

Interreg



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IPA ADRION

IPA ADRION 1st Call for proposals Implementation Manual

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List of abbreviations

IPA ADRION	INTERREG VI-B IPA Adriatic-Ionian Cooperation Programme
AF	Application Form
AP	Associated Partner
JEMS	Joint electronic monitoring system
ESI FUNDS	European Investment and Structural Funds
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EUSAIR	European Union Strategy for Adriatic and Ionian Region
ERDF Participating Countries	Croatia, Greece, Italy, Slovenia
ICT	Information and Communication Technologies
IPA III	Instrument for Pre-Accession Assistance
IPA III Participating Countries	Albania, Bosnia and Herzegovina, Montenegro, Serbia and North Macedonia.
IPA ADRION Participating Countries	Croatia, Greece, Italy, Slovenia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, North Macedonia, San Marino.
JS	Joint Secretariat
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
PP	Project Partner
PRAG	Practical Guide to contract procedures for EU external actions
S.O	Specific Objective

Lead Partner (LP), Lead beneficiary and Lead applicant are used as synonyms

Project Partner (PP) and project beneficiary are used as synonyms

Associated Partner (AP) and Associated Organisation (AO) are used as synonyms, also in JEMS

Operation and project are used as synonyms.

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IPA ADRION legal and institutional framework

Introduction

The purpose of the Implementation Manual is to provide guidance to the 1st call IPA ADRION beneficiaries (Lead partner and partners) during the implementation phase of their projects. It describes the main rules, requirements and procedures that the projects are required to respect during the implementation phase.

It complements and/or supplements the contents of the subsidy contract and partnership agreement.

1. Overall legal framework

An overview of the legal framework supporting the Interreg VI-B Adriatic-Ionian Programme (IPA ADRION) is provided (non-exhaustive list). Any amendments and implementing/delegate acts of the listed Regulations must also be considered:

EU key regulations

- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012.
- Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021, laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund, and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, and repealing Council Regulation (EC) No 1303/2013, hereinafter referred to as the CPR Regulation.
- Regulation (EU) No 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund, and repealing Regulation (EC) No 1301/2013, hereinafter referred to as the ERDF Regulation.
- Regulation (EU) No 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial goal (Interreg) supported by the European Regional Development Fund and external financing instruments, and repealing Regulation (EC) No 1299/2013, hereinafter referred to as the Interreg Regulation.
- Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing directive 95/46/EC (General Data Protection Regulation, GDPR).
- Regulation (EU) No 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the instrument for Pre-Accession Assistance (IPA III), hereinafter referred to as IPA III Regulation.
- Articles 107 and 108 of the Treaty on the Functioning of the European Union, Commission Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty; Delegated and Implementing acts, as well as all applicable decisions and rulings in the field of state aid.
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012
- Directives and rules on public procurement.
- Delegated and Implementing acts as well as all applicable decisions.

Programme documents

- The INTERREG VI-B IPA Adriatic Ionian Cooperation Programme, approved by the European Commission (EC) on 30 November 2022 (Decision number C(2022)8953).
- The Interreg IPA ADRION Environmental Screening Report.
- Financing agreement signed by Albania, the European Commission and the IPA ADRION Managing Authority (MA) on 28 March 2024.
- Financing agreement signed by Bosnia Herzegovina, the European Commission and the IPA ADRION Managing Authority (MA) on 26 March 2024.
- Financing agreement signed by North Macedonia, the European Commission and the IPA ADRION Managing Authority (MA) on 29 December 2023.
- Financing agreement signed by Montenegro, the European Commission and the IPA ADRION Managing Authority (MA) on 17 October 2023.
- Financing agreement signed by Serbia, the European Commission and the IPA ADRION Managing Authority (MA) on 6 November 2023.

Granted partners shall also be subject to:

- The laws of the Republic of Italy applicable to the contractual relationship between the MA and the Lead Partner (LP).
- National rules applicable to the lead and project partners (PPs) and their activities.
- All other EU legislation and the underlying principles applicable to the LP and the PPs, including the legislation laying down provisions on competition and entry into the markets, the protection of the environment, and equal opportunities between men and women.
- Project data, comprising but not limited to the latest project documentation such as the application form and all project information available in the electronic system.

All manuals, guidelines and any other documents relevant for project implementation (e.g. application manual, implementation manual) in their latest versions shall be delivered to the LPs during project implementation and published on the website.

Key documents on the EU strategy of the Adriatic and Ionian region

- Endorsement of the European Union Strategy for the Adriatic and Ionian Region (EUSAIR), European Council, Brussels, 23-24 October 2014.
- Council conclusions on the implementation of EU macro-regional strategies – 2 December 2020.
- Addendum to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region COM (2020) 132

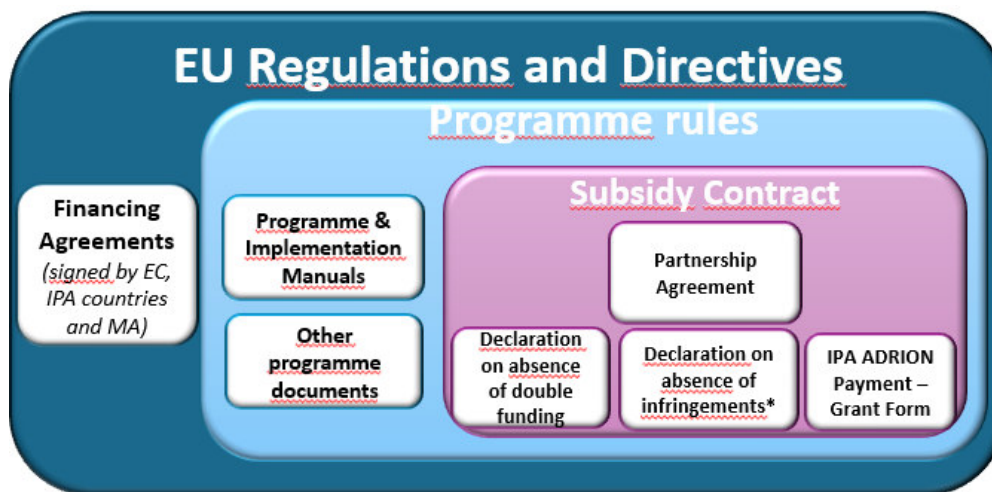
final – 2 April 2020 - related to the inclusion of North Macedonia as the ninth EUSAIR participating country.

- o Addendum to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region, COM(2022) 44 final – 14 February 2022 - related to the inclusion of San Marino as the tenth EUSAIR participating country.
- o Commission staff working document - Action Plan - Accompanying the document - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region SWD (2020) 57 final.
- o Commission Staff Working Document accompanying the document Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the implementation of EU macro-regional strategies – COM(2022) 705 final.

Documents, templates, offline forms and a regularly updated FAQ section pertaining to all IPA ADRION granted projects are available on IPA ADRION website.

All PPs must obey the EU and programme rules applicable to the IPA ADRION programme as listed above.

The project implementation is framed by two key legal documents, the subsidy contract and the partnership agreement, whose characteristics are detailed in the paragraphs below.

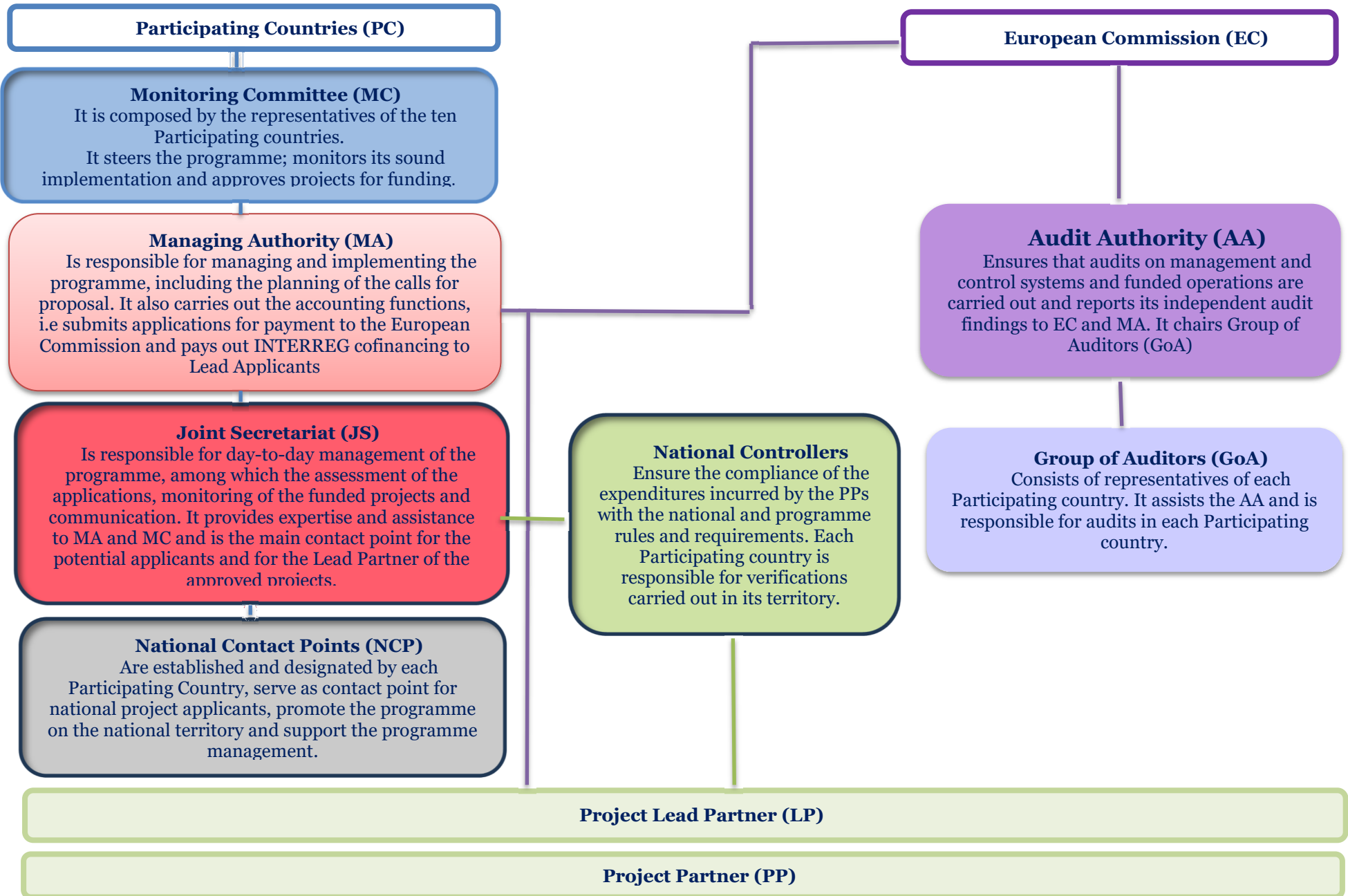


*) Declaration on the absence of the infringement procedures being pursued through legal action by the European Commission against Croatia, Italy and Greece affecting the project.

2. IPA ADRION institutional framework

All Interreg programmes are characterised by the same programme management structure and bodies in accordance with EU Regulations. The Interreg Regulation defines the management structure and the tasks of the bodies involved.

The diagram below provides an overview on the bodies involved. Each of them has specific roles in project monitoring that will be explained in this document.



Project legal framework

2.1 *Subsidy contract*

The subsidy contract constitutes the main legal framework for the implementation of the project. It is an agreement that governs the relations between the MA and the LP, which acts on behalf of the entire partnership in compliance with the “Lead Partner principle”. The Subsidy Contract confirms the final Interreg fund allocation to the project, sets out the conditions for support and the implementing arrangements. It is drawn up in euros.

It is structured in several articles containing the main following information:

- Legal framework and contractual basis
- Award of subsidy and general conditions
- Duration of the project and of the contract
- Object of use and eligibility of expenditures
- Reporting obligations and payment
- Verification of expenditures
- Project coordination and finance management
- Information and communication, publicity and intellectual property rights
- Representation of project partners, lead partner liability and third parties
- Modification to the project and amendments of the Subsidy Contract
- Assignment and legal succession
- Financial controls and audit
- Withdrawal and recovery of unduly paid Interreg funds
- De-commitment of the project budget and mid-term review performance
- Durability of operation, ownership, use of outputs and contribution to the programme results
- Termination and repayment
- Advance payment
- Working language
- Force majeure
- Complaints and litigation
- Final provisions

The template of the subsidy contract is approved by the MC and cannot be modified. The subsidy contract must be considered as an offer of the MA to the LP.

The MA/JS must verify the existence of the signatory and their power of signature before the subsidy contract is awarded.

The LP has one month to accept the subsidy offer sent by the MA/JS. Following the aforementioned deadline, the MA’s offer loses its validity, unless the MA agrees to prolong it.

If accepted, the subsidy contract can either be digitally signed or hand signed by those LPs which do not have digital signature. In the latter case the LP is required to send the MA two copies of the document, dated and initialled on each page and signed in full on the last. The MA then signs last and sends back a countersigned copy.

