

General rules for project promoters regarding financial aspects of Transnational Cooperation Projects under the Human Capital Operational Programme (HC OP)¹

- working translation made by National Supporting Institution - Center of European Projects (Poland)²

- July 2013 -

In a transnational cooperation project, in principle **transnational partners bear costs in proportion (*adequately*) to benefits deriving from the cooperation**, while a project budget in the application (*under the HC OP*) includes only these costs of transnational cooperation, which are financed within the (*HC OP*) project. According to this general rule, these should be the costs of activities carried out by a beneficiary³ of the HC OP project. If it is not possible to apply the (*above mentioned*) principle of reciprocity (*which means – every partner covers its own costs*), transnational partners should agree rules of sharing the costs. In this case, it is possible to finance within a HC OP project a part or all tasks a transnational partner is responsible for. In such a situation, it is necessary to present a detailed justification of such a solution in the application form⁴, in particular in the context of fulfilling objectives of the HC OP. Division of costs depends on specifics of a project, its goals and results, in particular on benefits gained by partners from the project implementation. Decision on which/who of the partners bears certain costs is determined by a contract provisions (*a transnational cooperation agreement is signed by partners after the project application gets co-financing, it is based on the model required by the HC OP*). Responsibility for the merit (*substantial matters, the tasks*) should also involve (*be in line with*) responsibility of primary financing of all or a part of transnational partner's tasks (then the costs are reimbursed by the leader). Costs of tasks, the implementation of which corresponds to the beneficiary's responsibility (*project promoter's tasks*), and which require incurring costs abroad can be paid directly by the beneficiary.

Funds to cover costs of partners' tasks within a project may be transferred by a beneficiary to a partner **only as a reimbursement of expenses** (*transnational partners costs can be only refunded, partners cannot receive any payment in advance*). In terms of a conversion of the refunded amount of expenditure, provisions of a subsection 3.1.3 of this document (*The rules for financing of projects under HC OP*) are valid⁵. Currencies of financial settlements between transnational partners are **PLN or EUR**.

¹ The HC OP covers all ESF in Poland.

² The text is a working translation of a chapter 1.4.5.1. *Projects within transnational cooperation* of the *ESF programming document: The rules for financing of projects under HC OP dated 1st January 2013*. As mentioned it is not an official translation and should be used as a working tool for project promoters/transnational partners of transnational cooperation projects. Additionally, all information presented in the text in brackets, in italics and as subtitles is an extra information added by the National Supporting Institution in order to make the text more friendly and clear for foreigners.

³ Under the Polish HC OP „a beneficiary” means a project promotor/leader of the project (indicated in the HC OP application form).

⁴ Within the justification project promoters present arguments justifying why the partners' costs will be financed by the Polish ESF Programme, usually by pointing out benefits resulting from transnational cooperation for the Polish partner.

⁵ The conversion rules are different respectively to different ways expenses are incurred (cash, transfer etc.).

Transnational cooperation agreement should specify the way of conversion to PLN or EUR expenses incurred by a partner in another currency.

Financial settlements between partners and a beneficiary (a leader), are based on a written **list of expenditure documents** drawn up by partners (*the model of the list is not provided by the HC OP, it is up to partners to decide on a form of the list*). A beneficiary (a leader) while making a request for payment to an Intermediate Body (*IB is a site of co-financing agreement signed with a beneficiary*) presents the expenses (*i.e. the above mentioned list of expenses*) in a table *List of documents certifying the expenditure covered by the claim for payment (a part of the request for payment document binding under the HC OP)*. Expenditures refunded (*reimbursed*) to partners by a beneficiary are shown in the Annex no 1 of the request for payment (*i.e. in the above mentioned List of documents certifying the expenditure covered by the claim for payment*) in total (as one line (item) referring to one partner, unless the reimbursed expenses relate to different tasks within the project⁶).

Transnational cooperation agreement should specify a language of the *List of documents certifying the expenditure covered by the claim for payment*. In this regard, it is allowed for partners to choose in particular the working language of the partnership or the language of the transnational cooperation agreement (*according to HC OP these are: Polish, English, French and German*). Transnational cooperation agreement may foresee an obligation of a partner to attach to the *List of documents certifying the expenditure covered by the claim for payment* accounting documents (*these could be provided in copies, not necessarily officially confirmed with a signature*). The accounting documents accompanying the *List of documents* do not require translation by a beneficiary (*and usually do not have to be submitted together with the request for payment*) for the financial settlements with an Intermediate Body (*while submitting the request for payment*), however the documents (*even if not provided by partners to the beneficiary or by a beneficiary to the IB*) shall be described by transnational partners in order to confirm the relationship of the expenditure to the project and to show the fact that it was financed under the HC OP project (*the description should respect HC OP rules*).

Partner shall incur expenses in accordance with the *Guidelines on eligibility of expenditure of HC OP*. This also applies to VAT eligibility rules. Each partner submits a separate **statement on the eligibility of VAT**. Expenditure which is submitted to a beneficiary (a leader) for the reimbursement may include the amount of VAT only if the partner is not entitled to recover VAT (*beneficiary is asked to submit the partner's VAT declaration at the stage of signing the co-financing agreement with an IB; there is a form of a VAT declaration in English available on the NSI's web-site*). In addition, a partner should make a **statement that the expenses incurred were not/will not be reimbursed from other sources** (*there is no special form of such a declaration required by the HC OP*).

Partner is also obliged to apply the principle of sound (*effective*) financial management and, therefore, ensure that all expenses are incurred by a partner in a reasonable and effective manner.

In case of funding under the HC OP project tasks a transnational partner is responsible for (*partners' tasks*), a transnational agreement should foresee a possibility to carry out a control

⁶ Under the HC OP the case refers only to so called „stand-alone transnational cooperation projects“ (100% of the project budget has to be spent for TNC activities). Projects with a transnational component have only 1 task called „transnational cooperation task“.

visit at the partner's office. The right to control should have relevant control authorities (such as Managing Authority, Intermediate Body, European Commission) as well as the beneficiary (leader) itself.

Transnational partner is **not entitled to indirect costs**⁷ (from HC OP) combined with tasks implemented as a part of a HC OP project and financed under the Operational Programme sources.

The costs related to establishment of transnational cooperation during implementation of a HC OP project are eligible, provided the party of the co-financing agreement (*Intermediate Body*) accepts such costs and that the agreement is amended⁸.

In case of any questions please contact the National Supporting Institution:

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Information on the ESF transnational cooperation projects under the HC OP is available on:
<http://www.kiw-pokl.org.pl/index.php?lang=en>

We look forward to hearing from you!

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⁷ Indirect costs include administrative costs related to beneficiary's operations such as costs of staff service, costs of accounting services, etc.

⁸ The paragraph refers to ESF projects under implementation which are interested to extend a project scope for transnational cooperation.