

Term	Definition
Activity	Specific task performed for which resources are used. It's a work package component which may or may not result in a deliverable or an output.
Administrative and eligibility check	Is the checklist used in the first step of the project selection process after call for proposals closes. The purpose is to verify the basic programme and call for proposals requirements. Failure to comply with some of these criteria can lead to (1) outright rejection of the application or (2) request for further information or clarification.
Amount certified (CA)	Amount of eligible expenditure included in the certificate of the certifying authority (CA).
Amount certified (FLC)	Amount of expenditure included in the certificate of the first level controller (FLC).
Amount declared	Amount of expenditure incurred and paid (or calculated based on simplified cost options) by a project partner in relation to preparation and/or implementation of the project. The amount may include in-kind contribution and depreciation, where applicable. Subject to verification by the first level controller and the relevant programme bodies.
Amount previously reported	Amount of accumulated eligible expenditure certified by the certifying authority (CA) in previous Progress Reports.
Amount verified	Amount of expenditure checked. Verification is performed by first level controllers (FLC) and relevant programme bodies.
Annex	Documents attached to the main form to be submitted to the programme at different stages (e.g., Application form, Progress report).
Applicant	An organisation which is applying for funding.
Application form (AF)	Binding document which describes the project (objectives, results, outputs, partnership) and gives detailed information on the work plan and financial figures. The AF has to be submitted during the selection process and is assessed by the programme bodies, in order to select the projects to be funded by the programme. Once the project is approved, the AF becomes the reference document for the whole implementation of the project until its closure. The content of it may change to a certain extent during the implementation, but only according to the programme's project modifications rules and procedures.

Application package	All documents required when applying for funding. The essential part of the package is the application form, which is often accompanied by different annexes (depending on programme rules).
Assessment criteria (Quality)	A group of related assessment questions on which a judgment or decision whether the project should be funded will be based. Used after the project is deemed compliant during the administrative and eligibility check.
Assessment questions	Specific questions used for assessing if the project is suitable for funding under the respective programme.
Audit trail	An adequate audit trail ensures that the accounting records maintained and the supporting documents held at the level of the certifying authority, managing authority, intermediate bodies and beneficiaries are adequate to trace expenditures.
Beneficiary	<i>see Project partner</i>
Benefit	The measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders.
Budget line	A set of cost centres that facilitates reporting on expenditure and revenue. Each cost item can be allocated to one budget line only, according to the nature of the cost. HIT budget lines integrate the five categories of costs defined in Article 18 ETC Regulation (EU) 1299/2013. NOTE: HIT uses the term <i>budget line</i> ; it is an equivalent of the term <i>category of expenditure</i> used in the regulations.
Calculation method - equitable	When calculation methods are used in order to establish simplified cost options, there are 4 main conditions that must be respected: the calculations must be done in advance (i.e., simplified cost options must be defined ex-ante), and they must be fair, equitable and verifiable. Equitable means that the determination of flat rates, standard scales of unit costs or lump sums ensures an equal treatment of beneficiaries, and does not favour some beneficiaries or projects over others. (See also <i>Calculation method - fair</i> and <i>Calculation method - verifiable</i>).

Calculation method - fair	When calculation methods are used in order to establish simplified cost options, there are 4 main conditions that must be respected: the calculations must be done in advance (i.e., simplified cost options must be defined ex-ante), and they must be fair, equitable and verifiable. Fair means that the determination of flat rates, standard scales of unit costs or lump sums is reasonable; i.e., based on reality, not excessive or extreme. (See also <i>Calculation method - equitable</i> and <i>Calculation method - verifiable</i>)
Calculation method - verifiable	When calculation methods are used in order to establish simplified cost options, there are 4 main conditions that must be respected: the calculations must be done in advance (i.e., simplified cost options must be defined ex-ante), and they must be fair, equitable and verifiable. Verifiable means that the determination of flat rates, standard scales of unit costs or lump sums is based on documentary evidence, which can be verified. (See also <i>Calculation method - equitable</i> and <i>Calculation method - fair</i>)
Check	Check means the verification of a specific aspect of a revenue or expenditure operation. (See also <i>Control</i>)
Co-financing rate	The maximum rate of programme co-financing applied to the eligible expenditure of the project and each individual partner. Depending on the funds managed by the programme, different co-financing rates may apply to different funds.
Contribution	Counterpart to programme co-financing secured by the partners (paid by the partners from their own resources or paid to the partners from external sources). Depending on the source of contribution (partner's own resources, external sources) and their legal status, the contribution can be public and/or private. (See also <i>Private contribution</i> , <i>Public contribution</i>)
Control	Control means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention, detection and correction of fraud and irregularities and their follow-up, and the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. Controls may involve various checks. (See also <i>Check</i>)
Control certificate	Certificate to certify that a controller fulfilled the requirements of its Member State.

