

Setting up the costing for Financing Not Linked to Costs methodologies

16 April 2026

Directorate of Financial Control of European Funds

TREASURY OF THE REPUBLIC OF CYPRUS



Steps for setting up the costing of operation

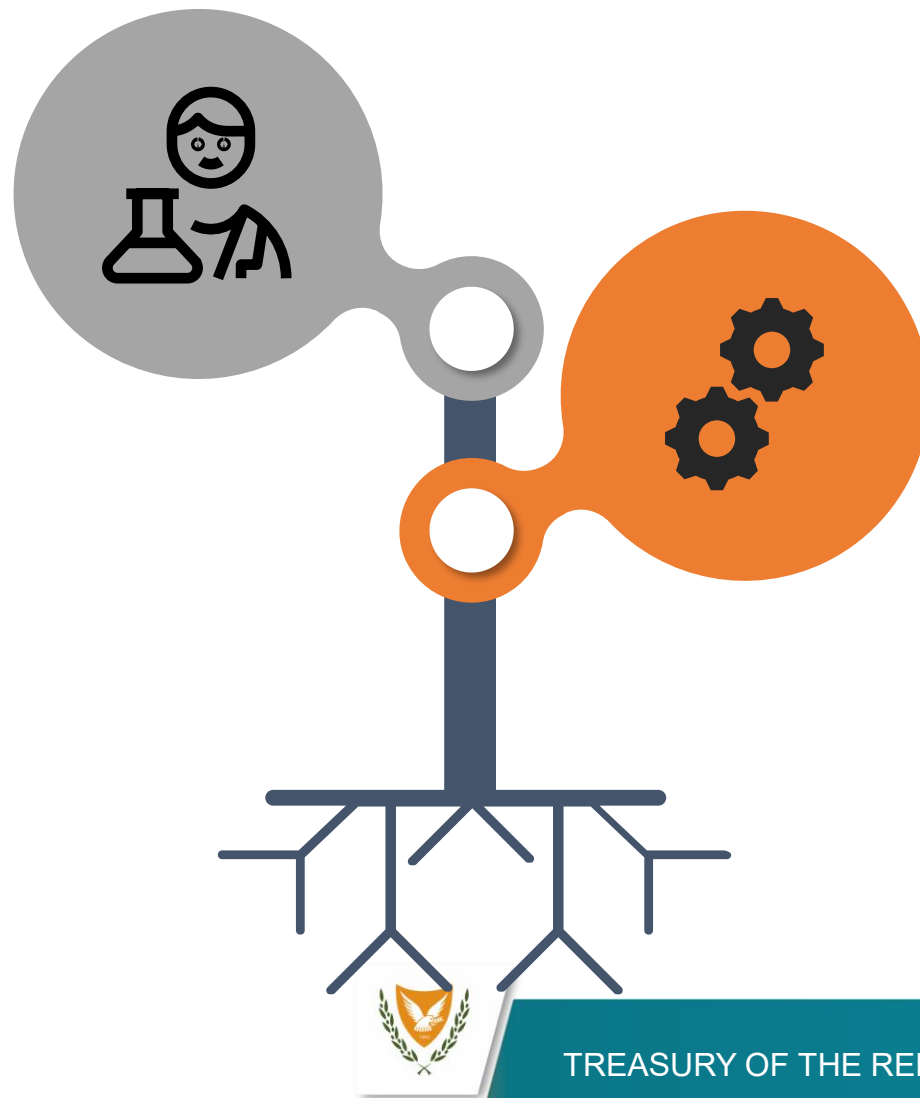


Shared Challenges and Solutions in Cypriot FNLC Models

Practice #1 Research & Innovation Model

ERDF Aid Scheme: Approved by EC
under Article 95

RRF Aid Scheme: Approved by EC
during assessment of Cyprus RRP



Practice #2 Construction of two model special education schools Model

Infrastructure funded under RRF:
Approved by EC during assessment
of Cyprus RRP

Practice #1: Research and innovation Scheme

RRF and ERDF Aid Scheme converted to FNLC

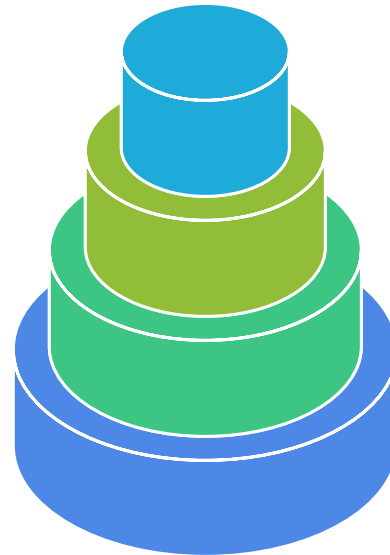
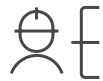
Implementing / Intermediate Body

RIF, national authority for R&I in Cyprus



Budget

Eligible costs as per Programme
Eligibility Rules:
staff costs, equipment, consumables,
services, travelling, indirect costs



