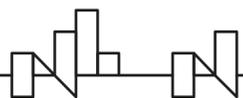


Financial Issues

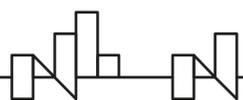
Agenda

- Project grant and budgeting – general rules
- Currency
- Expenditures eligibility criteria
- Costs categories
- Payment model
- Proof of expenditures
- Reporting – financial part
- Excluded costs
- Q&A



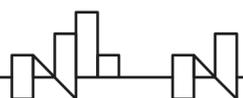
Project grant and budgeting – general rules

- Final cost eligibility date in the Programme is 30 April 2024
- Eligible costs claimed by the Norwegian partners participating in the project shall normally not exceed 40% of the total eligible costs of the project.



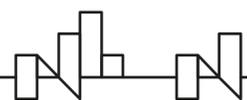
Currency

- The currency used for completing budget in application form, payments from the Programme Operator and settlements between the Project Promoter and project partner(s) is the Polish zloty (PLN).
- The ECB's exchange rate from **the date of the call launch** will be used for calculating all cost related to the project application and implementation.



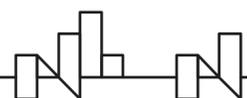
Expenditures eligibility criteria

- they are incurred in project time frame,
- they are connected with the subject of the project contract and they are indicated in the estimated overall budget of the project; they are proportionate and necessary for the implementation of the project,
- they must be used for the sole purpose of achieving the objectives of the project and its expected outcomes, in a manner consistent with the principles of economy, efficiency and effectiveness;
- they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter/Project partner and incurred in accordance with the applicable national law and relevant national accounting standards,



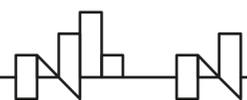
Expenditures eligibility criteria

- they comply with the requirements of the applicable public-procurement law,
- they are consistent with the principle of equal opportunities and non-discrimination,
- they are not financing with other funds, other source (the principle of no double financing),
- expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works),
- exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility (please note that the final eligibility date is 30 April 2024),
- overheads and depreciation are considered to have been incurred when they are recorded on the accounts of the Project Promoter/Project partner.



Cost categories in POLNOR 2019

- Staff
- Consumables and supplies
- Equipment
- Travel
- Other direct costs
- Subcontracting
- Indirect (overheads)



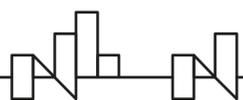
Staff costs (W)

- the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and project partner's usual policy on remuneration
 - Full-time contracts
 - Assignment to project
 - Timesheets
 - Fix-term contracts
- Please note that according to the Research Council of Norway's procedure for 'Payroll and indirect costs', the Norwegian entities classed as 'Research Institutes' calculate the payroll and indirect costs together, as hourly rates for the staff participating in a project. The RCN verifies the conformity of unit scales used by the project participants.



Consumables and supplies (CS)

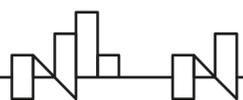
- Costs of materials, consumables and similar products incurred directly in relation to project implementation
- Types of costs within this category include, i.e.
 - materials
 - small laboratory equipment
 - reagents



Equipment (A)

Costs of equipment and intangible asset (i.e. patents, know-how, software licenses)

- Costs of depreciation of new or used equipment (**research equipment** and other devices) and intangible assets used for research purposes,
- Eligible costs of depreciation must refer to project timeframe and proportional use the equipment/intangible assets in the project implementation



Travel costs (T)

Business trip allowance - travel and subsistence allowances for staff taking part in a project are eligible provided that they meet the following conditions.

- 1) a travel must be clearly related to project implementation and the beneficiary's employee must take part,
- 2) payment made directly by the travel participant must be supported by a proof of payment,
- 3) the means of transport and accommodation should be selected in line with the principle of sound financial management,
- 4) the proof of expenditure should be kept (i.e. an invoice issued by a travel agency, plane tickets, e-tickets, boarding pass, meal receipts, list of participants, minutes, agenda, etc.)

