



# Factsheet N°7

## Project closure

Version N°9 of 22 November 2019

## Table of contents

### Contents

I.	GENERAL REQUIREMENTS ON PROJECTS END DATE AND ELIGIBILITY OF COSTS .....	3
II.	REQUIREMENTS ON PROJECT ADMINISTRATIVE CLOSURE .....	3
A.	LAST PROJECT CONSOLIDATED FINANCIAL CLAIM .....	3
B.	CLOSURE REPORT:.....	4
III.	LEGAL REQUIREMENTS TO CONSIDER AFTER PROJECT CLOSURE.....	5
A.	ENSURING THE AUDIT TRAIL AND KEEPING THE RECORDS.....	5
B.	REVENUES GENERATED AFTER THE END OF THE PROJECT .....	5
1.	<i>Projects for which it is objectively impossible to estimate the net revenue in advance .....</i>	<i>6</i>
2.	<i>Projects for which the deducted discounted net revenue was initially underestimated .....</i>	<i>6</i>
C.	DURABILITY OF INVESTMENTS .....	7
IV.	WHERE TO FIND ASSISTANCE DURING THIS STAGE OF YOUR PROJECT?.....	7

## I. General requirements on projects end date and eligibility of costs

The project end date is indicated in the Application Form.

All projects shall end by the **30/09/2022** at the latest. This means that all activities shall be undertaken and all costs shall be paid by the 30/09/2022.

Beyond this date, no costs incurred or paid by projects funded in priorities 1 to 4 will be eligible for ERDF reimbursement.

This rule also applies to projects for which an extension has been granted. The project extension cannot go beyond 30/09/2022.

It is recommended to close project activities 3 months before the project end date: this way, all costs related to the administrative closure, including costs linked to the drafting of the project's closure report, may be claimed in the last financial claim.

## II. Requirements on project administrative closure

### A. Last project consolidated financial claim

The last project consolidated financial claim templates and procedure are the same as for a regular project consolidated financial claim.

In addition to the regular documents related to the last consolidated financial claim, the JS need to have the following annexes listed below at disposal in order to finalise the administrative closure of the project:

- FLC on-the-spot administrative checklist: At least one on-the-spot administrative checklist per project partner (including for partners that have withdrawn from the partnership). These are directly transmitted by the FLC to the JS following the implementation of the control.
- FLC on-the-spot physical checklist: Partners having set up infrastructure and construction works (implying costs have been declared under Budget Line 6) should submit at least one on-the-spot physical checklist. These are directly transmitted by the FLC to the JS following the implementation of the control.

In case a partner having set up infrastructure and construction works withdrew from the partnership, it should submit an on-the-spot physical checklist before the project end date (excepted if the investment has not started or no costs have been claimed in relation to the investment).

- An action plan for partners who foresee net revenues after the project lifetime (please contact the JS for further guidance).

The last consolidated project financial claim shall not exceed the maximum delay of **six months** after the project end date, apart for duly justified cases if approved by the Joint Secretariat. In other words, the first two financial claim windows following the project end date can be used to claim costs incurred and paid during the project lifetime.

As an example, if a project closes on 30 April 2020, the partnership can still submit a financial claim at the July 2020 deadline and at the October 2020 deadline.

It is to be noticed that the final financial claim will not be reimbursed:

- until the financial annexes (listed above) and the closure report (detailed below) are submitted to the JS and deemed satisfactory
- if an audit or a control is not finalised. The JS would have to wait for the final results to be available in order to implement the financial corrections (if applicable) from this last financial claim prior further proceeding with the payment process.

## B. Closure report:

The closure report is the last document in which the project will report on their cumulative achievements. It will cover the same sections as included in the generic Annual Progress Report (APR) plus a specific tab with questions related to:

- the cross-border added value,
- horizontal principles (sustainable development and equal opportunities),
- durability and transferability,
- future outlook and
- an evaluation on the Technical Assistance support received.

