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Territorial Cooperation Programme, ESPON 2013  
CCI 2007CB163PO022

SECTION	DESCRIPTION
<b>1. General</b>	
1.1. Information submitted by: <ul style="list-style-type: none"> <li>• Member State</li> <li>• The main contact point                             <ul style="list-style-type: none"> <li>○ Name of the institution</li> <li>○ Responsible unit</li> <li>○ Address</li> <li>○ Telephone, fax</li> <li>○ E-mail address</li> <li>○ Title (Mr/Mrs)</li> <li>○ Name and Surname</li> <li>○ Position within the unit</li> </ul> </li> </ul>	MALTA  Ministry for European Affairs and Implementation of the Electoral Manifesto EU Funds - Policy Coordination Directorate 32, House of Catalunya, Marsamxett Road, Valletta (+356) 22.957.610 sarah.a.grima@gov.mt Ms Sarah Grima EU Fund Officer
1.2. The information provided describes the situation on :	31/07/2013. This updates the information provided by the Cohesion Fund 2004-2006, Future of Cohesion Policy, Territorial Cohesion & Gender Unit on 26/05/09 and the EU Funds - Policy Coordination Unit on 25/03/2013.
<b>2. System Structure</b>	
What kind of system did you opt for? <ul style="list-style-type: none"> <li>- <u>a centralized control system</u>: a control body appointed at central level to carry out the control for all beneficiaries on the territory (please continue with question 2.1)</li> </ul> or <ul style="list-style-type: none"> <li>- <u>a decentralized control system</u>: the beneficiaries proposes a controller who is authorized by a central MS body or selects a controller from a short list provided by the MS (please continue with question 2.2)?</li> </ul>	A centralised control system.

<b>2.1 Centralised Control System</b>	
<p><u>Please describe the system.</u> Please indicate if the control is carried out by civil servants or by an external audit firm appointed for this specific mission. In case of an external audit firm, please explain how it was/will be appointed.</p>	<p>The control will be carried out by the EU Funds – Policy Coordination Directorate within the Ministry of European Affairs and Implementation of the Electoral Manifesto, which is the national contact point for the Cohesion Fund 2004-2006 Projects. The Unit is also responsible for policy work relating to EU Funding (both under the current and future programming periods), Territorial Cohesion as well as the implementation of the Territorial Agenda. The Unit also carries out work relating to the regulatory and administrative activities discussed in the Council Working Groups relevant to EU Funding.</p>
<p><u>Contact details of the controller</u> Please provide the contact details of the designated body who will undertake the controls.</p>	<p><u>Control Body 1</u></p> <ul style="list-style-type: none"> <li>o Ministry for European Affairs and Implementation of the Electoral Manifesto</li> <li>o EU Funds – Policy Coordination Directorate</li> <li>o 32, House of Catalunya, Marsamxett Road, Valletta</li> <li>o Tel: (+356) 22.957.610</li> <li>o donna.borg-micallef@gov.mt</li> <li>o Ms Donna Borg Micallef</li> <li>o Senior Manager</li> </ul>
<p><u>Contact details supervisory body</u> In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p>	<p>n/a</p>
<p><u>Controller's qualification</u> Which minimum requirements (degrees, work experience, national qualifications, and/or registration in professional organisations) does the controller under the centralized system described above shall fulfil?</p>	<p>There are currently five staff members within the EU Funds – Policy Coordination Directorate. Four staff members hold, as a minimum, a degree from the University of Malta. With regard to work experience, one staff member has been working within this unit for more than four years, two staff members have been recruited for more than one year and two staff members have been recruited for more than five months. One staff member has experience in the verification of project expenditure in connection with projects financed under the Cohesion Fund 2004-2006, whilst two staff members have experience in the verification of project expenditure under the ESPON 2013 Programme.</p>

<b>2.2 Decentralized Control System</b>	
<p>Please describe the system.</p> <ul style="list-style-type: none"> <li>- Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>- will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the CU attached)?</li> </ul> <p>In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.</p> <p>If appropriate, please give also examples of types of possible control bodies.</p> <p>In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).</p>	<p>n/a</p>
<p><u>Controllers' qualification:</u></p> <p>Please explain the <u>minimum requirements</u> for a controller to act as Project partner/Lead partner controller (e.g. degrees, work experience, national qualifications, and/or registration in professional organisations).</p> <p>For the approbation/selection of controllers at central level, we suggest using the 'Designation Checklist &amp; Certificate' provided within the ESPON 'First Level Control Documents'. Please confirm the use of this document or explain what kind of other document(s) (which has to be at least equivalent)</p>	<p>n/a</p>


<p>you will use instead. Copy of the equivalent documents should be provided to the ESPON Coordination Unit.</p>	
<p><u>Contact details of the central approbation body</u> Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of authorizing the controller proposed by a project partner.</p>	

<p><b>3. Separation of Functions</b></p>	
<p>Please explain how your Member State will ensure a clear separation of functions between the different bodies having responsibilities for the management and control of project(s) and/or the programme. If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of</p> <ul style="list-style-type: none"> <li>- project activities and finances</li> <li>- the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006)</li> <li>- the sample checks on operations (the so-called "second level audit" according to Article 14 (2) of Regulation 1080/2006 and Article 62 of Regulation 1083/2006)</li> <li>- and project approval/Monitoring Committee representation (according to Article 63 of Regulation 1083/2006)?</li> </ul>	<p>The EU Funds – Policy Coordination Directorate is made-up of five staff members: One Director, one Senior Manager, two EU Fund Officers and one clerk. The Directorate functions in the following manner:</p> <p>Director: Oversees the Cohesion Fund 2004-2006 Projects, and generally directs the work of the Directorate;</p> <p>Senior Manager: Supports the Director in the policy work relating to EU Funding (both under the current and future programming periods), Territorial Cohesion and the implementation of the Territorial Agenda, ESPON First Level Control;</p> <p>EU Fund Officer: Manages the ESPON 2013 Programme (including representation on the Monitoring Committee and Joint Working Group on ESPON post-2013). Provides general support to the Director and Senior Manager. The officer also supports the Directorate in the policy work it carries out;</p> <p>EU Fund Officer: Provides general support to the Director and Senior Manager as well as carries out duties in relation to the implementation of the Territorial Agenda, Territorial Cohesion and the URBACT. The officer also supports the Directorate in the policy work it carries out;</p> <p>Clerk: Supports the staff members in the administrative tasks related to the Directorate.</p> <p>The sample checks will be conducted by the EU Fund Officer who is not directly responsible for the ESPON 2013 Programme.</p>

