

PARTNER INFORMATION, DEVELOPMENT AND COMPLETION, THE REGIONAL FUND AND THE SOCIAL FUND

FOR BUSINESSES INVOLVED IN THE DEVELOPMENT AND/OR COMPLETION OF A PROJECT UNDER THE REGIONAL FUND OR THE SOCIAL FUND

Your business/institution is co-responsible for the development and completion of a project that has been granted commitment for EU subsidies, or your business is in the project for the sole purpose of developing the business itself.

If the business' costs eligible for grants will be included in the project budget/financial statements to the Danish Business Authority and thus trigger EU subsidies to the project, the business must be an economic partner. As an economic partner, the person or persons authorised to bind the business must sign a partner declaration.

The business' costs eligible for grants on which the EU subsidy must be calculated, can be costs for salary for the time that your project employees spend in the project, and any costs for external consultancy assistance. You can read more about what it means to be an economic partner in "Structural Funds (ERDF and ESF) eligibility 2014-2020" at <https://regionalt.erhvervsstyrelsen.dk/regelsamling-2014-2020>.

Documentation that your payroll costs may entail EU subsidies

To obtain EU subsidies, your business must meet some requirements for documenting the costs. You must be able to document how many hours the project employees have spent for the project and which work the project employees have performed. As an economic partner, you guarantee that your project employees have participated in the project to the extent stated by you.

On commencement of the project or later on in the project period, you can associate project employees to the project in one of the following three ways, which affects how the salary cost must be documented:

- A. Full-time employment where the project employee performs their full working hours on the project
- B. Part-time employment where the project employee performs a fixed percentage of their working hours on the project
- C. Registration of hours, e.g. ongoing registration of the project employee's project-relevant time actually spent.

The salary may be determined as either the actual payroll costs or as a standard rate determined by the Danish Business Authority. You can only use one of the methods for all project employees, including owners. If you choose to determine the salary as the actual payroll costs, the payslip is your documentation. You must therefore keep payslips for the months that will form part of the project accounts. The standard rate does not require documentation. If you choose to determine the salary costs at the standard rate, you must keep registration of hours, and full-time or part-time employment cannot take place. You can read more in "Structural Funds (ERDF and ESF) eligibility 2014-2020".



Documentation of the inclusion of expenses for external consultancy assistance

It must be visible to the public how the EU subsidy is spent and the effect of the subsidy. Therefore, as an economic partner, you must be able to document that:

- You have incurred and paid the costs.
- The costs are project-related, i.e. incurred in connection with the completion of the project and within the project period, and project-relevant, i.e. relevant and necessary for the completion of the activities of the specified project.
- In procurement, you have complied with the Danish Public Procurement Act.¹ You can read more about the Danish Public Procurement Act at the Danish Competition and Consumer Authority's website <http://www.kfst.dk/Offentlig-konkurrence/Udbud>.
- You have complied with the principles on sound financial management and economy by checking the market prices of various suppliers and substantiating why you have chosen the said supplier. The price need not be the factor that determines the final choice. The important issue is that you can document that you have checked the market prices and contemplated the choice, and that you are in general economical if the project is to obtain EU subsidies for the cost.

Documentation of cost price

You can only sell and buy services and goods to/from partners in the same project if you can document the cost, as you are related as partners. Therefore, you cannot send an invoice to one another, even if for example you determine the price at your usual list price. You should be particularly aware that an economic partner, which once has paid costs in the project, cannot subsequently change status to being an external supplier. However, it is possible that an external supplier can change status to being an economic partner in a project. Accordingly, the costs must be determined at cost.

The public grant may not be anti-competitive

Public funds paid to private businesses or public organisations which through the funds perform economic activities may inflict unfair competition on other businesses. Therefore, the EU has adopted resolutions on how many public funds a business (both private and public) may receive (the "State aid rules"). All economic partners must document that the aid they obtain is within the limits laid down in the State aid rules. The parties that are recipients of state subsidy according to the block exemption must be able to document an incentive effect. You can read more in the section "State aid" in "Eligibility rules for grants of the Regional Development Fund and the Social Fund 2014-2020"

You must report to the Danish Business Authority at least twice a year

At least twice a year, at the end of February and August, the recipient of the commitment must submit a report and interim financial statements with related documentation on behalf of all economic partners of the project. The Danish Business Authority pays the EU grant to the recipient of the commitment.

The Danish Business Authority makes available tools which you will find at <https://regionalt.erhvervsstyrelsen.dk/halvaarlig-afrapportering>. We recommend that you use the tools because they take into account the documentation requirements.

As an economic partner, in due time before reporting, you must agree with the recipient of the commitment which deliveries you are responsible for and when you are to deliver them.

¹ Act no. 1564 of 15 December 2015.

You can obtain further information by:

- Contacting the recipient of the commitment or contacting the Danish Business Authority through the recipient of the commitment.
- Please visit www.regionalt.dk to read more about how to ensure a good project implementation process. Here you can also find "Structural Funds (ERDF and ESF) eligibility 2014-2020".
- Please visit <http://www.kfst.dk/Offentlig-konkurrence/Udbud> to read more about the Danish Public Procurement Act.

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