Amendments of the subsidy contracts may be signed first by the MA (please refer to chapter 9).

The template of the subsidy contract is available on the programme web site, at the following link: <https://www.interreg-ipa-adrion.eu/calls/1st-call/>.

Annexes to the subsidy contract

The following documents are annexed to the subsidy contract:

- a) The final approved application form (hereinafter: AF)
- b) A declaration – signed by the LP on behalf of the entire partnership – attesting to the absence of double funding for the implementation of activities covered by the subsidy following the receipt of public funds for the implementation of the same activities after the approval of the AF.
- c) A declaration – signed by Lead Partner on behalf of partners located in Italy; Greece and Croatia – attesting the absence of infringement procedures being pursued by the European Commission against Croatia, Italy and Greece affecting the project¹.
- d) The *IPA ADRION Payment Form-Grant Form* requesting information on the LP's bank account, which is necessary for the Emilia-Romagna regional administration for making project payments.
- e) Information on the data processing of the beneficiaries.

Templates of the aforementioned documents are available on IPA ADRION programme web site.

2.2 Partnership Agreement

The arrangements between the LP and its PPs are defined in the partnership agreement, which contains the legal framework to be respected by all PPs.

It formalizes the distribution of responsibilities within the partnership, LP/PPs' rights and obligations, as well as provisions aimed at ensuring the sound financial management and arrangements for recovering amounts unduly paid.

IPA ADRION MA offers a model of partnership agreement including the minimum requirements the document must contain with respect to the obligations set forth in the subsidy contract.

The partnership agreement transfers the LP's duties and obligations covered by the subsidy contract to the PPs. Like the subsidy contract, the partnership agreement is structured in several articles containing the following information:

- Legal framework
- Definitions
- Specific conditions for project partners of San Marino
- Subject of the Partnership Agreement
- Duration of the Partnership Agreement
- Object of use and eligibility of expenditures
- Activities of Project Participants in the project
- Obligations and responsibilities of the Lead Partner
- Obligation of the Project Partners
- Project steering committee
- Reporting obligations of the Project partners

¹ As far as Slovenian partners are concerned, ad hoc checks are performed by the Slovenian NCP; this declaration is not requested to IPA and third country partners.

- Verification of expenditures
- Modifications, withdrawal from obligations
- Information and communication, publicity and branding
- Cooperation with third parties, assignment, legal succession
- Liability
- Financial controls and audit
- Irregularities, withdrawal and recovery of unduly paid Interreg funds
- Conflicts of interest
- Decommitment of project budget
- Advance payment
- Durability of operation, ownership, use of outputs and contribution to the achievement of programme results
- Confidentiality
- Working language
- Duration and right of termination
- Force majeure
- Applicable law
- Final provisions

Further elements may be included in the partnership agreement to better tailor it to the specificities of the project. However, these further elements must be consistent and in accordance with the programme's legal framework, specific rules and objectives.

The partnership agreement is signed by the LP and the PPs adopting one of the following options:

- a) One single document signed by all members of the partnership.
- b) Bilateral documents signed between the LP and each PP. If this option is chosen, a clause must be included in the document specifying this condition.

The partnership agreement must be signed no later than two months after the signature of the subsidy contract, and in any case before any request for payment or for receiving advance payments (for IPA project partners only).

Evidence of the signature of the partnership agreement must be provided by the LP in JEMS (i.e. date of signature/last signature and upload of the document(s) on the system). The MA reserves the right to check the truthfulness of the LP's declaration and if the partnership agreement fulfils all the necessary legal requirements.

In case of project and/or partner changes and/or amendments of the Subsidy Contract following major project changes, the partnership agreement must be amended accordingly and signed by the entire partnership. It is the responsibility of the LP to ensure that the legal framework is regularly updated following project modifications and related information/documentation(s) regularly uploaded to JEMS as described above (please also refer to the *Project modifications* paragraph).

Advance payments, where applicable, and verified expenditures incurred will be paid by the MA only if both the Subsidy Contract and the Partnership Agreement have been signed.

Payment of the IPA PPs is subject to the signature of the Financing Agreement by the IPA country where the beneficiary is located, the European Commission and the MA.

The eligibility of expenditure of operations starts from the starting date reported in art.3.1 of the Subsidy Contract.

The following exceptions apply: a) preparation costs; b) costs related to the fulfilment of project administrative obligations as in art. 3.3 of the Subsidy Contract.

2.3 Overview of the legal documentation to be submitted

Having regard to the information provided in the previous paragraphs, the table below summarizes the documents to be provided by the project:

Document	How to submit	Note
<i>Subsidy contract</i>	In case of valid digital signature: via email to the MA's certified email address In case of hand signature: paper copy via mail to MA offices	To be signed within one month from the receiving of the MA offer
<i>Declaration on the absence of double funding</i> <i>Declaration on absence of infringements (for Italian; Croatian and Greek partners only, if present)</i>	In case of valid digital signature: via email to the MA's certified email address In case of handwritten signature: paper copy to be provided via post to the MA's offices	To be signed by the LP's legal representative on behalf of the partnership
<i>IPA ADRION Payment - Grant Form</i>	In case of valid digital signature: via email to the MA's certified email address In case of handwritten signature: paper copy to be provided via post to the MA's offices	
<i>Partnership agreement</i>	Upload to JEMS; Information on date of signature/last signature to be reported in the specific JEMS section.	To be signed within 2 months from the signing of the subsidy contract

2.4 Responsibilities of the LP and PPs

Obligations of the LPs and PPs are respectively set out in the Subsidy Contract and in the Partnership Agreement.

With regard to the lead partner principle and what is reported in art. 7, point 1 (Subsidy Contract), the LP must:

- Sign the subsidy contract and any amendments with the MA on behalf of the entire partnership and guarantee the signature of the partnership agreement by all PPs.
- Put in place a separate accounting system.
- Assume the responsibility for ensuring the implementation of the entire operation. In this respect it sets up the coordination structure through the appointment of key figures (e.g. a project coordinator, a financial coordinator and a communications manager) operating for the entire partnership.
- Coordinate the activities and define a realistic timeline for ensuring the sound realisation of what is described in the AF and respect the deadlines included in the subsidy contract. To this end it must include deadlines in the partnership agreement to ensure their respect if deemed necessary.
- Ensure arrangements with the other PPs comprising provisions that can guarantee the sound financial management of the funds allocated to the project.
- Ensure that all PPs – and in particular those with limited experience in Interreg project management – have all the necessary information and tools, and that all PPs know the programme documents and apply the programme rules.
- Set in place the project steering group in charge of supervising the project's activities, their quality and delivery time, and output and result indicators, ensuring that all PPs are equally represented, including Associated Partner if any.
- Ensure the overall project quality in all the activities performed by the partnership, and that the outputs promised in the approved application are delivered in accordance with the established schedule.
- Ensure that all PPs respect the programme's financial rules and that each PP submits its documentation on expenditures within the established deadlines.
- Ensure that the expenditures presented by all PPs have been made to carry out the operation and correspond to the activities agreed to by all the beneficiaries, are in accordance with the subsidy contract, and have been verified by the controllers appointed by the participating country where the partner is located according to the specificities of the national system.
- Elaborate the request for payment to be sent to the MA/JS.
- Receive the reimbursed amount from the IPA ADRION Programme on behalf of the entire partnership and promptly transfer the amounts due to the PPs in full. It must also ensure that no amount is deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that might reduce such amount for the other PPs.
- Guarantee the reimbursement of amounts unduly paid to the MA upon receiving a recovery order following the detection of an irregularity on behalf of the affected PP(s) (itself or other PP(s)).
- Ensure that all project documentation (e.g. progress report etc.) is kept available for a period of 5 years from 31 December of the year in which the last payment by the MA is made to the beneficiary, without prejudice to the rules governing state aid.
- Coordinate the communication flow towards the MA/JS with regard to the timely submission of the progress reports and requests for reimbursement.
- Be responsible for the communication flow between the partnership and the IPA ADRION Programme (mainly with the JS and the MA). Be in charge of disseminating communications and information received by the IPA ADRION Programme to its PPs, including the announcements to participate in seminars organized by the Programme.
- Contribute to the positive implementation of the programme by participating in surveys either organized by the programme or by other institutions.

- Monitor the project's financial performance and submit a request to the JS/MA for a modification to the budget if needed.
- Ensure prompt solutions of management problems (e.g. change of partners, requests for revision of activities etc.) or in cases of force majeure.
- Ensure that, if part of the funded activities is granted under the *de minimis* regime, all the necessary requirements are respected by the affected PPs during project implementation.
- Ensure that all activities are not funded by other public funds (national, European or granted by other international organizations).

As far as the project partners are concerned and having regard to obligations set forth in the Partnership Agreement, each PP must:

- Sign the Partnership Agreement.
- Set in place a separate accounting system.
- Adopt and implement all programme rules in order to implement the project in the most accurate way and keep itself updated by regularly checking the IPA ADRION website.
- Respect and implement project arrangements to ensure a sound project implementation and ensure that its expenditures have been verified by the controller appointed by its participating country.
- Assume responsibility towards the LP of repaying any undue amounts received in the event of irregularities in the declared expenditures.
- Ensure a quality implementation of all the activities under its responsibility within the established schedule.
- Keep regular contacts with the LP and communicate any difficulties emerging during the project implementation.
- Attend project steering group meetings in order to discuss the project's state of play, implementation quality and timeline with the partnership and the Associated Partners.
- Ensure the appropriate involvement of the related Associated Partners.
- Prepare the partner report, submit it to the national controller by the established deadline.
- Provide the LP with the relevant information, data and material to be included in the progress reports.
- Provide the LP with all financial data necessary for drafting the request for reimbursement to be sent to the JS.
- In the event of recovery of funds, cooperate for their recovery in accordance with the established procedures and timeline.
- Promptly inform the LP in case of need of changes regarding its activities or status or involvement.
- Ensure that if part of the funded activities is granted under the *de minimis* regime, all the necessary requirements are respected during project implementation.
- Ensure that all activities are not funded by other public funds (national, European or granted by other international organizations).
- Ensure the adequate storage of data (physical and/or electronic) in accordance with the requirements of the IPA ADRION programme and communicate it to the LP, including any changes in location.

- Ensure that all project documentation (e.g. progress report etc.) is kept available for a period of 5 years from 31 December of the year in which the last payment is made by the MA to the beneficiary, without prejudice to the rules governing state aid.

In order to implement all the above listed tasks, the LP and PPs must ensure that part of their staff or of external experts' tasks are devoted to the coordination and/or management of the activities.

Ideally, the LP and each PP – depending on their financial involvement, type of activities and distribution of tasks within the partnership – should consider the involvement of a project officer (in charge of the content implementation), a finance officer (in charge of the finance management) and of a communications officer (responsible for promoting the project through “one voice” only).

The negotiation process

3. The negotiation process

The negotiation process is the period during which the project partnership has to comply with the requests for improvements set forth by the IPA ADRION MC.

The process is coordinated by the JS on behalf of the MA, which informs the MC on the outcomes of the process.

If necessary, the negotiation process can be supported by an event organised by the JS addressed to the LPs, during which the JS provides information on the programme requirements to be fulfilled as well as bilateral meetings with the projects.

During the negotiation process the LP must:

- a) Ensure that all PPs are aware of the conditions for improvement.
- b) Involve all PPs during the proposal revision, especially if conditions for improvement affect the budget, the provision of additional information on planned outputs and deliverables.
- c) Revise the project proposal in accordance with the requests for improvement, related activities and budget. The revision of the AF must be done through JEMS and resubmitted as many times as are needed until the conditions for improvements are fulfilled.
- d) Where appropriate, provide updated information on state aid (*de minimis*) of the affected PPs.
- e) Provide any further documentation/declarations requested during the negotiation process and aimed at ensuring an early project start.

All necessary changes must be made during the negotiation period. IPA ADRION will not allow any request for project modification in the first six months of project implementation unless they are of vital importance for future project implementation.

After having submitted the revised AF via JEMS, the JS verifies whether all conditions are satisfactorily met and the availability of the required additional documentation, if requested.

The information regarding the finalization of the negotiation process is further communicated to the MC.

All exchanges of information between the project and IPA ADRION programme authorities are done via JEMS to the possible maximum extent.

If the LP cannot provide the requested documentation or the negotiation process is not successfully finalized within the time set forth by the MC, the MC shall be informed accordingly.

The end of the negotiation process is established by an official communication sent by the MA/JS and the sending of the grant offer.

First implementation steps

4. Getting started

All projects must start implementing their activities **as soon as possible** and set in place the requirements described in the following paragraphs.

4.1. Familiarity with the use of JEMS

JEMS is the main communication and monitoring tool for project implementation: information contained in it must always be updated as the MA will make reference to such data to proceed with the requests for payment.

Besides the submission of the project proposal, JEMS ensures:

- a) Data integrity and confidentiality.
- b) Avoidance of submission of identification data more than once when fulfilling reporting documents.
- c) Data storage: relevant data and documents, in particular with regard to eligibility of expenditures and related audit trail must be uploaded to JEMS and be available to all bodies involved in monitoring, control, verification of expenditures, audit, implementation and evaluation activities, thus reducing the administrative burden for the beneficiaries in sending the same information more than once to the various bodies, unless it turns out to be outdated.

