style="list-style-type: none"><li>- appears proportionate to the proposed work plan, project outputs and project's contribution to programme indicators aimed for.</li><li>- Sufficient and reasonable resources are planned for investments and equipment purchases (if applicable) and their costs are realistic.</li></ul>		
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## Annex 2

### Full application - Assessment checklist

#### Strategic assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Project relevance	How well is a need for the project justified?	The project addresses common territorial challenges of the programme or a joint asset of the programme area - there is a real need for the project (well justified, reasonable, well explained).	C.2.1 and C.2.2 (A.2 'Project summary' can be used throughout the strategic assessment of the applications)	[DROPDOWN]



			The applications)	
		The project clearly contributes to a wider strategy on one or more policy levels (EU / national / regional).	AF C.2.5	
	To what extent will the project contribute to the achievement of programme's objectives and indicators?	The project overall objective clearly contributes to the achievement of the programme priority specific objective.	C.1	
		The project contributes to (a) spotlight theme(s) identified by the programme. FOR INFORMATION ONLY! YES/NO question in the assessment drop down.	C.1	
		The project outputs clearly link to programme output indicators and their contribution to programme targets is sufficient.	C.4 Output tables in work packages	
		Project's contribution to programme result indicators is realistic and sufficient.	C.5	
	How does the project build on existing practices?	The project makes use of available knowledge and builds on existing results and practices.	B.1.6, C.2.6	[DROPDOWN]
		The project tries to avoid overlaps and replications; there is evolution of ideas.	C.2.2	



		The project demonstrates new solutions that go beyond the existing practice in the sector/programme area/participating countries or adapts and implements already developed solutions.	C.2.2	
Cooperation character	What added value does the cooperation bring?	The importance of cooperation beyond borders for the topic addressed is clearly demonstrated	C.2.3	
		The results cannot (or only to some extent) be achieved without cooperation.	C.2.3	
		There is a clear benefit from cooperating for the project partners / target groups / project area / programme area.	C.2.3	
Project intervention logic	To what extent is project intervention logic plausible?	Work package objectives are specific, realistic and achievable.	C.4	[DROPDOWN]
		Proposed project outputs are needed to achieve project specific objectives.	C.4	
		Project outputs and results that contribute to programme indicators are realistic (it is possible to achieve them with given resources – i.e. time, partners, budget - and they are realistic based on the quantification provided).	C.4, C.5, C.6, D	



	To what extent will project outputs have an impact beyond project life time?	Project outputs are durable (the proposal is expected to provide a significant and durable contribution to solving the challenges targeted) – if not, it is justified.	C.8.2	
		Project main outputs are applicable and replicable by organisations/regions/countries not represented in the current partnership (transferability) – if not, it is justified.	C.8.3	
Cooperation character	To what extent is the partnership composition relevant for the proposed project?	The project involves the relevant actors needed to address the territorial challenge/joint asset and the objectives specified.	C.3	[DROPDOWN]
		Considering the project's objectives the project partnership:  - is balanced with respect to the levels, sectors, territory  - consists of partners that complement each other	C.3	
		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.)	B.1.6	
		All partners play a defined role in the partnership and the territory benefits from this cooperation.	C.3	

## Operational assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Work plan	To what extent is the work plan realistic, consistent and coherent?	Proposed activities and deliverables are relevant and should lead to planned outputs and results.	C.4, C.5	[DROPDOWN]
		Distribution of tasks among partners is appropriate (e.g. sharing of tasks is clear, logical, in line with partners' role in the project, etc.).	C.4	
		The importance and transnational relevance of investments is clear. (if applicable).	C.4	
Communication	To what extent are communication activities appropriate to reach the relevant target	The communication objectives are relevant and are expected to contribute to project specific objectives.	C.4	[DROPDOWN]
		Communication activities (and deliverables) are appropriate to reach the relevant target groups and stakeholders.	C.4	
		The coordination of project communication is properly planned and the involvement of all partners is ensured.	C.7.3	



	Groups and stakeholders?	project communication contributes to transferring of project results.		
Project management	Is the project management properly planned?	Tasks and responsibilities of the project partners are clear, and the proposed management of the project seems well organised.	C.7.1	
		Measures proposed by the partnership to ensure the quality of project implementation (e.g. midterm evaluation) are well thought through.	C.7.2	
		The financial management of the project and the reporting procedures for activities and budget are clearly described and are in line with the programme rules.	C.7.4	
Budget	To what extent is the project budget in line with the principles of economy, efficiency and effectiveness?	<p>The principle of economy concerns minimising costs. The resources used by the project partnership to carry out its activities should be made available in due time, in appropriate quantity and quality, and at the best price.</p> <ul style="list-style-type: none"> <li>- The budget allocated to staff and external expertise is in line with the project content and the costs are realistic.</li> <li>- Sufficient and reasonable resources are planned to ensure project implementation.</li> </ul>	D.2 & E.3	[DROPDOWN]



		<p>The principle of efficiency concerns getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.</p> <ul style="list-style-type: none"> <li>- The need for engaging external expertise is justified and the costs seem realistic.</li> <li>- Financial allocation per cost category is in line with the work plan.</li> <li>- If applicable, the distribution of the budget per period is in line with the work plan.</li> <li>- The application of lump sums and unit costs is appropriate and in line with the programme rules.</li> </ul>		
		<p>The principle of effectiveness concerns meeting the project objectives and achieving the intended results.</p> <ul style="list-style-type: none"> <li>- The available information in the budget is transparent and sufficient. On that basis, the project budget appears proportionate to the proposed work plan, project outputs and project's contribution to programme indicators aimed for.</li> <li>- Sufficient and reasonable resources are planned for investments and equipment purchases (if applicable) and their costs are realistic.</li> </ul>		
<p>To be filled in by the assessors</p>				



Intervention field				
	In which intervention field is the project implemented?	Assessor chooses from the pre-defined list.		[DROPDOWN]



### Annex 3

#### Small-scale Project application - Assessment checklist

#### Strategic assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Project relevance	How well is a need for the project justified?	The project addresses common territorial challenges of the programme or a joint asset of the programme area - there is a real need for the project (well justified, reasonable, well explained).	C.2.1 and C.2.2  (A.2 'Project summary' can be used throughout the strategic assessment of the applications)	[DROPDOWN]



