

The public costs principle

➔ Background Information

As already highlighted in factsheet 2.1 the programme follows the "public costs" principle which means that any expenses co-financed by the programme can be funded by public funds only. To this end private project participants have to prove that the national funding of their expenses will be provided by public bodies. For public project participants the national co-funding is automatically considered as public.

The fulfilment of this condition will be checked during the first level control: When signing the certification of expenditure – the first level control bodies shall confirm amongst others that **"the national co-funding of the expenses certified consists of public funds only and has been released"**.

The legal basis of this can be found in Art 78 § 1 of 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. This provision says: *"All statements of expenditure shall include, for each priority axis, the total amount of eligible expenditure, in accordance with Article 56, paid by beneficiaries in implementing the operations and the corresponding public contribution **paid or due to be paid** to the beneficiaries according to the conditions governing the public contribution."*

Due to different administrative structures and procedures in the single Member States that take part in the programme the conditions that shall be fulfilled before it can be assumed that the public contribution is *"due to be paid"* (so that one can state that it has been "released" in the meaning of the certification) vary between the Member States. Please find below more information on how this aspect is dealt with by the single Member States.

➔ Guidance

1 Austria

The German version of Art 78 § 1 of Council Regulation (EC) No 1083/2006 says: *"In jeder Ausgabenerklärung werden je Schwerpunkt der Gesamtbetrag der zuschussfähigen Ausgaben gemäß Artikel 56, die die Begünstigten für die Durchführung der Vorhaben getätigt haben, und die entsprechende öffentliche Beteiligung, die gemäß den Bestimmungen für die öffentliche Beteiligung an die Begünstigten **gezahlt wurde oder zu zahlen ist**, aufgeführt."*

Therefore, the first level control body in Austria shall – when signing a certification of expenditure – confirm that the corresponding national public co-funding is due and under way to be paid out. At least for the final declaration (last certification issued at the time of project closure), the first level control body must furthermore check that all corresponding national public contributions have actually been paid out.

The Austrian first level control coordinating body prepared a factsheet on the "Certification of public expenditure in Austria" that is available for download on the programme website (section "national information"/"Austria").

2 France

The French version of Art 78 § 1 of Council Regulation (EC) No 1083/2006 says: *"Tout état des dépenses comprend, pour chaque axe prioritaire, le montant total des dépenses éligibles, conformément à l'article 56, supportées par les bénéficiaires pour la mise en oeuvre des opérations et la participation publique correspondante **payée ou à payer** aux bénéficiaires conformément aux conditions régissant la participation publique."*

When signing the first certification of expenditure, the first level control body must have been provided with a notification of subsidy of the public co-financing institution in France. Furthermore, the actual payment flow of the public co-funding will be checked at project closure.

3 Germany

As already stipulated above the German version of Art 78 § 1 of Council Regulation (EC) No 1083/2006 says: *"In jeder Ausgabenerklärung werden je Schwerpunkt der Gesamtbetrag der zuschussfähigen Ausgaben gemäß Artikel 56, die die Begünstigten für die Durchführung der Vorhaben getätigt haben, und die entsprechende öffentliche Beteiligung, die gemäß den*

Bestimmungen für die öffentliche Beteiligung an die Begünstigten **gezahlt wurde oder zu zahlen ist**, aufgeführt."

In Germany, the national public co-funding of private partners shall be proven by certificates of co-financing (resp. co-funding contracts) issued by the co-financing public body. At the time of project closure (before issuing the last certification of expenditure), the first level control body has to verify the actual payment flow of the public co-funding.

4 Italy

The Italian version of Art 78 § 1 of Council Regulation (EC) No 1083/2006 reads: "*Tutte le dichiarazioni di spesa includono, per ciascun asse prioritario, l'ammontare totale delle spese ammissibili, ai sensi dell'articolo 56, sostenute dai beneficiari nell'attuazione delle operazioni e il contributo pubblico corrispondente **versato o da versare** ai beneficiari ai sensi delle condizioni che disciplinano il contributo pubblico.*"

In Italy, national public co-funding is automatically granted with the approval of the project by the Programme Committee.

The first level control body can therefore certify that the public co-financed was released, taking into account that the national co-funding of all European Territorial Cooperation programmes was already established by "Delibera CIPE 36/2007" under Law n. 183/1987 that rules the "Fondo di Rotazione".

Decrees of the Director General responsible for the management of the "Fondo di Rotazione", at the Italian Ministry of Economy and Finance, will attribute annual shares of the Fondo di rotazione due to each programme, based on the programme's financial plan approved by the EC.

5 Slovenia

The Slovene version of Art 78 § 1 of Council Regulation (EC) No 1083/2006 reads: "*Vsi izkazi o izdatkih za vsako prednostno nalogo vključujejo skupni znesek upravičenih izdatkov v skladu s členom 56, ki so jih plačali upravičenci pri izvajanju operacij, in ustrezen javni prispevek, ki je bil **plačan ali mora biti plačan** upravičencem v skladu s pogoji o javnem prispevku.*"

Therefore, the first level control body in Slovenia shall confirm - when signing the certification of expenditure - that the national co-funding of the expenses certified consists of public funds only and has been released:

1. when a project partner or the lead partner is a public body or a body governed by public law;
2. in case of a private partner, when all of the following conditions are met:
 - + the FLC body has received a copy of a co-financing contract concluded between the partner and a public or public equivalent co-financing body;
 - + the contract conforms with the template published on "www.cilj3.mop.gov.si" under chapter general information/national co-financing; such a contract shall be based on EU-, programme-, and national rules and regulations on the one hand and on the other, on the project contracting documents - Subsidy Contract, Partnership Agreement and the latest confirmed version of the Application Form;
 - + the total amount (and share) of national co-financing corresponds exactly to the partner's total budget minus ERDF amount (share);
 - + the FLC body receives a validated co-financing report (obligatory with each request for certification), which shows that previously certified amounts were reimbursed according to the national co-financing contract.

Apart from this, each project participant is obliged to report regularly about the national co-financing to the first level control body and to the Lead Partner. A template is published under section «First Level Control» on the website: www.cilj3.mop.gov.si. Each project participant, even if providing national co-funding with its own resources, is obliged to submit this report to the first level control body with every request for certification of expenses.

Reference Documents

- + Operational Programme "Alpine Space", chapter 3.
- + Article 78 of Council Regulation (EC) No 1083/2006
- + Fact Sheet 2.1
- + Model certification of expenditure