

INTERREG NEXT BSB PROGRAMME FICHE FINANCIAL MANAGEMENT

-version October 2024 -

1. ADVANCE PAYMENT

HOW much?

- 30% of the grant (Interreg funds) foreseen in the Grant contract

HOW submitted?

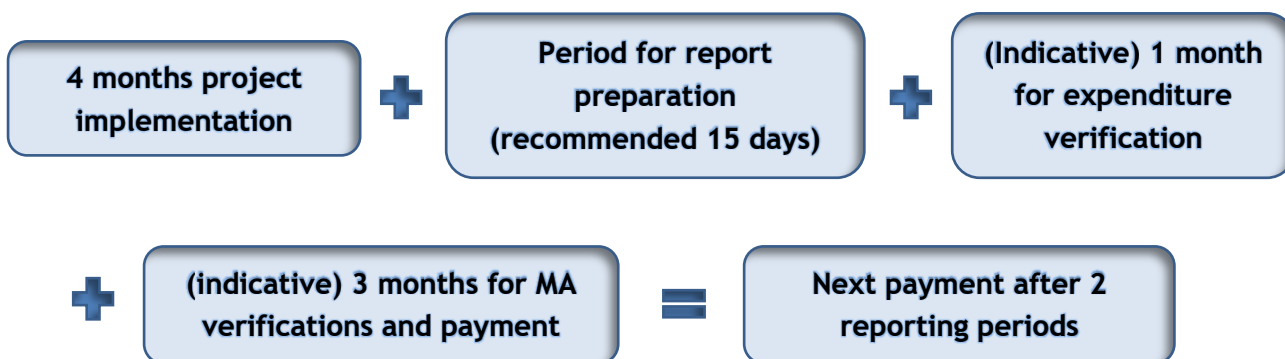
- The Request for Payment (Annex IV to the grant contract) has to be uploaded by the Lead Partner in Jems in Section *Contract & agreements*, sub-section *Contracts*

WHERE will the funds be transferred?

After the approval of the request for payment, the advance is transferred from the programme’s bank account to the Lead Partner’s account defined in the Grant contract (Financial Identification Form) and filled in in Jems in Section *Contracting*, sub-section *Partner Details*.

The advance will be recovered by deducting 20% from the eligible value of the Interreg funds included in the next payment requests until the amount is cleared. If the advance is not cleared from the interim payment requests, the percentage for deduction may be increased in the request for the final balance (Article 4- Payments and reimbursement of the expenditure alin.4.4 of the grant contract).

WHAT to consider for ensuring the project cash-flow



2. INTERIM PAYMENTS

HOW much?

- the amount included in the interim report, validated by the controllers and accepted by the MA less 20% from the eligible value of the Interreg funds included in the payment request;

TAKE NOTE!

In order to receive the interim payments and final payment, the *Request for payment* needs to be accompanied by the following documents:

- a narrative and financial report with necessary attachments (Article 5 of the grant contract);
- control report, control certificate and supporting documents from all project Partners (Article 4.6 of the grant contract).

3. USE OF ADVANCE AND INTERIM INSTALMENTS

According to Articles 4.7 and 6.1 (k) of the Grant contract, the Lead Partner shall pay to the Partners the appropriate amounts without delay and in full accordance with the provisions of the Partnership Agreement, without making any deduction, withdrawal, retention or further specific charge that would reduce those amounts for the Partners and shall submit the proof of transfer to MA by uploading them in JeMS (shared folder).

All funds transferred by the MA can be used only for the purpose of the project implementation. Any transfers not connected to the implementation of the grant can be considered as an irregularity. The Lead Partner and all project Partners need to keep transparent accounting to prove that the use of the funding is correct.

The Lead Partner and all Partners can use the received funds in accordance with their activities in the project.

However, in order to avoid any issues concerning the payment transfers to the project Partners it is recommended that the conditions of financial transfers set in the Partnership Agreement and duly observed.

4. FINAL PAYMENTS

According to Article 3.2 of the Grant contract, the final amount of the eligible costs shall be established in accordance with Articles 8 (Eligible costs) and 12 (Final amount of the grant), by the MA.

The Lead Partner and the Partners should be aware that in some cases (e.g the project is not finalized during the implementation period, non-achievement of the indicators) they shall ensure funds from their own resources outside the project budget to finalize the project within a timeframe established between the Parties.

