



Netherlands Enterprise Agency

GUIDE TO (FINANCIAL) PROJECT ADMINISTRATION

*(for projects approved from
the second tender 2011 onwards)*



Private Sector Investment Programme (PSI)

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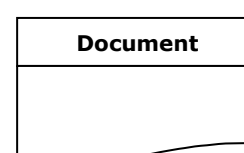
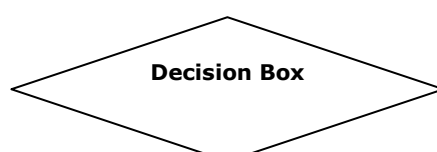
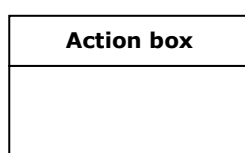
TABLE OF CONTENTS

TABLE OF CONTENTS	I
GLOSSARY OF TERMS AND ABBREVIATIONS	III
LEGEND FOR THE WORKFLOWS	III
INTRODUCTION	1
1 PROJECT ADMINISTRATION IN A NUTSHELL	3
2 PAYMENTS	7
2.1 Automatic quarterly advance payments	7
2.2 Advance payments and Final payments.....	7
3 PROJECT REPORTING.....	9
3.1 Progress Report Result 1	9
3.2 Annual Report.....	9
3.3 Final Report.....	10
4 PROJECT SETTLEMENT	11
4.1 Settlement of Technical Assistance	11
4.2 Settlement of Hardware	11
4.3 Flow chart project reporting, payments & settlement	15
5 OTHER RELEVANT INFORMATION	17
5.1 The Statement of Expenses	17
5.2 The Applicant's responsibility to inform the Agency / PSI.....	17
5.3 The Spin-off Report	17

GLOSSARY OF TERMS AND ABBREVIATIONS

Administrative Decision	:	The unilateral contract the Netherlands Enterprise Agency / PSI (hereafter: the Agency / PSI) issues for awarding the subsidy. The document specifies the results which should be attained during the project implementation, as well as the terms and conditions for receiving the grant.
Administrative Rules	:	The publication in the Government Gazette (Staatscourant).
Applicant	:	Company or 'corporate foundation' submitting the application for a PSI subsidy. This organisation is at all times the primary point of contact and the responsible party for the Agency / PSI concerning the project and the project proposal.
HW	:	Hardware. The portion of the project budget allocated to investment in tangible goods, such as machines, buildings and installations (computer software is also included in this category). Goods used for a single production cycle only, are not seen as hardware investments but rather as operating costs.
Local partner	:	Company in the PSI country who will implement the project with the Applicant and any Third Partner(s).
MoV	:	Means of verification. Agreed indicators that serve as proof that a Project Result has been realised.
Project Results	:	The measurable and verifiable results of the project as stipulated in the Administrative Decision.
PSI contribution	:	The part of the total project budget that PSI will finance.
RMCC	:	Request for Market Conformity Check; a Model Form for requesting a market conformity check of the prices of the hardware the partners intend to purchase.
Spin-off phase	:	A period of two years following the project finalisation in which the Applicant makes an effort to realise the project's expected spin-off results.
TA	:	Technical assistance. TA encompasses all costs for project management, training, certification, legal and construction advice, etc. This is the part of the project budget not spent on hardware.
Verification	:	Inspection carried out by the Agency / PSI or an organisation/independent person assigned by the Agency / PSI, in order to establish whether the Applicant has indeed achieved the results agreed upon.

LEGEND FOR THE WORKFLOWS



INTRODUCTION

This document is meant to provide the main guidelines regarding the project administration of PSI projects. Since PSI projects are result based, the settlement of the project is linked to the agreed deliverables. However, the PSI grant is paid in automatic quarterly advance payments, according to the schedule stipulated in the Administrative Decision and its attachments.

The purpose of this guide is to clarify what you need to submit and at which stage, in order to prevent delays in the receipt of the PSI contribution and to avoid any problems with the settlement of the project (which can result in the partners having to pay back part of the grant). The instructions provided in this document are leading for the PSI processes. The Agency / PSI will always strive to take individual circumstances into consideration. However, you must always consult with your project officer when you want to diverge from the agreements in the Administrative Decision or the standard processes described in this document. Experience indicates that the most important factor for a successful collaboration is communication. Furthermore, the Dutch government aims to build a working relationship based on trust. This approach assumes a higher responsibility on your side.

