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The Small Project Fund according to Article 25

The model with a long tradition in Interreg – having a clear-cut legal frame in 2021 - 2027 programming period

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Legal basis

Although the term Small Project Fund (SPF) has been recognized among Interreg programmes for many years, the definition of an SPF appeared for the first time in the CPR for the 2021 -2027 programming period[1].

Article 2(10) of the CPR defines the SPF as '(…) an operation in an Interreg programme aimed at the selection and implementation of projects, including people-to-people actions, of limited financial volume'.

The legal requirements for the SPF can be found in Article 25 of the Interreg Regulation. The fact that the SPF is now explicitly mentioned in the Interreg Regulation provides increased legal certainty.
This relates mainly to the following points:

- The SPF is an operation within the meaning of Article 2(4) of the CPR, and beneficiaries of small projects are defined as "recipients";
- An SPF beneficiary is not an Intermediate Body;
- The key obligations of the SPF beneficiary are explicitly listed;
- The use of a draft budget as a calculation method for simplified cost options (SCOs), as well as the use of SCOs in small projects, is also explicitly anchored in the provisions.

Interreg Regulation, Article 25

1. The total contribution from the ERDF or, where applicable, an external financing instrument of the Union, to small project funds within an Interreg programme shall not exceed 20 % of the total allocation of the Interreg programme.

The final recipients within a small project fund shall receive support from the ERDF or, where applicable, the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').

2. The small project fund constitutes an operation within the meaning of point 4 of Article 2 of Regulation (EU) 2021/1060 which shall be managed by a beneficiary, taking into account its tasks and remuneration.

The beneficiary shall be a cross-border legal body or an EGTC or a body which shall have legal personality.

1 First clarifications can be found in an official EC letter - Ref. Ares (2016)1678137 from April 8, 2016.

The beneficiary shall select the small projects which are implemented by the final recipients within the meaning of point (18) of Article 2 of Regulation (EU) 2021/1060. Where the beneficiary is not a cross-border legal body or an EGTC, a body involving representatives from at least two participating countries, of which at least one is a Member State, shall select the joint small projects.

3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6), set out the elements necessary to ensure that the beneficiary:

a) establishes a non-discriminatory and transparent selection procedure;
b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;
c) assesses applications for support;
d) selects projects and fixes the amount of support for each small project;
e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in accordance with Annex XIII to Regulation (EU) 2021/1060; and
f) makes available to the public the list of the final recipients which benefit from the operation.

The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 36.

4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article 71(3) of Regulation (EU) 2021/1060.

5. Staff and other costs corresponding to the cost categories in Articles 39 to 43 generated at the level of the beneficiary for the management of the small project fund or funds shall not exceed 20 % of the total eligible cost of the small project fund or funds, respectively.

6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or flat rate financing, except for projects for which the support constitutes State aid.
Where the total costs of each project do not exceed EUR 100 000, the amount of support for one or more small projects may be set out on the basis of a draft budget which is established on a case-by-case basis and agreed ex ante by the beneficiary managing the small project fund.
Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with point (a) of Article 53(1) of Regulation (EU) 2021/1060.

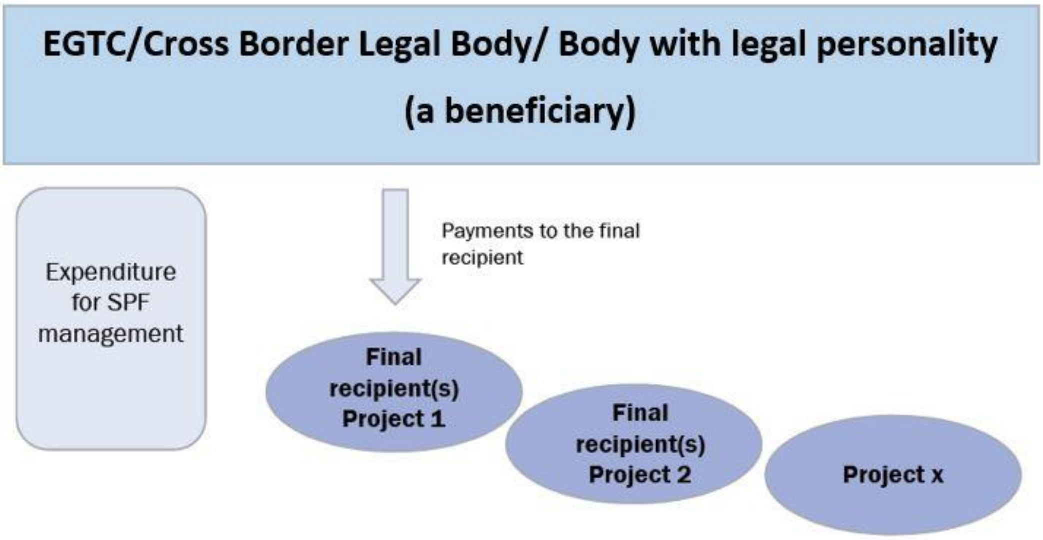
Comment to the legal text:

Article 25 is linked to the provisions of article 24, referring to the obligation for programmes of strands A, B and D to support projects of limited financial volume, either as small-scale projects or as small projects in the framework of an SPF.

According article 17(3)(i) a text box (part 6) in the programme (Annex Template for Interreg programmes), requesting an indication of the support to small-scale projects, including small projects within small project funds. The box should include:

- *which of the options is chosen (either an SPF or directly managed small-scale projects or both)*
- *in case of small-scale projects, a definition of the volume of such projects as defined by the programme*
- *the rationale, purpose and intended application (which SOs or across all)*

The model



The intent to set up an SPF should be indicated in the programme in a dedicated text box (section 6) as well as in the description of the relevant priorities / specific objectives. If the programme prefers a more visible signal, the SPF may be considered a strategic operation (please see Art 17 of the Interreg Regulation).

The SPF is implemented by a selected beneficiary. The selection of the SPF beneficiary is for the programme to decide; i.e. either a body is "entrusted" with the task by the MC or the SPF is selected in a call. Whatever the choice will be, the SPF is an operation in the meaning of article 2(4) CPR and as such requires approval of the MC.

An SPF beneficiary selects the final recipient(s) who implement(s) small project(s).

For performing implementation activities, the SPF beneficiary is entitled to remuneration for its management costs, up to a limit of 20% of the total volume of the operation.

The SPF beneficiary may be a cross-border legal body[2], an EGTC[3] or a body with a legal personality. The obvious minimum requirement is that the SPF beneficiary must have legal personality.

The novelty of the SPF model introduced by Article 25 is, that only one SPF beneficiary can manage one fund. There is no option to have partnerships managing an SPF.

[2] Article 2 (4) Interreg regulation - cross-border legal body' means a legal body established under the laws of one of the participating countries in an Interreg programme, provided that it is set up by bodies from at least two participating countries. In practice, such bodies will mostly be associations, and the cross-border partner has to become a member of the respective body. However, this does not necessarily mean that this partner has to be part of the executive assembly or board of the association

[3] Regulation (EC) No 1082/2006 of the European Parliament and of the Council.

According to the provisions of Article 25(3), an SPF beneficiary is responsible in the first place for:

- establishing a non-discriminatory and transparent selection procedure for small projects;
- applying objective criteria for the selection of small projects, avoiding conflicts of interest;
- assessing small project(s) applications;
- selecting small projects and fixing the amount of support for each small project;
- making payments to the final recipients;
- being accountable for the implementation of the operation, and keeping - at beneficiary level - all supporting documents required for the audit trail, in accordance with the relevant Annex provisions of the CPR;
- making available to the public a list of the final recipients which benefit from the SPF project;
- ensuring that the final recipients comply with the transparency and communication requirements stipulated in Article 36 of the Interreg Regulation.

These responsibilities, together with the standard provisions stipulated in Article 22(6) of the Interreg Regulation, should be part of the contract (or other document) between a programme's MA and an SPF beneficiary.

In addition to the above-mentioned responsibilities, an SPF beneficiary might also be responsible for:

- attracting final recipients;
- providing guidance for final recipients during the application phase;
- supporting the management verification of final recipients' expenditures; respectively, the small projects' outputs and results;
- controls and on-site visits;
- capitalization among final recipients.