Reimbursement

40%-40%-20% or
70%-30% split



Beneficiaries

Universities, institutions,
enterprises, NGOs, other organisations

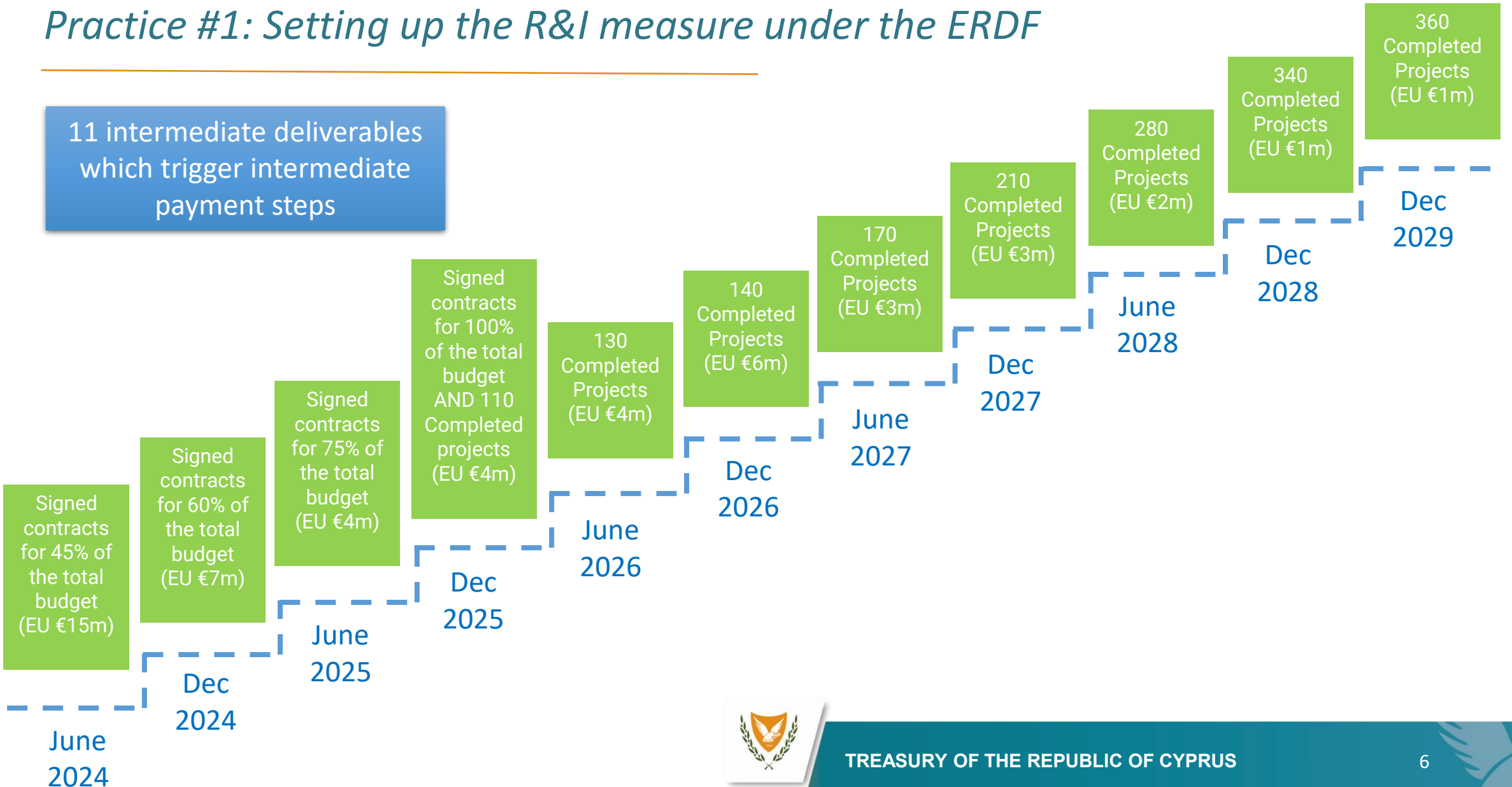


Practice #1: Setting up the R&I measure under the RRF



Practice #1: Setting up the R&I measure under the ERDF

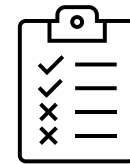
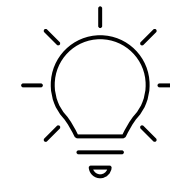
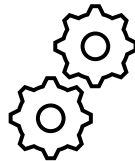
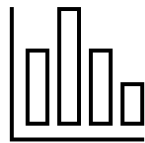
11 intermediate deliverables which trigger intermediate payment steps



Practice #1: The Costing Exercise

Data sources

