

Interreg
Mediterranean



PROGRAMME MANUAL

DE-COMMITMENT

Programme cofinancé par le Fonds Européen
de Développement Régional (FEDER)

Programme cofinanced by the European Regional
Development Fund (ERDF)

According to Article 136 of Regulation (EU) No 1303/2013 the European Commission shall automatically de-commit any part of a budget commitment of a Programme that has not been used by 31 December of the third year following the year of budget commitment (s.c. N+3 rule). This de-commitment risk on Programme level is consequently replicable on project level.

Article 5, paragraph 5.1 of the Interreg MED Subsidy contract (SC) regulates the following: "Should the LP submit a request for reimbursement lower than the (...) forecast, there is no guarantee of availability of the certified ERDF/IPA amount(s) for the (...) periods". In case the LP requests fewer funds on behalf of the project partnership than the budget commitments indicated in the Application Form (AF) spending targets table, available there and in the Article 5 of the SC, the following rule shall apply: if less than 80% of the spending target (ERDF tranches to be requested per reporting period as indicated in the annex) is met, the difference is to be considered as "under risk" and might be lost if the Programme experiences a de-commitment of funds."

The obligations of the partners are further stated in the partnership agreement (PA) where

- in Article 5.3, paragraph e it is defined that "Each project partner agrees to the (...) duties and obligations with regard to the LP (...) to making every effort to ensure compliance with financial commitments, as provided for in Article 5.1 of the Subsidy Contract ;
- in Article 15.1 it is stated that "Should the ERDF/IPA funds for the project be subject to automatic de-commitment by the Programme Authorities because of non-spending or underspending compared to the budget and planned timetable, the LP will have one month after receiving an official communication to attribute this reduction to the partners that have contributed to underspending following a distribution approved by the project steering committee."

How to avoid a de-commitment on project level?

The risk of facing a de-commitment during project life time can be reduced by considering the following:

a) the financial plan of the project, especially the budget distribution in time shall be defined carefully (considering already in advance possible delays, e.g. delays due to the first level control procedures). The project partners shall stay in contact with their first level control bodies so to ensure that the expenditures can be certified in time (as stated in article 6.5 of the PA the project partners shall ensure timely reporting of activities and costs);

b) the financial performance of the project partners shall be monitored closely and regularly by the LP (as stated in article 4 g and 6.1 of the PA the LP shall ensure sound financial management of the project).

Other financial requirements

Even if detailed information on financial requirements related to project implementation is provided in section on Controls and Audits, key principles explained in this factsheet must be kept in mind by applicants when preparing their project proposals.

FINANCIAL PERFORMANCE AND DECOMMITMENT OF FUNDS

In order to be considered as eligible, expenditure must have been actually paid out and then verified by First Level Controllers. Financial performance of projects will be measured exclusively on the basis of verified expenditure.

It is to be kept in mind that Programmes may get funds de-committed by the European Commission¹ in case that allocations set in the financial tables of the Interreg Programme are not translated into effective requests for payment to the European Commission within the set timeframe. Should this loss of funds (ERDF and/or IPA) result from projects lagging behind their payment targets based on the spending forecast included in the Subsidy Contract signed between the Lead Partner and the Managing Authority (as further explained in), the Programme might have to reduce contribution to these projects.

Applicants are strongly advised to carefully plan the budget allocation to reporting periods within the Application Form and the Subsidy Contract, by realistically reflecting the actual spending capacity of the project as well as the time needed for paying out and certifying costs incurred.

¹ As provided for in Article 136 of Regulation (EU) No 1303/2013.