SPFs might differ among programmes, adjusted to the programmes' specific need(s). For some programmes, one SPF project will be the best option, whereas other programmes will decide for more SPF projects e.g. implemented in various priority axes (PAs) (please remember about the basic rule that a SPF project as any other regular project a SPF cannot be implemented in more than one PA). The separation, at least on the administrative level must be visible.

Whatever the option, the total contribution from the ERDF to all SPFs in a programme cannot exceed 20% of the total programme's allocation[4].

Also, management costs cannot exceed 20% of the total eligible cost of the respective SPF[5]. In relation to this point it is important to stress that it is a ceiling.

In the phasing-in period for the SPF one can expect that expenditures for management will be much higher than expenditures for reimbursement to final recipients of small projects. In order to safeguard the financial capacity of the beneficiary reimbursement or coverage for management cost might be necessary despite the fact that no reimbursement to small projects is in sight. The same might happen towards the end of the project life cycle when the SPF beneficiary is closing the operation in

[4] Art25(1) Interreg Regulation

[5] Art25(5) Interreg Regulation

administrative terms. Hence the question, if the ceiling has to be respected for all interim payments. In a query the following reply was provided:

Ceilings on eligible costs means that these ceilings shall be complied with at any time and should be auditable accordingly. This approach has always prevailed in relation to ceilings in the CPR, for instance for major projects.

Therefore, the 20% ceiling should not only be respected at the beginning of the project. It should be respected in principle throughout the whole period of implementation of the SPF's activities. However, if this is not possible, the ceiling should definitely be respected at the end. When all activities of the SPF are completed, the management costs should not have exceeded the 20% of the total eligible costs of the SPF. This implies a calculation of the respect of the ratio at the end of the project.

In practical terms programmes can consider the following options to overcome the eventual gap in cash flow:

- provide the national co-financing for management in full at the beginning of the SPF implementation to safeguard some liquidity during the critical periods.
- state in the grant agreement or a related agreement between MA and SPF beneficiary that there is mutual agreement that the ceiling cannot be kept throughout the complete project life cycle but will be duly respected at closure of the project (i.e. coming back to the sentence starting with 'However, if this is not possible …' in the reply quoted above). Then provide reimbursement of expenditures for SPF management before reimbursement to small projects started.

Alternative mechanism to make the implementation easier could be the development of a programme-specific flat rate for the SPF management. There are examples for this approach (e.g. Interreg PL-SK). It does not solve eventual gaps in cash flow during the phasing in and out, but it definitely decreases the administrative burden for the SPF beneficiary and the bodies in charge of management verification throughout the implementation phase.

The SPF - a project but still a bit more

The SPF is a project and the SPF beneficiary is not an Intermediate Body. Still, the SPF is to some extent also an implementation system, and it is essential to establish a sound cooperation between the SPF beneficiary and the MA/JS. Thus, it is very likely that there will be mutual agreements between the two parties going beyond the usual contents of an ERDF contract or grant letter issued by the MA. We see the following points as rather specific requirements:

- **Management functions**: taking over major parts of the project management cycle, from guidance over assessment and selection, to archiving relevant documents and evidence for the audit trail
- **Monitoring**: being accountable for the SPF, i.e. to monitor performance and report to the MA. The SPF as a project will have to feed output and result indicator(s) at project level, and the chosen method for doing so should be clear and transparent; (please note that the check of the reliability of the indicator system is a new element in the work of the Audit Authority).
- **Use of SCOs and management verification** (see below): again – being accountable for the SPF leaves room for interpretation, but it should take work off the shoulders of the MA/JS; the use of SCOs should be properly integrated and in best case lead to changes in mindsets and routines as to the benefits of simplification; management verification is definitely an area where agreement with the MA and national controllers is required, to make sure that the system is lean and efficient
- **Communication**: the Fund as a mini-programme poses quite specific requirements ranging from pro-active communication work, over to clear guidelines for recipients, to ensuring compliance with the requirements for small projects … for more details, please see the section below

Evidently, such systems can be developed most efficiently based on mutual trust. In best case there is an open room such as a work group where all issues can be raised and discussed with likely stakeholders before submitting the SPF application.
In practical terms, we recommend that the application already includes an annex outlining the approaches to the above mentioned issues, i.e. management functions, monitoring, tasks related to management verification and communication.