Once a project is contracted, the reporting section on JEMS becomes available to the LPs.

All PPs must become JEMS users through registration. Usernames are to be communicated to the LP. The LP associates the PPs' usernames to give them users' right to access project data and partner reports by filling in the JEMS *user assignment* section.

The LP and PPs must consider the passwords and login information as confidential data.

The IPA ADRION Programme offers different user privileges according to different project users' needs (LP and PPs): only the LP can access all PPs and project reports.

PP registration and further user assignment allow the PPs to draft their partner report (see the paragraph *Project partner reporting*).

The following information must be uploaded to JEMS in the Contracting section:

Section	Description
Project Managers	Information on the LP project management team (project, financial and communications manager)
Bank details	PPs' bank details (in case two bank accounts are present, one must be included in the <i>annex</i> section)
Location of documents	Information on the location of the official project documents on the LP and PPs premises
Partnership Agreement	Information on when the agreement was signed by the last PP and any updates. It is also required to upload in the dedicated attachment section the signed version of the Partnership Agreement, as well as its amendments.

Information included in the table above must be provided by the LP as soon as available.

JEMS is compliant with Regulation (EU) No 679/2016 - General Data Protection Regulation, GDPR - which introduced rules on data protection.

4.2. Setting in place of the project coordination and supervisory structure(s)

In cooperation with its PPs, the LP ensures the setting in place of adequate project coordination structure(s) (e.g. project steering group, coordination board, steering committee etc.) ensuring that all PPs are equally represented, including the Associated Partners.

If so wished, the project steering group can also involve representatives of institutions not directly involved in the project but that can contribute to its implementation or to the dissemination of its outcomes.

The project steering group:

- Is the decision-making body at project level.
- Meets on a regular basis in order to adopt the necessary measures. In general, it should have a proactive approach rather than reacting to already existing situations.
- Is governed by its own procedures on decision making.
- Is usually supported by the LP project management staff in its role of decision maker.

Additionally, the project steering group should:

- a) Be responsible for monitoring the implemented activities and their quality.
- b) Be responsible for monitoring the contribution to programme outputs and result indicators with respect to the approved AF and to the achievement of the mid-term review targets.
- c) Be responsible for monitoring the financial and overall implementation performance and the eventual countermeasures to be adopted.
- d) Be informed and approve project deviations or changes, including changes within the partnership.
- e) Be responsible for the settlement of any disputes within the partnership.
- f) Be responsible for the setting in place of specially organised working groups or task forces within the project, if necessary.

The LP must regularly inform and invite the MA/JS to the project steering group meetings. The MA/JS reserve the right to participate. Minutes of the meetings and signed participants' list must be provided to the JS after the meeting and as attachments to the project reports.

4.3. Organisation of the kick-off meeting

As a general rule, the project should consider starting its activities with a kick-off meeting with the aim of defining approaches, rules and internal deadlines within the partnership in accordance with the approved AF. Decisions must be taken following the programme rules and requirements.

Indicatively, in the kick-off meeting the project should establish the management and coordination structures ensuring a good project management and coordination, as well as a clear and shared understanding of the legal documents and the national control systems (centralised or de-centralised) in the Participating Countries. It should also provide guidelines on the main qualitative elements to be guaranteed during implementation.

The kick-off meeting can coincide with the first steering group meeting or be a fully or partially public event. It must be organised as soon as possible.

4.4. Project Partner internal calendar in relation to the milestones and deadlines of the approved application form

With regard to the schedule of the approved AF, the partnership must draft and share an internal calendar of the activities to be performed and when in order to reach the project goals.

The calendar must also support the partnership in defining when – if this is the case – public procurement processes for hiring experts (including the identification of the controller for the verification of expenditures in Italy where the control system is decentralised) or purchasing goods and equipment must begin.

4.5. Necessary procedures and mechanisms within the project partner institutions to define the staff involved and separate accounting system

The partnership involved must be ready to implement the planned activities ensuring that all the necessary internal administrative steps are in place. Specifically, measures must be adopted to ensure that staff costs to be ascribed to the project can be considered as eligible.

If projects decide to report staff costs based on real costs, the affected partners must have a separate accounting system for project expenditures or an adequate accounting code to ensure the easy identification of expenditures to be ascribed to the project budget (see paragraph below).

4.6. Audit trail, adequate archive and retention of documents

The audit trail is a comprehensive set of documents which provides a complete history of a project and evidence that proper procedures have been applied and outcomes achieved. A sound audit trail is a compulsory requirement both for the LP and PPs as reported both in the subsidy contract and in the partnership agreement.

Linked to the audit trail is the need to ensure the creation and regular updating of a project archive for storing all relevant data, documents, pictures etc. related to the project implementation and of setting in place a separate accounting system or an adequate accounting code. Please note that, with regard to what is noted in paragraph 4.1, letter c), key documents must be uploaded to JEMS as well.

The audit trail allows the recording of all documentary evidence of the steps undertaken by the beneficiaries during the project implementation. The audit trail must include all documents related to the project, from the subsidy contract/partnership agreement to the report on the

project closure (including the related amendments or revisions) as well as all accounting records and supporting documents.

Type of document	Specifications
Subsidy contract	<ul style="list-style-type: none"> ▪ All versions ▪ Latest updated AF annexed to the subsidy
Partnership agreement	<ul style="list-style-type: none"> ▪ All versions
Reporting forms	<ul style="list-style-type: none"> ▪ All submitted documentation
PP reporting forms (if any)	<ul style="list-style-type: none"> ▪ All accepted documentation
Control reports	<ul style="list-style-type: none"> ▪ All certificates and reports
For each expenditure (real cost option)	<ul style="list-style-type: none"> ▪ Information on the selection process - procurement procedure ▪ Contracts ▪ Received invoices ▪ Proof of payment (bank statement or any other equivalent document with probative value extracted from a reliable accounting system) ▪ Documentation submitted to and issued by the controller
Further supporting documents related to cost category (real cost option)	<ul style="list-style-type: none"> ▪ Time sheets (if applicable) ▪ All required documentation ▪ Reports
Outputs and deliverables produced	<ul style="list-style-type: none"> ▪ Adequate and relevant related documentation produced during the project lifetime ▪ Copy of deliverables produced (e.g. gadgets, posters, etc.)
Transfer of funds to PPs (for the LP only)	<ul style="list-style-type: none"> ▪ Registration of transfers
Output and result indicators	<ul style="list-style-type: none"> ▪ Documentation attesting to the quantification of the related output and result indicators

As shown in the table above, the audit trail is not limited to the retention of invoices, but provides evidence of the process that led to a specific decision, e.g. the purchase of that good/service from provider X instead of provider Y.

Documents included in the audit trail can be originals, certified true copies of the originals, or electronic versions stored on commonly accepted data carriers (including electronic only) in accordance with the respective LP and PP national rules.

Where the PP maintains electronic versions of original documents, it must comply with the procedure for certification of conformity of the documents held on commonly accepted data carriers established by the national controllers (this procedure must ensure that the documentation kept – e.g. scanned copies – complies with national legal requirements and can be relied on for audit purposes).

Electronic archives must comply with the relevant necessary security standards in accordance with national law and must be considered reliable for verifications and audit purposes.

Where paper documents are the true/original source of the scanned documents and the latter cannot be relied on for audit purposes (e.g. due to incorrect or incomplete scanning of the document, indications that the documents may have been forged), it means that the procedure

put in place has not been complied with, in which case corrective measures are required, including financial corrections where deemed appropriate.

All the supporting documents related to the project must remain available at the premises of each LP/PP for a period of at least five years starting from 31 December of the year in which the last payment is made by the managing authority to the beneficiary.

Such period shall be deemed to be interrupted either in the case of legal proceedings or by a request of the Commission.

The documents referring to project activities and expenditures made in the State Aid *de minimis* framework must be retained for a period of 10 fiscal years from the date on which the aid was granted (date the subsidy contract was signed).

At the closure of the projects, the MA/JS must individually inform each LP and its national controller on the starting date of the above-mentioned retention period.

For the entire retention period, all bodies tasked with performing controls and audit are entitled to access the premises of LP and PPs benefitting from Interreg funds to check all relevant project documentation and accounts.

4.7. Initial visibility requirements

As soon as the physical implementation of an Interreg operation involving physical investment or the purchase of equipment starts or purchased equipment is installed, depending on the operation's financial size and budget characteristics the LP and PPs must display:

Poster - a poster (minimum size A3 or equivalent electronic display) with information about the project, the project logo and information about the co-funding of the project. This poster must be displayed at each project partner's premises, at a location readily visible to the public, such as the entrance area of a building. The programme will provide each contracted project with a template with the minimum requirements of the poster.

Billboards and plaques – if the project envisages physical investments or the purchase of equipment whose total cost exceeds €100,000, it must display a durable plaque or billboard that is clearly visible to the public as soon as the physical implementation starts or the purchased equipment is installed. It should present the emblem of the Union in accordance with the technical characteristics set out in Annex IX of CPR. Certificates of attendance or any other documents intended for the public or participants of the funded project must also respect the aforementioned requirements.

The term "Interreg" must be used next to the emblem of the Union in accordance with Article 47 of Regulation (EU) 2021/1060.

4.8. Compliance with other technical requirements

Bank account

When allowed by internal beneficiary rules, a separate bank account or a sub-account for receiving project Interreg funds in euros is strongly recommended.

Identification of the controller

In accordance with 46(3) of Regulation (EU) No 1059/2021, where the MA does not directly perform verifications attesting that products and services have been delivered and that expenditures declared by the beneficiaries have been paid in compliance with applicable law throughout the whole programme area (this is the case of the IPA ADRION programme), each Participating Country must designate a body or persons responsible for performing such verifications in relation to PPs located in their own territory (also known as national controllers²).

The national control systems set in place by the IPA ADRION Participating Country can be:

Centralised: the Participating Country appoints one body/institution in charge of performing the necessary verifications on expenditures of the PPs located in its territory. The Participating Country can also decide whether or not the service is free of charge.

Decentralised: the LP/PP located in that Participating Country must identify its controller in accordance with the rules and procedures defined at a national level. The identified controller can be external (i.e. a single independent controller selected from the market) or internal (i.e. for public bodies only, this option is applicable if the controller is independent from the department in charge of the project implementation). In both cases, the selected controller is subject to the approval of the approbation body appointed at the national level for this purpose. Costs of verifications provided by independent controllers are eligible under the external expertise cost category.

The table below provides an overview of the various systems in force in the IPA ADRION Participating Country. Detailed and updated information available both on the Interreg IPA ADRION website and on the website of the National Contact Points (hereinafter NCPs) and/or national controllers.

Partner State	System type	Cost of control	Additional information
<i>Albania</i>	Centralised	Free of charge	
<i>Bosnia and Herzegovina</i>	Centralised	Free of charge	
<i>Croatia</i>	Centralised	Free of charge	
<i>Greece</i>	Centralised	Free of charge	
<i>Italy</i>	Decentralised	Charged to beneficiaries	The system is currently under revision; for the moment, the described provisions apply
<i>Montenegro</i>	Centralised	Free of charge	
<i>North Macedonia</i>	Centralised	Free of charge	
<i>Serbia</i>	Centralised	Free of charge	
<i>Slovenia</i>	Centralised	Free of charge	

The verification of expenditures is aimed at providing a guarantee to the programme authorities that LP and PP costs are accounted for and claimed in accordance and compliance with the legal and financial provisions of the EU Regulation, programme and national applicable rules.

² Controllers –in the programming period 2021-2027 and on JEMS.

5. Advance payment

After the successful finalization of the legal framework – signature of the subsidy contract and partnership agreement – the MA will proceed with the payment of the advance amounts to the LP only for those beneficiaries (LP and PPs) located in an IPA participating country.

The advanced payment is up to **20% of the Interreg funds** of the affected LP/PPs. The advance payment will be disbursed according to the availability of funds.

The advance payment shall be compensated with the last project payment.

In case the concerned IPA LP/ PPs do not manage to submit enough validated expenditure to offset the advance payment received, the MA/JS will adopt the necessary steps to ensure compensation of funds.