The administration for PSI will mostly consist of submitting standard forms and their attachments. All the forms needed for the administration (and described in this document) are available on the PSI website: www.rvo.nl/en/psi (under Financial and project administration).

The first chapter of these guidelines summarises all the information regarding project administration. Chapter 2 of these guidelines provides more details on payments, while chapter 3 deals with reporting and settlement. Last but not least, chapter 4 discusses other relevant information.



PLEASE PAY ATTENTION

This guide applies to PSI projects approved in the second tender of 2011 onwards.

1 PROJECT ADMINISTRATION IN A NUTSHELL

Payment schedule 30 months

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Start/end project	X										X	
Advance payments (% contribution PSI)				35	5	5	5	13,3	13,3	13,3		10
Result deadlines			R 1		R 2		R 3	R 4		R 5		
Reporting deadlines			PR R1			Yr 2					End	
MoVs-TA			R 1			R 2					R 3+4+5	
MoVs-HW						R MC1					R MC2	

Payment schedule 36 months

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14
Start/end project	X													X
Advance payments (% contribution PSI)				35	5	5	5	8	8	8	8	8		10,0
Result deadlines			R 1		R 2			R 3		R 4		R 5		
Reporting deadlines			PR R1				Yr 2							End
MoVs-TA			R 1				R 2						R 3+4+5	
MoVs-HW							RM CC1						RM CC2	

PAYMENTS

Automatic quarterly advance payments

- The PSI contribution will be reimbursed in **predetermined instalments** according to the schedule attached to the Administrative Decision;
- The advance payments take place independently from reporting. However, delays in reporting/failure to report will lead to pausing/postponing the instalments.

From Advance to Final Payments

- Initially, **all payments are advance payments**; the Applicant cannot derive any rights from an advance payment;
- Advance payments are turned into Final payments upon the completion of the project and only after verification by the Agency / PSI. The project is then settled (fixed).

PROJECT REPORTING

- **Progress Report Result 1**
 - ✓ To be submitted within one (1) month after the deadline of Result 1 (or earlier, in case Result 1 is finished before the deadline);
 - ✓ Go / No-go;
 - ✓ Comprises the MoVs of Result 1;
 - ✓ Reports on changes with respect to the original plans, including hardware changes;
 - ✓ Starts the automatic quarterly advance payments.
- **Annual Report**
 - ✓ To be submitted one (1) year after the submission of the Progress Report for Result 1;
 - ✓ Comprises the MoVs of all completed results so far;
 - ✓ Also includes a description of the progress on outstanding results;
 - ✓ Includes an RMCC for purchased hardware only.
- **Final Report**
 - ✓ To be submitted within two (2) months after the deadline of the final project result;
 - ✓ Comprises the MoVs of all completed results;
 - ✓ Includes a RMCC for hardware purchased after the submission of the Annual Report;
 - ✓ Leads to the settlement of the project.
- **Spin-off Report**
 - ✓ To be submitted two (2) years after having submitted the Final Report.



PLEASE PAY ATTENTION

- The standard forms provided by the Agency / PSI should be used for all reports.
- Delays in reporting or incomplete reports can lead to a delay of the outstanding payments or to putting them on hold until further progress.
- You are responsible for informing the Agency / PSI on deviations from the original plan which lead to
 - ✓ a delay in the completion of the results or
 - ✓ a partial completion of the results or
 - ✓ not achieving the results at all.

Failing to do so in a timely manner may even lead to a reduction of the PSI contribution.

PROJECT SETTLEMENT

Settlement of Hardware (HW)

- All hardware needs to be checked on the market conformity of the prices. Such a check should be requested with SGS in the Netherlands by means of the RMCC. The HW settlement is based on the market conformity certificates be sent by SGS to the Agency / PSI. You will also receive a copy of the certificate directly from SGS;
- Settlement takes place on basis of actual purchases. Therefore invoices should be submitted for all hardware. If there are hardware items for which the market conformity check has been done based on pro-forma invoices, order confirmations, contracts or quotations, the Applicant still must submit the invoices for these hardware items to PSI, along with the Annual Progress Report or the Final Report;
- A Protocol of Receipt and a Protocol of Production should be submitted for all HW purchased.

Settlement of Technical Assistance (TA)

- Requires the submission of the Progress Reports (Result 1 / Annual Report / Final Report);
- Includes all relevant MoVs;
- For results which include sub-results related to hardware, HW settlement is required prior to settling the respective result TA (this implies that all relevant hardware documents should have been delivered: the RMCC to SGS, the market conformity certificate from SGS, the invoice, the Protocol of Receipt and/or the Protocol of Production).