Mandatory use of SCOs

ERDF for all small projects with a maximum public contribution of 100 000€, implemented according to the Article 25 model, must take the form of unit costs or lump sums or include flat rates.

To learn more about SCOs, please have a look HERE . You may also find tons of interesting materials and discussions on SCOs by becoming a member of Interact SCO network. If interested please click HERE.

If there is no time to develop programme-specific SCOs during the phasing-in of the programme, the SPF implementation can still start:

- The full use of the off-the-shelf options provided in the Regulations and combinations thereof allow for a wide variety of small project options (e.g., 20% flat rate for staff costs, 40% flat rate for residual cost, flat rate for travel and accommodations, etc.)
- The draft budget might be a handy calculation method – see below.

It is important to note that the use of off-shelf SCOs for small projects requires an intermediate step explicitly anchoring their use in the SPF in your programme.[6]

The option to use off-the-shelf SCOs in small projects was clarified in May 2022. Please see below the wording of the clarification:

It is in fact possible for the manager of a small project fund (SPF) to set up simplified cost options (SCOs) for small projects based on predefined SCOs in the regulations, even though the relevant articles are only applicable to operations, not to small projects. ***In practice, this means that the SPF manager proposes***

[6] It relates to the fact that 'small projects' are not operations (projects) since the SPF as such is the operation. Most provisions on off-the-shelf SCOs in the Regulations refer to the operation (project).

tailor-made SCOs for small projects based on SCOs predefined in the regulations and the managing authority approves them through the grant letter to the SPF beneficiary.

In practice these provisions could be anchored in an annex to the subsidy contract with the SPF beneficiary or with a clear and concise statement in the Manual for the SPF and a reference in the subsidy contract etc. We have developed a working document on this, you can find it HERE.

Use of off-the-shelf SCOs for SPF management

Similarly, to small projects, it is possible to use off-the-shelf SCOs for calculation and reimbursement of management costs. **Same as for off-the-shelf SCOs in small projects, we recommend to provide explicit approval of the selection of SCOs for SPF management by the Managing Authority in the grant letter.**

The SPF beneficiary is directly referred to in the Interreg Regulation in Art 25(5). In the same provision there is a direct reference to articles 39-43. These articles provide for the use of SCOs for the categories of costs stated in these articles. So, the beneficiary of an SPF (the SPF manager) may use off-the-shelf SCOs for the management costs of the SPF.

To sum up, an SPF manager would propose tailor-made SCOs (methodologies), based on off-the-shelf SCOs, for two separate groups: 1) small projects and 2) management costs.
This is justified by the design of the budget of an SPF operation which consists of two “pots”: management costs of an SPF beneficiary and budgets of small projects.
We recommend to submit both groups of SCOs for approval by the managing authority through the grant letter, i.e. 1.) the selection of off-the-shelves to be used in small projects and 2.) for SPF management. It is definitely a requirement for the SCOs used in small projects but we strongly recommend to do it also for the SCOs used by the SPF beneficiary for SPF management.

You can read more on this topic in the separate thread of the small projects’ community HERE.

Draft budget as a specific method for SCOs

During negotiations of the final provisions of the Interreg Regulation it has been proposed that for projects with total costs not exceeding 100 000€ the amount of support for one or more small projects may be established on the basis of a draft budget.

It is very important to understand that you establish an SCO based on a draft budget, since the latter is just a calculation method and not an SCO in itself.

An SCO(s) calculated on a draft budget method, is set up on a case-by-case basis and agreed ex ante by the body managing the SPF. That requires careful work and close contact as well as common understanding between an SPF beneficiary since both sides bear responsibility. On the one hand, the SPF is an operation and thus the beneficiary is responsible for the correct implementation of the method in small projects thus preventing ineligible expenditure.

On the other hand, the MA bears the overall responsibility for the correct use of SCOs in the programme. A major point in favor of the method is that it allows compliance with the requirement to use SCOs in small projects from the start, and that recurring cost items can be replaced in next calls with programme specific SCOs such as unit costs and lump sums. The draft budget method is open to combinations of SCOs such as lump sums for project preparation and unit costs for event participation per day or off-the-shelf SCOs.