Data supported by historical data for calls for proposals issued during the PP 2014-2020 and actual data from PP 2021-2027



Budget analysis

Future Calls Planning provided by the IB

1. Total Calls Budget
2. Budget per contract
3. Number of signed contracts
4. IB's Mngt costs incorporated

M&Ts definition

M = % of budget committed to signed contracts
T = number of completed projects



M&Ts values

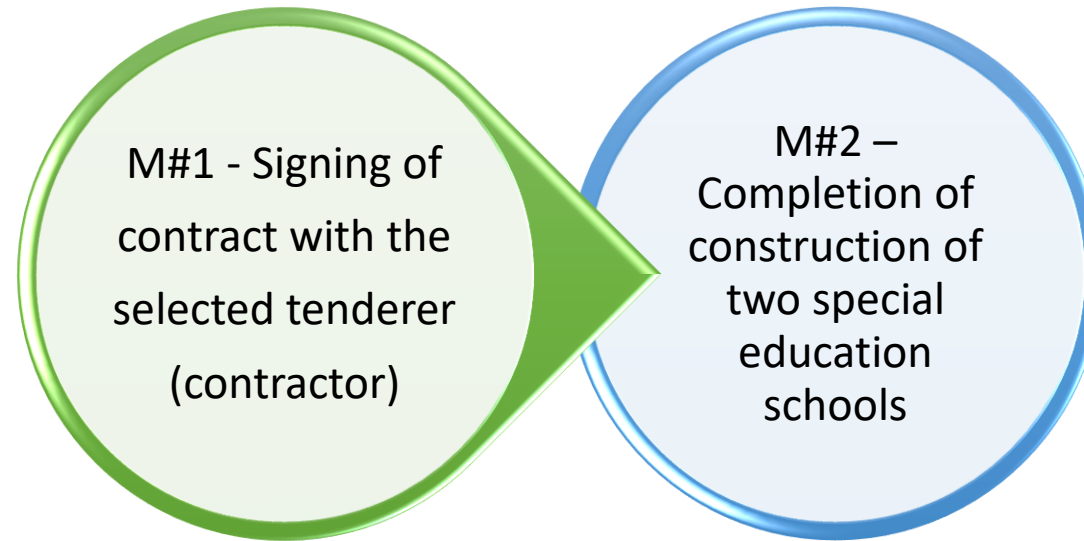
Safety margin 10%
(Committed Vs completed No. of projects)
Consider implementation rate compared to signed contract value