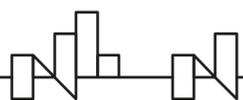
The eligible costs in this category include: travel costs, subsistence, accommodation, conference fees



Other direct costs (Op)

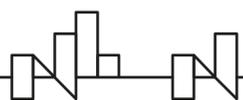
In particular:

- The costs of consulting and equivalent services - e.g. services provided by a technology broker,
- Third party services – maintenance, repair, transport services,
- The costs of training courses for research staff
- The costs of training courses related to the operation of the purchased research equipment,
- The costs of promotional activities (publications, website costs, etc.),
- The costs of external audit carried out upon the completion of a project,
- The costs of publishing and disseminating information,
- The costs of gaining information and knowledge necessary for the project delivery, translations,
- The costs of the first patent application.



Subcontracting (E)

- Subcontracting shall not include auxiliary activities necessary for the performance of project tasks, such as legal or accounting services.
- **Subcontracting costs are excluded from the basis of calculating overheads.**

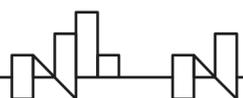


Indirect costs (overheads)

- Overheads are settled on a flat-rate basis, as a percentage of the remaining eligible costs of the Project, excluding category E (Subcontracting) costs, by applying the following formula:

$$O = (CS + W + A + T + Op) \times 25\%$$

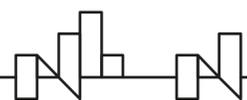
- Overheads which are settled on a flat-rate basis are considered as having been incurred. The Beneficiary is not obliged to collect or describe accounting documents as part of the Project to prove that the expenditures identified as overheads were incurred.
- Please note that according to the Research Council of Norway's procedure for 'Payroll and indirect costs', the Norwegian entities classed as 'Research Institutes' calculate the payroll and indirect costs together, as hourly rates for the staff participating in a project. The RCN verifies the conformity of unit scales used by the project participants.



Eligibility costs in POLNOR CCS 2019 call

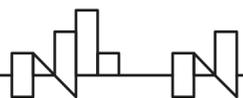
DIFFERENCES comparing with POLNOR 2019 call:

- **Phase I – Technical Feasibility Study (TFS)** - the costs for developing feasibility studies
 - No equipment costs
 - Other direct costs include, in particular:
 - The costs of consulting and equivalent services - e.g. services provided by a technology broker,
 - The costs of training courses for staff implementing phase I (the costs should be planned in the project proposal and arise from justifiable causes (e.g. the introduction of new, innovative solutions – new materials, technologies, new techniques of performing a given task, etc., which will improve the effectiveness of completing a given task or add additional features to the task),
 - The costs of promotional activities (publications, website costs, etc.),
 - The costs of gaining information and knowledge necessary for the project delivery, translations.
 - The costs of category E (subcontracting) are considered up to 70% of the total eligible costs of the phase I TFS.



Eligibility costs in POLNOR CCS 2019 call

- **Phase II – Research&Development (R&D)** – the same as in POLNOR 2019 call



Eligibility costs in POLNOR CCS 2019 call

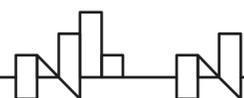
DIFFERENCES to POLNOR 2019 call:

- **Phase III – Pre-commercialisation activities (PCA)**

- Costs under Phase III are eligible under the Regulation of the Minister of Science and Higher Education of 25 February 2015 on criteria and rules on granting state aid and 'de minimis' aid through the National Centre for Research and Development (Journal of Laws item 299, 2015);
- The costs of category E (subcontracting) are the costs of consultancy or equivalent services used exclusively for implementation of this phase, acquired at market prices, provided that there are no elements of collusion in the transaction. The costs of category E are considered up to 70% of the total eligible costs of the phase III;
- Overheads can not constitute more than 25% of all direct eligible costs of this phase, excluding category E costs, and additionally they can not constitute more than 15% of the total eligible costs of this phase.