Statement of Expenses

- Overview of the project administration, prepared and updated by the Agency / PSI;
- Accompanies every relevant letter and is adjusted according to the last changes.

2 PAYMENTS

2.1 Automatic quarterly advance payments

The PSI contribution, indirectly linked to the realisation of agreed results, will be paid in predetermined instalments. These instalments are specified in the second appendix to the Administrative Decision.

As Result 1 is regarded as a go / no-go moment, the automatic payments will only begin after its completion. The automatic payments start when Result 1 is submitted and approved by the Agency / PSI. The instalments follow the original payment schedule, unless delays or major changes in the project execution have taken place. In this last case you are required to inform the Agency / PSI of such delays and the payment schedule will be adjusted accordingly. Every reporting moment (see chapter 3) will be followed by at least four (4) quarterly payments after which another report is due. Therefore the upcoming instalments depend on the correct, timely and complete submission of the respective reports, and the key to fast payments lies in well prepared and complete reports.

2.2 Advance payments and Final payments

All payments issued by the Agency / PSI are initially advance payments. As such the Applicant can not derive any rights from these payments until they are made official.

During verification, the Agency / PSI checks whether the delivered MoVs (Means of Verification) are in accordance with the results specified in the Administrative Decision and whether the HW is purchased in accordance with the market conformity certificates and the invoices.

The advance payments are turned into final payments upon completion of the project. The project is considered completed after the final on site inspection has taken place and the Final Report has been approved. At this point the last 10% instalment is paid out and all the previous advance payments are settled.

3 PROJECT REPORTING

Project reporting consists of three moments: the Progress Report of Result 1, the Annual Progress Report and the Final Report. This section provides more details on these reports. Furthermore, the Agency / PSI makes a difference between Hardware and Technical Assistance for settlement, so more details on what should be provided for each are given here.

3.1 Progress Report Result 1

Purpose

- To report on the completion of Result 1;
- To enable the start-up of the automatic payments.

A correct and complete report should

- be using the format provided by the Agency / PSI (Annex 3a of the Model Forms).
- be completely filled out according to the description provided in the model form.
- describe any changes to the original project plans and/or comments, including hardware changes.
- be in English.
- be sent by e-mail to PSI@rvo.nl. Note: if this document is larger than 10MB (with a maximum of 25MB), please send it to TD@rvo.nl.
- be delivered within four (4) weeks after completion of Result 1, as stipulated in the Administrative Decision.
- be signed by both the Applicant and the Local Partner.
- include all the MoVs of Result 1 as attachments. The MoVs should be mentioned in the list of appendices and be numbered according to the (sub)results in the Administrative Decision.



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- For content related questions please contact PSI.
- If you finish Result 1 earlier than planned you can submit the report for R1 as soon as it is ready. The automatic payments will then start earlier. In consequence, the Annual Report should be submitted earlier as well (namely one year after the submission of Result 1).
- Any delays in the achievement of Result 1 will lead to a postponement of the automatic payments.

3.2 Annual Report

Purpose

- To report on all completed results and on the all ongoing results (except for Result 1);
- To enable the continuation of the automatic payments.

A correct and complete annual report should

- be using the format provided by the Agency / PSI (Annex 3b of the Model Forms).
- be completely filled out according to the description provided in the model form.
- describe any change to the original project plans, including hardware changes.
- be in English.
- be sent by e-mail to PSI@rvo.nl. Note: if this document is larger than 10MB (with a maximum of 25MB), please send it to TD@rvo.nl.
- be delivered within one (1) year after the submission of Result 1, as stipulated in the Administrative Decision.
- be signed by both the Applicant and the Local Partner.
- include the MoVs for the completed results as attachments. The MoVs should be mentioned in the list of appendices and be numbered as specified in the Administrative Decision. For those results which are only partially completed only a description of the activities and achievements realised so far should be included.
- include the invoices for hardware already checked on market conformity by SGS. The HW items should have clear links to the original HW list. Any deviations from it should have been submitted to the Agency / PSI when requesting the market conformity check with SGS (also see instructions RMCC).
- in case the time span between the Annual Progress Report and the Final Report exceeds twelve (12) months, a second Annual Progress Report, covering the one-year period after the first Annual Progress Report, is requested.

3.3 Final Report

Purpose

- To report on the completion of all the outstanding results;
- To report on the development of the project and the plans for the Spin-off phase;
- To settle the project financially.