Control checklist	A detailed checklist used by controllers to structure and document their control work for a given reporting period, project and partner.
Control report	A report that summarises first level controls, findings and remarks, undertaken for a given reporting period. It also summarises results of the control.
Controller	Short for first level controller.
Controller reviewer	A second controller verifying checks undertaken by the primary controller (<i>4-eyes principle</i>). Often done on a sample basis. The Controller reviewer can be a peer or a superior.
Cooperation criteria	The four joint criteria used to measure to what extent projects cooperate. Project partners shall cooperate in the development and implementation of projects. In addition, they shall cooperate in the staffing or the financing of projects, or in both. For projects in programmes between outermost regions and third countries or territories, the project partners shall be required to cooperate only in two fields; 'joint development' and 'joint implementation'.
Costs incurred	Costs accumulated in relation to preparation and/or implementation of the project that are recorded as liabilities on a balance sheet of the partner organisation until they are discharged or paid. Incurred costs may include both direct and indirect costs.
Cross-border cooperation	The collaboration between adjacent areas across borders. The main aim is to reduce the negative effects of borders as administrative, legal and physical barriers, tackle common problems, and exploit untapped potential. Through joint management of programmes and projects, mutual trust and understanding are strengthened, and the cooperation process is enhanced.
Delay	A period of time before an activity or delivery occurs, when the activity or delivery will take place later than originally planned. Departure from the timeplan.
Deliverable	A side-product or service of the project that contributes to the development of a project's main output.

Depreciation	<p>Depreciation is a loss in value of an asset over time.</p> <p>The full purchase price of an asset is eligible if the item is solely used for the project during its total economic and depreciable lifetime. Depreciation may be eligible, provided the cost relates exclusively to the period of support and that no public grants have contributed towards the acquisition of the depreciated asset.</p>
Deviation	<p>Deviation is any departure from the original plan presented in the application form.</p> <p>Deviations are minor changes from the workplan (can be positive or negative in the sense of a delay) which (according to programme rules) don't require an 'official' change procedure, as opposed to changes which require a change procedure (according to programme rules).</p>
Direct costs	<p>Direct costs are costs that can be attributed directly to the project. They are directly related to an individual activity of the partner organisation, where the link with this individual activity can be demonstrated (for instance, through direct time registration).</p>
Durability	<p>Durability of project outputs and results refers to the long-lasting effect of a project's achievements beyond project duration.</p>
Eligibility period	<p>A timeframe during which project expenditure must be incurred and paid (unless simplified cost options are used) in order to qualify for reimbursement from the programme funds.</p>
ENI	<p>European Neighbourhood Instrument (2014-2020). Funds available to partners from countries to the East and South of the EU external borders in line with the European Neighbourhood Policy, including Armenia, Azerbaijan, Algeria, Belarus, Georgia, Israel, Jordan, Lebanon, Libya, Morocco, Moldova, Palestine, Syria, Tunisia, Ukraine, and Russia.</p>
Equipment	<p>Equipment is a tool, device, instrument, software, etc. purchased, rented or leased by a partner, necessary to achieve objectives of the project. This includes equipment already in possession by the partner organisation and used to carry out project activities (only pro-rata cost related to the project is eligible).</p>
Equivalent probative value	<p>Invoices and other documents equivalent to invoices used as supporting evidence for expenditure incurred by project partners. Accounting documents of equivalent probative value must be provided by project partners in the case of expenditure for which there is no invoice available. For standard scales of unit costs, lump sums, flat rates, and for contributions in-kind, no proof of expenditure must be provided.</p>