To learn more about the draft budget method, please visit our library HERE or small project’s community HERE, where you can find more publications on this method.

The only exception to the mandatory use of SCOs is when the support for a small project constitutes State aid. In that case, the small project might be implemented either based on SCOs or based on real cost. Please note, that support under de minimis is not considered State aid. For more information on State aid in SPF please have a look below.

State aid relevant activities in SPF according article 25

Any undertaking[7] receiving an advantage through a cooperation project that it would not have received under normal market conditions can be the recipient of State aid. The advantage can appear on both on the level of an SPF beneficiary[8] (less probable) or the final recipient (more probable). Therefore, the activities funded within an SPF need to be checked in the context of State aid. In other words, if all the answers for the following questions are positive:

1. Is the SPF beneficiary/ final recipient of the support an 'undertaking'?
2. Is there an economic advantage to the SPF beneficiary/ final recipient of the support?
3. Is there a potential distortion of competition?
4. Is there an effect on trade between Member States?[9]

It is probable that the activities will be State aid relevant and State aid approach has to be applied. Among the possible options there are three that are most suitable for small projects or the SPF:

1) De minimis
   - the recipients can receive up to 200 000 EUR[10] provided that they had not received any de minimis support within the last 3 fiscal years
   - the recipient needs to provide documentation and keep it for 10 years
   - further de minimis might be blocked for the next 3 years depending on the amount granted as SPF
   - verification of de minimis declarations by the SPF beneficiary will be needed
   - the SPF beneficiary needs to keep documents related to final recipients' projects (list of projects, self-declarations, de minimis letters) for 10 years
   - the managing authority (MA) might need to report on de minimis granted depending on the national system
   - The use of SCOs is obligatory since de minimis does not constitute State aid.

2) Application of General Block Exemption Regulation (GBER) Article 20a
   - no additional documentation from the SPF beneficiary/ final recipient is required
   - the MA needs to prepare and register a GBER scheme (a description of activities supported and rules applicable together with a summary)[11] no reporting is required
   - as support within GBER constitutes State aid the usage of SCOs is optional; the application of GBER does not exclude the option to calculate the eligible costs in the form of SCO[12].

3) Application of GBER Article 20
   - amount of support to SPF beneficiary/ final recipient is limited to 2 million EUR

[7] The Court of Justice has consistently defined undertakings as entities engaged in an economic activity, regardless of their legal status and the way in which they are financed. (5) The classification of a particular entity as an undertaking thus depends entirely on the nature of its activities. This general principle has three important consequences. – Commission notice on the notion of State aid (2016/C262/01).

[8] Extra attention should be kept while selecting an SPF beneficiary in non-competitive procedure. For example, a semi-public fund charging 10% management fee is selected without the application of public procurement rules to manage SPF focusing on the internationalisation of SMEs' products. State aid in this case would be on two levels, both for SPF managing body as well as final recipients.

[9] As mentioned in the preamble 3 to the De minimis Regulation, due to the limited amount of aid involved, de minimis measures do not affect trade between Member States and do not distort competition or threaten to distort competition. As such, they do not meet the last condition of the State aid criteria presented in Article 107 TFEU. Thus de minimis is not considered as State aid.

[10] Currently ongoing consultation procedure. The thereshold may be increased to 275 000EUR over any period of 3 fiscal years.

[11] The Interreg regulation, combined with Article 74 of CPR Regulation, identifies State aid controls as being the responsibility of the managing authorities. This reasoning is valid for direct or indirect aid, if any, as State aid rules are applicable to both levels. Nevertheless, the MA can transfer the obligations to another body/institution/SPF beneficiary.

[12] Article 7 Commission regulation (EU) No 651/2014 '(…)The amounts of eligible costs may be calculated in accordance with the simplified cost options set out in Regulation (EU) No 1303/2013 of the European Parliament and of the Council, or Regulation(EU) 2021/1060 of the European Parliament, whichever is applicable provided that the operation is at least partly financed through a Union fund that allows the use of those simplified cost options and that the category of costs is eligible according to the relevant exemption provision.'