			The applications	
To what extent will the project contribute to the achievement of programme's objectives and indicators?	The project overall objective clearly contributes to the achievement of the programme priority specific objective.	C.1		
	The project contributes to (a) spotlight theme(s) identified by the programme. FOR INFORMATION ONLY! YES/NO question in the assessment drop down.	C.1		
	The project outputs clearly link to programme output indicators and their contribution to programme targets is sufficient.	C.4 Output tables in work packages		
	Project's contribution to programme result indicators is realistic and sufficient.	C.5		
	The project tries to avoid overlaps and replications; there is evolution of ideas.	C.2.2, C.2.4		
	The project demonstrates new solutions that go beyond the existing practice in the sector/programme area/participating countries or adapts and implements already developed solutions.	C.2.2		



	To what extent is the project addressing the purpose of the small-scale projects defined in the guidance note?	The project content is in line with the purpose of the small-scale projects highlighted in the guidance note of the call.	A.2; C.2	[DROPDOWN]
Cooperation character	What added value does the cooperation bring?	The importance of cooperation beyond borders for the topic addressed is clearly demonstrated	C.2.3	[DROPDOWN]
		The results cannot (or only to some extent) be achieved without cooperation.	C.2.3	
		There is a clear benefit from cooperating for the project partners / target groups / project area / programme area.	C.2.3	
Project intervention logic	To what extent is project intervention logic plausible?	Project overall objective is specific, realistic and achievable.	C.5	[DROPDOWN]
		Proposed project outputs are needed to achieve the project overall objective.	C.2.2, C.2.4	
		Project outputs and results that contribute to programme indicators are realistic (it is possible to achieve them with given resources – i.e. time, partners, budget - and they are realistic based on the quantification provided).	C.2.2	



	To what extent will project outputs extend beyond the project lifetime?	Project outputs are durable (the proposal is expected to provide a significant and durable contribution to solving the targeted challenges) – if not, it is justified.	C.8	[DROPDOWN]
		Main project outputs are applicable and replicable by organisations/regions/countries outside the project partnership (transferability) – if not, it is justified.	C.8	
Partnership relevance	To what extent is the partnership composition relevant for the proposed project?	The project involves the relevant actors needed to address the territorial challenge/joint asset and the objectives specified.	C.3	[DROPDOWN]
		Considering the project’s objectives the project partnership: - is balanced with respect to the levels, sectors, territory - consists of partners that complement each other	C.3	
		All partners play a defined role in the partnership and the territory benefits from this cooperation.	C.3	

## Operational assessment criteria

Topic	Assessment question	Assessment will be based primarily on the responses to the following questions	Section in the full application form	Rating (Dropdown list: <i>Strong, Sufficient, Weak, Insufficient</i> )
Work plan	To what extent is the work plan realistic, consistent and coherent?	Proposed activities and deliverables are relevant and should lead to planned outputs and results.	C.4, C.5	[DROPDOWN]
		Distribution of tasks among partners is appropriate (e.g. sharing of tasks is clear, logical, in line with partners' role in the project, etc.).	C.4	
		The importance and transnational relevance of investments is clear. (if applicable).	C.4	
Communication	To what extent are communication activities appropriate to reach the relevant target groups and stakeholders?	The communication objective is relevant and are expected to contribute to project specific objectives.	C.4	[DROPDOWN]
		Communication activities (and deliverables) are appropriate to reach the relevant target groups and stakeholders.	C.4	
		The coordination of project communication is properly planned and the involvement of all partners is ensured. The project communication contributes to transferring of project results.	C.7.2	
	Is the project management properly planned?	Tasks and responsibilities of the project partners are clear, and the proposed management of the project seems well organised.	C.7.1	



Project management				
Budget	To what extent is the project budget in line with the principles of economy, efficiency and effectiveness?	<p>The principle of economy concerns minimising costs. The resources used by the project partnership to carry out its activities should be made available in due time, in appropriate quantity and quality, and at the best price.</p> <ul style="list-style-type: none"> <li>- The budget allocated to staff and external expertise is in line with the project content and the costs are realistic.</li> </ul> <p>Sufficient and reasonable resources are planned to ensure project implementation.</p>	D.2 & E.3	[DROPDOWN]
		<p>The principle of efficiency concerns getting the most from the available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing.</p> <ul style="list-style-type: none"> <li>- The need for engaging external expertise is justified and the costs seem realistic.</li> <li>- Financial allocation per cost category is in line with the work plan.</li> <li>- If applicable, the distribution of the budget per period is in line with the work plan.</li> </ul>		



		<ul style="list-style-type: none"> <li>- If applicable, the distribution of the budget per period is in line with the work plan.</li> <li>- The application of lump sums and unit costs is appropriate and in line with the programme rules</li> </ul>		
		<p>The principle of effectiveness concerns meeting the project objectives and achieving the intended results.</p> <ul style="list-style-type: none"> <li>- The available information in the budget is transparent and sufficient. On that basis, the project budget appears proportionate to the proposed work plan, project outputs and project's contribution to programme indicators aimed for.</li> <li>- Sufficient and reasonable resources are planned for investments and equipment purchases (if applicable) and their costs are realistic.</li> </ul>		
To be filled in by the assessors				
Intervention field				
	In which intervention field is the project implemented?	Assessor chooses from the pre-defined list.		[DROPDOWN]

## Fact Sheet 19: Letter of Intent

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### 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 and small-scale project application submitted to the programme must include a Letter of Intent from every project partner (including sub-partners). The letter is created and signed via a digital signatory procedure in the Online Monitoring System during the preparation of the 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 project partner is fully aware of the project and its obligations to the partnership.

No full applications will be considered by the monitoring 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 completed electronically and submitted with the application form. The Letters of Intent must be signed (electronically) 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 Online Monitoring System.

The key information to note is the commitment that:

- The project partner is familiar with the application and accepts being a partner in the project
- The project partner is willing to fulfil his/her obligations as described in the full application
- The project partner 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
- Project partners will make co-financing available in accordance with the full application and from which date this co-financing will be available

## Letter of Intent

*(The following is an example and will be exported and signed in the Online Monitoring System)*

On behalf of **[project partner]** I hereby confirm that **[project partner]** will participate in the Interreg VIB project **[project name]** under the North Sea programme.

[Project partner] is familiar with all aspects of the project application regarding the Interreg VIB project and accepts to be a partner in the project. I hereby also declare that [project partner] is willing to fulfil all obligations as described in the application.

[Project partner] will assume responsibility in the event of irregularity in the expenditure declared by [project partner].

In accordance with the project funding plan, [project partner] will make available [co-funding] for our participation in the project. The funding will be available from [start date].

[digital signature]

## Fact Sheet 20: Project Progress Reporting

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

All projects will report regularly on their progress to the joint secretariat, and all project progress reports will be processed and paid within 80 days (provided that the European Commission has made the necessary funds available to the programme and no follow-up with the project is needed after initial submission). This fact sheet covers the basic rules, guidelines, and procedures for reporting. The procedure for small-scale project reporting is slightly different and this is described in fact sheet no 27.