<b>4. First Level Control Delays</b>	
<p>How do you ensure that the first level control is carried out within 2 months after receipt of the documents?</p> <p>Three months are requested by the regulation 1080/2006, but the Lead Partner will also need two months after reception of the certification from the Project Partners to establish its own certification. This will allow the project to present a reimbursement claim four months after the completion of the six months reporting period)?</p>	<p>The officer responsible for first level control will ensure that as soon as the project documentation is received, the necessary resources are mobilised to carry out the first level control requirements within the stipulated timeframes.</p>
<b>5. Quality Assurance/Guidance to FLC bodies</b>	
<p>The programme will establish</p> <ul style="list-style-type: none"> <li>- ESPON control guidelines</li> <li>- a template for a FLC checklist</li> <li>- a template for a FLC report.</li> <li>- A control certificate inside the progress report to be signed by the FLC.</li> </ul> <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound financial control (such as written guidelines, training)</p> <p>If yes please provide</p> <ul style="list-style-type: none"> <li>- the reference</li> <li>- the date</li> <li>- related documentation (if applicable).</li> </ul> <p>Copies of the additional guidance documents should be provided to the ESPON Coordination Unit as soon as they will become available.</p> <p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and</p>	<p>Several information sessions regarding first level control requirements in respect of territorial cooperation projects have been delivered in 2007, 2008, 2009, 2010 and 2011. A copy of the presentation delivered is being attached for reference.</p> <p>In addition, on 11 November 2010, Malta published a document on National eligibility rules and guidance for the Territorial Cooperation Programmes 2007 – 2013. This document is regularly reviewed and updated to meet the requirements of the programmes. A copy of the latest version of this document dated April 2013 can also be found in attachment.</p>
<p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and</p>	<p>The ESPON control guidelines as well as templates for an FLC checklist, FLC reports, etc., are made available to the person carrying out the controls. Random periodical checks conducted by the EU Funds – Policy Coordination Directorate will ensure that all guidelines are being followed</p>

from the ESPON 2013 control guidelines and ESPON 2013 control certificate are respected.	and respected.
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<b>6. Control Cost</b>	
Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?  If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.	The first level control is free of charge. However, all claims should include an audit certificate and the respective costs have to be paid for by the project leader.

Name, Title + Organisation of Signatory for the MS	Place, Date and Stamp
Sarah Grima EU Funds – Policy Coordination Directorate Ministry for European Affairs and implementation of the Electoral Manifesto 32, House of Catalunya, Marsamxett Road Valletta MALTA	05/08/13 MALTA 

Thank you in advance for sending the filled-in questionnaire including relevant annexes to the following address:

ESPON Coordination Unit  
CRP HT – BP 144  
L-4221 Esch sur Alzette  
Luxembourg

If you need assistance or any further information/details for filling in the document, please contact Ann-Gritt Neuse (e-mail: [ann-gritt.neuse@espon.eu](mailto:ann-gritt.neuse@espon.eu), Tel. +352. 54.55.80.693).

## European Territorial Cooperation

2007 – 2013

### Main categories of eligible expenditure

### Obligations on LP

- Main contact point – signs contract with the MA, represents all partners in the relationships with other parties, maintains contact with management bodies and provides information as required
- The Lead Partner takes on the responsibility for the management, communication, implementation and co-ordination of activities among the partners
- The full administrative and financial responsibility for the project lies on the Lead Partner

### Obligations on Partner

- Territorial cooperation projects must comply with the N+ 2 rule: expenses must be disbursed within two years from the starting date of the project
- Prepares financial documents to submit claims [e.g. contracts / direct orders, invoices, receipts, timesheets, payslips, proof of payment -- all documentation should be authenticated]
- Submits claims to PPCD for verification
- Submits progress report to PPCD

### Details on budget and eligibility

- Financial planning: funds are received on a reimbursement basis (no advance payment)
- Project partners can only present claims for reimbursement of expenses actually paid
- Refer to the subsidy contract signed between the Managing Authority of the Programme and the Lead Partner
- Refer to the approved application form and the respective work-packages

### Co financing element



- 15% for Maltese partners
- Co financing element may be covered by means of staff costs
- However, staff costs should not exceed 35% of the total budgetary allocation (application stage) and of the certified amount (final claims)

### Staff costs

- Internal: those staff members who have a normal working contract with the organisation and who dedicate a number of their normal working hours to the project
- May contribute towards the 15% co financing element

## External experts /services (1)

- Staff specifically employed or assigned to carry out certain tasks for the project.
- These might include:
  - project coordination
  - website design
  - event organisation
  - interpretation services

## Organisation of conferences

- Attendance sheets should always be circulated during conferences and presented with the respective claims
- Attendance fees should be deducted
- Catering costs, coffee breaks, meals or refreshments are eligible as long as they form part of a conference

## Travel expenditure



Is only eligible if it is:

- Incurred in the EU regions which are eligible to participate in the respective programme
- Carried out by personnel working on the project
- Directly related to the implementation of the project
- All participants (including non public organisations) must refer to MFIN Circular 1 / 2008 on travel

## Administration costs

- Direct general costs include costs such as mail, fax, phone, copying costs, consumables etc which expenses are incurred solely in connection with the project
- Indirect general costs These include overheads related to the project's activities, which are calculated on a pro rata basis
- For audit purposes, it is recommended that only direct costs are claimed

## Purchase of equipment

- Necessary for the implementation of the project?
- Supporting equipment: depreciation
- Procurement of PCs / laptops: liaise with PPCD before these are procured

## Procurement

- All project partners, including non public organisations should follow the principle of transparency
- the procurement of goods and services and the recruitment of staff should be carried out according to national and EU legislation



## Revenue



- Revenue received up to the end of the programme represents income and should be deducted
- Eligible costs are total costs minus project related revenue

## VAT

- VAT is eligible expenditure if it is genuinely borne by the final beneficiary
- In the case of government departments, VAT is not an eligible cost
- If in doubt about VAT status, liaise with the VAT Dept.

## Audit costs

- All project partners are requested to submit a signed and stamped audit certificate with every claim for reimbursement
- Auditors should check that costs have been incurred
  - in line with approved project application forms
  - they represent services rendered/ goods delivered
  - national and EU rules have been observed.

## Ineligible expenditure



- Voluntary staff costs (IVC)
- Expenditure incurred after the project implementation period
- Representational costs [e.g. gifts etc]
- Procurement which does not add value to the project
- Penalties, fines and law expenses
- Interest on overdue payments



## Ineligible expenditure

- Project costs which cannot be clearly allocated to one of the project organisers or partners [e.g. invoices addressed to another person or institution or invoices not paid by the project organiser]
- Project costs that are not in line with the project's **approved** content
- Purchase of vehicles [cars, lorries, boats etc]


... list is not exhaustive...

## Reporting expenses

- Claims for reimbursement should be submitted on a regular basis and according to the programme manuals



Thank you  
for your attention



# **National Eligibility Rules for Territorial Cooperation Programmes 2007 – 2013**

Territorial Cooperation Unit  
Funds and Programmes Division

April 2013

Following the launch of the new programming period for the years 2007 to 2013, Malta started participating in five Territorial Cooperation Programmes which are financed by the European Regional Development Fund under Cohesion Policy 2007-2013. Malta also participates in the European Neighbourhood and Partnership Instrument (ENPI) programme, which is a new initiative aimed at encouraging participation in this cooperation framework with countries falling outside the EU, but which have close links with the EU and its Member States. Each of these programmes has its own Operational Programme and aims at encouraging territorial cooperation, the exchange of knowledge as well as the dissemination of best practices across EU Member States and territories beyond EU borders.