Reporting and request for payment

6. The payment process

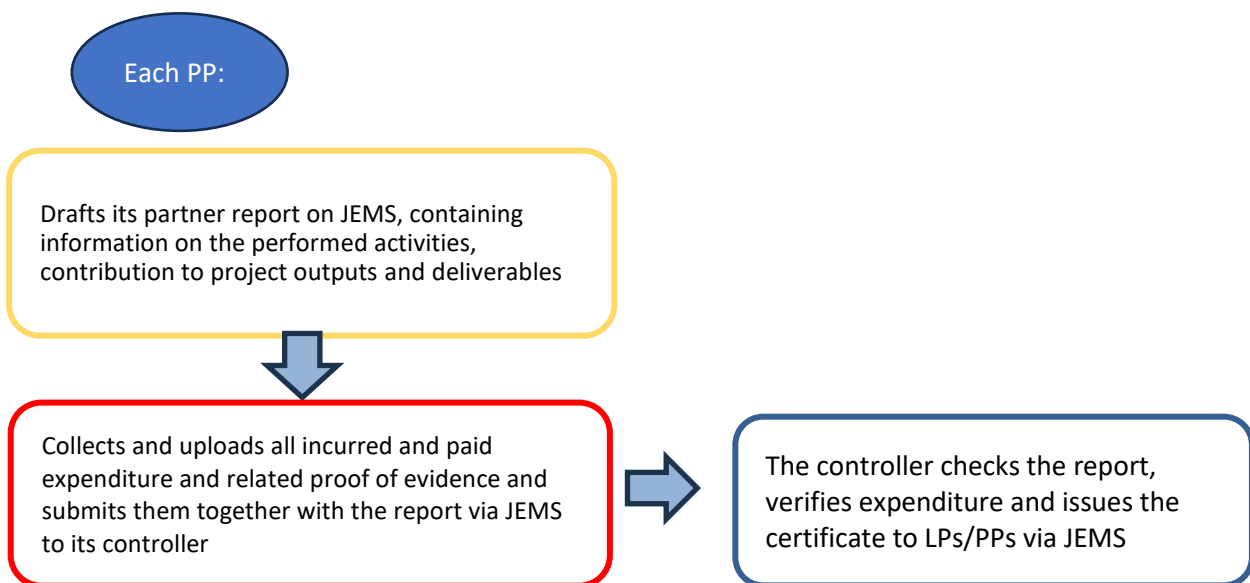
Without prejudice to the advance payment, the EU contribution is paid as a reimbursement, i.e. funds are provided to the project after its implementation and the demonstration of related costs (with reference to those cost categories to be reimbursed as real costs) have been incurred and paid in accordance with the established rules. Additionally, reimbursement of the IPA PPs can take place if the Financing Agreement between the IPA Participating Country(ies) where the IPA PP(s) is located, the European Commission and the MA has been signed.

The payment of the EU contribution is related to the expenditures incurred and paid in a pre-defined reporting period as indicated in the approved AF on the condition that the request for payment is accompanied by a financial and/or a content report, according to what established by IPA ADRION Programme - and supported by documentation related to the verification of the expenditures.

Each PP is involved in the reporting process. The LP coordinates it and submits the request for payment to the MA via the JS.

6.1 Project Partner Reporting

Overall, each PP – including the LP – must perform the following tasks:



All key deliverables produced by the projects must be in English. However, deliverables or documentation aimed at promoting the projects at national level may also be produced in the national language of the participating country where they will be disseminated.

The PP must submit its partner report to the controller every reporting period to enable the LP to prepare the project report, even if the PP has not implemented any activity and the expenditures amount to € 0. This rule does not apply to the request for reimbursement of the preparation costs.

6.1.1 Partner report

The partner report must be written in English and completed using JEMS and the related template. It is divided into a content and a financial part.

Content part

Each PP must draft a partner report that describes its contribution (i.e. activities implemented) to the project's implementation during the reporting period in accordance with the project work package(s).

Each PP is asked to provide information on specific deliverables and outputs produced as well as information on the target groups reached as identified in the AF. The PP is also asked to report on any problems dealt with during implementation or deviations with respect to the initial planned schedule.

The information provided must be accurate, reliable and duly supported, if necessary, by documentation (e.g. studies, reports, participant lists etc.) and/or pictures (e.g. a picture attesting to the organisation of an event, a picture of a gadget produced).

Financial part

The partner report includes information on the expenditures incurred and paid. Each PP must upload to JEMS the amount of each expenditure item and the related invoice in the correct cost category: it is of vital importance that this activity be done accurately. Carefully consider the necessary time for its fulfilment. In order to avoid delays both in the verification of expenditures and further payments, it is highly recommended that the LP/PPs upload expenditures and related documents to JEMS each time an expenditure is made.

The uploading must also be accompanied by a description of the main characteristics of each expenditure item. If one expenditure item is not correctly uploaded or if the overall uploading is not accurate, the controller may reject the report, thus potentially jeopardising the project's financial performance, with consequent de-commitment and potential loss of funds.

If the cost category is based on real costs, for each expenditure item the PP must upload all supporting documents to allow the controller to verify the existence and correctness of the audit trail (e.g. invoices, process attesting to the public procurement process). It is extremely important to correctly name each uploaded file in order to simplify the identification of its contents. If multiple files relate to the same expenditure, it is suggested to group these files together and upload them as a zip folder. Each uploaded file must have a maximum size of 50 MB.

In order to comply with programme and project financial targets, expenditures reported in the partner report should refer to the last implementation period.

However, some exceptions are allowed:

- The expenditure was paid after the end of the reporting period of implementation covered by the request for payment, and thus not processed by the controller.
- The certificate of expenditure was issued by the controller after the term set by the programme for including it in the relevant report.
- The verification was pending due to the need for clarification between the PP and the controller.
- Verifications by the controller and/or the MA/JS were pending following the outcomes of controls and audit performed at the programme level or any other applicable control or audit.
- The amount to be verified was below the threshold set by controllers for issuing certification (for this please check for the presence of any specific national rules).

All amounts entered in JEMS are in the currency they were paid in.

The final exchange rate of the expenditure incurred in a currency other than the euro is automatically converted by JEMS using the monthly accounting exchange rate of the European Commission for the month during which the expenditure was submitted to the controller.

After completing the upload and data entry, JEMS automatically updates the financial tables which will display the expenditures per period and cost category.

PPs from S. Marino, , will provide information on the implementation of the project activities, contribution to the achievement of the outputs and result indicators, as well as the general financial progress.

6.1.2 Verification of expenditures

Once submitted, the partner report (activity and financial parts) becomes visible to the relevant controller tasked with performing the necessary verifications.

It is suggested that the latest deadline for submitting the partner report to the respective controller be 10 calendar days after the end of the reporting period. If the deadline is not respected, the controller might postpone the certification of part of the expenditures submitted to the next reporting period. Moreover, as some centralised systems have set in place their own rules with regard to the latest possible deadline for receiving requests for clarifications/provision of further information, etc., PPs are invited to check for the existence of such rules and to organise accordingly.

Requests for additional clarifications can be asked by controllers. The requests and the relative documentation must be uploaded to JEMS by the partner and /or the controller and its completeness will be verified by the controller at the end of the process.

The verifications performed by controllers are reported in the system through checklists and reports, which provide information on the type of controls performed, method of verification, risk-based verification general description, description of findings, expenditure verification, conclusions, eventual recommendations and follow-up measures in view of the next partner report.

The following documents are issued by the controller:

- Control certificate
- Control checklist
- Control report

Following its checks, the controller can:

- a) Revise the amount claimed
- b) Reject the entire cost claimed due to its ineligibility.

- c) Not verify the cost claimed: this can happen in the event of, e.g. lack of information, late submission of documentation by the PP, clarifications received from the PP deemed to be insufficient. In this case, the cost is not verified in the reporting period in question.

If the verification of an item is pending, the controller can “park” the related expenditure.

The partner will have the option to include the parked expenditure in the following report or to exclude them.

Sensitive data non necessary to the verification process should not be uploaded on JEMS. Doing so would be considered a violation of the separation of function and independence principles that the project partners and controllers must comply with.

6.1.3 Declaration of the project partner

Each PP must also provide a declaration attesting to the absence of conditions reported in the paragraph “*Judicial and other proceedings*”.

The template of this declaration is provided by IPA ADRION and available on its website.

6.2 Project report

In accordance with the reporting period and deadlines defined in JEMS and subsidy contract, the project must regularly inform the MA/JS on the progress of its activities and of the advancement of expenditures through the project report. The project report consists of a financial and content part. It is possible to submit only one part of the report (i.e. only the content or the financial part) or both, in accordance with the indications reported in the Subsidy Contract.

Only the LP is entitled to generate and submit project reports.

The project report is based on data and information provided by all PPs through their reporting (the LP is in charge of aggregating the information provided) and controllers’ certificates.

Even though the LP can check the status of the PP report on activities and the verification of expenditures on JEMS, it is important that the partnership defines internal deadlines for the PPs to submit reports to their controllers within the recommended 10 calendar days following the end of the reporting period and ensure the completeness of the project report to be sent to the MA/JS within the established deadlines. If duly justified, the LP can submit the report without the reports of all PPs.

6.2.1 Content Report

The LP is in charge of drafting the content part of the project report based on the information provided by all PPs on the activities performed in the period of reference.

Information on project implementation must be provided following the template provided in JEMS. Some of its parts are automatically pre-filled by the system based on the data included in the approved AF and in the previous project reports (cumulative data) to allow a comparison between the approved AF and the progress achieved during implementation.

For each WP the LP must provide a summary description of activities carried out and the contribution and involvement provided by each PP. Problems encountered, solutions envisaged and deviations from the activities initially planned must be detailed accordingly.

For each of the **project-specific objectives** (as defined in the latest version of the approved AF) the progress and achievement levels must be specified with respect to the reporting period according to one of the following options:

- Fully achieved
- Partly achieved
- Not achieved

The LP must provide a brief explanation for each option.

As far as **deliverables** are concerned, the LP must describe the progress achieved through the information included in each partner report. When possible, the relevant deliverables (e.g. a study, the agenda of an event and the participant list, picture(s) of the promotional material produced etc.) must be attached to the report.

The LP must also check the achievement of the envisaged output and result **indicators**, providing evidence and avoiding double or multiple counting (e.g. the participants in an event counted more than once).

A cumulative overview of the **main outputs and result indicators** is automatically generated by JEMS based on the information provided in the WP section of the report.

The provision of accurate, qualitatively good and realistic information makes the monitoring of the report received smooth and speeds up payment times.

The MA/JS might reject submitted deliverables if considered as not compliant with the programme requirements and application form, requesting the project to solve the detected shortcomings.

With regard to the **target groups** addressed, JEMS automatically displays the target group categories selected in the AF.

6.2.2 Financial Report

In accordance with art 26.1.c) of the Interreg Regulation and art. 9.5 of the Subsidy Contract, the LP must ensure that the expenditures based on real costs presented by all its PPs have been verified by their designated controllers and that they correspond to the agreed activities enumerated in the approved AF in accordance with the reporting requirements.

Controls performed by the LP³ must ensure that:

- a) The declarations provided by the PPs are complete.
- b) All eligible expenditures incurred and paid by each PP are supported by the relevant documentation of the controller.⁴
- c) All eligible expenditures incurred and paid are consistent with the latest approved AF, are incurred for implementing the project and correspond to the activities agreed to by all the PPs. Any deviations from the AF are properly described and justified in the project report.
- d) Amounts and activities reported are correctly included in the project report and provide a correct description of the project's implementation and current status.

³ These controls are responsibility of the LP, unless differently agreed with its own controller.

⁴ JEMS displays the list of certificates issued by the controllers.

- e) All obligations envisaged in the subsidy contract are respected.
- f) The overall expenditures incurred and paid are on track with regard to the planned expenditures

The LP⁵ verification does not imply repeating the checks already carried out at the PP level, but rather ensuring that all relevant documentation is complete. If information on the verified expenditures of PP(s) is missing (e.g. lack of information in the checklist; the identification of a financial error and related correction not classified in JEMS), the LP is entitled, to get the necessary information before the submission of the report to the MA/JS. If questions remain, the JS must be consulted to get the necessary guidance.

6.2.3 Horizontal requirements and communications

The project report must also include information on how the project has contributed to mitigate the environmental impact and the respect of horizontal principles.

Since communication activities are included in the thematic work packages, information on related activities performed should be provided accordingly.

6.3 MA/JS monitoring

After official submission, the MA/JS analyse the project reports received.

Preliminary verifications performed by the JS are aimed at ensuring the administrative correctness and presence of the requested documents (e.g. respect of deadlines, presence and completeness of controllers' declarations).

Monitoring verifications are intended to define the progress of each operation in relation to the planned project goals, performance and respect of programme rules (see also the chapter on the mid-term review) through:

- a) Achievement of output and result indicators
- b) Project deliverables
- c) Communications and regular updates of the project web pages hosted by the IPA ADRION portal (at least every two months)
- d) Finance and activity implementation both at the project and PP levels
- e) Appropriate use of the budget flexibility rule and of specific programme finance rules
- f) Respect of state aid requirements (if applicable)
- g) Respect of horizontal principles
- h) Adoption of specific measures aimed at reducing environmental impact, including:
 - Use of video conferencing to reduce travel
 - Publications on FSC certified paper
 - Use of "green public procurement" procedures and innovative public procurement where appropriate
 - Use of short supply chains in the implementation of project activities

⁵ These controls are responsibility of the LP, unless differently agreed with its own controller

- Raising partners', beneficiaries' and target groups' awareness of sustainability issues
- Promotion of activities with limited use of energy and natural resources

The MA/JS performs controls on the activity part by verifying the project's existence and physical progress by analysing the activity part, including indicators, of each progress report as well as outputs and relevant deliverables produced by the project.