### Background

The purpose of this fact sheet is to give an overview of the procedures for project progress reporting on activities and claiming reimbursement for expenditure. More detailed information on the project progress reporting forms etc. referred to in this fact sheet is available on the programme website.

### Objective of project progress reports

The main objective of the project progress reports is to monitor whether projects are on track with implementation (working toward the project overall objective, work package objectives, outputs and results, carrying out communication of activities and achievements, and sticking to budget).

### Timing and number of project progress reports

It is expected that your project will report on a regular basis. Submission of the first report will be required no later than 12 months after the project has been approved. Following the first report, a progress report will be required every six months. At least once per year, your project must submit a finance report, which includes a statement of expenditure and request for payment. Individual partners, however, may defer from submitting a claim in any given finance report, depending on whether they have incurred expenditure during that period (see below for more information).

## Requirements for project progress reporting

There will be an activity progress report on partner and on project level. All partner and project level progress reports are submitted through the programme's online monitoring system (OMS).

- All sections of the project progress report must be completed before the form can be submitted.
- Every project-level finance report must include a finance report from every partner in the project – even if no funding is claimed by that partner. Project partners submitting a zero claim must enter this information in the online monitoring system (OMS) and the lead partner must explain why this has been done in the project progress report. This is to prevent unexplained periods of inactivity which might impact overall project delivery. Prolonged periods with zero claims from a partner may lead to a demand to report in order to avoid extended periods of expenditure without control.
- Projects must respect the deadline for submitting project progress reports. If a project is unable to meet a reporting deadline, the lead partner must contact the Joint Secretariat as soon as possible to ask for approval to submit the project progress report at a later stage. If a project does not meet the deadline and does not contact the Joint Secretariat, the project progress report will be considered invalid.
- Repeated failures to submit required project progress reports will raise concerns about the project management and may result in termination of the project. If a project does not submit a project progress report for one year, the project will be terminated, and procedures will be initiated to recover all funding previously paid out.
- No project partner will ever be paid more than their approved budget for the project. It is, however, possible to submit claims for higher amounts if all the additional expenditures also comply with all rules and regulations on eligibility.
- The Controller certificate must be filled out correctly and in full. An incomplete Control certificate will be rejected (please see Fact Sheet 23 on control of partner expenditure).
- Each project partner's Controller should maintain a record of all ineligible expenditure removed from the statement of expenditure and provide information on this in the Control checklist, including a clear statement of the amounts that have already been deducted and therefore fully resolved before submission of the project progress reports.

## Division of work between lead partner and other project partners

Each partner completes a project progress report and, if relevant, a statement of expenditure covering its own activities and costs. These documents are checked by the partner's Controller and then submitted to the lead partner. The lead partner compiles the accumulated project progress report and statement of expenditure and submits the completed forms to the joint secretariat for review. All of this takes place in the online monitoring system (OMS).

The partnership may agree additional requirements and deadlines for reporting as part of the Partnership Agreement (see Fact Sheet 15). It is the responsibility of the lead partner to ensure that the activity progress report on project level provides a thorough overview of project activities and achievements to date rather

than a copy/paste of individual project partners' work.

The lead partner's Controller does not re-control the expenditure reported by the other project partners. 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 14 on 'roles and responsibilities in project partnerships' for details of the lead partner's role and Fact Sheet 23 on Control of partner expenditure.

## Content of project progress reports

Activity progress reports are required on both partner and project levels.

The activity progress reporting consists of the following fields:

- **Highlights (summary of main achievements)** – short description about the main highlights covering the actual reporting period
- **Overview of the achievement of outputs and results** – there are two sets of indicators the programme asks projects to measure to monitor their success and the positive effects they have had on the North Sea Programme area. These are called output and result indicators (please see Fact Sheet 22 intervention logic and indicators). A short description of your achievements is expected during this reporting round.
- **Project problems and deviations from the plans** – short justification for any delays or other deviations as described in the approved application form and the solutions found.
- **Description of the target group involvement** – short justification and explanation for each target group involved in your project during this reporting round
- **Overall progress on work package objectives** – activities carried out in the actual reporting period, including deliverables (optional)
- **Horizontal principles** – description of the contribution towards sustainable development, equal opportunities and non-discrimination and equality between men and women
- **Enclosures** – attachment of studies, reports / strategy papers, political agreements, adoption of new processes, new standards, new tools, number of solutions tested – either through physical testing or piloting of new approaches with relevant target groups.

## The financial project progress report

A finance progress report (statement of expenditure and request for payment) both on partner level and on project level must be submitted to the secretariat at least once per year. Please note the content of the finance report follows the information provided in the application form.

## Processing of projects progress reports

Once a completed project progress report is submitted, the Joint Secretariat has 80 days to process the

report<sup>1</sup> and make a payment to the lead partner, 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 80-day clock will be paused until a satisfactory reply is received from the lead partner.

Processing of progress 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 entire partnership, and whether any implementation problems are being dealt with satisfactorily. The Joint Secretariat also uses the progress 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 progress report and make a payment, the project will be asked to provide additional information with the next progress report.

Processing of claims for payment focuses on whether financial Control has been properly completed and documented, whether any necessary corrective actions have been taken and documented, and whether the costs presented for payment after Control comply with all rules and regulations.

If questionable expenditure is identified, it will be deducted from the amount claimed until the issue is resolved. In case there are open questions regarding the finance claim, the project will be asked for clarification. If relevant, the Joint Secretariat may contact individual project partners and/or their Controller for verification of outstanding issues. In this particular circumstances the lead partner must be involved in all correspondence. 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 the quality assurance process is complete, the lead partner will receive a concluding letter on the progress report and the claim for expenditure (if relevant). The letter may contain additional conditions for the next progress report. Processing of the next progress 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 partner, who is required to distribute the funds to the project partners without delay<sup>2</sup>. In practice this means that the lead partner has a maximum 15 days to transfer the relevant share of ERDF/ERDF equivalent (e.g. Norwegian funding) to each project partner.

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<sup>1</sup> In accordance with Common Provisions Regulation 2021/1060 Article 74 (1b).

<sup>2</sup> In accordance with Common Provisions Regulation 2021/1060 Article 88(2).



## Retaining documents

It is essential that all partners retain all the supporting documentation for each report for a 5-year period from 31 December of the year in which the final payment by the managing authority to the lead partner has been made.<sup>3</sup>

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<sup>3</sup> In accordance with Common Provisions Regulation 2021/1060 Article 82(1).