- the MA needs to prepare a GBER scheme and do the necessary reporting.
- receiving GBER under article 20 does not block the possibility to receive further GBER under other articles of the Regulation or de minimis aid by the SPF beneficiary/ final recipient.
- as support within GBER constitutes State aid the usage of SCOs is optional.

Communication requirements

Like any other project, SPF project partners and final recipients must follow certain requirements described in the CPR and Interreg Regulations. Art. 25 stipulates the obligation of the SPF beneficiary to:

- publish a list of final recipients, and
- ensure that the final recipients comply with the communication requirements set out in Article 36 of the Interreg Regulation.

SPF beneficiaries should follow the provisions of Article 47 on the responsibilities of the beneficiaries of the CPR Regulation, as well as the provisions of Article 36 of the Interreg Regulation. What information to publish and where to publish it are the most important messages from these articles. In addition, annex VIII of the CPR Regulation provides information on the emblem of the EU that should be used for visibility purposes.

The visibility of Interreg on the ground is a key aspect of the SPF. Thus, the role of the SPF beneficiary in guiding and supporting recipients in communication tasks is quite essential.

The SPF beneficiary should comply with the minimum requirements stipulated in Article 36.4 of the Interreg Regulation:

a) reference to the project on the partner's professional website (if existing; reference proportionate to the level of support);
b) providing a statement highlighting the support from an Interreg programme in a visible manner on documents and communication material used for the public;
c) N/A since the SPF beneficiary cannot include investment cost[13]
d) N/A but eventually valid for recipients[14];

Referring to **the final recipients,** the first paragraph of Article 36.5 states: *For small project funds and financial instruments, the beneficiary shall ensure by means of the contractual terms that final recipients comply with the requirements to communicate publicly on the Interreg operation.*

Both an SPF beneficiary and final recipients should also be aware of the potential consequences of not complying with the communication requirements set out above. These are specified in Article 36(7) of the Interreg Regulation, and allow the MA to make final corrections of up to 2% of the support from the Funds (taking into account the principle of proportionality).

[13] Provision c) states the requirement for a billboard or memorial plaque if the project involves physical investment or the purchase of equipment starts, if the total cost exceeds EUR 100 000.

[14] Provision d) states the requirement for operations not falling under point (c), publicly displaying at least one poster of a minimum size A3 or equivalent electronic display with information about the Interreg operation highlighting the support from an Interreg programme, except when the beneficiary is a natural person.

A final word on the particular need for pro-active communication work on the part of an SPF beneficiary: addressing new applicants and recipients is a particularly challenging venture, requiring dedicated communication work in terms of methods, channels and language used. This starts with the formulation of calls and manuals, and continues with application forms and ends with fair assessment and selection criteria (e.g. not putting any emphasis on previous project or Interreg experience).

Project management cycle (PMC) - points of attention and lessons learned

We discussed with SPF practitioners their major takeaways from the previous and current programming period(s). We wanted to know what will be taken on board when designing the requirements for future SPF(s) in line with the provisions of Article 25 of the Interreg Regulation. We were interested in both perspectives; i.e., the MA's and an SPF beneficiary's. In the table below, you will find the most interesting aspects related to the project management cycle (PMC).

Step in PMC	MA	SPF beneficiary
Call for SPF Beneficiaries (SPF project proposals)	Most MAs would like to see a more strategic approach and more courage to foster project quality (e.g., also small projects meeting the LPP). Hence the MA should discuss and agree with the MC and formulate: Clear expectations towards SPF projects and beneficiaries, Clearly-defined and measurable SPF project objectives, SPF projects more customized to local needs.	Smaller, locally-implemented SPF projects simplify management structure & allow for more flexibility and customization, Carefully selected and adjusted output and result indicators allow better reflection on SPF project outcomes.
Call for small project proposals	The Call should introduce clear clauses: • preventing similar and repetitive micro-projects (e.g., reduction of co-financing rate), • raising the cross-border impact of projects Enhancing new partners and new partnerships, and bonus for quality approaches such as projects meeting the LPP	Targeted calls could help to raise the profile of the SPF as a strategic tool (e.g., calls targeting certain types of activities or newbies), More targeted support toward newbies could help to bring new applicants to the programme. Newbies vs. old dogs is a long discussion: it requires careful consideration of steps for how to promote the former and not lose the latter.