The Closure Report template will be accessible on the EEP at least 6 months<sup>1</sup> before the project end date. Each project will receive an email with the deadlines to be respected for their project and the necessary guidance to successfully close their project.

Each project disposes of a maximum of 6 months after the project end date to submit the closure report to the Programme. However, projects are reminded that the last financial claim submitted to the Programme can only be reimbursed once the assessment of the closure report is successfully closed. Therefore, the project is strongly encouraged to submit the Closure report as early as possible.

As a measure of simplification and reduction of the administrative burden for beneficiaries, the Programme has decided the following:

1. The reporting of the last year of implementation will be done through a Closure Report. This means that for the last year of implementation, no regular Annual Progress Report will need to be submitted, the Closure Report being sufficient.
2. In case your project ends between 01/01 and 31/05 of year N ("N" being the last year of implementation), you are exempted to submit a regular APR in January of year N (covering year N-1). In this case, you will have to submit only a Closure Report covering year N-1 and the remaining months of the year N. This means that your Closure Report may cover up to 17 months of implementation.
3. In case your project ends between 01/06 and 31/12 of year N, then you will need to submit:
  - a. A regular Annual Progress Report in January of year N covering the implementation of year N-1, and
  - b. A Closure Report at the latest 6 months after the project's closure and covering the months of implementation in year N.

---

<sup>1</sup> Disclaimer: This delay does not apply for the projects ending in 2019 or start of 2020 when the closure procedure was not finalised.

### III. Legal requirements to consider after project closure

#### A. Ensuring the audit trail and keeping the records

In compliance with the provisions set in Article 140 (1) of [Regulation \(EU\) No 1303/2013](#), all supporting documents (such as invoices, public procurement files, contracts, etc.) shall be made available for a **four year** period from the date when the final ERDF balance is paid to the project.

Any documentation concerning the aid granted under **the State Aid measures** must be kept for at least **ten years** starting from the date when the aid was granted. Additional national or internal requirements may oblige the undertaking to comply with longer periods of archiving.

Articles 140 (3 to 6) of Regulation (EU) No 1303/2013 set the conditions for archiving project documentation, as follows:

- Article 140 (3) states: *The documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.*  
This article has been completed by Article 272 (61) of Regulation (EU) N°2018/1046 (also called Omnibus Regulation) as follows: *Where documents are kept on commonly accepted data carriers in accordance with the procedure laid down in Article 140 (5) [of Regulation (EU) No 1303/2013 (see below)], no originals shall be required.*
- Article 140 (4) states: *The documents shall be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the data were collected or for which they are further processed.*
- Article 140 (5) states: *The procedure for certification of conformity of documents held on commonly accepted data carriers with the original document shall be laid down by the national authorities and shall ensure that the versions held comply with national legal requirements and can be relied on for audit purposes.*
- Article 140 (6) states: *Where documents exist in electronic form only, the computer systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.*

Representatives of the Managing Authority/Joint Secretariat, Audit Authority, Group of Auditors, auditing bodies of the Member States, authorised officials of the European Commission and the European Court of Auditors are entitled to examine all relevant documentation and accounts of the project even after its closure.

#### B. Revenues generated after the end of the project

Revenues are fully explained in the Programme Manual, under Factsheet 3 “Project development” and Factsheet 10 “Focus on revenue-generating projects”.

The following articles of EU Regulations are the legal basis to be taken into account as far as revenues are concerned:

- Article 61 of [Regulation \(EU\) No 1303/2013](#) amended by Article 272 (26) of Regulation (EU) N° 2018/1046,
- Articles 62 to 64 of [Regulation \(EU\) No 1303/2013](#)
- Article 65(8) of [Regulation \(EU\) No 1303/2013](#) amended by Article 272 (27) of Regulation (EU) N° 2018/1046,
- Annex V of [Regulation \(EU\) No 1303/2013](#)
- Articles 15 to 18 of [Delegated Regulation \(EU\) No 480/2014](#)