## Fact Sheet 22: Intervention logic and indicators

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

The intervention logic is the programme's main tool to structure the individual projects. Indicators form part of the intervention logic and applicants will have to set targets for indicators in the application form. The achievements on indicators will contribute to the project's objectives, which also form part of the intervention logic and are also set at application stage. Projects must monitor their achievements on indicators and objectives through progress reports.

### Introduction

The programme uses a fixed set of indicators to measure the performance of projects and the programme. At application stage each project must set targets for the indicators that are relevant. The information on indicators recorded in the Online Monitoring System supports the monitoring of the implementation of projects and the programme.

### Programme intervention logic

The programme targets four themes, which are called priorities. Each priority is divided into one or more priority specific objectives. At the application stage, applicants must choose the priority specific objective their project will contribute to.

Priority	Priority Specific Objective (SO)	
Priority 1 - Robust and smart economies in the North Sea Region	Priority specific objective 1.1	Developing and enhancing research and innovation capacities and the uptake of advanced technologies
	Priority specific objective 1.2	Developing skills for smart specialization, industrial transition and entrepreneurship
Priority 2 - A green transition in the North Sea	Priority specific objective 2.1	Promoting energy efficiency and reducing greenhouse gas emissions

Priority	Priority Specific Objective (SO)	
	Priority specific objective 2.2	Promoting renewable energy in accordance with Directive (EU) 2018/2001, including the sustainability criteria set out therein
	Priority specific objective 2.3	Developing smart energy systems, grids and storage outside the Trans-European Energy Network (TEN-E)
	Priority specific objective 2.4	Promoting the transition to a circular and resource efficient economy
	Priority specific objective 2.5	Promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy
Priority 3 - A climate resilient North Sea Region	Priority specific objective 3.1	Promoting climate change adaptation and disaster risk prevention, resilience, taking into account eco-system based approaches
	Priority specific objective 3.2	Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution
Priority 4 - Better governance in the North Sea Region	Priority specific objective 4.1	Actions to support better cooperation governance

More information about the priorities and priority specific objectives can be found in the Interreg North Sea Programme document.

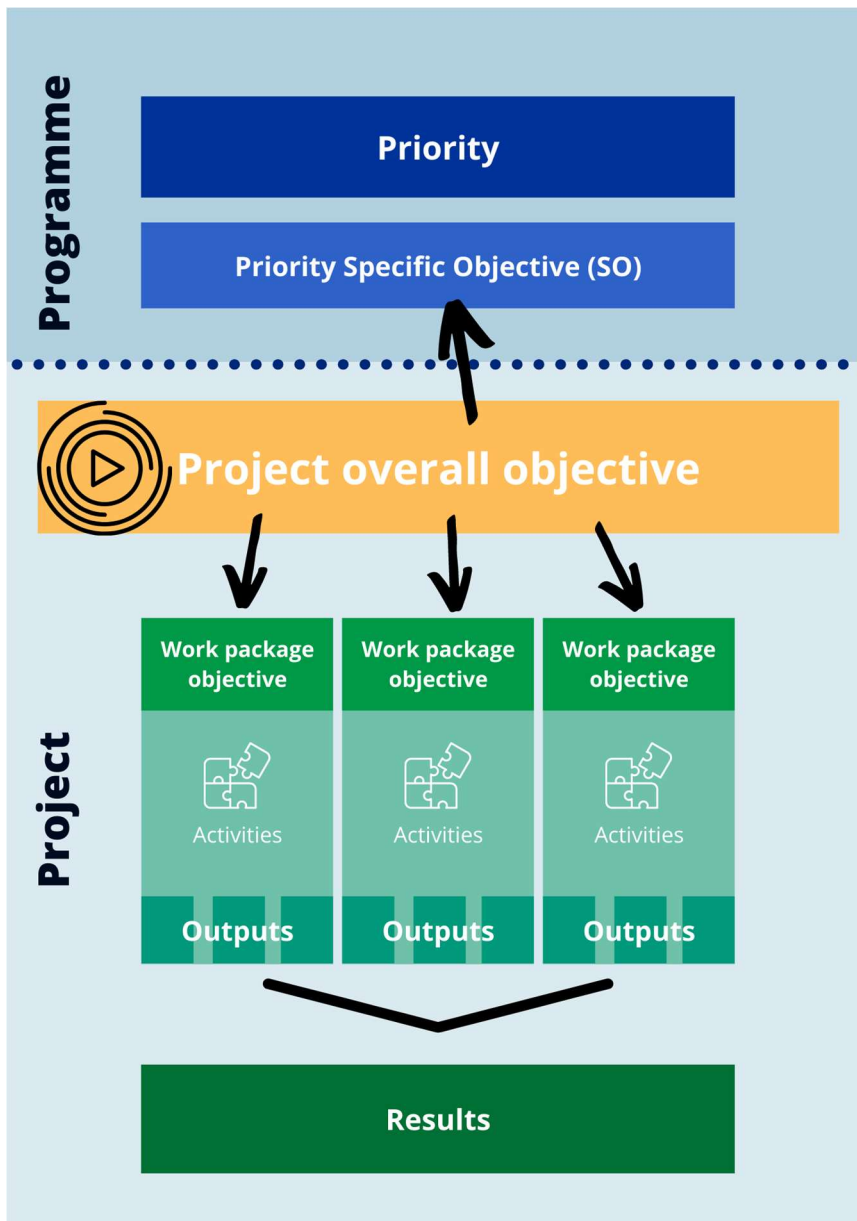
## Project intervention logic and indicators

The intervention logic of a project should contribute to a selected priority and priority specific objective and consist of:

- the project overall objective,
- the work package objectives,
- the activities,
- the output indicators,
- the result indicators.

When selecting indicators, applicants should keep in mind that there should be a logical connection between all parts of the intervention logic. The starting point is always the priority specific objective (SO1.1 – SO4.1), which links to all other aspects of the project's intervention logic and defines which indicators can be selected.

The following graphic visualises the project's intervention logic and its connection to the programme level. The individual building blocks are described further below.



### Project overall objective and work package objectives

The project overall objective is described by the project and outlines the overall aim of the project (it is a free-text field in the application). The project overall objective must have a clear link to the priority and priority specific objective that has been chosen. The project overall objective will be achieved by carrying out the work described in the work packages. Each of the work packages has its own work package objective, which describes the goal of the activities in the work package.

### **Activities**

In each work package, the applicant should list the activities that need to be implemented in order to achieve the work package objectives. Each activity is linked to a deliverable. The deliverables quantify the implemented activities. Deliverables will be chosen from a drop-down menu and should be specified in the "activity description" column. Progress toward and completion of deliverables should be evidenced by explanations and/or supporting documentation. More information and the definitions of the deliverables can be found in annex III.