Step in PMC	MA	SPF beneficiary
Assessment	Considered the SPF beneficiaries' sole responsibility. However, we recommend consulting the MA in setting-up the assessment and selection criteria. It is also recommended, that the criteria and procedure for assessment are part of the SPF application package submitted by the future SPF beneficiary.	Previous experience in implementation of projects should not be rated highly– it is not necessarily the most important criterion in the assessment of small projects, Assessment of newbies as well as of innovative projects requires more knowledge and experience, but brings new ideas to the programme. Additionally: Simplification and speed-up of assessment procedures should be the guiding message when (re-)designing the assessment process.
Selection and approval	Considered the SPF beneficiaries' sole responsibility, MA may participate in Steering, respectively Selection committee as an observer,	Long-lasting process, simplifications and speeding up of proceedings needed
Procedures	Again, we clearly recommend consulting the MA regularly early on. MA and MC have to check, whether SPF beneficiaries will be able to implement the SPF in compliance with all legal requirements. It might take time but in the end it means certainty for both sides, that there will not be "systemic" issues at a later stage.	Lean and simple procedures should become standard: complicated implementation procedures prevent the participation of small local organizations, The introduction of SCOs raises a couple of concerns. Firstly, the SCOs selected should be aligned with types of projects and final recipients. The wrong selection of proper SCO types and/or setting values too low (i.e. unit costs, lump sums sharply below market prices) might limit the participation of project partners with limited financial capabilities, The SPF should be run according to current standards; i.e., mostly via an adequate IT system, it should support lean and simple structures and proceedings, with no additional requests for hardcopies. Revisiting the SPF beneficiary's role: programme partners should support the shift from the watchdog towards active support and gentle guardian.

Step in PMC	MA	SPF beneficiary
Implementation: management verification and monitoring	The wide use of SCOs will simplify and speed up the verification of small projects' expenditures. However, it requires detailed discussion on process adjustments (e.g. the SPF beneficiary should check the outputs of small projects since he is accountable for the SPF) Sound cooperation between national controller and SPF beneficiary is necessary (it is not as obvious as it may seem). National controllers should go towards 'system check' and risk-based (sampling) approach instead of 100% expenditures verification.	Reporting, monitoring and management verification are obviously – next to selection - the part of the project management cycle where efficiency gains are most required. If SCO values are clearly set too low (unit costs, lump sums) will limit the interest of applicants with limited financial capabilities. A similar risk-based approach to verification should be taken by the SPF beneficiary. The whole approach should be reconsidered since the use of SCOs means a shift to the check of outputs and proper application of methods. Still, some small projects might include direct costs thus requiring risk-based checks of expenditures. The processes need to be aligned with the verification of expenditures by the national controllers.
Audit trail	Clear agreement between MA and SPF beneficiary required since it is part of the obligations of the beneficiary; SPF beneficiaries are not necessarily trained to archive according to the programme logic: using the same or a similar logic would obviously make communication between MA and beneficiary much easier	A clear-cut obligation for the SPF beneficiary - and it might necessitate new workflows to store key evidence and agree to effective provisions without excess burden for the recipients. Close cooperation with MA is required!
Communication	Beneficiary has to take the requirements according to CPR and Interreg Regulation on board as part of its ongoing duties (e.g., publication of List of final recipients, incentives/nudging for recipients to meet minimum requirements	
Capitalization		Promotion of network of small projects, clusters of projects, Complementarity with regular projects, Supportive IT systems, Enhancement of good practices – more tailored small project events/fairs

Audit sample	Standardization of evidence and approach to archiving to the extent possible to minimize audit risks.	Enhancement of e-tools, shift from hard copy towards evidence in e-systems.

Would you like to comment this fact sheet, share your experience or learn more about an SPF or other implementing models for projects of limited financial volume?

Please visit Interact's small projects community HERE, (if you are not a member yet please contact us), or write us at:

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