A correct and complete final report should

- be using the format provided by the Agency / PSI (Annex 3f of the Model Forms).
- be completely filled out according to the description provided in the model form.
- describe any changes to the original project plans and/or comments.
- be in English.
- be sent by e-mail to PSI@rvo.nl. Note: if this document is larger than 10MB (with a maximum of 25MB), please send it to TD@rvo.nl.
- be delivered within eight (8) weeks after completion of the final result, as stipulated in the Administrative Decision.
- be signed by both the Applicant and the Local Partner.
- include the MoVs for all outstanding results. The MoVs should be mentioned in the list of appendices and be numbered as specified in the Administrative Decision.
- include all outstanding hardware (which should have been checked on market conformity by SGS). The HW items should have clear links to the original HW list. Any deviations from it should have been submitted to the Agency / PSI when requesting the market conformity check by SGS (also see instructions RMCC).

4 PROJECT SETTLEMENT

4.1 Settlement of Technical Assistance

The settlement of TA will take place upon the completion of the project. However, in order to make this possible, reporting at earlier moments during the execution of the project is necessary, as explained in chapter 3.

The deliverables necessary for settling TA are

- the three (3) reports: the Progress Report for Result 1, the Annual Report and the Final Report.
- all MoVs stipulated in appendix 1 of the Administrative Decision. These should be submitted as attachments to the aforementioned reports, depending on the result they belong to. MoVs of Result 1 should be submitted with the Progress Report for Result 1. The MoVs of Result 2 and 3 may be submitted with the Annual Report in case these results should be completed before the submission of this report. This is often the case for Result 2. The remaining MoVs should be submitted with the Final Report.



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- Some results contain both HW and TA components. To finalise such a result you need to submit both the TA and the HW MoVs. Settlement of HW will be done on the basis of the market conformity certificate, the invoices, the Protocol of Receipt and/or the Protocol of Production. Furthermore, HW will be inspected by the Agency / PSI or a third party appointed by it.
- Settlement of TA does not require you to justify your time allocation or to submit proof of the expenses made.

4.2 Settlement of Hardware

The settlement of hardware will also take place upon the completion of the project.

The following deliverables are required for the settlement of hardware:

- The market conformity certificate (provided to the Agency / PSI by SGS upon submission of a RMCC by the partners);
- Invoices for all hardware items;
- Protocol(s) of receipt comprising all hardware (MoV of one or more results);
- A Protocol of Production (MoV of the last Result).

More details on the above mentioned forms are provided below.

The Request for Market Conformity Check (RMCC)

Purpose

Request SGS to check all purchased hardware on the market conformity of the prices and thereby make sure that the purchases reimbursed by the Agency / PSI comprise fair prices and exclude unfair practices.

A correct and complete RMCC should

- be using the format provided by the Agency / PSI (Annex 3c of the Model Forms).
- be completely filled out.
- have as attachments supporting documents for every HW item on the request. The following documents are acceptable: pro-forma invoice, quotation, order confirmation, contract and invoice.
- use the same item number as in the hardware list attached to the Administrative Decision and be clearly linked to an item on the original hardware list.
- include only hardware that will be or has already been purchased.
- include a conversion to EUR of all purchases in foreign currency.
- be submitted to SGS in the Netherlands.



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- If hardware items requested were not included in the original hardware list then the updated hardware list (table 2 of the RMCC) should be sent to the Agency / PSI for approval of the changes. This should be done simultaneously with sending the RMCC to SGS.
- All RMCCs amounting to more than EUR 25,000 should be sent to SGS for a market conformity check.
- All second hand items should be sent to SGS by means of a RMCC for a market conformity and functionality check. For the functionality assessment an inspection will take place.
- A maximum of three RMCC is allowed during the implementation of a project. Should the project partners decide to divide hardware over more RMCCs, then all additional market conformity checks are for the expense of the partners.
- The majority of HW items should pass a market conformity check. RMCC lower than EUR 25,000 are an exception and should be related to special circumstances. The Agency / PSI reserves the right to let SGS check the market conformity of HW items not submitted for assessment by the partners.
- In the past market conformity checks were arranged by the Agency / PSI. Since 2012 it is the responsibility of the project partners to arrange this with SGS. However, the Agency / PSI is still paying for the first three checks.

The Market Conformity Certificate

The market conformity check is the result of an assessment of HW items on market conformity of the prices by SGS Nederland. Such an assessment should be requested with SGS by the project partners by means of an RMCC. The original certificate will be sent to the Agency / PSI by SGS. The partners will also receive a copy from SGS.