### **Outputs**

Outputs must be defined on work package level. There are two output indicators from which projects can choose:

1. Pilot actions developed jointly and implemented in projects
2. Strategies and action plans jointly developed

The achievement of the output indicators will be a logical consequence of the activities carried out in the respective work package.

Projects must set targets for the output indicators at application stage and report on them regularly (see Fact Sheet 20 on reporting).

In addition, the programme counts the number of organisations that participate as project partners in the programme, which will contribute to the third output indicator 'organisations cooperating across borders'. As an applicant/project you do not have to set targets or report on achievements on this indicator, as this is calculated automatically in the Online Monitoring System.

More information and the definitions of the output indicators can be found in annex I.

### **Results**

Result indicators capture the accumulated benefits of all work packages. Projects can choose between three result indicators:

1. Solutions taken up or up-scaled by organisations
2. Joint strategies and action plans taken up by organisations
3. Organisations with increased institutional capacity due to their participation in cooperation activities across borders

Each result indicator links to an output indicator and measures the wider uptake of the corresponding output. You can find the sets of indicators in the table below.

More information and the definitions of the result indicators can be found in annex II.

Projects must set targets for the results indicators at application stage and report on them regularly (see Fact Sheet 20 on reporting).

## Link between output and result indicators

The first two columns in the table below describe the link between output and result indicators.

<b>Output indicator</b>	<b>Result indicator</b>	<b>SO 1.1</b>	<b>SO 1.2</b>	<b>SO 2.1</b>	<b>SO 2.2</b>	<b>SO 2.3</b>	<b>SO 2.4</b>	<b>SO 2.5</b>	<b>SO 3.1</b>	<b>SO 3.2</b>	<b>SO 4.1</b>
Pilot actions developed jointly and implemented in projects	Solutions taken up or up-scaled by organisations	x	x	x	x	x	x	x	x	x	
Strategies and action plans jointly developed	Joint strategies and action plans taken up by organisations	x	x	x	x	x	x	x	x	x	x
<i>Organisations cooperating across borders (automatically measured)</i>	Organisations with increased institutional capacity due to their participation in cooperation activities across borders	x	x	x	x	x	x	x	x	x	x

The above set of output and result indicators is available for all projects under the different priority specific objectives – except for SO4.1. Priority 4 projects cannot choose the output and result indicators that measure pilots and solutions.

## Selecting indicators in the application form

The targets for relevant indicators should be set by the project at application stage and form part of the application form in the Online Monitoring System. Indicator targets are part of all application forms: the expression of interest, the full application and the small-scale project application. The Joint Secretariat and national contact points may be consulted for guidance with regard to the intervention logic, indicators and target setting.

## Programme targets

The progress of the programme is measured against the same set of indicators as used by the projects. The achievements of projects under the same programme specific objective will accumulate towards the programme targets.

## Annex 1: List and definition of outputs

Indicator name	Measurement Unit	Definition
Pilot actions developed jointly and implemented in projects	Pilot action	<p>A pilot action is a practical measure implemented in the context of a project that tests or demonstrates one novel solution (e.g. procedures, instruments, tools, approaches and methods or the transfer of working practices). A solution is considered to be novel if it is either new or applied in a new context. The aim of a pilot is to test, validate and/or improve the solution.</p> <p>A pilot has to be attached to one specific location.</p> <p>In order to be counted towards this indicator,</p> <ul style="list-style-type: none"> <li>• the pilot action must be developed and implemented within the project framework.</li> <li>• the implementation of the pilot action should be finalised by the end of the project.</li> <li>• the development of the pilot action must involve organisations from several countries.</li> </ul> <p>In order to count towards the corresponding result indicator (Solutions taken up or up-scaled by organisations) a successfully piloted solution should document what is needed for it to be taken up or to be up scaled.</p> <p>This indicator is applicable to priorities 1-3, but not to priority 4. Data on this indicator is collected by projects.</p>
Strategies and action plans jointly developed	Strategy/action plan	<p>The indicator counts the number of joint strategies or action plans developed by supported projects. A jointly developed strategy sets a general direction in a certain subject to achieve a desired goal in the future. An action plan is a detailed plan outlining actions needed to reach one or more goals, laid down in the strategy. An action plan is one step further than a strategy towards actual/physical implementation. Joint development implies the involvement of organizations from at least two participating countries in the drafting process.</p>



		<p>Further clarifications:</p> <ul style="list-style-type: none"> <li>• Strategies have to be jointly developed by the partners. Those action plans that are based on a joint strategy can be designed in local/regional context.</li> <li>• Projects can create a strategy and/or action plan(s) within the project framework. Alternatively, projects can create action plans that are based on an existing strategy (for example from another/previous project).</li> <li>• Strategies and action plans are counted individually, e.g. if a project creates a strategy and three action plans, then four would be the target value.</li> <li>• Strategies and action plans developed outside of the context of the North Sea Region programme cannot be counted towards this indicator.</li> </ul> <p>NOTE: Plans for pilot activities and/or internal project implementation (e.g. management plan or project communication strategy) and already existing strategies do not count toward this indicator.</p> <p>This indicator is applicable to priorities 1-4. Data on this indicator is collected by projects.</p>
Organisations cooperating across borders	Organisation	<p>The indicator counts the organisations cooperating formally in supported projects. The organisations counted in this indicator are the project partners as mentioned in the contract between the project and the programme.</p> <p>This indicator is applicable to priorities 1-4. Data on this indicator is collected automatically by the programme.</p>

**Annex II: List and definition of result indicators**

Indicator name	Measurement Unit	Definition
Solutions taken up or up-scaled by organisations	Solution	<p>The indicator counts the number of solutions that were tested, validated and/or improved in joint pilot actions and that were taken up or upscaled during the implementation of the project.</p> <p>Taking up solutions means changing existing practices, procedures or equipment as a result of the project either by modifying existing practices or introducing completely new practices.</p> <p>This result indicator corresponds to output indicator 'pilot actions developed jointly and implemented in projects'. In order to count towards this result indicator a successfully piloted solution reported under the output indicator should document what is needed for it to be taken up or to be upscaled.</p> <p>Further clarifications:</p> <ul style="list-style-type: none"> <li>• The organisation adopting the solutions developed by the project may or may not be a participant in the project.</li> <li>• The uptake / up-scaling should be documented by the adopting organisations.</li> <li>• This indicator does not count legal or administrative solutions.</li> </ul> <p>This indicator is applicable to priorities 1-3, but not to priority 4. Data on this indicator is collected by projects.</p>
Joint strategies and action plans taken up by organisations	Joint strategy/action plan	<p>The indicator counts the number of joint strategies and action plans adopted and/or implemented by organisations during or after the project completion.</p> <p>Adoption implies an official statement by the organisation taking up the strategy/action plan. Implementation means the realisation of the steps outlined in the document.</p> <p>In order to be counted towards this indicator,</p> <ul style="list-style-type: none"> <li>• the implementation of the joint strategy or action plan need not to be completed but effectively started at the time of reporting of this indicator</li> <li>• the organisations involved in take-up may or may not be direct participants in the supported project</li> <li>• strategies and action plans need to be beneficial in the context of the North Sea Region programme</li> </ul>