### **1) The Italia-Malta Cross-Border Cooperation Programme 2007-2013**

The Italia-Malta Programme 2007-2013 encourages socio-economic and cultural cooperation across the maritime border between Malta and Sicily.



The programme focuses on:

- strengthening the cultural, economic and social resources shared by both Malta and Sicily;
- encouraging sustainable development.

Further information is available from the Programme's website: [www.italiamalta.eu](http://www.italiamalta.eu).

### **2) The Med Programme**

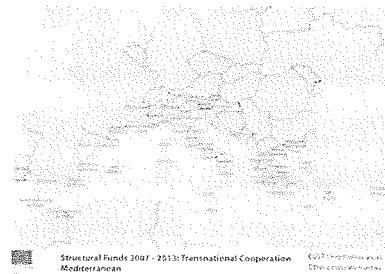
The Med Programme 2007-2013 is a Transnational Cooperation Programme which encourages cooperation between Mediterranean regions in nine EU Member States, namely: Cyprus, Spain, France, Greece, Italy, Malta, Portugal, UK, Slovenia, as well as Croatia, Montenegro, Albania and Bosnia Herzegovina as Candidate / Potential Candidate Countries. Other Candidate and Potential Candidate Countries may join the programme at a later stage.



This programme focuses on the following:

- Fostering the competitiveness of the Programme area while guaranteeing sustainable growth and employment (Lisbon strategy);
- Promoting territorial cohesion and protecting environment in the framework of sustainable development (Gothenburg strategy).

The Med Programme will finance projects relating to innovation, environment and sustainable territorial development, accessibility and the integrated development of the eligible area.



The Managing Authority for this Programme is based in the Provence-Alpes-Côte d'Azur Region, France. Further information is available from the Programme's website: <http://www.programmemed.eu/>.

### 3) The Interreg IVC Programme

The Interreg IVC Programme merges the four Interreg IIIC zones (North, South, East and West) into one programme, aiming at encouraging Member States and regions to exchange and transfer knowledge and good practice.

The Programme focuses on two main priorities:

- Innovation and Knowledge Economy.
- Environment and Risk Prevention.



These priorities contribute towards the EU's Lisbon and Gothenburg Strategies to encourage sustainable growth and jobs.

All EU Member States are eligible to participate in the programme, as well as regional and local public authorities in two non-Member States, namely Switzerland and Norway.

Further information may be accessed from the Programme's website: <http://www.interreg4c.net/>.

#### 4) The ENPI CBC-MED Programme

From 1 January 2007 onwards, as part of the reform of EC assistance instruments, the MEDA, TACIS and various other programmes have been replaced by a single instrument, namely the European Neighbourhood and Partnership Instrument (ENPI).



Malta is eligible to participate under the ENPI CBC Mediterranean Sea Basin Programme 2007-2013 which provides the framework for the implementation of cross-border and cooperation activities in the context of the European Neighbourhood Policy, complementing efforts exerted within the framework of the Euro-Mediterranean Partnership, with the final aim of developing an area of peace, stability and prosperity as well as good neighbourliness.

Maltese partners may participate in joint projects together with partners from Cyprus, Lebanon, Israel, and the Palestinian Authority and also with partners from regions within Egypt, France, Greece, Italy, Jordan, Morocco, Portugal, Spain, Syria and Tunisia<sup>1</sup>. Further information is available from the Programme's website: [www.enpicbcmmed.eu](http://www.enpicbcmmed.eu).

#### 5) The ESPON 2013 programme

The ESPON 2013 Programme (European Observation Network on Territorial Development and Cohesion) was set up to support policy development in relation to territorial cohesion and the sustainable development of the European territory.

The main aim of this programme is to increase the general body of knowledge about territorial structures, trends and policy impacts in an enlarged EU.

Project partners from all EU Member States plus Iceland, Liechtenstein, Norway and Switzerland are eligible to participate in ESPON 2013. The ESPON Coordination Unit is based in Luxembourg. Further information is available from the Programme's website: <http://www.espon.eu/>.

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<sup>1</sup> Note that the following Partner Countries have signed the financing agreement, which is necessary for participation in the ENPI CBC MED Programme: Egypt, Israel, Jordan, Lebanon, Palestinian Authority, Syria and Tunisia.

## 6) The Interact II Programme



### *Sharing Expertise*

The Interact II Programme aims at increasing the effectiveness of territorial cooperation programmes by setting up information and communication networks, defining information frameworks and flows, sharing information and stimulating exchange of experience and good practice. The Managing Authority of the Interact II Programme is based in the Slovak Republic, whereas the INTERACT Point Valencia is responsible for the South Western area of the EU, including Malta.

Further information is available from the Programme's website: <http://www.interact-eu.net/>.

### **Role of the Funds and Programmes Division, Ministry for European Affairs and Implementation of the Electoral Manifesto**

The Territorial Cooperation Unit<sup>2</sup> within the Funds and Programmes Division (FPD):

- acts as National coordinator of the above-mentioned Programmes;
- represents Malta on the Monitoring Committees and Steering Committees;
- is the body responsible for First Level Control on Maltese partners. This includes the certification of claims and conducting on-the-spot checks on expenditure incurred by Maltese partners.

### **Lead Partner principle**

Given that Territorial Cooperation Projects consist of a number of partners, it is necessary that the Lead Partner principle - which obliges the Lead Partner to undertake the overall responsibility of ensuring that the project is implemented successfully - is followed. The Lead Partner, who therefore takes on the responsibility for the management, communication, implementation and co-ordination of activities amongst the partners, is the main contact point for such projects. It is important to point out however, that the Lead Partner is the leader only in terms of the project's administrative and generic financial matters and that every partner has

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<sup>2</sup> The Territorial Cohesion Unit within PPCD is responsible for the Espon 2013 Programme.

equal status on content issues. Indeed, all partners are responsible for implementing the action plan on their own territory and for ensuring that the funds are disbursed efficiently, correctly (i.e. in line with the rules of the Programme as well as national rules and regulations) and within the stipulated timeframe. All partners are also responsible for the compilation of their own claims on a regular basis for reimbursement purposes, as outlined in the manuals / financial guidelines of the respective programmes as well as for the retention of documents for audit purposes at least until the end of 2020.

### **Financing**

It is important to note that funds are received on a reimbursement basis, i.e. no advance payment is provided to cater for the expenses incurred under such projects. Financial planning, especially ensuring that an adequate cash flow is available, is therefore very important. Financing from the European Regional Development Fund (ERDF) may amount to up to 85% of the total budgetary allocation<sup>3</sup>. The co-financing rate in connection with the European Neighbourhood and Partnership Instrument (ENPI) covers 90% of the eligible cost of the project whereas ESPON 2013 Projects are fully funded by the Programme. Furthermore, it is important to note that certain Member States might have a lower co-financing rate, thus having different co-financing rates in a project. The remaining amount has to be provided by each partner participating in the project either by means of internal staff costs and / or 'in kind' costs<sup>4</sup> and / or from the entity's own budgetary allocation.