- Article 19 of [Delegated Regulation \(EU\) No 480/2014](#), amended by Article 1 (7) of Delegated Regulation N°2019/886
- [Revised Guidance Note on Article 55 for ERDF and Cohesion Funds of Council Regulation \(EC\) No 1083/2006: Revenue-Generating Projects, Final version of 30 Nov. 2010, COCOF 07/0074/09.](#)

In compliance with Article 272 (26) (a) of Regulation (EU) N° 2018/1046 (modifying Article 61 of [Regulation \(EU\) No 1303/2013](#)), “net revenue” means cash in-flows directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period. Operating cost-savings generated by the operation, with the exception of cost-savings resulting from the implementation of energy efficiency measures, shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies

Following the adoption of Regulation (EU) No 2018/1046 (Omnibus Regulation) and the changes brought by this regulation to Article 61(8) of Regulation (EU) No 1303/2013, no net revenues will have to be deducted by State Aid relevant partners (regardless of their size and occurrence of revenues’ generation) after project completion.

As pointed by point (197) of Regulation (EU) No 2018/1046, the relevant provisions of this Regulation should apply to already selected but still ongoing projects and to projects which are still to be selected under the 2014-2020 programming period.

Projects that did envisage generating net revenue after their completion shall have deducted the discounted net revenue from their budget in the Application Form initially submitted for approval.

However, two possible scenarios could occur according to which a deduction in advance was difficult to apply:

- 1 Projects for which it was objectively impossible to estimate the net revenue in advance
- 2 Projects for which the deducted discounted net revenue was initially underestimated

### **1. Projects for which it is objectively impossible to estimate the net revenue in advance**

Pursuant Article 61 (6) of Regulation (EU) No 1303/2013, where it is objectively not possible to estimate the revenue in advance the beneficiary concerned is required to report to the Managing Authority all generated net revenue within three years of the completion of the project, or by the Programme closure deadline (whichever is earlier).

The reported net revenue will be deducted from the expenditure declared to the Commission. If necessary, a procedure of recovery of unduly paid ERDF will be undertaken by the Managing and Certifying Authorities towards the beneficiary concerned.

In the framework of the management verifications, the Programme will adopt specific procedures to verify the accuracy of the net revenue that beneficiaries have reported.

### **2. Projects for which the deducted discounted net revenue was initially underestimated**

Before the project closure, the beneficiary concerned may need to revise its original “Net revenue analysis” and update its estimation of net revenues to be generated after project completion (for instance, a change in the estimated running costs incurred that leads to a revision of the estimated amount of net revenue). In case the updated amount of net-revenue is higher than the one originally deducted, the difference shall be deducted, at once, from the last financial claim submitted by the concerned beneficiary.

In case a project foresees **only after its approval** to generate net revenues after its completion, a “Net revenue analysis” shall be submitted to the Joint Secretariat as soon as possible or, at the latest, before the submission of the last financial claim of the beneficiary concerned. The estimated amount of net revenue based on the “Net revenue analysis” shall be deducted from the costs claimed by the concerned beneficiary before the project closure.

Further information about managing net revenue is available in factsheet “Focus on Revenue-generating projects”.

### C. Durability of investments

Pursuant to Article 71 of Regulation (EU) No 1303/2013, the Managing Authority must ensure that projects comprising investments in infrastructure or productive investments shall repay the ERDF contribution if, in the five years following their closure, one of the following happens:

- a cessation or relocation of a productive activity outside the Programme area;
- a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

Sums unduly paid in respect of the operation shall be recovered by the Member State in proportion to the period for which the requirements have not been fulfilled.

A project comprising investment in infrastructure or productive investment shall repay the contribution from ERDF if within ten years of the final payment to the beneficiary the productive activity is subject to relocation outside the Union.

## IV. Where to find assistance during this stage of your project?

During the project closure, your **main contact** with the 2 Seas Programme is **the Joint Secretariat**. More specifically:

- They provide you with information regarding the closure procedures and requirements;
- They assess the closure report and notify you once the last payment has been processed.

The **Territorial Facilitator** also assists you during the project closure:

- He/she provides you with advice and support during the closure process.