If the information provided in the project report submitted is not sufficient, the MA/JS will ask the LP to provide supplements, clarifications and/or to revise the progress report by a given deadline.

If necessary, the clarifications provided can have as a follow up the revision and resubmission of the project report or of some of its annexes, and/or a review of the amount to be paid.

Additional checks are performed by the MA within its accounting function according to art. 47 of the Interreg Regulation.

In addition to the checks described above, the MA/JS must also perform "desk checks", i.e. targeted verifications performed through the analysis of documents specifically requested from the LP, e.g. the verification of an expenditure through the analysis of the related invoice, public procurement process etc. (see the *Controls and audit* chapter).

6.4 Request for payment

According to art. 5 of the Subsidy Contract (ref. to art 74 of the CPR), subject to the availability of funding the MA must ensure that the LP receives the amount included in the LP request for payment in full and no later than 80 days from the date of submission.

Any requests for the provision of additional information by the MA/JS or the need for further investigations following the identification of a possible irregularity related to the expenditure concerned by the relevant national or European institutions interrupt the aforementioned programme obligation (art. 74.1 of the aforementioned Regulation).

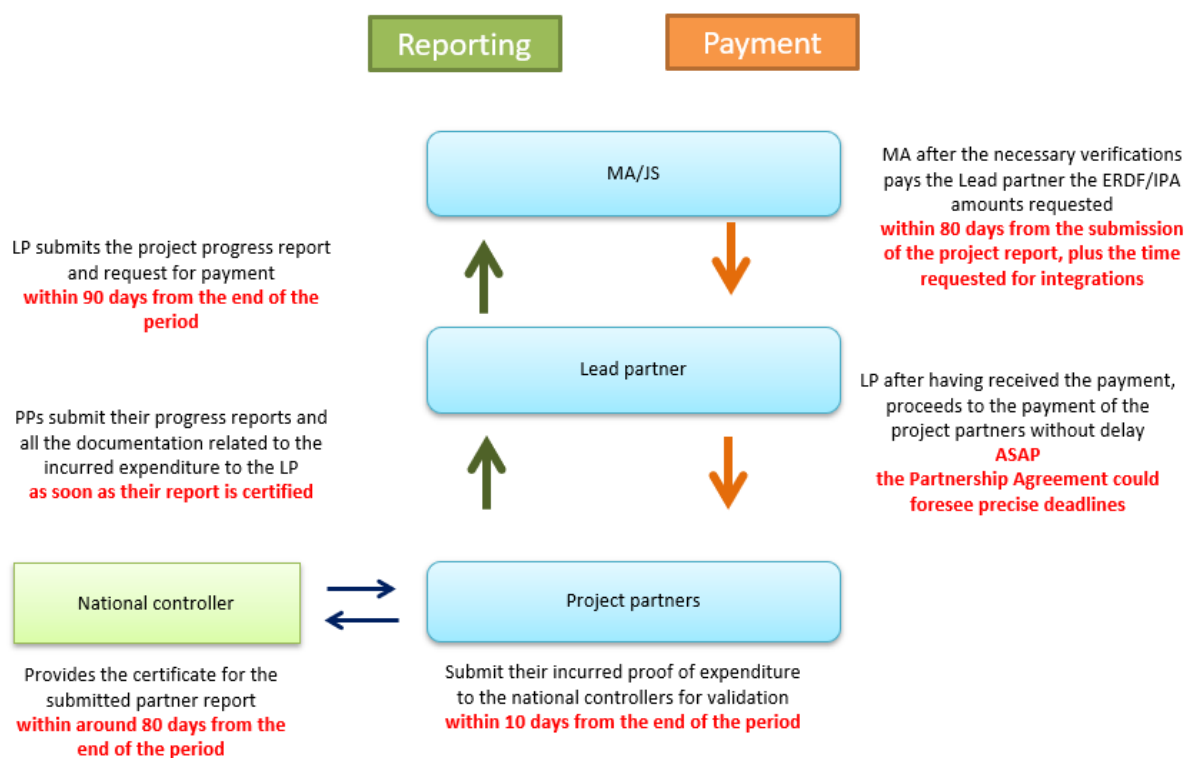
The LP concerned shall be informed in writing by the MA/JS of such interruption and the reasons for it.

After the approval of the project report, the MA, within its accounting function, informs the LP about the payment via email and/or via JEMS (when such function will be available). Where applicable, the communication will also contain the retention of the previously disbursed advance payment, its amount and the PPs affected.

The MA transfers the payment of the EU co-financing to the bank account of the LP in euros. No amount is deducted or withheld, and no specific charge or other charge with equivalent effect is levied that would reduce the amount due.

The LP is responsible for paying the PPs the total amount of their respective share of Interreg funding as quickly as possible and in full. No amount is deducted or withheld and no specific charge or other charge with equivalent effect is levied by the LP that would reduce the amount due to the PPs (see art. 5.15 of the subsidy contract). Information on the transfer of EU funds must be provided to the MA/JS in the declaration attached to the subsequent project report. The MA/JS reserve the right to perform checks or take additional steps, if necessary.

The diagram below illustrates the overall payment process:



As the MA is also in charge of transferring the corresponding share of the Italian rotation fund to the Italian LPs/PPs, such payment must be made as follows:

- a) If the LP is located in Italy, the shares of the Italian rotation fund must be transferred to it. The Italian LP will in turn be responsible for transferring the share of the Italian rotation funds to any Italian partners in the project partnership.

The LP must ensure that the Italian PPs receive the total amount of their respective share of the Italian rotation fund as quickly as possible and in full. No amount may be deducted or withheld and no specific charge or other charge with equivalent effect may be levied by the LP that would reduce the amount due to the PPs.

- b) If the LP is not located in Italy, the MA must ensure the payment of the share of the Italian rotation fund directly to the Italian PP(s).

6.5 Payment of preparation costs

Where envisaged in the approved AF, with the first report the LP may also ask for the payment of the expenditure related to the preparation costs where the requirements set forth in the chapter *Project legal framework* are in place.

As preparation costs are considered a lump sum, the LP/PPs concerned do not need to submit the related invoices to their controllers for validation.

The controllers check if the requested amount is within the ceiling established by IPA ADRION.

The template for requesting the payment of preparation costs at the PP and project levels is provided by IPA ADRION.

The amount requested is transferred by the MA to the bank account of the LP that is responsible for transferring the shares of the lump sum to the PPs concerned in accordance with what is specified in the AF.

The obligations regarding the transfer of funds in full and without delay as described in the previous paragraph apply.

7. Monitoring of performance and mid-term review

As indicated in the Application Manual 1st Call for proposals, *each granted project shall be subject to a mid-term review by the Managing Authority to analyse the financial and activity achievements with respect to the approved ones. The outcomes of the review will be presented to the IPA ADRION Monitoring Committee.*

The aim of the mid-term review is to check that project implementation is on track at a certain phase of the process and has not significantly deviated from the approved objectives and project milestones and targets.

The mid-term review exercise is additional to reporting and is based on objective data.

The LPs should promptly and precisely start the collection of the necessary documents and information from all the project partners to get a detailed understanding of the project's status (e.g. contracts signed; accurate calculation of staff costs; tenders launched/to be launched, evidence of achieved output indicators etc.).

A detailed calendar for the submission of the requested documentation will be provided to the LPs in due time.

The project review will take place at the end of the first half of the project life-time, i.e.: after three reporting periods (e.g. after month 18, for a project lasting 36 months).

From an operational point of view, the mid-term review is focused on the verification of the achievement of the following targets:

1. *Project budget spending performance vs forecast expenditures irrespective of de-commitment at programme level is at least 80%:*

The expenditure incurred by the project at the end of the three reporting periods should be at least equal to 80% of the spending forecast. Evidence of the expenditures incurred must be provided through submission of reports to national controllers for the necessary verification.

The analysis of the financial performance also considers the capacity of the IPA PPs to spend the advance payment received.

An underspending rate higher than 20% of the spending forecast, may bring to the project Interreg budget reduction for the exceeding percentage. Budget reduction shall be approved by the MC.

The table below provides an example of an eventual budget reduction:

Example:	Spending Forecast (AF) (A)	Reported Expenditures (JEMS Project Reports) (B)	B/A %
Period 1	130.000,00	100.000,00	

Period 2	260.000,00	160.000,00	
Period 3	285.000,00	240.000,00	
Total Period 1+2+3	675.000,00	500.000,00	74%
Envisaged Budget Performance (80% * Spending Forecast Period 1+2+3)		540.000,00	80%
Eventual Budget reduction = (Envisaged Budget Performance - Reported and certified expenditures)		-40.000,00	6%

2. *Project output indicators achievement vs the planned project output indicators for the concerned periods.*

The review will assess the effective capacity of the projects to achieve the output indicator targets as set in the approved application form, for the concerned periods, also in the light of possible external factors, and undertake eventual mitigation measures.

Quantification of output indicators is provided through documentation evidencing the achieved target.

Respect of programme rules on output and result indicators requirements along with sustainability of project outputs and results will also be checked.

3. *Respect of work plan implementation schedule:*

The review will allow to identify the activities/deliverables lagging behind the schedule and discuss the potential problems hampering project implementation as well as the necessary mitigation measures and eventual project modifications needed to overcome them.

Management and communication activities will also be checked.

Evidence of the delivery of the planned activities should be provided through the provision of copy/evidence of the planned deliverables.

The review shall also be accompanied by the following analysis/documentation by the LP:

- a) Provision of an overview on the forthcoming activities to be implemented and their respective financial absorption.
- b) Analysis of potential risks and problems emerged, project deviations and delays, as well as the mitigation measures undertaken/to be undertaken, along with the need for any project modifications (activity and financial modifications etc.).

The information collected will be analysed by the MA/JS and submitted to the MC, which will decide on the next steps to be adopted.

Finally, at the end of the mid-term review the projects will also be offered the possibility of revising their work plan, if necessary. The MA/JS shall provide guidance and recommendations to the projects and their partnerships while revising their work plans. Based on the MC's decisions, follow-up actions may also be put in place.

8. Financial planning and de-commitment

As a general rule, the monitoring activity provides an overview of the project's advancement, allows the programme to verify the compliance of the implemented activities with those approved in the application form, as well as the programme rules. It also provides an overview of the partnership's ability to manage the project and meet the targets set.

Data are regularly collected, analysed and communicated to the MC.

Approved budget and spending plans must be carefully respected. If Interreg funds are not spent according to the defined schedule, project underspending may result in the impossibility of the programme to meet its financial targets, with consequent de-commitment of unspent funds by the European Commission. As a result, the commitments already granted to projects will have to be reduced.

Decommitment risk may apply even if the mid-term review has already envisaged a budget revision.

In order to mitigate the risk of underspending, the MA/JS recommend to carefully plan project activities in due advance – in particular with regard to those PPs with high allocations in single periods – in order to meet the project obligations in terms of financial spending and activities implemented.

In this regard, the definition of a monitoring plan clearly setting the different reporting targets and milestones both from an activity (deliverables and outputs) and financial point of view at the project and partner levels is highly recommended.

If de-commitment at the programme level occurs and a reduction of funds already granted is necessary, the MC's decision on the extent to which projects are affected by the budget reduction will be based on an assessment of the project spending forecast and the actual project spending rate.

Modifications to operations

9. Project modifications

During project implementation several endogenous or exogenous situations may arise requiring a modification of the planned activities or of the actors involved.

Modifications can affect:

- a) The partnership.
- b) The activities, including deliverables, on the condition that they do not alter the overall project goals and objectives.
- c) The work plan.
- d) The budget (reallocation between PPs and/or cost categories, as long as the maximum amount of funding awarded is not exceeded and provisions related to State Aid discipline are respected).

Modifications may not regard:

- a) Spending forecast per period unless linked to significant changes in the project work plan as described in this manual,
- b) Contribution to the programme result(s).
- c) Orientation towards equality between men and women and non-discrimination.
- d) Positive or neutral orientation towards the environment.
- e) Quantification of chosen output and result indicators and/or their removal.
- f) Change of initial choice regarding real/simplified costs with respect to the cost category as indicated in the approved AF.

Depending on the impact on the project setup, modifications can be considered minor or major.

9.1 Minor modifications

Minor modifications are considered those changes that do not have a substantial impact on the overall project goals and implementation. They are mainly of an administrative or technical character (i.e. information on data storage, modification of LP bank account). The PPs must inform the LP about the need for minor changes without delay.

The list of minor modifications is detailed below.

If necessary, the MA/JS can ask for support from the NCPs for the necessary verifications.

9.1.1 Minor administrative modifications

These modifications can include:

- Change of bank account and/or storage of project documents.
- Change of LP/PP contact data (name, telephone, email address, etc.) not affecting its legal status or its legal succession.
- Change of contact data of the project, finance or communications manager.

- Change of legal representative of the LP/PP (the request must be supported by valid relevant supporting documents).
- Change of VAT number (the request must be supported by valid relevant supporting documents and must be included in the report, so that the controller is informed).
- Change of LP/PP name without consequences on its legal status or legal succession (the request must be supported by valid relevant supporting documents).