5. DECOMMITMENT

In cases amounts for verification reported by project partners are lower compared to the amounts forecasted for the half of the implementation period, the MA is entitled to decommit project funds, by reducing the original project budget and the corresponding Interreg contribution, as provided for in Article 5.9 of the grant contract.

5.9 Relevant Grant contract provision:

Expenditure commitment

5.10 The minimum amount each partner commits to spend and submit for control, until half of the implementation period has elapsed, is provided below:

Month of implementation	Amounts to be submitted for verification		
	LP	P2	P3
Amount submitted for verification until half of the implementation period has lapsed (month N)	X	Y	Z
Partner's total budget			

5.11 In case the amounts submitted for verification are lower compared to the amounts forecasted for the half of the implementation period, as mentioned in art. 5.9, the MA is entitled to decommit project funds, by reducing the original project budget and the corresponding Interreg contribution, as follows:

- 10% reduction of the budget for the partners who have submitted for verification an amount lower than 75% of the amount mentioned in art 5.9;
- 15% reduction of the budget for the partners who have submitted for verification an amount lower than 50% of the amount mentioned in art 5.9.

5.12 In case of a decision to reduce the project budget, the Lead Partner shall submit to the MA a revised budget, reflecting the decommitment, within 10 days following the receipt of MA's notification. In case of failure to respect the deadline, the reduction shall be applied proportionally to all budgetary lines. The modification of the contract in case of reduction at project level shall take the form of a decision of the representative of the MA signing the contract, which will be notified to the Lead Partner and which becomes part of the contract.

5.13 The reduction shall be done without prejudice the partners' obligation to implement all the activities and achieve all the results, according to the approved project.

	Euro	
For example:		
Initial project budget (Interreg + co-financing) of the PP(n)	350.000	
Forecasted amount to be submitted for expenditure verification for the half implementation period	200.000	
Amount actually reported	less than 75% of the initial forecasted amount	less than 50% of the initial forecasted amount
	145.000 (72,50%)	95.000 (47,50%)

Reduction to the original project budget of the concerned partner	10%	15%
	35.000	52.500
Revised budget following decommitment	315.000	297.500

A solid project financial management is very important in order to ensure projects are not underspending compared to their spending targets and consequently are not at risk of having their project budget reduced by the MA.

It is therefore important that projects:

- ensure a realistic spending plan (usually the spending increases over the semesters);
- start project implementation (including public procurement, as applicable) very quickly after project approval;
- monitor the financial spending continuously during implementation, and
- ensure regular, timely and full reporting.

TAKE NOTE!

The Lead Partner and the Partners should be aware that they shall cover:

- all non-eligible expenditures;
- own contribution to the eligible expenditure (co-financing);
- the temporary availability of funds necessary to run the project between the payments from the programme;
- all expenses needed for ensuring the financial sustainability of project outputs.

6. FLAT RATE

Remember! Costs included in the budget as flat rates are automatically calculated (by applying the related percentage) by Jems in the financial report as soon as expenditure claimed as real costs are included in the report.

The flat rate will be reimbursed based on the real costs reported.

All partners should be aware that there may be moments when they will have to cover the staff costs or office and administration or other flat rate costs from their own budget until the flat rate is actually reimbursed, depending on the real costs reported and approved by the MA.

In case of Staff costs category, where calculated as flat rate (for regular projects) - make sure that human resources related documents proving the existence of the staff cost category (such as the employment contract for an employee, appointment decision, etc.) are prepared as early as possible, after the project starts.

No real costs reported = no flat rate reimbursed



7. CO-FINANCING

Each project partner shall provide 10% of co-financing, per project.

The 10% co-financing is part of the total project costs and shall not be regarded as separate costs irrespective of its source of funding (Beneficiary's own resources or financial contributions by national governments, third parties, from sources other than the European Union).

Also, partners should be aware that staff costs are not automatically own contribution.

Costs included in the financial reports are total costs (both Interreg funds and co-financing).

In case at the end of project implementation the eligible costs of the project are less than the initially estimated eligible costs, the co-financing shall be limited to the amount obtained by applying the percentage of 10% to the eligible costs of the project approved by the MA.