The Protocol of Receipt

Purpose

To prove that the HW has been received in good state by the joint venture and to mark the transfer of ownership to the joint venture.

A correct and complete Protocol of Receipt should

- be using the format provided by the Agency / PSI (Annex 3d of the Model Forms).
- be completely filled out.
- be signed by both the Applicant and the Local Partner.
- include items with the same name, numeration and description as on the RMCC.

The Protocol of Production

Purpose

To prove that the production targets have been realised as stipulated in the Administrative Decision.

A correct and complete Protocol of Production should

- be using the format provided by the Agency / PSI (Annex 3e of the Model Forms).
- be completely filled out.
- be signed by both Applicant and Local Partner.



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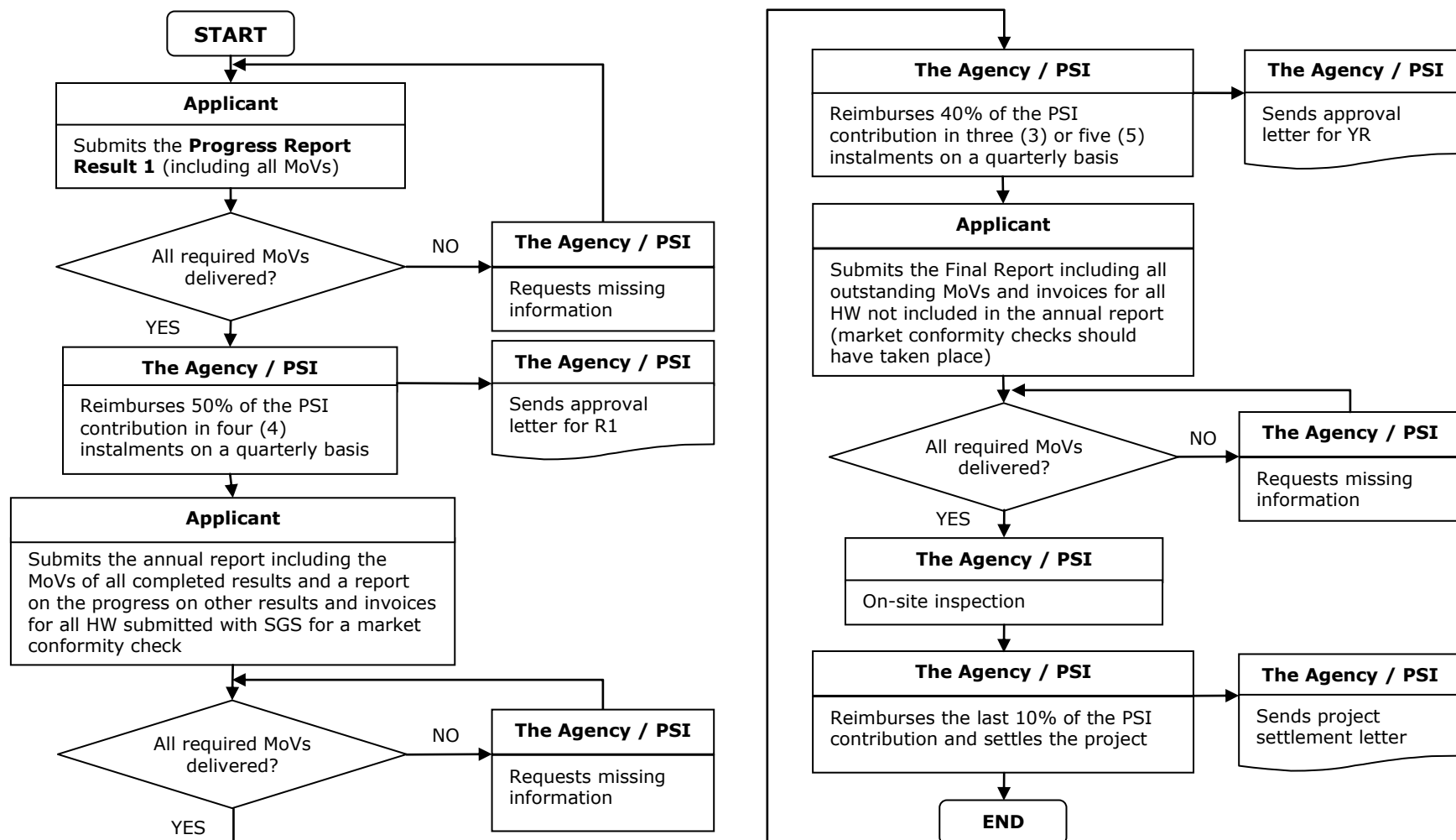
- Any differences between the purchases you have made and the market conformity assessment will not be reimbursed. Such differences can occur when you send SGS other documents than the invoices with the RMCC. The Agency / PSI regards the amounts on the market conformity certificate as fair and will regard them as a ceiling for refunds.
- HW items for which no invoices are provided will not be processed by the Agency / PSI.
- The goods on the Protocol of Receipt must have literally been delivered to the project site (eventually the Agency / PSI will check their presence). Goods in transit are not considered delivered.
- Purchases in foreign currency will be converted into EUR using the currency rate on the date of the invoice. www.oanda.com is used for the determination of the currency rate. Any differences from using a different currency rate will not be reimbursed.
- In case of several instalments for HW payments (e.g. 20% upfront payment for machines), please make sure all invoices are included (i.e. also include the remaining invoices for 80% of the value).
- The Agency / PSI does not reimburse VAT or other consumption taxes.
- Special requirements apply to the exceptional cases where construction works for the project are carried out by (one of) the project partners, without them being a contractor. Please see below for more details.
- HW is verified by means of an inspection at the project site during or at the end of the project. This inspection visit is either done by the Agency / PSI itself or by an appointed organisation/independent person.