		<p>This result indicator corresponds to output indicator 'strategies and action plans jointly developed'. The number reported should be equal to or less than the number for the output indicator.</p> <p>This indicator is applicable to priorities 1-4. Data on this indicator is collected by projects.</p>
<p>Organisations with increased institutional capacity due to their participation in cooperation activities across borders</p>	<p>Organisations</p>	<p>This indicator counts the number of organisations that increased their institutional capacity in the thematic field of the project by actively participating in cooperation activities across borders.</p> <p>An organisation increases its institutional capacity by securing the human resources (new knowledge and skills), new tools, procedures or workflows and structures (organisational or governance) it needs in order to perform its mandated tasks better. In reports projects are asked to explain how the institutional capacity of each organisation has increased.</p> <p>In order to be counted towards this indicator,</p> <ul style="list-style-type: none"> <li>• an organisation may or may not be a project partner</li> <li>• organisations include but are not limited to public authorities, research institutions, SME's, and NGO's</li> <li>• the organisation has undergone a learning process through project activities. This is defined as more than one instance of exchange in which the organisation played an active role</li> <li>• the organisation has increased its institutional capacity in the thematic field of the project</li> <li>• an organisation is to be counted no more than once per project regardless of how many activities it was involved in or how many departments were involved</li> </ul> <p>This indicator is applicable to priorities 1-4. Data on this indicator has to be provided when reporting in the Online Monitoring System.</p>

### Annex III: List of deliverables and definitions

The deliverables must be applied in the work packages to measure the activities that projects deliver. Applicants select deliverables from a drop-down list and specify them in the "activity description" column. They must also select a target value per deliverable.

Deliverable	Definition
Report	Includes all written conclusions and policy recommendations published externally. Includes digital publication. Does not include reporting to the programme.
Communication initiative	Brochures, leaflets, web content, social media contributions and other internal or external communication initiatives. This also includes project promotion and content activities at external events organised by third parties. Project communication plans should provide details.
Internal Event	Includes all events for exchange on the content of the project. 'Internal' means that the majority of participants are from partner organisations.
External Event	As above but with external participants. The deliverable includes for example dissemination events and tailored events with politicians to promote a policy change. 'External' means that the majority of participants are from outside the partner organisations and are instead representatives of the target group(s). This deliverable does not count participation in external events organised by third parties.
Data collection activity	This deliverable includes data collection activities, such as surveys, interviews, measurements or other data gathering methods.
Other	Wherever possible, projects should use the standard list. Where an important deliverable cannot be included using the standard list, projects should make use of "Other" and provide more details in the "activity description" column. Please provide a short title of the deliverable at the top of the activity



	description. A deliverable should always quantify the activity. This should be done in consultation with the Joint Secretariat.
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## Fact Sheet 23: Control of partner expenditure

Version	Valid from	Valid to	Main changes
Version 1	28.06.2022	-	n/a

### CORE MESSAGE

All projects and all partners are subject to control of expenditure. A Controller must be designated by the relevant national authorities in order to carry out control activities for a partner. The designation procedures vary in the different countries; however, they are all facilitated by the Online Monitoring System.

**Important: All partners in a project must complete the designation procedure before any expenditure can be claimed!**

### Background

All project partners must appoint a Controller right from the start of the project. The purpose of the control is to carry out management verifications in line with Article 74(1) of the Common Provisional Regulation No 2021/1060 and Article 46(3) of the Interreg Regulation No. 2021/1059. All controllers must be independent and designated by the national authorities in each partner 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 control process is organized

The control process starts at partner level, where the individual partner prepares a statement of expenditure. This can happen twice a year. If a partner chooses not to claim, this must be explained as described in Fact Sheet no 20 on reporting.

When the partner has completed the statement of expenditure, the statement is forwarded to the designated Controller or Control body (relevant for Swedish partners only). It is up to the designated Controller or control body to decide which accounting evidence is needed for the control process in line with the relevant EU regulations, programme rules and 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 control body only.

The control of a partner shall be **risk-based and proportionate to the risks identified at programme level**. The programme has issued a document outlining the programmes ex-ante risk assessment. The ex-ante risk assessment should be applied by all controllers when planning a control of a partner.

Each designated controller verifies the eligibility of expenditure incurred by the individual partners and confirms this by filling in and signing a Control report. According to Article 46(6) of the Interreg Regulation No 2021/1059, verification of expenditure can take up to three (3) months. The document 'Control Requirements' describes in detail the items which could be checked. The list of requirements can, if desired by the controller, can be used as a checklist.

The Control of expenditure can be carried out with a desk based approach (desk check), however on-the-spot checks is mandatory for all investments financed by the programme.

The entire process of reporting and drawing up and signing the control report is handled in the Online Monitoring System (OMS). Once the statement of expenditure and control reports are in place for all relevant partners – including the lead partner - in a project, the lead partner will compile the statement into one statement of expenditure covering the entire project.

## Designation of Controllers

Designation of Controllers takes place in line with Article 46(3) of the Interreg Regulation 2021/1059. In line with this it is the individual member state which is in charge of designating controllers. The designation of Controllers is done via the Online Monitoring System procedures, however, vary between countries and both general and country specific guidance can be found on the programme website.

It is important to note that selecting a Controller is subject to tendering in all countries except Belgium (shortlist), France (shortlist) and Sweden (centralized system), unless an internal controller per the relevant national rules can be appointed. This means that the guidance in Fact Sheet no 12 must be observed in relation to the appointment of a Controller. For Belgium and France, a national tender has been carried out which means that project partners can choose between a number of Controllers for which tendering has already been completed.

**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 all control of Swedish project partners.

## Control Seminars

Control seminars will be held in all the 7 countries participating in the North Sea programme. The seminars are open to controllers and partners 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 Controllers should participate at these seminars at least one time. Controllers who do not participate in any of the seminars may have their designation reassessed by the relevant national authorities.