EU Reimbursement values Vs M&Ts

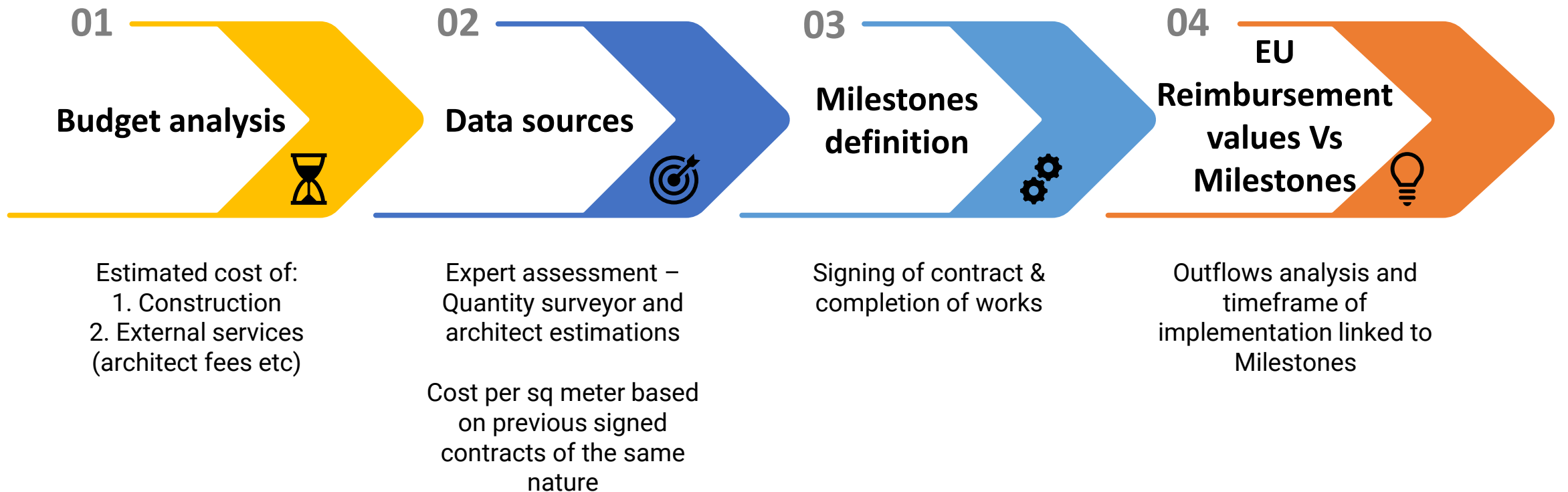
Outflows analysis and timeframe of implementation linked to M&Ts

Practice #2: Construction of two model special education schools

Implementing Body: Public Body (Ministry of Education, Sports and Youth)



Practice #2: The Costing Exercise



Factors to consider

Reliability data

- Verify that historical data is still reliable and representative
- Check if other sources are available and applicable
- Check for significant changes in market conditions (e.g. inflation, wages, prices)
- Ensure cost structures have not materially shifted – repetitive actions

Auditability

- Maintain full documentation of the methodology
- Clearly describe data sources, calculation methods, assumptions used
- Ensure traceability for audit purposes

Compliance

- Ensure compliance with the principle of cost efficiency and sound financial management

Approval

- Consider if approval is needed from the MA, AA or EC
- Ensure the methodology is auditable by relevant control bodies
- Be prepared for review by Audit Authority / European Commission

Flexibility

- Set a number of smaller intermediate targets spread throughout the duration of the operation
- Allow for a safety margin to achieve the final target – incorporate a “failure buffer”
- Allow for an amendment of M&Ts

Proportionality

- Ensures that financial value is assigned in a balanced way, reflecting the relative importance, scale, and effort of each milestone or target
- Consider cash outflows VS EU reimbursement amounts – avoid “frontloading”



*Thank you for your
attention*

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