**Methodology for using lump sums for project preparation within the Interreg VI-A Romania-Bulgaria Programme**

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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 preparation** | The Programme decides to reimburse **project preparation** expenditure as a **lump sum**, as per the Methodology presented below, for all projects financed via the Interreg VI-A Romania-Bulgaria Programme.  The lump sum for project preparation is of **14,000 euro** (total budget). |
| **What type of expenditure does the lump sum for preparation cover?** | The project preparation lump sum covers the following types of expenditures:   * Travel and accommodation costs related to meetings between project beneficiaries during the preparation phase; * External expertise and services for the elaboration of the Application Form and the documents mandatory for all applications (foreseen in the Applicant’s Guide, A. Documents mandatory for all applications); * Office and administrative costs; * Staff costs; * Other costs necessary to submit a valid application form.   The lump sum for project preparation covers elaboration of applications for financing, including the annex mandatory for all applications (as listed in A. Documents mandatory for all applications, in the Applicant’s guide). |
| **Calculation Method**  Fair  Verifiable  Equitable | The abovementioned lump sum is established by taking into account historical data, namely all certified expenditures for preparation of projects financed within the Interreg V-A Romania-Bulgaria Programme included in the eMS system in the period 2015-2020. No sampling was performed, all certified expenditures are reflected in the situation. Therefore, the data analyzed is the most complete, relevant as well as the most accurate, as it reflects all certified project expenditures for preparation, 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). The average value of project preparation certified expenditures was the one taken into account (considering only the costs for Consultancy for the preparation of the Application form and annexes), as it was identified as the weighted arithmetic is the most suitable option and it is one of the options available in the current Guidance on Simplified Cost Options approved by the European Commission.  The lump sum for the project preparation is of 10,318.87 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 2021, 2022 and 2023.  Thus, the final lump sum for the project preparation is of 13,836.65 euro, rounded up to 14,000 euro.  The other types of expenditure reimbursed as preparation costs within Interreg V-A Romania-Bulgaria were not considered, as the data were not representative for all the population considered.  While preparing a regular project implies meetings, travel expenditures and sometimes external expertise, an investment project implies additional expenditures for the documents required at Programme level for submitting the application form (non-exhaustive list: feasibility study or equivalent technical document, Cost Benefit Analysis, studies and costs for documentation necessary to obtain the necessary endorsements and authorizations, documentation concerning the urban planning plan, impact assessments, location studies/appraisals, including their technical verification etc. These annexes refer to the documents listed on B. Documents to be submitted depending on the specificity of the application, in the Applicant’s guide).).  For strategic and investment projects, the expenditure for the technical documentation as described above is reimbursed based on real costs.  The database is annexed.  The lump sum for project preparation is granted equally to all financed operations within the Programme.  **The lump sum for project preparation 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. |
| **Conditions triggering the payment of the lump sum for project preparation?** | **The output to be achieved** in case of this particular SCO **is a selected project** (following the Monitoring Committee decision for project selection for financing) **which has signed the financing contract/contracted project**. |
| **Mechanism and checks at Programme level for paying the lump sum for project preparation** | Thus, for granting the preparation lump sum, the following mechanisms and checks will be performed: the Joint Secretariat will confirm the MA (via the JEMS system/e-mail) that the financing contract (ERDF) was signed by the last party. Moreover, the JS will verified to see if the due lump sum was assigned to the project. The MA will check in the JEMS system that the financing contract exists and is signed by the last party. **Based on the achievement of predefined output** (condition triggering the payment of the lump sum for project preparation), **the lump sum for project preparation will be reimbursed to the Lead partner** and distributed in partnership based on the project partnership agreement. |
| **Milestone** | N/A |
| **Deliverable** | Monitoring Committee decision for project selection for financing and signed financing contract. |
| **Actual payment of the lump sum for project preparation** | 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 project preparation. |
| **What to do in order to avoid double financing?** | In order to avoid duplication of costs, the further verifications performed by the controllers (Romanian and Bulgarian) will check and confirm that no expenditure incurred and paid from the 1st of January 2021 and the date of selection for financing of the application is included in the other partner reports (the requests to the RO/BG control), except those expenditure for project preparation based on real costs, in case of strategic and investment projects (respectively the costs of the annexes foreseen in the Applicant’s Guide, B. Documents to be submitted depending on the specificity of the application (non-exhaustive list): feasibility study or equivalent technical document, Cost Benefit Analysis, studies and costs for documentation necessary to obtain the necessary endorsements and authorizations, documentation concerning the urban planning plan, impact assessments, location studies/appraisals, including their technical verification etc.). |
| **Indexation** | N/A |
| **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 (project selected by the Monitoring Committee with a financing contract signed). 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, the underlying financial or procurement documents shall not be requested with a view to check the amounts (expenditure) incurred and paid by the beneficiary. |
| **Non-eligibility of lump sum for project preparation** | In case the project is cancelled/terminated, the lump sum for project preparation shall be considered an unduly paid amount and will be returned by the project partners to the Programme budget. |
| **Others** | The lump sum for project preparation 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 preparation lump sum). |