### **Double Financing**

It is important to note that any activity which is already supported by another national or EU subsidy cannot be considered eligible as it would result in double-financing. To this end, partners should declare that the respective expenditure has not been claimed and will not be submitted for reimbursement purposes under any other Programme. Additionally, partners should note that most Programmes oblige the project partners to stamp the *original* documents pertaining to the respective project with a stamp declaring that the expenditure was incurred

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<sup>3</sup> The co financing rate may be lower in case State Aid Regulations apply.

<sup>4</sup> An example of an in-kind cost would be voluntary costs, however such costs are not accepted under all Programmes.



within the remit of the project. This practice is recommended also for projects which are being implemented under Programmes which do not oblige the respective partners to do so.

### **Legal Framework for eligibility of expenses**

**Beyond the Regulations mentioned below and the requirements of the programme/s, stricter rules might apply on a national level as deemed necessary by the National Coordinator responsible for such programmes (i.e. FPD in the case of Malta).**

**Before incurring any expenditure in connection with Territorial Cooperation projects, all partners should ensure that the expenditure is eligible under the respective programmes. Certain expenses might not be considered eligible under a particular programme as decided by its Monitoring Committee. Project partners are therefore urged to go through the programme manuals and the first level control guides thoroughly and to make sure that the expenditure outlined in the Application Form reflects the information provided in the manual of the respective programme. Apart from such manuals<sup>5</sup>, project leaders should refer to the following Regulations<sup>6</sup> and their amendments, if applicable:**

- ❖ Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0025:0078:EN:PDF>
  
- ❖ Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999

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<sup>5</sup> The First Level Control guidelines per programme may be accessed from the respective website or from the website of the Territorial Cooperation Unit [https://secure2.gov.mt/fpd/key\\_doc](https://secure2.gov.mt/fpd/key_doc)

<sup>6</sup> Note that Regulations may be updated periodically.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:210:0001:0011:EN:PDF>

- ❖ Commission Regulation (EC) No 1828/2006 of 8 December 2006 (as amended) setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund  
[http://www.interreg4c.net/load/2006-1828\\_Implementing\\_regulation\\_en.pdf](http://www.interreg4c.net/load/2006-1828_Implementing_regulation_en.pdf)
- ❖ Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European Grouping of Territorial Cooperation (EGTC)  
[http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/pdf/2007/gect/ce\\_1082\(2006\)\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2007/gect/ce_1082(2006)_en.pdf)
- ❖ Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:134:0114:0240:EN:PDF>
- ❖ Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument  
[http://www.enpicbmed.eu/documenti/29\\_38\\_20090108121101.pdf](http://www.enpicbmed.eu/documenti/29_38_20090108121101.pdf)
- ❖ Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument  
[http://www.enpicbmed.eu/documenti/29\\_38\\_20090108121213.pdf](http://www.enpicbmed.eu/documenti/29_38_20090108121213.pdf)
- ❖ Practical Guide to Contract procedures for EC external actions  
[http://www.enpicbmed.eu/documenti/29\\_153\\_20090518141102.pdf](http://www.enpicbmed.eu/documenti/29_153_20090518141102.pdf)

Before engaging in any commitments, project partners should always refer to the contract signed between the Managing Authority of the programme and the Lead Partner and to the Partnership Agreement, which is agreed upon and signed by the Lead Partner and all the partners participating in the project. Maltese partners should always obtain a certified true copy of this document, which should be retained in the project file. Project Leaders should also obtain and refer to the final version of the approved application form and the respective work packages. It is important to note that only expenditure which has been detailed in the approved budget and work packages of a project may be eligible for funding.

### **Procurement**

All Partners, including non-public entities, should follow the principles of transparency, equal treatment and non-discrimination whenever a good / service is procured. Furthermore, public entities should adhere to procurement regulations issued by the Department of Contracts by means of Legal Notice 296/2010. Whenever goods and / or services are procured, Local Councils are obliged to follow the Local Councils Act (Chapter 363) and other relevant Local Councils Regulations, in particular, Local Councils (Financial Regulations) of 26<sup>th</sup> November 1993, as amended i.e. Subsidiary Legislation 363.01<sup>7</sup> and Local Councils (Tendering Regulations) of 2<sup>nd</sup> October 2009 and any amendments i.e. Subsidiary Legislation 363.03. Project partners are urged to liaise with the Department of Contracts in view of any updates in the legislation and relevant instructions.

All partners should note that any quotations presented in the claims for reimbursement should either be on an official letter head (of the supplier) or, if this is not possible, signed by the respective supplier/s.

### **Publicity**

Publicity is an essential part of all projects funded by the European Union. Project participants must ensure that all publicity complies with Commission Regulation (EC) No. 1828 / 2006. Failure to comply with this Regulation may result in suspension / withdrawal of funds. All

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<sup>7</sup> <http://docs.justice.gov.mt/lom/Legislation/English/SubLeg/363/01.pdf>.

publicity actions, such as adverts, backdrops, promotional items, printed material, audio-visuals, calls for applications, billboards, posters, publications, information events, certificates, plaques, presentations and notifications to beneficiaries, should include the National Flag of Malta<sup>8</sup>, the EU Emblem, the relevant Programme logo as well as the following<sup>9</sup>:

- Reference to the programme under which the funding is being provided;
- Reference to Cohesion Policy 2007-2013;
- Slogan of the respective programme;
- Reference to the European Union: E.g. “*Project is part-financed by the European Union*” and to the European Regional Development Fund;
- The relevant co-financing rate;
- The national slogan for the 2007-2013 programming period: “*Investing in your future*”.

For more detailed information, Project Leaders are requested to consult the specific set of guidelines which deals with publicity requirements in connection with Territorial Cooperation projects. These guidelines may be downloaded from the following link:

[https://secure2.gov.mt/fpd/publicity\\_info](https://secure2.gov.mt/fpd/publicity_info)

### **Treatment of revenue**

If a project generates revenue (for example through services, conference participation fees, sales of brochures or books) the generated net revenue must be deducted from the eligible expenditure if the total cost of the whole project exceeds €1,000,000. Revenue must be deducted in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed operation.

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<sup>8</sup> The National Flag of Malta is not a requirement under the ESPON 2013 Programme since projects are fully funded by the programme.

<sup>9</sup> In addition to the compulsory text listed in this section, the ESPON 2013 programme also requires that any notice or publication by the project, in whatever form and on or by whatever medium, including the Internet, must specify that it reflects the author's views and that the Monitoring Committee is not liable for any use that may be made of the information contained therein.

## **Value Added Tax**

VAT is eligible expenditure for reimbursement purposes only if it is genuinely and definitely borne by the Beneficiary. If VAT is recoverable, by whatever means, it cannot be considered eligible, even if it is not actually recovered by the Beneficiary. In the case of government departments, VAT is not an eligible cost. Project participants are requested to confirm their VAT status with the Department of VAT and to submit a copy of the form (attached) provided by the Territorial Cooperation Unit to the FPD with the first claim for reimbursement. VAT amounts should always be listed separately on invoices to facilitate the certification and audit process.