## References

- **Control Requirements** containing a breakdown of the issues that should be checked by controllers (Currently under development)
- **Ex-ante risk assessment** for controllers in the North Sea programme
- Common Provisional Regulation No. 2021/1060 Article 74
- Interreg Regulation No. 2021/1059 Article 46



## Fact Sheet 24: Communication

Version	Valid from	Valid to	Main changes
Version 1	29.06.2022	-	n/a

### CORE MESSAGE

Interreg North Sea funded projects are obliged to promote the visibility of their results and impacts as well as the EU funding. You must communicate your project's goals, activities, progress, and results effectively throughout the project lifetime. In addition, all project materials must include the EU emblem in a prominent way and clearly state that your project is funded by the European Union.

### Background

Communication is of vital importance for your project to have the strongest possible impact. Also, communicating the EU funding makes clear to the public how EU funds benefit European citizens. The European Commission has adopted rules that guide your project to convey its aims, results, and the EU funding in a strong and effective way.

Your project must follow all applicable publicity and communication requirements to ensure its costs are eligible. This fact sheet provides a summary of the main points.

### Summary of requirements

Your project must:

1. Display the EU emblem and the EU funding prominently across all project materials.
2. Refer to the European Union and the Interreg North Sea Programme correctly and visibly in all project publications and materials.
3. Set up a project website and provide regular information about the project.
4. Make use of the project logo provided by the Joint Secretariat.
5. Ensure that each project partner puts up a project poster at their premises.
6. Put up a permanent billboard or plaque when a physical investment or purchase of equipment exceeds €100,000.
7. Make all publicity materials including images available to the Interreg North Sea Programme and any EU institutions or agencies upon request, transferring all rights.

Note: Publicity items provided by the Joint Secretariat – your project website, project logo and poster and presentation templates – are designed to comply with applicable publicity requirements.

## Using the EU emblem

The EU emblem (the EU “flag”) is a core visibility element and must be prominent across all project documents and materials, whether public or intended for project participants. This means that the viewer will easily and immediately notice the EU emblem. The emblem can be made prominent through its size and/or placement.

The emblem must be accompanied by the co-funding statement “Co-funded by the European Union”. The emblem usage must comply with all requirements presented in Annex IX of the Common Provisions Regulation (EU 2021/1060).

The EU emblem must be placed at the top of all digital platforms (websites, mobile apps, etc.)

## Reference to Interreg North Sea funding

You must include a statement highlighting the Interreg North Sea support in a visible way across all project documents and communication materials. This applies whether the material is intended for the public or for project participants.

## Interreg North Sea project logo

The Joint Secretariat provides each project with two project logos including your project acronym in the relevant priority colour. You are obliged to use one of these logos across all your project materials.



Project name



## Additional logos and visual elements

Your project may develop its own logo or visual and use it in addition to the official project logo to enhance your project's visibility. Also, you may include additional logos, such as partner logos, in your materials.

When including a special project logo/visual or any other logos, you need to ensure that:

1. The EU emblem ("flag") remains prominent.
2. The project name or additional project logo is never placed above the Interreg logo.
3. No institutional logo is both taller and wider than the largest EU emblem in the material. Institutional logos refer to an organisation, such as a partner organisation. If the institutional logos are too large compared to the largest EU emblem, compliance may be achieved either by resizing the project logo and/or the institutional logos or by adding a separate, larger EU emblem.

Please note:

- An additional project logo or visual is not an institutional logo and may therefore be larger than the EU emblem. Nonetheless, the EU emblem must remain prominent.
- You may only use the EU emblem to highlight the support from the European Union. You may not use any other logo or visual identity for this purpose.

## Project website

Throughout the project lifetime, your project must inform the public about its scope and the EU support through a dedicated project website.

The Interreg North Sea Programme offers a website for each project it funds. The project website is embedded in the main Interreg North Sea website. You can create your own news and events, and add content, sections, links, photos, and graphics to your project website.

You are obliged to keep your project website up to date, including news, events, activities, important milestones, achievements, and results.

The website must display the official Interreg North Sea project logo in full colour at the top of the homepage, including the EU emblem and the EU co-funding statement.

In addition, you can create an additional separate website, if strictly needed. E.g., you may need advanced features that are not available in the standard project website. Before you proceed with any such project, we recommend you check if an additional site is an eligible cost.

Please note: An extra website does not exempt you from keeping your allocated project website updated.

## Social media

We strongly encourage your project to make use of relevant social media to engage with relevant stakeholders and disseminate your messages, progress, and results. The programme monitors social media and will act as a multiplier of project information to achieve maximum impact.

## Partner websites

Each partner must present the project on their official website, accompanied by the Interreg logo including the co-funding statement and the project acronym (or special project logo including the acronym). The project description must at minimum include the project's aims and results. It must also highlight the financial support from the Interreg North Sea Programme.

## Project poster

Each project partner must put up a poster at their premises, informing about the project and making the EU emblem and the Interreg North Sea funding visible.

- The poster must be in size A3 or larger.
- The poster may be in digital format as long as the screen is in sufficient size and the poster is on permanent display.

You can generate and customise a ready-made poster in the Online Monitoring System. However, using the template is not mandatory. Your project is free to develop its own poster.

## Permanent plaques and billboards

For investments in physical infrastructure or objects with a total budget exceeding €100,000, your project needs to display durable plaques or billboards clearly visible to the public as soon as the physical execution starts, purchase of equipment starts, or purchased equipment is installed. The plaque or billboard must present the EU emblem and the co-funding statement "Co-funded by the European Union" in accordance with the Common Provisions Regulation (EU 2021/1060) Annex IX.

## Copyright and licenses

Upon request, you must make all project publicity and visibility materials available to the Interreg North Sea Programme as well as any EU institution, office, or agency. The materials must be delivered with a royalty-free, non-exclusive, and irrevocable license to use such material. You must grant any pre-existing rights to the European Union in accordance with Article 49.6 and Annex IX of the Common Provisions Regulation (EU 2021/1060).

## Citing your project in academic publications

Citations of your project in academic publications must refer to the co-funding by the European Union and the Interreg North Sea Programme. In addition, we encourage you to add the project acronym in the citation. Below is an example of a citation which is in line with these requirements:

*This research was supported as part of [ACRONYM], an Interreg North Sea project co-funded by the European Union.*

## Legal framework

The following regulations provide the framework for communication in the 2021-2027 programming period:

### **The EU Interreg regulation (EU 2021/59)**

Article 36 describes key communication and visibility requirements applying to Interreg project partners.

