



CBC Flanders - the Netherlands Stefaan Buelens

Brussels, 24th March 2011

Simplified method for indirect costs



- Legal basis: Regulation (EC) No 397/2009
- Adoption of provisions for declaration of indirect costs **on a flat rate basis**
- Preparatory work conducted by MA and JTS in first half of 2009 following proposal for amending Regulation (EC) 1080/2006
- > concrete answer to simplification request, in particular for beneficiaries

Simplified method for indirect costs

- Scope:
 - Operational Programme
 - level of each beneficiary
- System:
 - Indirect costs: overhead costs
 - Direct costs: staff costs of beneficiary (based on time sheets)
 - Rate: maximum 10 %
 - Flate rate to be paid alongside and pro rata to the amount of direct staff costs declared and certified eligible (no front loading)

Simplified method for indirect costs

	Approved budget according to Contract between MA and beneficiary	Declaration of expenses by beneficiary	Eligible after FLC
Staff costs	100.000,00	75.000,00	60.000,00
Travel costs	5.000,00	4.000,00	4.000,00
Overhead (5 %)	5.000,00	3.750,00	3.000,00
Supply and services	70.000,00	60.000,00	60.000,00
Works	200.000,00	190.000,00	190.000,00
	380.000,00	332.750,00	317.000,00

Simplified method for indirect costs

- Overhead costs (linked to staff costs):
 - Office (rent, heating, electricity, maintenance,...)
 - Office equipment (paper, toner, stamps...)
 - Telephone, internet, general ICT costs
 - Administration costs, HRM services, insurances
 - ...

Simplified method for indirect costs

- Determination of maximum flat rate:
 - Benchmarking with other EU funded programmes (flat rate approved)
 - ESF Objective 2 Flanders (max. 15% or 20% on DC)
 - ERDF Objective 2 Flanders (max. 15% on 'Staff & DC')
 - ...
 - Historical data Interreg III Flanders- the Netherlands
- Application:
 - Retroactive: modification of all legal documents (programming documents, FLC manual and contracts with beneficiaries)

Simplified method for indirect costs



- Steps
 - Official programme decision by Monitoring Committee (2 member states represented) in June 2009
 - Update of the management and control manual of the programme (document describing the eligibility rules of the program) in June 2009
 - Update of the manual for project applicants and beneficiaries
 - Communication of changes to project applicants

Simplified method for indirect costs

– Steps

- Meeting with DG Regio desk officers and information letter from MA to DG Regio
- Preparation of ex-ante assessment by MA and JTS, including positive AA advice
- Positive DG Regio assessment on method (9/12/2010) = legal certainty for flat rate method

(audit Overhead of beneficiaries only on application of rate, not on expenses)

Simplified method for indirect costs

- Check on conditions flat rate method:
(in ex ante assessment DG Regio)
 - Ex ante
 - Fair
 - Equitable
 - Verifiable

Simplified method for indirect costs

- Programme rules flat rate
 - Rate can't change during project
 - No costs specification needed in budget line Overhead
 - No supporting documents on top of the supporting documents for staff costs

Simplified method for indirect costs

- Programme rules overhead > 10 %
 - Maximum 25 % overhead / staff costs
 - Rate can be adjusted once (at end of project)
 - Costs specified in budget line Overhead
 - Invoices, distribution key and proof of payment for all overhead costs declared, on top of the supporting documents for staff costs

Simplified method for indirect costs



- Conclusion flat rate
 - Lightens administrative burden of beneficiaries
 - Improved reputation for ERDF programmes
 - More efficient and correct use of ERDF
 - More focus on quality in projects, output and results
 - Higher maximum in future
 - (10% maximum rate on staff was prudent: retroactive application & pilot)*