ERDF	<p>European Regional Development Fund. An EU fund which is intended to help reduce imbalances between regions of the Community. The Fund was set up in 1975, and grants financial assistance for development projects in the poorer regions. In terms of financial resources, the ERDF is by far the largest of the EU's Structural Funds.</p> <p>The main aim of the ERDF is to overcome the structural deficiencies of the poorer regions in order to overcome the gap between these regions and the richer ones.</p>
Expenditure category	<i>see Budget line</i>
Finance Report	Part of the Progress Report. Periodical report on the financial progress of the project in relation to the activities carried out and accomplished achievements (deliverables, outputs). Includes information on the expenditure borne by the project partners and revenue received by them.
Flat rate	One of the simplified cost options. Specific categories of eligible costs which are clearly identified in advance are calculated by applying a percentage fixed ex-ante to one or several other categories of eligible costs. Flat rates involve approximations of costs and are defined based on fair, equitable and verifiable calculation methods, or they are established by the Fund specific regulations.
Horizontal principle	Horizontal principles, in the context of EU funded work, are core principles of importance that cut across and have relevance to all areas of the work of EU funded projects.
Index number	A number put on documents to allow for future easy reference; e.g., index numbers are often used by first level controllers to refer to documents checked.
Indirect costs	Indirect costs are costs that cannot be assigned in full to the project, as they link to various activities of the partner organisation. As such costs cannot be connected directly to an individual activity, it is difficult to determine precisely the amount attributable to this activity (for instance, telephone, water, electricity expenses, etc.).
In-kind contribution	Contributions in the form of provision of works, goods, services, land and real estate for which no cash payment supported by invoices or documents of equivalent probative value has been made.

Inspection of documents and records	Inspection is the reading and understanding of any relevant document, electronic record or print out of an electronic record. It is a standard procedure of first level controllers and the joint secretariat.
Interview	A documented discussion, for example between a project partner and FLC. Interviews can be rather short and relate to a specific open question, or quite extensive; e.g., in order to obtain a good understanding of accounting processes, procurement, transfer of funds to partners, etc.
Investment	<p>The term investment refers to an output of a project activity or activities that remains in use by the project's target group after the completion of the project. In line with Article 3 ERDF Regulation (EU) 1301/2013, productive investments, investments in infrastructure and fixed investments in equipment are among the types of activities to be supported from ERDF in 2014-2020.</p> <p>In all cases, expenditure related to investments can be allocated under different HIT budget lines: the type of cost defines the relevant budget line.</p> <p>Investments in infrastructure involve expenditure for the financing of infrastructure and construction works that do not fall into the scope of the five categories of costs defined in Article 18 ETC Regulation (EU) 1299/2013.</p>
Lead partner (LP)	Project participant taking the overall responsibility for the development and the implementation of a project. Each Lead Partner is expected to conclude the Partnership Agreement (with its project partners) and the Subsidy Contract (with the Managing Authority), ensure a sound cross-border/transnational project management as well as the project implementation, and transfer the due ERDF contributions to the single partners.
Legal representative	A person authorised to sign binding documents (e.g., application form, subsidy contract) on behalf of an organisation.
Letter of intent	A statement signed by each project partner confirming their awareness of programme rules and requirements, and that they are familiar with what they are committing to. It is possible that it includes partner's confirmation of their financial contribution to the project budget.

List of expenditure	Part of the Partner Progress Report. It lists expenditure borne by a project partner in relation to activities carried out during the period covered by the Progress Report. Includes information on the amounts on the invoice description that are declared by the project partner, amounts verified by the first level controller, amounts approved by relevant programme bodies, etc.
Lump sum	One of the simplified cost options. A lump sum is a total allocation of the grant (calculated ex-ante), paid to the project upon completion of pre-defined terms of agreement on activities and/or outputs. Lump sums involve approximations of costs established based on fair, equitable and verifiable calculation methods.
Net revenue	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.
NUTS (code)	The Nomenclature of territorial units for statistics, abbreviated as NUTS (from the French Nomenclature des Unités territoriales statistiques) has been created by Eurostat in order to provide a standard classification of the EU territory. It is a geographical nomenclature subdividing the territory of the European Union into regions at three different levels.
Observation	Observations involve watching people while they execute project-related activities such as an event or an internal process. Observations can thus be conducted in the office of the project partner or at any other site of project activities.
On-the-spot checks	Checks undertaken by FLC (and managing authorities) on the premises of a project partner or any other project-related site, for example in order to verify existence and reality of purchased goods and equipment. Often understood as referring to checks undertaken by FLC, JS or AA.
Outcome	Intended situation, which is a combination of project results, outputs and deliverables, at the end of the project or soon after.
Output	<i>see Project main output</i>

