**Methodology for using a lump sum for project closure**

**at the level of Interreg VI-A Romania-Bulgaria**

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| **Legal provisions** | 1. *Regulation (EU) no. 2021/1060 (Common Provision Regulation)*  * Art. 53, paragraph 1 c) allowing the use of lump sums financing for different categories of costs   *and*   * Art. 53, paragraph 3 a) indicating that the method for choosing how the simplified cost option applies must be fair, equitable and verifiable and can be based on statistical data, other objective information or an expert judgment or the verified historical data of individual beneficiaries  1. *Commission Notice Guidelines on the use of Simplified Cost Options within the European Structural and Investment Funds (ESI) – revised version (2021/C 200/01)* |
| **Lump sum for closure** | The Programme decided to allow reimbursement of project closure expenditures only as a lump sum of **6,500 euro (total value)**, as per the Methodology presented below, for all projects financed via the Interreg VI-A Romania-Bulgaria Programme. |
| **What type of expenditure does the lump sum for closure cover?** | The project closure expenditures are granted for:   * Staff costs necessary for the drafting of the final report (monthly average staff costs for one project manager, one financial officer and one communication officer were considered for the calculation of the lump sum). |
| **Calculation Method**  Fair  Verifiable  Equitable | The lump sum for closure is established based on the real expenditures within the projects financed in the Interreg V-A Romania-Bulgaria, where such expenditures incurred as real costs. In the calculation of the lump sum for closure, the following have been considered:   1. Monthly average cost of one Project Manager, one Communication Officer and one Financial Officer calculated as explained above have been considered – Data base cut-off-date: 31.12.2021.   For project manager, financial officer and communication officer staff costs, the average cost/hour was calculated based on all real expenditures from the budgets of operations financed under Interreg V-A Romania-Bulgaria Programme. The hourly cost has been multiplied by 160 in order to obtain an average monthly rate. The result of the average cost is, thus: (11.38 eur/h+9.41eur/h+10.37eur/h)\*160 hours = 4,985 euro.  **The lump sum for the project closure is of 4,985 euro.**  Considering the inflation rate and prices instability of the last two years, an adjustment of the project lump sum to inflation rate was made. Thus, the project lump sum was increased by the highest annual average inflation rate of the Programme’s Member States for 2022 and 2023.  Thus, the final lump sum for the project closure is of 6,421euro, as follows:  Monthly average cost of one Project Manager, one Communication Officer and one Financial Officer = 6,421euro, rounded up to 6,500 euro.No sampling was performed on the expenditures reflected in the situation. The data analyzed is the most complete, relevant as well as the most accurate, as it reflects all relevant certified project expenditures, expenditures which were also audited by the Audit Authority as real costs. In order to ensure the validity of the amounts, the database, drafted by JS, was cross-checked by the Managing Authority (Certification Unit).  **In relation to the budgeted hourly Staff costs, the Programme Certifying Authority gave assurance that the expenditures mentioned in the database, provided at the level of the projects budgets and which were requested for reimbursement by the beneficiaries were verified in accordance with the procedures established at MCS level and were certified to the EC without any adjustments on the budgeted hourly rates (just as such). Consequently, from the analysis of these costs performed by the Certifying Unit, no decreases of the budgeted hourly rates were found.**  The average value of all relevant certified expenditures was the one taken into account, as it was identified as the most suitable option and it is one of the options available in the current *Commission Notice Guidelines on the use of Simplified Cost Options within the European Structural and Investment Funds*. Projects with no expenditures for project closure were not included in the sample as the option to request no reimbursement for this type of expenditures remains (see below).  The entire database is annexed.  The lump sum for project closure is granted equally to all financed operations within the Programme. However, at project level the partnership may decide not to request the lump sum for project closure (in which case, no reimbursement for project closure will be granted).  The lump sum for project closure is granted in block, per project, to the Lead Beneficiary. However, when submitting the application form, the division between partners of the lump sum must be mentioned and further on the Lead Beneficiary will transfer the due amounts to its partners.  Equal treatment is ensured as all beneficiaries can opt for using the lump sum (which is standard and non-discriminatory). The division of the lump sum at project level is subject to the decision of the project partnership. |
| **Conditions triggering the payment of the lump sum for project closure?** | The outputs to be achieved in case of this particular SCO are:   1. Output/Deliverable: One final project report approved; |
| **Mechanism and checks at Programme level for paying the lump sum for project closure** | This simplified cost option exempts partners from presenting any evidence of the existence or payment of expenditure related to the project closure.  Reimbursement of the granted lump sum for project closure is linked to the delivery of predefined output.  For granting the lump sum for project closure, the following mechanisms and checks will be performed: the Joint Secretariat will check in the JEMS system the activities included in the final project report submitted by the beneficiary.  Based on the JS verification of the final project report and on-the-spot check and confirmation of the completion of the obligatory output (condition triggering the payment of the lump sum for project closure), the lump sum for project closure will be reimbursed to the Lead partner and distributed in partnership based on the project partnership agreement. |
| **Milestone** | N/A |
| **Deliverable** | The **final report acts as a deliverable** in the understanding of the *Commission Notice Guidelines on the use of Simplified Cost Options within the European Structural and Investment Funds (ESI) – revised version (2021/C 200/01)* in the particular case of lump sum for project closure. |
| **Actual payment of the lump sum for closure** | Based on the verifications performed by the Joint Secretariat and based on the confirmation of the achievement of pre-defined output, the Project Authorizing Unit within MA will authorize the payment and the MA Accounting Unit will pay the lump sum for closure. |
| **What to do in order to avoid double financing?** | The partners cannot report costs covered by the lump sum for project closure under any other cost category. |
| **Indexation** | Beginning with 2026 an indexation of the project closure lump sum will be made, on annual basis, applicable for projects to be finalized from 2026 onward. The amount will be indexed at 2% per year, as per provisions of EU Regulation 2021/1060, art. 109 (1) (or adjusted (increased in case of inflation) by the average inflation rate of the programme’s Member States for the previous year in accordance with Eurostat data (only if the annual average rate is above 3%)). |
| **Scope of management verifications and audits** | The scope of management verifications and audits on the expenditure for reimbursement based on the present lump sum will cover only the outputs/deliverables mentioned above. Management verifications and audits will not cover the individual invoices and specific public procurement procedures underlying the expenditure reimbursed on the basis of simplified cost options. As a consequence, these underlying financial or procurement documents shall not be requested with a view to check the amounts (expenditure) incurred and paid by the beneficiary. |
| **Others** | The lump sum for project closure will not be included in the basis for the flat rates used by the Programme (flat rate for staff costs, flat rate for travel and accommodation, flat rate for administration costs). Management verifications on the respective flat rates will include checks on the correct basis used for calculation (and the exclusion of project closure lump sum). |