In all the cases mentioned above, in order to start the modification process, the LP must inform the JS as soon as possible about the need to change the administrative information. If necessary, the JS opens the section(s) concerned in JEMS, where the LP can then update the information and upload the relevant documents as needed.

If necessary, the subsidy contract is updated accordingly.

9.1.2 Work plan and financial adjustment

The project may introduce minor adjustments in the work plan and within the same cost category under the condition that they do not affect the strategic approach of the project and do not jeopardise the project implementation by the scheduled end date.

These may be related to a change of format of an activity or deliverable, to the implementation timeline of a single activity/deliverable and/or (main) output delivery, to the involvement of PPs in a work package or activity, or to a small reallocation within the same cost category while keeping the total amount per PP unchanged.

The following **cannot** be considered minor adjustments:

- Reduction of the quantity/quality or change of the nature of the planned outputs.
- Reduction of the output target values and result indicators.

How to proceed

A preliminary communication must be sent to the JS via email by the LP.

In the event of MA/JS approval, the modifications must be included and described both in the following partner and project report. A justification and, whenever necessary, an explanation of the possible consequences of the adjustment must also be provided.

Examples:

Instead of holding a workshop addressed to stakeholders during month 12 of project implementation, the project decides that it is more effective to organise targeted interviews to be held during an international event where all stakeholders will be present. The interviews will take place in month 15 of project implementation. As a result, an output that includes stakeholder opinions will be delivered at the end of month 15.

The reduced amount of travel, which had originally been planned to involve the entire partnership, resulted in savings of €2,000 for PP3. The amount saved can be used to allow PP3 to attend a capitalisation event in Venice. The participation in the event, not initially planned, can be reported in the deviation section of the partner report (and afterwards in the project report) after having obtained the approval of the MA/JS.

9.1.3 Budget flexibility

The project may require small budget modifications. Budget flexibility allows project to reallocate amounts among cost categories according to the implementation's need for an increase, up to 20% of the value of the cost category. The reference budget for calculating such flexibility is the latest approved AF.

When applying flexibility, the LP and PPs must consider the following:

- The total budgets of the LP/PPs cannot be exceeded.
- The total budget of the project cannot be exceeded. This means that an increase in a certain cost category has to result in a decrease of another cost category(ies).
- The budget for State Aid relevant activities (according to the *de minimis* Regulation) cannot be exceeded, either at the PP or the project level (if applicable).
- The spending plan per period cannot be changed.
- Budget reallocation among the different cost categories cannot alter the general character (objectives, outputs and result) of the approved project.
- Certain cost categories cannot be reduced to the extent that they would alter the relevance of the PPs involved (i.e. extreme reduction of staff costs),or affect core deliverables (i.e. considerably reducing the costs of equipment).
- If changes affect the staff cost category, the affected LP/PP must also take into account consequences to the “office and administrative costs” cost category, not to mention the “travel and accommodation” cost category if applicable, if it is calculated as a flat rate.
- Changes affecting a cost category used as baseline for other cost categories calculated at a flat rate impact the overall budget of the LP/PP.
- The 20% threshold is considered cumulative for the cost category/ies that is going to be increased at project level.
- If a PP already received Interreg co-financing following the payment of preparation costs and/or expenditures incurred and paid in previous reporting periods, those parts of the budget cannot be changed.
- The LP has the responsibility to monitor the respect of thresholds.
- Budget flexibility does not apply in the first six months of project implementation, apart for exceptional cases which must be approved by the JS/MA.
- It is not possible to change the calculation of a cost category from flat rate to real costs and vice versa.

The 20% threshold is to be understood cumulatively at the project level for the cost category that is going to be increased.

Example:		
Cost category (planned value)	Cost category (reported value)	Difference
CC1 – €600,000	€540,000	- €60,000
CC3 – €300,000	€360,000	+ €60,000 (20%)

How to proceed

The budget modification must be noted in the “deviation” section of the partner and project report, with a detailed explanation of the reasons, the amounts and the consequences of the modification. Upon submission of the project report, the JS will verify that the expenditure per cost category is within the allowed thresholds. If the modification exceeds the allowed thresholds, the exceeding amounts per cost category may be considered as not eligible.

9.2 Major modifications

Major modifications are considered any deviation from the latest version of the AF other than those listed under “minor modifications”. Major changes are described in the following paragraphs. All of them must be communicated in advance to the MA/JS. In some cases, the approval of the Monitoring Committee (hereinafter MC) will be necessary. If deemed appropriate, the MA/JS can ask for support from the NCPs.

Due to their significance, the major changes to be approved by MC require an amendment of the subsidy contract and/or of the partnership agreement. It should always be kept in mind that the valid application form for controls and verifications is the most recent version approved in JEMS.

Major changes must be duly justified and cannot take place in the first six months of implementation, unless – and this is the case of changes in the partnership – they are of vital importance for future project implementation. It is strongly recommended that major modifications be submitted at least three months before project end.

9.2.1 Changes in the partnership

During project implementation it can happen that a PP or even the LP decides to leave the partnership, due to unavoidable exogenous or endogenous factors.

Should this happen, the LP and the remaining PPs must find a solution that complies with the rules and procedures defined below.

Changes in the partnership shall be valid retroactively starting from the date when the written request is submitted to the MA via the JS. A request for changes can be submitted up to three months before the project end date (except for point D, for which this deadline is not applicable).

Following the approval of the partnership change, the LP must ensure the revision of the partnership agreement and communicate its signature in JEMS.

a) A partner decides to withdraw and is not replaced.

The partner’s withdrawal must be communicated to the MC.

The non-replacement of a PP must be counterchecked with the confirmation of the presence of the eligibility requirements at the partnership level.

If this happens, the planned activities linked to this PP must be deleted from the project and its budget revised accordingly. The budget decrease must be reflected in the budget spending plan following the period when the MA/JS received the communication of withdrawal sent by the LP.

The partnership must demonstrate that the withdrawn PP does not jeopardise the project’s effectiveness and that planned outputs and goals remain ensured.

If the withdrawn PP already received Programme payments related to preparation costs and/or expenditures incurred and validated, it retains its share of preparation costs and/or the amount paid.

If the withdrawing partner received an advance payment by the Programme and did not manage to submit enough validated expenditures to offset the advance payment received, the difference must be recovered by the LP and returned to the MA.

In any case the withdrawn PP must respect the obligations of document retention for the time specified in the subsidy contract/partnership agreement.

If an Associated Partner withdraws and is not replaced, such decision implies a revision of the PP budget supporting its costs.

The request for change must be supported by documentation attesting the withdrawal of the PP (i.e.: withdrawal letter of the concerned PP) and acknowledgement of such a decision by the partnership through the minutes of the project Steering Committee or any other relevant documentation attesting the partnership acknowledgement, as well as a declaration stating that the initially approved project outputs and goals will be ensured.

b) A withdrawn partner/lead partner is replaced by another partner already present within the partnership, which takes over the remaining activities.

Partnership replacement is possible with prior authorisation from the MC.

PP replacement can be done through a higher involvement of PP(s) already present in the partnership from the activity and financial point of view. If the withdrawn PP/LP was implementing State Aid relevant activities, the activities can only be taken over before their implementation.

If the withdrawn PP/LP has already received Programme payments related to preparation costs and/or expenditures incurred and validated, it retains its share of preparation costs and/or the amount paid.

If the withdrawing partner received an advance payment from the Programme and did not manage to submit enough validated expenditures to offset the advance payment received, the difference must be recovered by the LP and returned to the MA.

The withdrawn PP/LP must respect the obligations of document retention for the time specified in the subsidy contract/partnership agreement and conclude all pending situations (e.g. repayment of undue funds).

The replacing LP/PP(s) must take on the remaining budget of the withdrawn LP/PP. They must demonstrate to have the necessary skills and expertise to efficiently implement the remaining tasks not completed by the withdrawn PP.

If the LP withdraws, the PP intending to replace it must also demonstrate its capacity to manage and coordinate projects.

The request for change must be supported by the documentation attesting the withdrawal of the LP/PP (i.e. withdrawal letter of the LP/concerned PP) and acknowledgement of such a decision by the partnership through the minutes of the Steering Committee etc; the updated LP/PP(s) declaration of the affected institution willing to replace the withdrawn one, a declaration attesting the willingness of taking over the tasks of the withdrawn LP/PP with an overview on the skills and previous experiences supporting the request.

- c) A withdrawn lead partner/partner/associated partner is replaced by a new partner, which takes over the remaining activities.

Partnership replacement is possible with prior authorisation from the MC.

The withdrawn LP/PP can be replaced by a new entity which takes over the remaining activities.

LP/PP replacement can be done through the inclusion of a new organisation, possibly located in the same Participating Country.

If the new organisation must implement State Aid relevant activities, they can only be taken over before or after their implementation.

The newly identified organisation must demonstrate that it has the necessary skills and expertise to efficiently implement the remaining tasks.

Its total budget is the difference between what was initially planned for the withdrawn PP and what was already spent and paid.

The withdrawn PP must respect the obligations of document retention for the time specified in the subsidy contract/partnership agreement and conclude all pending situations (e.g. repayment of undue funds).

If an Associated Partner withdraws, it can be replaced if the replacing organisation demonstrates its contribution to the partnership. Such a change could imply a change of the PP supporting its costs.

The request for change must be supported by the documentation attesting the withdrawal of the concerned PP (i.e. withdrawal letter of the concerned PP) and acknowledgement of such a decision by the partnership through the minutes of the Steering Committee etc; new PP declaration and/ or Associated Partner declaration of interest; a declaration attesting the willingness of taking over the tasks of the withdrawn PP and/or AP with an overview on the skills and previous experiences supporting the request.

- d) The lead partner/partner is experiencing a structural or legal change, such as legal status change and legal succession.

This change is possible if the new entity takes over all duties and obligations of its predecessor (e.g. document retention, respect for the internal audit trail, eventual follow-up of irregularities etc.) and if IPA ADRION partner eligibility requirements are respected.

A change in the JEMS legal status section is possible with prior authorisation from the JS/MA.

9.2.2 Changes in the project's budget

During project implementation it can happen that a budget gets revised for an amount that is higher than what is allowed by automatic flexibility, usually made necessary by the revision of activities/work plan.

The request for major budget changes can refer to budget reallocation between PPs and/or cost categories and provisions related to State Aid discipline, if applicable, are respected. Requests for changes can be submitted up to three months before the project end date.

The request for a budget change cannot:

- a) Affect the budget of activities considered as State Aid relevant and subject to the *de minimis* rule.

- b) Be related to preparation costs.
- c) Affect the spending forecast per period unless linked to significant changes in the project work plan.
- d) Be related to expenditures already incurred and paid.
- e) Make one or more PP budget irrelevant – and consequently its activities – within the project.

Budget re-allocation between different cost categories is possible with prior authorisation from the JS/MA and MC.

The request for change must be supported by the documentation attesting the shared acknowledgement of such a change by all the PPs (i.e.: minutes of the Steering Committee etc.) and the updated declarations of the affected PPs (if necessary).

Following the approval of the budget change, the LP must ensure the revision of the partnership agreement and communicate its signature in JEMS.

9.2.3 Changes in the work plan

A project may change its approach towards the achievements it is expected to reach on condition that the requested changes:

- a) Do not alter the overall project goals and objectives.
- b) Do not alter the output and result indicators and their quantification.
- c) Do not alter the orientation towards equality between men and women and non-discrimination.
- d) Do not revise the positive or neutral orientation towards the environment.
- e) If State Aid relevant activities are present, the changes do not affect them when they are in the middle of implementation.
- f) Do not make a PP contribution irrelevant with regard to its contribution to project implementation.

The request for changes in activities may require a budget revision.

The request to modify an activity/output must be duly justified and submitted no later than one month before the planned change takes place.

Changes in the work plan are possible with prior authorisation from the JS/MA.

The request for change must be supported by the documentation attesting the shared acknowledgement of such a change by all the PPs (i.e.: minutes of the steering committee etc.).

Example:

A project initially planned to sign an agreement among relevant stakeholders operating in the Adriatic and Ionian seas to improve sustainable aquaculture. During its implementation, the project considered it more effective to join an existing network already fully operating which could expand with an Adriatic-Ionian branch. The change would ensure achieving the goal and would be more effective for the partners involved benefitting from more contacts and already existing structures offered by the existing network.

9.2.4 Change of the project duration

In duly justified cases the project may apply for a prolongation of its duration.

It is possible to prolong the project duration up to 6 months. Only in exceptional and duly justified cases an extension beyond this might be accepted.

The related request must be submitted only after the mid-term review and before the official project end as reported in the subsidy contract.

The request for modification shall be accompanied by an acknowledgement of the whole partnership (e.g. minutes of project Steering Committee meeting, email confirmations of partners etc).

Following the project duration extension, the spending plan of the last implementation period must be revised accordingly.

The date of approval of the project duration shall be valid retroactively starting from the date when the written request was submitted to the MA via the JS.

Following the approval of the project duration extension, the LP must ensure the revision of the partnership agreement and communicate its signature in JEMS.