Requirements for construction works carried out by the partners

Circumstances can make the partners decide to carry out construction works themselves, even though none of them is a contractor. Such exceptional cases are allowed (though the Agency / PSI should be informed about this in advance), but additional requirements apply to this. For HW settlement, the Agency / PSI expects the following deliverables for construction works carried out by the partners themselves:

- Detailed building specifications and a building plan / architectural drawings;
- A detailed overview of all expenses made. This overview should be accompanied by invoices for items with a cost of EUR 1,000 or more. For items smaller than EUR 1,000 a general ledger excerpt is accepted. The project officer might however ask to see some of these invoices/receipts randomly during the visit of the project site. Keeping proper administration of all costs is therefore very important. For the market conformity check an estimation of costs may be used before starting;
- The Protocol of Receipt;
- An Evaluation Report from a Construction Engineer (the report should provide an assessment of the building with respect to local legal requirements). In case the building works are executed under the supervision of a construction engineer, the following should be submitted: the contract signed with this person and this his/her diploma in construction engineering;
- The Protocol of Production.

4.3 Flow chart project reporting, payments & settlement



5 Other relevant information

5.1 The Statement of Expenses

This document is sent to the Applicant along with every letter. It consists of

- an overview of all payments (budgeted and remitted).
- an overview of the HW details: the original HW list, the adjusted one, the submitted RMCCs with SGS, the approved HW etc.
- an overview of all results, including their deadlines and their status.
- any comments.

5.2 The Applicant's responsibility to inform the Agency / PSI

As of 2012 the Dutch government introduced a new approach for customer relationship. The purpose of the new approach is to reduce the bureaucracy and the administrative burden for its customers, as well as to improve internal efficiency.

The focal point of this new approach is building a working relationship based on trust with its clients. This implies less official reporting on the companies' side and more informal contact between the Agency / PSI and its clients. For PSI this also implies that the project partners have a higher responsibility in signalling deviations from the original plans. Failing to do so will have serious consequences, a reduction of the awarded grant being one of them.

As a rule of thumb, the Applicant should inform the Agency / PSI about any changes leading to one of the following:

- A delay in the completion of (sub)results;
- A partial completion of the (sub)results;
- Failure to complete (sub)results.

(e.g. purchasing a car for transportation instead of a fork lift for internal logistics should be communicated to the Agency / PSI; purchasing a red Toyota Hilux instead of a green one should not).

A timely update is also very important. Informing the Agency / PSI about changes after their realisation might even lead to a lower grant amount or a withdrawal of the grant (this is for example possible if the changes lead to a change in the activities of the joint venture from solar energy to wind energy, or from using the latest technology to using older one).

In order to create and maintain a sound working relationship, good communication is crucial. This is also the case for PSI projects.

5.3 The Spin-off Report

Purpose

- To report about the results achieved during the Spin-off period which covers the two (2) years following the finalisation of the PSI project;
- To evaluate the impact of the project.

A correct and complete Spin-off Report should

- be using the format provided by the Agency / PSI (Annex 3g of the Model Forms).
- be completely filled out.
- be handed in within two (2) years after the submission of the Final Report.