## **State Aid requirements**

EU State Aid rules apply to projects which involve financial support from the public sector to private entities or to public / public equivalent organisations which carry out an economic activity. State aid rules apply also if the assistance distorts trade or threatens competition with the Community. Project applicants are requested to refer to State Aid rules and to liaise with the State Aid Monitoring Board for further information in this regard.

## **Horizontal issues**

In terms of Council Regulation (EC) N° 1083 / 2006, projects should comply with policies on equal opportunities and sustainable development, which includes three facets, namely economic growth, social cohesion and the protection of the environment. Compliance with the respective Directives will have to be confirmed by the auditors issuing the certificate with every claim for reimbursement.

## **Reporting expenses**

Partners should submit claims for reimbursement on a regular basis as stipulated in the manual / financial guide of the respective programmes. Territorial cooperation projects comply with the de-commitment rule: any funds which are not disbursed within the stipulated timeframes are lost. It is therefore very important that project implementation and disbursement are kept

within the timeframe stipulated in the Application Forms and that the expenses are claimed on a regular basis according to the requirements of the respective programme.

The First Level Control system may vary per Member State (e.g. centralised / decentralised control system). Malta has adopted a centralised control system whereby claims of expenditure should be submitted to the Territorial Cooperation Unit, Funds and Programmes Division, Triq il-Kukkanja, Sta. Venera for verification. However, each claim must include a control certificate issued by a controller that has initially checked this expenditure. Normally, this control is carried out by an external controller, although this task may also be carried out by an internal controller as long as he / she is properly qualified and declares himself / herself external to the implementation of the project (functionally independent). Maltese partners should ensure that the controller is included in the list of audit firms and principals registered with the Accountancy Board<sup>10</sup> and / or in the list encompassing the holders of a Warrant of Certified Public Accountant<sup>11</sup> and / or a Practising Certificate in Auditing<sup>12</sup>. It is important to note that the lists are updated on a regular basis.

In addition to the above-mentioned desk checks, the Territorial Cooperation Unit may carry out physical spot checks on the projects financed under such programmes in order to verify the results delivered.

Furthermore, second level controls by the Internal Audit and Investigations Department, which constitute an additional check on expenditure on a sample range of operations, may also take place.

### **Retention of documents**

All partners are requested to retain the project's documentation at least until the end of 2020. The filed documents should be originals, which will be stamped by the Territorial Cooperation Unit, FPD upon verification of the claim. Certified true copies should be sent to the Lead Partner for onward transmission to the Programme Authorities.

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<sup>10</sup> [http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register1](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register1)

<sup>11</sup> [http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register3](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register3)

<sup>12</sup> [http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register2](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register2)

## **Voluntary Organisations**

Voluntary organisations should have been set up and registered with the Commissioner for Voluntary Organisations in order to be able to participate in such projects. In this regard, it would be appreciated if information regarding the respective VO number is presented in the first claim.

### **Main categories of eligible expenditure**

The following section will outline the main categories of expenditure eligible for reimbursement purposes under such programmes together with the documentation which should be attached to the claims. As a general rule, documents should be dated (as applicable) and that any copies should be certified as true copies as well as authenticated by the partners. Whenever it is not possible to provide any of the documents outlined hereunder due to the nature of the respective entity, another document of equivalent value should be provided.

**Project partners should ensure that all expenses incurred in connection with Territorial Cooperation projects are in line with national rules, in accordance with sound financial management as well as good governance principles, particularly in the case of procurement, payments (invoices and receipts) and state aid.**

#### ***1. Preparatory Costs***

Certain projects allow for the eligibility of preparatory costs, i.e. costs which are linked to the compilation of the Application Form and with the elaboration of the project itself on the condition that the link with the project selected for funding is clearly demonstrable. Given that the eligibility, as well as the allowable percentage of preparatory cost may differ according to the Programme, project leaders should also consult the programme guidelines / manuals of the respective programme.

#### ***2. Staff costs***

Staff costs relating to projects are eligible and may be considered part of the expenditure incurred in connection with a project if these are included in the project's approved work

packages. Staff members who have a normal working contract with the organisation and who dedicate a number of their normal working hours to the project may claim such contribution under the respective project. However, internal staff costs are not eligible if they arise from the organisation's day-to-day duties or if they are not specifically related to the project. Since the staff members are paid by the organisation, the hours they spend on the project may be considered equivalent to cash and may be used to contribute towards the national co-financing element of a project. **It is important to note that the thresholds on the amount of staff costs which is allowed to be claimed per project may vary according to the Member State. In this regard, internal staff costs (and any 'in kind' costs) claimed by Maltese partners must not exceed 35% of the total budgetary allocation<sup>13</sup>.** Should this amount be exceeded, the excess amount will be deducted accordingly.

Payments for unfair dismissal, redundancy payments, golden handshakes and payments into private pension scheme are considered ineligible.

### Calculating the hourly rate

Internal staff costs are calculated on the basis of the following formula:

$$\text{Eligible staff costs} = \text{hourly rate} * \text{number of hours worked on the project}$$

$$\text{Where hourly rate} = \frac{\text{Annual Salary}}{\text{Total number of hours worked in a year}}$$

And where the number of hours worked on project must be supported by detailed time sheets. The description of tasks in the timesheets should be clear.

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<sup>13</sup> Due to the nature of the ESPON 2013 Programme this threshold does not apply to projects financed under this programme.



Note that the annual salary may include the national insurance, statutory bonuses as well as fixed allowances. Documentary evidence in support of such fixed allowances must accompany each claim.

The total number of hours worked in a year is calculated as follows:

*[(The number of weeks in a year \* number of working days in a week) – (vacation leave + public and national holidays not falling either on Saturday or Sunday)] \* number of hours worked each day,*

*e.g. [(52 weeks \* 40 hours) – (192 hours vacation leave + xx hours public holidays)] =  
xxxx hours worked in a year.*

Project Leaders should always refer to and attach the staff costs calculator (attached) with the claims for reimbursement. Note that the staff costs calculator is updated annually.

To include internal staff (on a pro rata basis) costs as part of a project, the Project Leader must ensure that the following documentation is attached to the claim:

- Partner Declaration of Staff Costs;
- Letter of Assignment;
- Detailed Timesheets, which should include list of duties carried out;
- A pay slip<sup>14</sup> in connection with period of claim;
- Staff costs calculator;
- Documentary evidence of fixed allowances if these are being included in the calculation of hourly rate;
- Proof of payment to the employee e.g. a copy of the relevant documentation showing the transfer of funds from the Treasury in case of public entities and bank statements in case of non-public organisations or a declaration from the persons issuing the salary and a counter declaration by the employee confirming that he/she has received the salary;
- Any other document as per the Programme's Manual.

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<sup>14</sup> Note that the partners may be asked to submit additional payslips in order to verify certain costs (e.g. fixed allowance).

### 3. *External Expertise*

This consists of experts, controllers or other service providers who are contracted or employed to carry out certain tasks on the project (e.g. project coordination, website design, event organisation and interpretation). These are generally paid on the basis of definite contracts and are contracted / recruited solely for the project. The principles of transparency, competition, good governance and sound financial management are overriding.