Summary of the project change types and procedures

Project change type	Procedures	
	Minor changes	Major changes
Administrative modifications	MA/JS confirmation	Amendment of the Subsidy Contract & Partnership Agreement
Workplan changes	Minor adjustments MA/JS confirmation	Major changes Prior authorisation JS/MA MC approval
Partnership changes	LP/PPs structural changes or legal succession MA/JS confirmation	All other partnership changes, including ASP Prior authorisation JS/MA MC approval
Budget changes	Budget reallocation between cost categories within flexibility threshold (20% at project level) Checks by MA/JS at PR submission	Budget reallocation above flexibility rules or between PPs Prior authorisation JS/MA MC approval
Project duration change		Prior authorisation JS/MA MC approval

Expenditure eligibility

10. Hierarchy of rules on expenditure eligibility

Rules on expenditure eligibility must obey the following hierarchy: EU Regulations apply, followed by IPA ADRION programme rules. Only in cases where there are no EU or programme provisions or they do not offer enough details, national, regional or local laws and institutional rules can apply.

National rules cannot prejudice the rules established by EU regulations.

If national rules are stricter than EU or Programme rules, they must be applied.

The legal norms and documents detailed in paragraph 2 of this manual are those applicable both to ERDF and IPA partners.⁶



The following list expressly refers to the hierarchy of rules to be respected and **is applicable to all Interreg partners**.

Whenever different sets of rules apply to ERDF and IPA beneficiaries, these are expressly indicated in the paragraphs and sub-paragraphs below.

11. General eligibility provisions and requirements

The following set of financial rules is applicable both to ERDF and IPA PPs.

As a general rule, expenditures are eligible for funding if they fulfil all the following general eligibility requirements:

- They are incurred and paid within the eligible period related to the duration of the project as defined in the latest version of the AF. Exceptions refer to *preparation costs* and *project closure costs*:

Preparation costs have the form of a lump sum and refer to any costs incurred by the partnership (Lead partner and/or project partners) of the approved projects for the preparation of the application form for an amount of € 14.200 (EU and national contribution), if they have been included in the AF. If a single beneficiary receives any public

⁶ All regulations are available in their latest version in the EUR-Lex database of European Union Law at <https://eur-lex.europa.eu/homepage.html>.

subsidy for project preparation or application, it must be excluded from the lump sum for project preparation (i.e. lump sum to be shared among the other beneficiaries only).

Any costs incurred by the projects between the date of submission of the AF and the date the subsidy contract is signed (i.e. between the end of the preparation period and the beginning of the implementation period) cannot be claimed as preparation costs as they are not considered part of the preparation costs. PPs do not need to provide any justification or supporting documents for the preparation costs, which will be included and verified by controllers in the first project report.

Project closure costs refer to the finalisation of all the legal and administrative obligations related to the granted activities, including the preparation of the last progress report, the final report and the reconciliation with the initial amount granted, if necessary. These activities take place after the official finalization of project activities detailed in the AF and are generally included in the last request for payment. Eligible cost categories are Staff costs, Office and Administrative costs, Travel and Accommodation and External expertise and services. It refers to costs incurred and paid for the implementation of the project and in accordance with the AF approved by the MC or its eventual subsequent approved revisions. Detailed information is provided afterwards through specially produced communications/factsheets.

- It refers to costs incurred and paid for the implementation of the project and in accordance with the AF approved by the MC or any subsequent approved revisions.
- It is essential for the implementation of the project, and it would not be incurred if the project is not carried out.
- It relates to a product or service foreseen in the approved AF that has been delivered and complies with disclosure and information requirements.
- It is directly borne by the beneficiary and supported by accounting documents justifying incurred expenses/payments (invoices, payrolls etc.) except for costs calculated as flat rates and lump sums.
- It relates to an activity which has not benefitted from financial support from another public source (double funding).
- It complies with the principle of sound financial management (efficiency, effectiveness and economy).
- If required, it complies with the public procurement rules applicable in that Participating Country and/or with Programme rules.
- It is registered in the beneficiary's accounts through a separate accounting system or an adequate accounting code set in place specifically for the project.
- It is not in contradiction with specific Programme rules.
- It is verified by an authorised national controller.

12. Non-supported activities and not eligible expenditures

Without prejudice to the Programme rules defined in the specific paragraph, the following expenditures are considered **not eligible** (reference to art. 64 of Regulation (EU) No 1060/2021:

The following costs are **not eligible**:

- a) Fines, financial penalties and expenditures related to legal disputes and litigation.
- b) Costs of gifts.
- c) Costs related to the fluctuation of foreign exchange rates.

- d) Charges for national financial transactions.
- e) In kind contributions (in the form of work, goods, services, land and real estate for which no cash payment supported by invoices or documents of equivalent probative value has been made).
- f) Interest on debt.
- g) Purchase of land.
- h) Second-hand equipment (unless it meets the conditions described in paragraph *Equipment costs*).
- i) Fees or sub-contracting between beneficiaries of the same project for services, equipment, infrastructure and works carried out within the project.
- j) Value-added tax (VAT), except:
 - (i) For operations the total cost of which is below €5,000,000 (including VAT).
 - (ii) For operations the total cost of which is at least €5,000,000 (including VAT) where it is non-recoverable under national VAT legislation.
- k) Project expenditures split among PPs (i.e. sharing of “common costs”).

The IPA ADRION Programme also considers the following expenditures to be **not eligible**:

- a) Under the travel and accommodation cost category, the cost for taxis is not reimbursed unless it is the only or the most cost-effective means of transport (or in other duly justified cases, e.g. for the transport of heavy materials).
- b) The costs for the creation of a project website. Unless otherwise specified, the IPA ADRION programme offers space on its own website for all funded projects to guarantee a coordinated visibility. A personalized project website is eligible only if expressly mentioned in the approved AF.
- c) Heavy investments, infrastructure and works.
- d) Orchestras and shows unless clearly described in the AF and further approved.

13. Project cost categories

In this section specific provisions on eligibility, reporting and the audit trail are given for the following five cost categories applicable to the IPA ADRION programme and based on the requirements set forth in the CPR and Interreg Regulation:

1. Staff costs
2. Office and administrative expenditures
3. Travel and accommodation costs
4. External expertise and services costs
5. Equipment expenditures

13.1 Cost category – staff costs

Staff costs refer to the gross employment costs of staff employed by the beneficiary institution (LP or PP) to implement the project. Staff can either be already employed by the beneficiary or specifically contracted.

Staff costs are budgeted and reimbursed according to one of the following options:

- a) Real costs, calculated as explained below;
- b) Flat rate of 20% of the direct costs other than staff.

The choice, between real and flat rate is made at the PP level during the project preparation and cannot be changed during project implementation.

13.1.1 Staff costs reimbursed based on real costs

Eligible expenditures under this cost category are limited to:

- **Payment of staff** involved in activities (salary) which the body involved would not carry out if the project concerned was not undertaken, established in an employment document (employment contract or appointment decision) or by law relating to responsibilities specified in the job description of the staff member concerned.
- **Payments of natural persons other than staff** working for the beneficiary under a contract other than an employment/work contract. Please note that this applies to partners from Bosnia and Herzegovina, Greece, Italy, Montenegro, Serbia, and North Macedonia⁷. The conditions under which a natural person can work under such a contract must be clarified by the LP/PPs to their controllers through the provision of relevant information with regard to the national law and their institutional regulations in force. IPA ADRION does not provide a generally applicable definition of the term as national regulations regarding this issue might be different from country to country. Such a contract may be similar to salary payments and such costs are eligible under staff costs only when the following conditions are met:
 - The person works under the beneficiary's instructions and, unless otherwise agreed with the beneficiary, on the beneficiary's premises.
 - The result of the work carried out belongs to the beneficiary.
 - The costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

As far as the Italian Co.co.co or Co.co.pro contract type is concerned, please refer to the document prepared by the Italian Ministry of Economy and Finance – IGRUE related to the operations financed in the framework of the ETC programmes (“Manuale per la Rendicontazione ed i Controlli in relazione alla spesa dei programmi di Cooperazione Territoriale Europea”).

In the case of persons specifically hired for project work through recruitment agencies and if it is the recruitment agency that pays them, these costs cannot be included and reported under the “Staff costs” cost category, but must instead be reported under the “External expertise and service costs” cost category. As recruitment agencies are considered service providers, they must always be selected according to transparent procurement rules.

If the conditions listed above are not met, the person's costs must be allocated under the “External expertise and services costs” cost category.

⁷ Please note that the paragraph does not apply to partners from Slovenia, Croatia, and Albania

The following conditions apply:

- Costs directly linked to salary payments incurred and paid by the employer (such as employment taxes and social security including pensions) as covered by Regulation (EC) No 883/2004 provided that they are:
 - Established in an employment document or by law in accordance with the legislation referred to in the employment document and with standard practices in the participating country and/or organisation where the individual staff member is working. These costs, generally paid at a later time with respect to payments to staff, can be charged together with the actual payment incurred to staff as an exemption to the general rule, according to which eligible costs refer to those paid by the beneficiary.
 - Not recoverable by the employer.
- Taxable benefits are only eligible if envisaged in the signed contract, comply with national or internal regulations and they are consistent with the employment policy of the beneficiary organisation (special regulations applicable only to the project granted are not allowed). They must be directly linked to the salary payments and appear on the payslip.
- Unjustified special salary increases or bonuses related to the project are not eligible.
- Where envisaged by the employment document, overtime is eligible provided it is in compliance with national law and the standard practice of the beneficiary. Overtime of an employee working part-time on the project can only be eligible if transparently and proportionally allocated to the project.
- In the case of contractual changes for staff working on the project, the method for calculating staff costs may also be adapted to the changed conditions (see below).

Staff costs must be calculated individually for each staff member assigned to the project. They can be cumulatively reported if previously authorized by the respective controller before the submission of the partner report in JEMS.

Calculation of staff costs

The methods for calculating the eligible staff cost, as envisaged in art. 39 of Regulation No 1059/2021, are the following:

1. **Full time:** an employee devotes 100% of their working time to the project. The full-time assignment to the project must be included in the employment/work contract or in a specific statement/order issued by the LP/PP. No registration of the working time (e.g. time sheets) is required. In such case the **total gross employment cost is eligible**.

Staff costs=total gross employment cost

2. **Part-time with a fixed percentage of time worked per month:** an employee devotes a fixed percentage of his/her working time to the project. This percentage is set out in a document issued by the LP/PP at the beginning of the project, and/or in the original employment/work contract. No registration of the working time (e.g. time sheets) is required. In such case the **fixed percentage of the gross employment cost is eligible**.

Staff costs=fixed percentage of the gross employment cost

Part-time with a flexible number of hours worked per month: an employee that dedicates a flexible percentage of their working time to the project. For the purposes of determining direct staff costs, an hourly rate may be calculated in one of the following ways:

(a) By dividing the latest documented annual gross employment costs by 1,720 hours for persons working full time, or by a corresponding pro-rata calculation of the 1,720 hours for persons working part-time.

Hourly rate = annual gross employment cost/1,720 hours

(b) By dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract or an appointment decision (both referred to as the employment document).

The eligible staff cost is found by multiplying the hourly rate by the number of hours actually worked on the project for each person concerned as documented in the working time registration system (e.g. time sheets), covering 100% of the actual working time of the person in question.

Calculation example:

12-month gross employment cost: €36,000

Hourly rate: €36,000 / 1,720 = €20.93

Total hours worked monthly for the project: 80

Costs to be charged monthly to the project: €20.93 x 80 = €1,674.40

A single calculation method for each employee makes the audit trail and the documentation and monitoring of the relevant costs more transparent and easier to follow.

Documents for the audit trail

If actual costs are chosen, the following main documents must be made available for validation and control:

Full time

- Employment/work contract or an appointed decision/contract considered as an employment document.
- Job description providing information on responsibilities related to the project.
- Periodic staff report⁸ with a summary description of the tasks carried out and the outputs achieved by the employee in the project reporting period.
- Payslips or other documents of equivalent probative value.
- Proof of payment of salaries and employer's contribution.
- No documentation of the hours worked is required.

Part-time assignment with a fixed time

- Employment/work contract or an appointed decision/contract considered as an employment document.
- Document setting out the percentage of time to be worked on the project per month (if not specified in the contract).

⁸ A template of periodic staff report is provided by the programme at the following link:
<https://www.interreg-ipa-adrion.eu/support-for-applicants/how-to-implement/>

- Monthly calculation for each reporting period.
- Periodic staff report ⁹with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period, signed both by the employee and their supervisor.
- Job description providing information on the responsibilities related to the project.
- Payslips or other documents of equivalent probative value.
- Proof of payment of salaries and employer's contribution.
- No documentation of the hours worked is required.

For those employees whose contract does not require time sheets, a periodic staff report is requested with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period to be included in each partner report. The periodic staff report must be signed both by the employee and their supervisor.

