

Final Payment

➔ Background Information

Articles 79 and 89 of Council Regulation (EC) No 1083/2006 set out that the final 5 % of the total ERDF contribution to the "Alpine Space" programme (which is about 98 million Euro) will only be provided by the European Commission (EC) after the final report on the implementation of and the closure declaration for the programme have been approved by the EC. The EC will have several months time to check the closure documents and it has to be assumed that there will be some further exchanges between the EC and the MA so that programme closure will take some time. In the ideal case the EC will approve the programme closure end of 2017 but realistically this will not take place before 2018. Therefore, the EC will most likely transfer the final ERDF-tranche to the programme in 2018 at the earliest.

➔ Guidance

In order to allow as many projects as possible to receive the ERDF-amount they are entitled to request for according to the subsidy contract and their progress reports and to close their files the programme will only retain the final ERDF-contribution to projects which were submitted in later calls, beginning with call 3. This means that these projects might face the situation that a part of the final ERDF-tranche which they have requested for can only be paid out some time after project closure. Call 1 and 2 projects will not be affected by this and will follow the same procedure as in any previous regular progress report, with perhaps some delays due to additional checks related to the final report.

The above-mentioned scenario is already considered in article 4 (3) of the Subsidy Contract which says that disbursement of the subsidy is subject to the condition that it can be covered by the available ERDF-funds the Certifying Authority has received from the European Commission.

If and how many projects might be affected by the above-mentioned rule depends on the financial unwinding of all approved projects. If a project requests less ERDF-funds in the final report than originally allocated to it by the Programme Committee it might receive the whole ERDF-amount as requested for in the final report. If many projects show an under-spending in the meaning of requesting less ERDF-funds than originally allocated to them only a few projects might face the situation that they will have to wait for the final ERDF-payment. The programme bodies will closely follow the financial performance of the projects and the MA will inform the Lead Partners of all approved projects about the overall exhaustion of ERDF-funds on programme level on a regular basis. The following examples shall illustrate the consequences of the above-mentioned rule for the projects submitted beginning with call 3:

Example 1: ERDF requested above 95% ERDF allocation – retention of funds

ERDF funds in the amount of € 1.000.000 have been approved for the project "ALPEXAMPLE". After project closure a total ERDF amount of € 990.000 is requested (€ 800.000 have already been paid out within the project implementation and after the acceptance of the regular progress reports, € 190.000 are requested in the final report).

The final report is approved by JTS and MA, the respective payment is therefore to be initialised. As a consequence of the rule as explained above, the Certifying Authority (CA) has to retain an amount of 5% of the overall ERDF-allocation to the programme. Taking into account that the projects approved in calls 1 and 2 shall receive all ERDF-funds requested, the final 5% of ERDF-funds allocated to the programme shall be allocated to the projects approved in later calls according to their financial performance and proportionate to the ERDF-amount which was approved for them. This rule could lead to the fact that the CA can only pay out an amount of € 150.000 in the present case (please note: this is a fictitious figure used for this scenario). The differing amount of € 40.000 will be paid only after the CA has received the final ERDF tranche from the EC which is expected for 2017 at the earliest.

Example 2: ERDF requested below 95% ERDF allocation – payment of full amount

ERDF funds in the amount of € 1.000.000 have been approved for the project "ALPEXAMPLE II". After project closure a total ERDF amount of € 850.000 is requested (€ 800.000 have already been paid out within the project implementation and after the acceptance of the regular progress reports, € 50.000 are requested in the final report).

The final report is approved by JTS and MA, the respective payment is therefore to be initialised. Due to the under-spending (less than the approved ERDF budget was requested for, the CA can pay out the requested amount of €50.000 and the project can formally be closed).

Reference Documents

- + Subsidy Contract (article 4 (3))
- + Articles 79 and 89 Article 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