Remember that all partners, including non-public entities should adhere to (a) the principles of transparency, equal treatment and non-discrimination in case of the procurement of commercial services and (b) national employment regulations in case of employment contracts. Furthermore, whenever external experts travel in connection with the project, information regarding the relevance of such travel is also required.

The documentation requested for the verification of external staff costs should include the following documents related to procurement / recruitment process:

- Contracts / Letters of Offer and Letters of Acceptance;
- Timesheets and list of duties carried out during the respective timeframe;
- Invoices and receipts or payslips;
- Proof of transparency in the selection of the company / individual (e.g. copies of the newspaper adverts, quotations, tenders depending on the thresholds);
- Proof of payment to the expert / external company;
- Any other document as per the Programme's Manual.

### 4. *Voluntary Staff*

These are staff members or experts who provide services, research or who work on the project on a voluntary basis. Unpaid voluntary work should be defined as the value of hours / services provided by people involved in a project without being paid any wage or salary, which means that there is usually no proof of expenditure. The value of voluntary work must be calculated by taking into account the amount of time spent and the normal hourly and daily rate for the work carried out. It is recommended that this rate would be below the current market value to emphasise its voluntary nature.

Furthermore, it is essential that the value of the work is independently assessed and controlled by an independent controller (auditor). In this regard, the controller's certificate, which should be attached with every claim, should make specific reference to such costs and the basis for their calculation if these are being claimed.

Voluntary unpaid work is considered to be an 'in-kind' or non-cash contribution to the project and may be used as part of the national co-financing element. However, these costs must not exceed the national co-financing element (i.e. 15%) and cannot be reimbursed under ERDF funds (i.e. from the 85% budgetary allocation). The documentation which should be submitted in connection with voluntary costs is the following:

- Partner Declaration on Voluntary Staff costs;
- Letter of Assignment
- Timesheets;
- Description of the work carried out, illustrating input by the person doing voluntary work;
- Controller's evaluation of voluntary work;
- List of duties carried out;
- Any other document as per the Programme's Manual.

It is important to note that the documentary evidence of time and input must be clear and quantifiable.

#### **5. *Travel and accommodation***

Due to the nature of territorial cooperation programmes, travel is an essential part of such projects, so it is essential that travel costs are calculated correctly and that the funds are spent as economically as possible.

Any travel incurred should be in line with the latest Circulars issued by the Ministry of Finance. As a general rule, the most economical means of transport must be used. In this regard, it is important to note that only the amount equivalent to economy tickets may be

claimed. Therefore, officers entitled to and travelling in business class are requested to submit a quotation for an economy ticket clearly indicating the amount which may be claimed.

It is also essential to make sure that the amount allocated to travel in the project's budget is not exceeded and that all trips are included in the project's work packages.

Travel expenses (including fuel and airport surcharges, if applicable and parking fees) are eligible only if they are incurred in those EU regions which are eligible to participate in the respective programme by persons performing tasks directly related to the project activities as detailed in the work packages of the project. Any travel should also be directly related to the implementation of the project. Note that any trips taken outside the project area are not eligible for funding without an approval from the programme's Joint Technical Secretariat and the Managing Authority. As a general rule, travel costs of external speakers / external experts should be financed under the external expertise budget.

The documentation requested for the certification of travel costs should include the following:

- Agenda or invitation to the meeting if the agenda is not available;
- Boarding passes<sup>15</sup> and travel tickets;
- Quotations in connection with air tickets;
- Invoice/s issued by the travel agent and the respective receipts;
- The travel report;
- Any other document as per the Programme's Manual.

## 6. *Per Diem and Contingency costs*

In the case of duty abroad, a fixed subsistence or per diem allowance should be issued. In addition, contingency money may be advanced to travelling officers largely to cover expenses related to airport/hotel transfer and local transportation to and from the airport. All partners (including non-public entities) should refer to and follow the appropriate circulars by the Ministry responsible for finance for detailed information on per diem rates. In the case of foreign speakers participating in local activities held in connection with the project, the per diem amounts that are granted in the regard should correspond to the rates established by the

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<sup>15</sup> Due to the necessity of documentary evidence, which includes copies of boarding passes, mobile check in is not permitted.

European Commission within the Europe Aid Framework. Please note that when travelling abroad the per diem allowances corresponding to any meals and/or accommodation which were offered by the host of the meeting should be deducted from the amounts being claimed.

The documentation requested for the verification of per diem costs should consist of the following:

- Subsistence statement of expenditure;
- Copy of Funds Transfer Report and copy of Debit Advice from CBM or other bank accounts (representing the amount credited to the payee's account)
- A signed declaration by the person who received the per diem stating that the money has been received;
- All other receipts (certified true copies) such as Taxi / Bus receipts in connection with contingency expenses;
- Any other document as per the Programme's Manual.

#### **7. *Local Travel expenses***

Expenses incurred for local travel [e.g. fuel expenses, scheduled bus / taxi fares] are **not eligible** for reimbursement purposes. Other local travel costs such as Gozo ferry tickets for project specific events and events such as Monitoring Committees / Steering Committees may be considered eligible.

#### **8. *Organisation of conferences / workshops***

Costs related to the organisation of conferences or workshops are eligible as long as they are provided for by the project budget and are necessary for the attainment of the project's objective and results. It is essential that the relevant public procurement regulations are followed with regard to the selection of the venue, caterers or service-providers. Catering costs, coffee breaks, meals or refreshments are eligible only as long as they form part of a conference or meeting. Alcoholic beverages, tips and any meals or events which are not listed in the respective agenda cannot be verified as part of the eligible cost. Project Leaders should attach the documentation listed below in order for the expenses to be considered eligible for reimbursement purposes:

- Agenda and a signed attendance sheet;
- Contracts [where relevant] together with invoices and receipts;
- Any quotations / tenders to verify transparency in the procurement process;
- Any other document as per the Programme's Manual.

#### 9. *Administration costs*

Administration costs may be classified into two categories:

- a) Direct general costs e.g. rent of an office, equipment rental, postage, mail, fax, telephone, copying costs, consumables incurred solely in connection with the project;
- b) Indirect general costs (overheads) e.g. rent, equipment rental, telephone / fax bills, copying costs, consumables which are only partly related to the project.

It is up to the Member States to decide on whether indirect costs (overheads) are eligible under such projects. In this regard, it is important to note that, as a general rule, indirect costs are not eligible for reimbursement to Maltese partners<sup>16</sup>.

The documentation required when claiming direct costs includes the following:

- invoices and receipts;
- proof of direct relation of such costs with the project (e.g. itemised bill);
- Any other document as per the Programme's Manual.

#### 10. *Durable goods*

The full cost of durable goods is eligible only if the purchase is deemed to be core equipment i.e. such equipment would constitute a core element of the project. Hence, the procurement of the equipment would be absolutely necessary for the successful implementation of the project. Furthermore, it is important that the procurement of such equipment would be approved under

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<sup>16</sup> In the case of Programmes which have established a flat rate for administrative costs on a Programme Level (e.g. the IVC Programme and the ENPI Programme) Maltese partners may claim such costs up to the threshold approved by these programmes.

the respective Programme. In the case of core durable goods the full cost may be claimed in one amount.