Partnership agreement	Contract signed between the Lead Partner and all Project Partners containing all duties and responsibilities of each project partner before,during and after the project implementation.
Pilot activity	A practical measure implemented in the context of a territorial cooperation project that aims at testing or piloting strategies and tools in the partner regions.
Plausibility check	A standard verification by controllers to verify that a project-related expenditure is credible and probable. Plausibility checks are based on the professional judgement of the controller.
Preparation costs	Costs borne by project partners when carrying out activities directly linked to preparation of the project (e.g., development of the project idea, meetings with project partners/ programme bodies (Contact Points, JS), preparation of the application, etc.).
Private contribution	The programme funds meet only a proportion of the project expenditure. The remainder has to be covered from other sources, which can be the partner's own resources or it can come from external sources, but not from another EU fund. Private contribution refers to the amount secured by the partners from sources having a private legal status. (See also <i>Contribution</i>)
Professional judgement	The application of relevant training, knowledge and experience in making informed decisions; e.g., about the checks necessary for the first level control work.
Programme co-financing	The programme financial support provided to the project. Depending on the programme, this entails support from EU funds (ERDF, IPA II, ENI) and ERDF equivalent (e.g., Norwegian fund).
Programme language	The language to be used in all communication between the applicants/beneficiaries and the programme bodies. It could be more than one language.
Programme output indicator	An indicator describing the "physical" product of spending resources through policy interventions.

Programme priority (axis)	Area of thematic intervention in the programme.
Programme result	The change sought (in the reference situation) in view of the specific objective to be achieved.
Progress report	A written document describing the findings of an assessment that takes place during the project by project partners, that conveys details such as what objectives have been achieved, what resources have been expended, what problems have been encountered, and whether the project is expected to be completed on time and within budget.
Project (main) output	The outcome of the activities funded, telling us what has actually been produced for the money given to the project. It can be captured by a programme output indicator, and directly contributes to the achievement of the project result.
Project assessment	One part of the project selection process. It implies in-depth quality assessment of the project application.
Project evaluation	Evaluation of the project happens during and/or after its implementation and aims at obtaining an impartial judgement on project's achievements (scope and quality of outputs and results) and impact.
Project implementation phase	All activities performed by project partners which were presented in the application form and approved by the programme.
Project modification	Change of the agreed-upon project scope as defined by the approved application form.
Project overall objective	Provides overall context for what the project is trying to achieve, and aligns to programme priority specific objective. It relates to the strategic aspects of the project.
Project partner	Partner organisations involved in the project implementation. <u>NOTE:</u> HIT uses the term <i>project partner</i> ; it is an equivalent of the term <i>beneficiary</i> used in the regulations.
Project partner role	It is a type of project partner's function in the project, and depends on partners' responsibilities or location.
Project partner type	A classification of project partners according to their main purpose, not taking into account their legal status (which could be either public or private).

Project preparation phase	All activities performed by project partners when developing project proposal and preparing the application form.
Project result	The immediate advantage of carrying out the project, telling us about the benefit of using the project main outputs. It should indicate the change the project is aiming for.
Project specific objective	A concrete statement describing what the project is trying to achieve. It refers to the project main outputs. It can be evaluated at the conclusion of a project to see whether it was achieved or not.
Proof of payment	A document that shows the actual defrayal of expenditure; e.g., bank account statement, bank transfer confirmation, cash receipt, etc.
Pro-rata allocation of costs	Proportionate allocation of costs, revenue, shares, etc. to a project or project partner on the basis of a fair, equitable and verifiable calculation method.
Public contribution	The programme funds meet only a proportion of the project expenditure. The remainder has to be covered from other sources, which can be the partner's own resources or it can come from external sources, but not from another EU fund. Public contribution refers to the amount secured by the partners from sources having a public legal status. (See also <i>Contribution</i>)
Public procurement	Public procurement contracts cover supplies, services and works. Public procurements over a certain value are subject to EU rules and procedures that aim to ensure fair treatment for businesses.
Real costs	Expenditure actually incurred and paid (taking into account any rebate, discount or financial support) and supported by invoices or other documents of equivalent probative value.
Re-calculation	Re-calculation is a re-performance of a calculation which was executed by the beneficiary in order to calculate eligible expenditure for a specific cost item (e.g., office and administration flat-rate, depreciations, etc).
Reconciliation	Checking whether a figure included in one document is identical with the same figure included in another document (e.g., comparing figures in the bank account statement with the list of expenditure).