[View and download the regulation](#)

### **The EU Common Provisions Regulation (EU 2021/1060)**

Annex IX describes the rules applying to the use of the EU Emblem and details the requirements for beneficiaries of EU funding to deliver publicity materials, including all rights, upon request.

[View and download the regulation](#)

## Fact Sheet 26: Intellectual property rights

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

As a general rule all project outputs and results are made available to the general public free of charge. This fact sheet explains exceptions to this rule.

### Background

The programme's intervention logic is based on small groups of stakeholders (the project partnership) receiving funding to test new ideas and approaches. Similar organisations throughout the programme area could then apply what has been learnt and obtain the same benefits. In this way the small-scale outputs of each project could be expected to have a wide impact across the programme area. This requires, however, that organisations outside the project partnership be able to access information on the outputs and how they were achieved.

In some cases, grants are also provided to fund investments for the public good. It is expected that these pieces of equipment and/or infrastructure remain in place at the end of the project and continue to provide the same benefits (see Fact Sheet 9 on investments).

### Intellectual Property Rights

The overall principle of making project results available to the general public also applies when it comes to intellectual property rights.

The rules on intellectual property rights are valid for all materials and ideas developed as part of a project receiving programme funding even where development has only been partly funded by the programme.

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

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

These are the general rules regarding intellectual property rights, and they apply to most projects funded by the programme. There are, however, exceptions to the rules, and project partners participating under the applied General Block Exemption Regulations (GBER) should read the next section in this document.

### **Intellectual Property Rights and State Aid**

Project partners approved under the General Block Exemption Regulations may limit access to the materials they produce as part of the project.

- Partners that are part of the programme's state aid scheme 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 as replacing the general programme obligation to publish updates on progress and results achieved; however, the details of products and/or ideas may be withheld from publication to protect any proprietary rights.
- In project partnerships that consist of partners working under GBER rules (see Fact Sheet 16), the right to withhold material from publication applies only to materials produced exclusively by the partners covered by GBER. It is not possible for partners to transfer or assign rights to others.
- Regardless of these provisions, all partners must make any and all materials available to auditors and programme management bodies, as set out in the subsidy contract.

## Fact Sheet 27: Small-scale Projects

Version	Valid from	Valid to	Main changes
Version 1	16.11.2021	-	n/a

### CORE MESSAGE

Small-scale projects are smaller in scope, budget, partnership size, and length than regular projects funded by the North Sea Programme. This fact sheet outlines the parameters and rules governing small-scale projects.

### Background

The North Sea Programme funds two types of projects: regular projects and small-scale projects. In contrast to regular projects, small-scale projects have a reduced application timeframe, smaller budget and partnership size, and shorter project lifetime. While many of the programme's rules apply to both kinds of projects, some requirements of small-scale projects are slightly different. It is important to understand these differences before applying for funding of a small-scale project.

### Parameters of small-scale projects

Small-scale projects are funded under all four priorities in the North Sea Programme. However, they are limited to a maximum lifetime of 18 months, €500,000 in total budget, and a partnership of three to seven partners<sup>1</sup>. Although the partners must be based in at least three different participating countries, the programme strongly encourages applicants to include in their partnership organisations from more than three countries, if possible.

Given their smaller scale, small-scale projects benefit from a shorter application procedure. Rather than going through the two-stage process, small-scale project applications are selected after one application round. The small-scale project application is a modified full application. The application process for small-scale projects is described in detail in Fact Sheet 18 (application assessment process).

<sup>1</sup> The focus of the small-scale projects may change from call to call. Thus, applicants are encouraged to consult the relevant guidance note for further information about what the programme is looking for in small-scale projects in a specific call for proposals.

## Project intervention logic

The intervention logic for regular projects and small-scale projects is the same. This means that small-scale projects are required to contribute directly to the objective(s) of the programme and apply the same indicators as regular projects. When establishing the intervention logic for a small-scale project you should remember to consider and address the long-term effects (durability) of the planned project. More information on this can be found in Fact Sheet 22 (intervention logic and indicators).

Please note that small-scale projects are limited to one work package. This limitation is a direct reflection of the relatively short project lifetime.

## Budget

Small-scale projects benefit from an easier budget and reporting setup. Small-scale projects do not make use of the same number of cost categories (budget lines) as regular projects. This means that not all fact sheets governing the cost categories applicable for regular projects funded by the North Sea programme are applicable to small-scale projects.

In terms of applied cost categories small-scale projects are simply required to follow the fact sheet on staff costs (Fact Sheet 2 and Fact sheet 2a for partners located in Belgium). All other costs are covered by a 40% flat rate applied to the controlled staff costs<sup>2</sup>. Thus, the budget of the small-scale projects can be expressed by the following simple equation:

$$\text{Eligible project costs} = \text{Staff costs} + \text{Staff costs} * 40\%$$

## Reporting

Small-scale projects only report twice during their lifetime. One report is expected to be submitted around the mid-term point of the project lifetime (mid-term report) and the second report after the closure of the project (following the guidelines for final reporting laid out in Fact Sheet 21).

The mid-term report will follow a different logic to that outlined for regular projects in Fact Sheet 20. Mid-term reporting will be agile and accommodate a minimal effort approach. In practice this means that the Joint Secretariat will carry out the mid-term progress evaluation of small-scale projects by involving the entire project partnership. The secretariat will then provide a short summary of the interview conclusions, which will have to be approved by the project partnership. Once the evaluation has been acknowledged by the project partners, the project will be invited to submit their mid-term statement of accounts (finance report).

Control of the statement of accounts will be limited in scope due to the simplified reimbursement structure covered in the budget section above. The finance report and related control will focus on the staff costs incurred up until the project mid-term, and the documentation of these costs must follow the setup outlined

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<sup>2</sup> Common provisional regulation no. 2021/1060 Article 56.

in Fact Sheet 2 (staff costs). When reporting the staff costs in the Online Monitoring System a flat rate of 40% will be added to the controlled staff costs. The added flat rate of 40% will cover all other costs and no documentation or control of these expenses will be required from the project partners.

## Preparation costs

Small-scale projects are not eligible to apply for preparation costs. This means that only staff costs relevant for implementing the project after the approval of the project can be included in the project finance reports.

## Programme rules in general

If not otherwise mentioned in this fact sheet, small-scale projects will follow and adhere to the programme rules outlined in the other programme fact sheets. In principle only the following fact sheets do *not* apply to small-scale projects:

- No. 3 Office and administration
- No. 4 Travel and accommodation
- No. 5 External expertise and services
- No. 6 Equipment
- No. 7 Infrastructure and works
- No. 8 Preparation costs

## References

- Common Provisional Regulation No. 2021/1060 Article 56