The cost of supplementary equipment (e.g. required for project management but not core) is eligible however depreciation should be applied. Hence, only the depreciation which corresponds to the period covered by each progress report may be declared.

Furthermore, if the goods being purchased are supplementary goods which may be used for other purposes (e.g. PCs, laptops) the depreciation costs should be apportioned accordingly. In this regard, the partner should provide a declaration which includes details with regard to the method of apportionment. In the case of PCs and laptops Project Leaders are asked to liaise with the Territorial Cooperation Unit within the FPD before such procurement is effected.

Maintenance / repair costs, including those related to items procured through a territorial cooperation project, shall not be considered eligible.

## *11. Control certificate*

All project partners are requested to submit a signed and stamped control certificate<sup>17</sup> with their requests for reimbursement. This certificate is to serve as confirmation that the expenditure has been incurred, and incurred in line with the rules. It is important to note that the control is carried out by a certified accountant or auditor listed in the Register of Accountants and Auditors<sup>18</sup>.

**Note that should subsequent verification checks by the FPD reveal an error exceeding 2% of the amount being claimed, the FPD reserves the right not to certify the costs associated with the request for reimbursement.**

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<sup>17</sup> Note that every programme has a different control certificate, which may be downloaded from the programme's financial guidelines.

<sup>18</sup> [http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register1](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register1)  
[http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register3](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register3)  
[http://finance.gov.mt/image.aspx?site=MFIN&ref=ab\\_register2](http://finance.gov.mt/image.aspx?site=MFIN&ref=ab_register2)

In the event that the controls are performed by a partner's staff member these costs should be regarded as internal staff costs, as long as they were included in the approved budget and work packages of the project and the person carrying out the control is not involved in the implementation of the project. In the event of contracted external controllers, public procurement rules must be observed.

#### *12. Financial charges*

Bank charges for the opening and administering the account are eligible. The opening of a separate bank account for each project is highly recommended, given that bank records must be accessible to the bodies carrying out financial checks on the projects.

Charges for transnational financial transactions and the cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by national or Community legislation are also eligible. However, charges related to the distribution of the funding among national project partners, charges for national financial transactions, debt interest and losses are not eligible. Similarly, fines and financial penalties are not eligible.

#### *13. Legal fees*

Legal consultancy fees and notarial fees are eligible, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation. However, expenditure on legal disputes and litigation fees is not eligible.

#### *14. Common Costs (i.e. Payment of costs incurred by other partners)*

One of the selection criteria for project proposals is a fair balance between the budget lines of partners from different countries. It is therefore essential to ensure that this balance is maintained during the implementation stage of the project. For this reason, the payment of costs incurred by other partners in the project (including management costs or travel) is not eligible under the Malta share of ERDF unless this was already specified in the approved Application Form. These costs are usually referred to as common costs. In the case of common costs, partners should receive an acceptance of the principle of sharing such costs



from the Territorial Cooperation Unit, as the entity responsible for First Level Control in Malta.

The documentation in connection with common costs should include the following:

- Controller's confirmation for the total amount of the shared costs
- Partnership agreements, as documentary evidence that such costs are acceptable by the partners;
- Bank transfers as a proof of the amounts transferred by the Maltese partner to the partner responsible for carrying out the respective task(s);
- A receipt by the partner receiving the funds.

## Tips for successful projects

### Project application

#### **Entity's eligibility according to Programme**

The first thing that an entity should do when deciding whether to join a project partnership or to develop a project idea is to check its eligibility to participate in the Programme and to confirm that the project idea is in line with the respective Operational Programme. It is of utmost importance to study the project idea and to assess the entity's role as well as the benefits that both the entity and the country would be getting through the eventual achievement of the project targets. One should be familiar with the Programme regulations as well as the national eligibility rules, the Operational Programme, the Manual of Procedures and any other documents related to the Programme in question.

#### **Budgetary allocation**

The next step is to undertake proper budget costing so as to ensure that the project budget share reflects the real local market costs. Preparatory ground work should be carried out in order to determine whether the budgetary amounts in the application form are correct; project partners must be aware that a budget shift can only be made once under certain Programmes. Furthermore, one should question the necessity of common costs that are usually found in Territorial Cooperation projects and the added value that is ultimately reflected on the partner. One should keep in mind that all the costs that are meant to be certified in Malta need to adhere to the national eligibility rules and, therefore, should the budgetary allocation provide for expenditure incurred by other partners (e.g. travel costs for foreign partners to attend conference in Malta) the expenditure of the said funds has to be in line with national eligibility rules; otherwise it will be deemed ineligible.

#### **Activities**

Are the activities assigned to the local partner of relevance to the Maltese context? What is being addressed through participation? Will there be any visible results at project closure?

These questions should be asked and answered by the entities so as to ensure that their participation is useful not only to the entity itself but to Malta. It is advisable that projects should focus on the capitalisation of past networks and studies to reach tangible goals.

### **Lead Partner**

The success of a project more often than not depends on the Lead Partner. The Lead Partner will be the central point of contact with the Programme managing structures and will be carrying the major responsibilities. Any partner deciding to join a partnership is advised to make the necessary research on the Lead Partner to ensure reliability and to have the necessary guarantees especially since payments and reimbursements will be handled by this entity.

### **Environmental issues and permits**

Any permits that an entity might think will be needed should ideally be obtained prior to the submission of the project proposal. This will ensure that there will be no loss of time due to lengthy administrative procedures or last minute hitches. Partners should consult the respective authorities (e.g. MEPA, Heritage Malta, Superintendence of Cultural Heritage, Transport Malta, etc.) to avoid being faced with enforcement requests once the project is in its implementation phase.

### **Tender dossiers**

Partners should be proactive and prepare any necessary documents, before the project approval so that should the project be approved there would be fewer delays of an administrative nature. This would also give partners sufficient time to clarify any questions or difficulties with experienced and technical people and to conform with relevant public procurement legislation.

## **Approvals**

Participation in projects requires the approval of the Head of the participating entity. In the case of local councils it would be advisable to have the approval of both the Mayor and the Executive Secretary.

## **Be flexible with your initial idea**

Flexibility is a key factor in the success of a Territorial Cooperation project. Although one might have a particular project idea this will also need to be relevant to the other partners and might need changes to be supported in the proper manner. This practice will make sure that all the partners work as one team as of day one to reach a common goal. Partners should ensure that they are flexible with their project idea as well as be careful to join other partners that are willing to be likewise flexible. Preparation of a bargaining framework before dealing with the other partners will assist you in taking the proper decisions and making project adjustments even after project idea development.

## **Allow for time to develop a sound project and a strong partnership**

Project development needs time and resources and should not be seen as a last-minute exercise. One needs to become familiar with the Programme documentation and generate the best project idea to fit the Programme objectives which obviously gives the proposal a higher chance of selection and financing. The project generation also needs to include time to form the network between the partners and the setting of common goals and the drawing up of activities to reach those goals. Sound financial planning forms the third element of the proper project generation mix.