Reporting period	A designated period of time during the project lifetime; activities carried out and expenditure incurred and paid (unless simplified cost options apply) during a reporting period are presented in a Progress Report, and are subject to programme co-financing.
Result	<i>see Project result</i>
Risk	Potential error source, usually understood in first level control as potential error source in the finance report of the project partner.
Risk assessment	Aimed at obtaining a better understanding of the project, its environment and/or the project partner in order to identify and assess the risks of material misstatement due to fraud or error. Sampling methodologies often include risk assessments as a basis for planning the sampling methodology.
Sampling	Verification of less than 100% of items in a given budget line based on a methodology defined in advance and professional judgement of a controller.
Shared costs	Costs of the project that are common to at least two project partners, and thus shared between them according to a transparent, fair and equitable method. Shared costs derive from a joint implementation of the project, and link to activities that benefit a number of project partners or the whole partnership (e.g., activities related to project management, project communication).
Simplified cost options	Contrary to real costs, simplified cost options modify the concept of expenditure paid by project partners. They involve approximations of costs, and are calculated according to a pre-defined method (e.g., established by the programme on the basis of a fair, equitable and verifiable calculation, or defined by the Fund specific regulations) based on outputs, results, or some other costs. The application of simplified cost options signifies a departure from the approach of tracing every euro of co-financed expenditure to individual supporting documents. (See also <i>Flat rate, Lump sum, Standard scale of unit costs</i>).
Source of verification	The evidence that establishes or confirms the accuracy or truth of information provided.
Stakeholder	Anyone, internal or external to an organisation, who has an interest in a project or will be affected by its outputs and results.

Standard scale of unit costs	One of the simplified cost options. A standard scale of unit costs comprises of pre-established standard prices that apply to pre-defined quantities related to an activity. The eligible expenditure is calculated by multiplying the standard cost by the units achieved (quantified activities, input, etc.). In general, standard scales of unit costs are process-based, aiming at covering through the best approximation the real costs of delivering a project. They can also be outcome-based or defined on both process and outcome. Standard scales of unit costs are established based on fair, equitable and verifiable calculation methods.
State aid	<p>State aid means action by a (national, regional or local) public authority, using public resources, to favour certain undertakings or the production of certain goods. A business that benefits from such aid thus enjoys an advantage over its competitors. Control of state aids thus reflects the need to maintain free and fair competition within the European Union.</p> <p>Aid which is granted selectively by Member States or through state resources and which may affect trade between Member States or distort competition is therefore prohibited (Article 107 of the Treaty on the Functioning of the European Union - TFEU). State aid may nonetheless be permitted if justified by objectives of general economic interest, if it falls within the General Block Exemption (e.g. Article 19 - Cooperation costs of SMEs in ETC), if it falls within de minimis or if it has been notified to and approved by DG Competition.</p>
Subsidy contract	Grant agreement between the contracting authority (managing authority) and the lead partner.
Sustainable development	Increase in economic activity which respects the environment and uses natural resources harmoniously so that future generations' capacity to meet their own needs is not compromised.
Target	A quantified objective expressed as a value to be reached by an indicator, usually within a given timeframe.
Target group	Individuals and/or organisations directly positively affected by the project outputs. Not necessarily receiving a financial grant and even not directly involved in the project, the target groups may exploit project outputs for their own benefit.

Total budget	The total budget of a project established based on the costs planned by all project partners in the Application Form.
Total eligible budget	Total eligible budget indicates the total budget of a project subject to programme co-financing. In the Application Form, it is calculated based on the total budget, excluding the potential net revenue of the project.
Total eligible expenditure	All expenditure that is compliant with EU, programme and national rules, and thus is eligible for co-financing from the programme. In the Progress Report, the total eligible expenditure is calculated based on the total expenditure, excluding net revenue generated by the project.
Total expenditure	All expenditure incurred and paid (or calculated based on simplified cost options) by project partners in relation to implementation of the project activities.
Transferability	Transferability refers to the degree to which the project main outputs can be generalized or transferred to other contexts or settings. The project partners can enhance transferability by doing a thorough job of describing the outputs and the assumptions that were central to its development. The organisation which wishes to "transfer" the outputs to a different context is then responsible for making the judgment of how sensible the transfer is.
Value added tax (VAT)	A type of consumption tax that is placed on a product whenever value is added at a stage of production and at final sale. Only VAT which is non-recoverable under national VAT legislation may be an eligible expenditure.
Value for money	Term referring to judgement on whether sufficient impact is being achieved for the money spent.
Verification	Measures undertaken by FLC and the relevant programme bodies to ensure that co-financed products and services have been delivered and that expenditure declared has been paid, complies with applicable law, the Operational Programme and the conditions for support of the project.
Work package	A group of related project activities required to produce project main outputs.