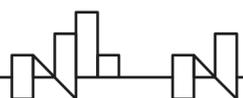
This means that in calculating the overhead costs of phase III, both of the following conditions must be met:

$$O = (CS + W + A + T + Op) \times 25\% \text{ and } O \leq (CS+W+A+T+E+Op+O) \times 15\%$$



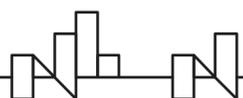
VAT

- If Project Promoter or project partner can recover any VAT paid at a later stage, the VAT paid cannot be considered as eligible expenditure even if it has not yet been recovered
 - See: Excluded costs → Recoverable VAT



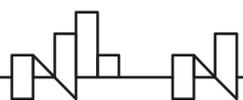
Payment model

- Advance payment – first payment, up to 30 days after signed contract agreement
- Interim payments – next payments after consuming at least than 70% already paid funds;
- Co-financing is paid in the form of advance payments and /or refunds.
- It is necessary to open separate bank account for funds
- NCBR transfer payment to Project Promoter and then Project Promoter distributes funds to other Project partners without unjustified delay, not later than 15 days after NCBR transfer



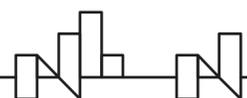
Payment model

- Payment request is submitted by the project promoter and it refers to whole project
- Request must contain a summary financial statement for the project at the moment of preparing it.
- Payment will be delivered under condition of positive payment request verification
- Information about particular costs incurred in the project will be submitted with the periodic report



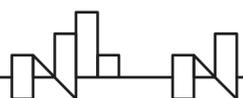
Proof of expenditure

- Project Promoter submits a proof of expenditure (certificate on financial statements) by the end of the project, together with final report
- Certificate on the financial statements takes the form of an independent auditor certificate
- It confirms that all claimed costs are incurred in accordance with Guideline for Research Programmes, the Regulation (also Costs eligibility guide), the national law and relevant national accounting practices.
- Proof of expenditures is not required from a Project Promoter or a project partner, where the total grant amount from the Programme is less than EUR 325,000 per partner.



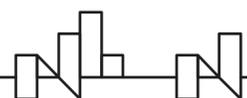
Proof of expenditure

- Polish partners in projects where the total grant amount exceeds PLN 3 million, have to conduct a project audit carried out by an independent auditor.
- Audit will embrace all Polish partner in the same project – „one project = one audit”
- Auditor prepares one joint report for Polish partners, including evaluation on Polish part of the project and individual budget implementation by particular partners
- An audit is conducted after the end of the project and a report is submitted with the final project report
- For these projects an additional proof of expenditure shall not be necessary, as the joint report covers all its obligations



Periodic reports – financial part

- an individual financial statement from each participant for the reporting period concerned. The individual financial statement shall detail and declare the eligible costs for the participant. Amounts which are not declared in the individual financial statement will not be taken into account by the Programme Operator.
- Each participant must certify that:
 - the information provided is complete, reliable and true;
 - the costs declared are eligible;
 - the costs can be substantiated by adequate records and supporting documentation that will be produced on request or in the context of checks, reviews, audits and investigations,
- an explanation of the use of resources and the information on subcontracting and in-kind contributions provided by third parties from each participant,
- a summary financial statement from the Project Promoter consolidating the individual financial statements for the reporting period concerned.



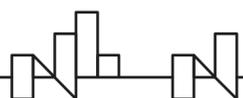
Final report – financial part

- final 'individual financial statement' from each participant for the final reporting period, as defined in the project contract;
- a 'final summary financial statement' from the Project Promoter consolidating the individual financial statements for all reporting periods and including the request for payment of the balance (final payment claim);
- distribution of the financial contribution between the Project Promoter and project partners;
- a 'certificate on the financial statements' for each participant, if required



Excluded costs

- interest on debt, debt service charges and late payment charges;
- charges for financial trans activities and other purely financial costs,
- provisions for losses or potential future liabilities;
- exchange losses,
- recoverable VAT
- costs that are covered by other sources;
- fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project.



Questions?



Iceland
Liechtenstein
Norway grants

Norway
grants

Thank you!