## **Familiarize with your partners and understand their decision-making processes and timetables**

It is important to understand why other partners are participating in the project and what their role in the project is. In addition, it would help if one is also aware of the regulations that the other partners might in turn be bound with in their respective Member States. Getting to know

the decision-making processes and timetable requirements of other Member States can facilitate the selection of partners or project ideas from different Lead Partners.

### **Assess your institutional capacity**

Before committing the entity to participate in a project it is important to assess if the project demands, deadlines and administrative burdens can be properly met.

### **Assess the need for resources**

How much time and what resources (financial, personnel, etc.) can be mobilised for the project? More often than not these issues are dealt with after participation has already been committed. These assessments should be cleared before acceptance, so that activities (e.g. external expertise) can be planned in the project proposal to meet the entity's requirements to reach the set project goals.

### **Assess your general skills**

Along with resources one needs to take stock of the required skills which are essential, such as language or technical, that the project idea requires. Where these skills cannot be found internally the project partner should allocate enough funds to acquire them once the project starts its implementation. This involves a further task to check if the local market can supply the required services and if not, either be sure to check the prices in foreign markets and to budget accordingly, or to be ready to change the planned activity for something that can be met with the resources at hand.

### **Assess your gains**

It is advisable that entities view projects as an opportunity to ameliorate their organization. One should not only focus on the financial gains that participation in a project might result in but rather the chance of reaching goals that one cannot reach alone.

### **Demonstrate clear added-value**

Targets should be set to deliver tangible and visual project results, as opposed to activities that involve studies that are then shelved because the implementation of outcomes cannot be financed after project end. One should keep in mind that visual results are easier to transmit and have a greater impact on the general public.

### **Project implementation**

#### **Make contact with the FPD at the beginning of the project**

The Territorial Cooperation Unit within the FPD is the National Contact Point for these Programmes and should ideally be contacted from project idea inception, and throughout the project implementation, so as to be able to be of assistance to partners, especially those embarking on these projects without any previous experience.

#### **Prepare your Partnership Agreement at an early stage**

The Partnership Agreement should be discussed thoroughly with the Lead Partner so as to avoid misunderstandings. Both the partner's and Lead Partner's roles should be spelt out clearly and this document is to be signed by both parties to seal the agreement. An original should be kept, properly documented, in the partner's file for future reference.

#### **Ensure project management systems are in place at the start of the project including financial, monitoring and reporting systems.**

In agreement with the Lead Partner and the other partners it is advisable to set out the administrative tasks of the project and allocate the necessary funds and resources to ensure that these are carried out till project closure. It is also important to establish the channels of communication for the delivery of documents and to be informed when documents are being forwarded for eventual certification, given that the Certifying Authorities are in different Member States. In addition make sure that the Lead Partner sends the due reimbursements of certified costs in the preset timeframes so as to avoid financial difficulties during project implementation.

### **Have frequent communication with the other partners**

Communication should also be kept with the other project partners and should not be limited to yearly meetings and conferences. The networks with the other partners will be beneficial even after project conclusion to embark on other project ideas together.

### **Maintain accurate and complete project reports through the whole lifetime of the project**

Reports are to be compiled on a specifically designed template, as per each respective programme, and are intended to give a snapshot on progress (physical and financial) and any risks or issues needing mitigation and / or resolution. Project reporting is to be carried out continuously as requested by the project timeframes and signed copies of the reports need to be kept in the projects file for referencing.

### **Filing**

Filing is a fundamental aspect of the project implementation, since should crucial documents not be found during audits this may result in funds having to be reimbursed to Commission. In those cases where the respective Manuals of the programme do not specify a particular filing sequence, it is recommended that local partners follow Chapter 12 of the *Manual of Procedures for Projects Implementation Cohesion Policy 2007-2013 Malta*, where applicable. This manual of procedures may be accessed on the following link [http://www.ppcd.gov.mt/links\\_and\\_downloads?l=1](http://www.ppcd.gov.mt/links_and_downloads?l=1)

### **Set up a proper audit trail (up to end 2020)**

Partners need to keep in mind that a proper project history (financial, documentary and physical) is to be kept at all times. This should be done in line with the respective programme audit trail that allows reconciliation of amounts spent and certified with individual expenditure records and supporting documents at various levels (e.g. activity and project level). The audit trail is to be followed by partners when implementing their projects.

Typically auditors will seek to examine the following documentation during an audit visit:

*Project Documentation:*

- Copy of application submitted;
- Signed Partnership Agreement between Partner and Lead Partner;
- Signed Project Contract between Lead Partner and the Managing Authority;
- Addenda to the Project Agreement and letter/s stipulating any changes to the project;
- Feasibility studies and technical studies (where applicable).

*Tendering and Contracting:*

- Tender document launched on the market;
- Advertisement of the tender (also in the Official Journal where applicable);
- List of responses to the publication of the tender;
- The tender opening report;
- Any clarifications requested during the adjudication of the tender;
- The evaluation report and relevant documentation such as minutes of meeting/s of the evaluation committee;
- Copy of the publication of the adjudication of the tender (and the Contract Award Notice {CAN} where applicable);
- Contract drawn up and signed by the Director General (Contracts) / Project Partner<sup>19</sup> and the contractor;
- Any subsequent addenda to a contract;
- Any other relevant documents related to the contracts (including employment contracts<sup>20</sup>) of the project.

*Payments*

- Copies of the verified claims of expenditure of the project;
- Original invoices and receipts of costs listed in the expenditure claims;
- Certification of works by technical supervisor, acceptance certificates / reports for supplies, services.

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<sup>19</sup> In the case of contracts administered by the Partner's organisation

<sup>20</sup> Where applicable



### *Information and Publicity*

- Photos or audio/visual recordings evidencing information activities or publicity undertaken in relation to the project;
- Original adverts, brochures, leaflets or any other publicity material and promotional items produced through the project;
- Copies of handouts, documents, attendance sheets, certificates, agendas and other publications displaying EU information and publicity requirements;
- Copies of press articles (where applicable);
- Verification of compliance with compulsory EU information and publicity requirements during on site visits (such as billboards, posters, permanent plaques and identification stickers or plaques on physical items/equipment).

### *Monitoring reports*

- Copies of the progress reports prepared by the Partner;
- Record keeping of time sheets (particularly in the case of employment contracts).

### *Others*

- Lists of participants (conferences, meetings, etc.);
- Progress / Performance reports of contracted employees / experts;
- Attendance sheets;
- Evaluation sheets.

This is only an indicative (not an exhaustive) list of documents which the auditors may ask to review. Other documents which should be part of sound of financial management and therefore part and parcel of any Partner's obligations are not necessarily listed here.

## Annex 1

### Expenditure incurred by the Funds and Programmes Division under the Technical Assistance budgetary allocation

The entity responsible for the First Level Control of the expenditure incurred by the Funds and Programmes Division under the Technical Assistance budgetary allocation is the Department of Corporate Services within the Ministry for European Affairs and Implementation of the Electoral Manifesto .

Furthermore, due to the nature of the Technical Assistance expenditure, the limit imposed on internal staff costs, which stands at 35%, shall not apply.