Part-time assignment with a flexible number of hours worked per month

An employee dedicated to the project by a flexible percentage of his/her working time. For the purposes of determining direct staff costs, an hourly rate may be calculated in one of the following ways:

- (a) by dividing the latest documented annual gross employment costs by 1720 hours for persons working full time, or by a corresponding pro-rata of 1720 hours, for persons working part-time;¹⁰
- (b) by dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract or an appointment decision (both referred to as the employment document).

When applying the hourly rate calculated, the total number of hours declared per person for a given year or month shall not exceed the number of hours used for the calculation of that hourly rate. Where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the employment document, duly adjusted for a 12-month period.

Eligible staff cost shall result by multiplying the hourly rate by the number of hours actually worked on the project by each concerned staff, as resulting from the working time registration system (e.g., time sheets) covering 100% of the actual working time of the individual concerned.

Specific conditions applying to all contract types

The employment document and/or the official assignment to the project, signed both by the employer (delegated person) and the employee at the beginning of the assignment, must include at least the following information:

- Statement on the percentage of the employee's working hours spent on the project (100% if working full-time or if the part-time work is entirely devoted to the project).

⁹ A template of periodic staff report is provided by the programme at the following link: <https://www.interreg-ipa-adrion.eu/support-for-applicants/how-to-implement/>

¹⁰ Reference to the last accounting year should be made or, in case of missing data, a projection should be carried out. The projection of 12 months is done at the moment of submission of the expenditure to the controller.

- If the employee is working part-time on the project and is involved in other EU and/or national co-funded projects, name and funding reference of the project(s) concerned as well as a statement on the expected percentage of the employee's working time on each co-funded project.
- Specification of the duration of the assignment to the project.
- Description of the main tasks to be performed and main deliverables and outputs to be produced by the employee while assigned to the project, referring to the outputs and deliverables as envisaged in the AF.

In the event of changes in the assignment (e.g. shifting of tasks resulting in a change in the percentage of time worked in the project or in a change from flexible to fixed percentage of time worked per month), the employment document and/or official assignment must also be revised. In turn, the calculation of costs which can be claimed in the project must be updated to ensure consistency with the changed assignment. However, changes in the assignment cannot occur during the same reporting period.

Overview: calculation and documentation of staff costs

Type of assignment	Eligible costs	Time sheets	Documentation required
Full time	100% of the gross employment costs	NO	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document and/or official assignment to the project. • Job description providing information on the tasks related to the project. • Periodic staff report with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer's contribution.
Part-time with a fixed percentage of time worked per month	The fixed percentage of the gross employment per month	NO	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document and/or official assignment to the project official assignment to the project. • Monthly calculation for each reporting period. • Periodic staff report with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period. • Job description providing information on the responsibilities related to the project. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer's contribution.
Part-time with a flexible number of hours worked per month	<p>The number of hours devoted to the project multiplied by the calculated hourly rate.</p> <p>The hourly rate is calculated by dividing the latest documented annual gross employment cost/1,720 hours</p>	<p>YES</p> <p>Timesheet must cover 100% of the employee's actual working time)</p>	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document (including information on the hours worked monthly). • Job description providing information on the responsibilities related to the project. • Calculation of the monthly gross employment costs based on the hours recorded in the time sheet and the calculated hourly rate. • Document stating the latest documented annual gross employment cost. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer's contribution.

13.1.2 Staff costs reimbursed according to a flat-rate calculation

Staff costs calculated according to a flat rate are paid for an amount equal to 20% of the sum of the costs incurred and paid in the reporting period under all the other cost categories, except “staff costs” and “office and administrative expenditures”:

- Travel and accommodation costs
- External expertise and services costs
- Equipment expenditures

If any direct costs used as a basis for calculating staff costs are found to be not eligible, the staff costs thus determined will be recalculated and reduced accordingly.

If the flat-rate option is chosen, it cannot be changed during project implementation and will apply to all staff members of the LP/PP.

Documents for the audit trail

For staff costs calculated using a flat rate, beneficiaries do not need to document that staff expenditures have been incurred and paid or that the amount corresponds to reality. Therefore, no documentation on staff costs needs to be provided to the national controller.

It is however asked the beneficiary’s legal representative (or delegated person) to certify that at least one employee of the beneficiary institution has worked in the project in the concerned reporting period. In case of a small company/association where no staff is employed and the work is provided by the company’s owner(s), the legal representative of the company has to issue a self-declaration certifying that the owner(s) of the company has(have) directly worked in the project in the concerned reporting period.

The veracity of self-declarations certifying that staff/owners of the beneficiary are working in the project may be checked by any of the programme bodies entitled to perform controls and audit.

The veracity of self-declarations certifying that staff/owners of the beneficiary are working in the project may be checked by any of the programme bodies entitled to perform controls and audit.

13.2 Cost category – Office and administrative expenditures

Office and administrative costs are calculated as a flat rate of 15% of eligible staff costs (no matter whether they are calculated as real costs or at a flat rate).

Office and administrative costs are limited to:

- a) Office rent
- b) Insurance and taxes related to the buildings where the staff is located and to the office equipment (e.g. fire, theft insurance)
- c) Utilities (e.g. electricity, heating, water)
- d) Office supplies
- e) General accounting provided within the beneficiary organisation
- f) Archives
- g) Maintenance, cleaning and repairs

- h) Security
- i) IT systems
- j) Communications (e.g. telephone, fax, internet, postal services, business cards)
- k) Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- l) Charges for transnational financial transactions

The above list is exhaustive. No additional types of costs can be added to this list.

No detailed budget needs to be drafted since the expenditure is automatically calculated by JEMS both in the application phase and when submitting financial progress reports.

Example for the calculation of the 15% flat rate:

Reported eligible staff costs: €15,000

Eligible Office and administrative costs: €15,000 x 15% = €2,250

All the flat rates' amounts of the simplified costs selected by the beneficiaries are automatically calculated by JEMS. Nevertheless, the amounts of such automatic calculations are checked by national controllers. If part of the staff costs used as the basis for calculating the amount of office and administrative expenditures is found to be not eligible, the corresponding amount of office and administrative expenditures shall be reduced accordingly.

No further justification or supporting documentation is needed from the PPs.

Office and administrative expenditures cannot be claimed as direct cost under any other cost category.

If no staff costs are declared in a reporting period, no office and administrative costs will be calculated or reimbursed.

In order to avoid any double financing, PPs cannot report any cost item listed above in any other cost category.

Please note that if an external expert is contracted to repair the IT system or support beneficiary administration office, their costs are to be charged under the “external expertise and services” cost category.

Documents for the audit trail

The calculation of office and administrative expenditures is done automatically in every partner report taking into account the amount of eligible staff costs.

13.3 Cost category – travel and accommodation costs

Expenditures under this cost category refer to the costs incurred by the beneficiary organisation for travel and accommodation of its own staff necessary for the delivery of the project incurred and paid inside or outside the programme area.

Travel and accommodation costs can be calculated according to the following options:

A) Real costs.

B) Flat rate of 15% of the direct staff costs of IPA beneficiaries. Flat rate of 10% of the direct staff costs of ERDF beneficiaries.

The choice, between real and flat rate is made at the PP level during the project preparation and cannot be changed during project implementation.

13.3.1 Travel and accommodation costs reimbursed based on real costs

Eligible expenditures under this cost category are limited to:

- a) Travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll, and parking fees)
- b) The cost of meals
- c) Accommodation costs
- d) Visa costs
- e) Daily allowances

The above list is exhaustive. No additional types of costs can be added to this list.

Any cost element listed in points a) to d) covered by a daily allowance cannot be reimbursed in addition to the daily allowance.

Travel and accommodation costs of external experts and service providers, including speakers, chairpersons and teachers, fall under external expertise and services costs.

Direct payment of expenditures for cost elements listed in points a) to d) by an employee of the beneficiary must be supported by a proof of reimbursement by the beneficiary to that employee.

The following conditions apply:

- Travel and accommodation costs must be clearly linked to a project's activities and be essential for their effective delivery. The duration of the trip must be clearly consistent with its purpose.
- Costs must be definitely borne by the beneficiary organisation (direct payment by a staff member of the partner organisation must be supported by a proof of reimbursement from the employer).
- The principle of sound financial management must guide the choice of transport and accommodation. In accordance with a result-oriented policy approach, effectiveness must be the leading principle. In the second instance, cost efficiency should be ensured, taking into account the entire cost of the trip (travel cost, staff costs related to the trip, etc.). Specifically:
 - Beneficiaries must always choose the most economical means of transport. Exceptions to this principle must be duly justified in each case.
 - Accommodation costs can be accepted if they are in the middle price range, while higher price ranges must be duly justified in each case.
 - Beneficiaries must respect either their ordinary internal rules for travel and accommodation costs (if any), or respect any maximum ceiling for travel and hotel costs established at the national level, whichever is stricter.

- In the absence of internal and/or national rules, maximum ceilings for travel and accommodation established by the European Commission and applicable throughout the IPA ADRION programme area shall apply. They shall be considered as maximum ceilings.¹¹ The amounts exceeding such values shall in this case be considered as not eligible.
- Any expenditure item defined as travel costs, accommodation costs, costs of meals or visa costs that is already covered by a daily allowance cannot be accounted for and reimbursed in addition to the daily allowance, i.e. no double funding is allowed (the reimbursement of daily allowances must be reduced if costs have been partially covered by third parties, e.g. breakfast included in the hotel fee, lunch or dinner paid by the organisers of a meeting/event). Beneficiaries must choose the accounting method (daily allowance or direct costs) that is closest to their ordinary practice and/or internal rules.

Travel and accommodation outside the IPA ADRION programme area (e.g. meetings and events organised by European institutions in Brussels; participation in thematic events, trade shows etc.) must be clearly indicated in the AF, or if they are not explicitly envisaged in the application form but they are clearly linked to the outputs and results of the projects they must be duly justified in the reports and subject to approval by the MA/JS.

Unused travel tickets are not eligible, unless the trip not taken was caused by force majeure and duly documented.

As far as costs of taxis and other specific programme rules are concerned, please also refer to the section on not eligible expenditures in this manual.

Travel and accommodation costs of external experts and service providers including speakers, chairpersons, teachers, etc. and of Associated Partners, such as the partner employees not engaged in project implementation, can only be claimed under the external expertise and services cost category.

Costs of Associated Partners can only be claimed under the external expertise and services cost category.

Travel and accommodation of third-country PPs are not eligible costs of the programme.

Documents for the audit trail

If real costs are used, the following documents must be provided to the controller for validation and control:

- Authorisation for the trip taken by the travelling employee(s), including information on the destination and the trip's start and end date.
- Proof of expenditures (e.g. invoice of the travel agent, flight or train ticket, boarding pass).
- Reimbursement request from the employee either based on daily allowance or on costs. When claiming on a real cost basis, all necessary documents proving the costs incurred and paid must be provided (e.g. bus or metro tickets, meal receipts).
- Mileage calculation sheet or invoices if an employee or company car is used. This must include a statement of the distance covered, the cost per unit according to national or institutional rules (if applicable) and total cost.
- Other supporting documents (e.g. invitation, agenda).

¹¹ https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/unit-cost-decision-travel_en.pdf

- Proof of costs paid directly by the beneficiary and/or proof of reimbursement to the employee (e.g. extract from a reliable accounting system of the beneficiary, bank statement).

13.3.2 Travel and accommodation costs reimbursed according to a flat-rate calculation

The flat rate defined in the approved AF will be automatically applied by the given PP for reporting travel and accommodation costs in each reporting period.

If part of the Staff costs used as the basis for calculating the amount of Travel and accommodation costs is found to be not eligible, the corresponding amount of Travel and accommodation expenditures will be automatically reduced accordingly. The option chosen cannot be changed during project implementation.

If the flat-rate method is applied, the flat rate covers all items mentioned under the real costs option.

Calculation example:

Reported eligible staff costs (irrespective if based on real costs or flat rate): €30,000

IPA participating countries eligible Travel and Accommodation costs = €30,000 x 15% = €4,500

ERDF participating countries eligible Travel and Accommodation costs = €30,000 x 10% = €3,000

If Travel and Accommodation costs are calculated as a flat rate of Staff costs, they cannot be included in the basis to calculate the amount of the Staff costs.

Comprehensive calculation of flat rates

Example A:

Costs based on real costs:

External expertise and service: €45,000

Equipment: €25,000

Costs based on flat rate:

Staff costs: 20% of (45,000+25,000) = €14,000

Office and administrative costs: 15% of 14,000 = €2,100

IPA beneficiary Travel and accommodation costs: 15% of €14,000 = €2,100

ERDF beneficiary Travel and accommodation costs: 10% of €14,000 = €1,400

Example B:

Costs based on real costs:

Staff costs: €12,000

External expertise and service: €25,000

Equipment: €15,000

Costs based on flat rate:

Office and administrative costs: 15% of €12,000 = €1,800

IPA beneficiary Travel and accommodation costs: 15% of €12,000 = €1,800

ERDF beneficiary Travel and accommodation costs: 10% of €12,000 = €1,200

Documents for the audit trail

If travel and accommodation costs are calculated using a flat rate, beneficiaries do not need to document the expenditures incurred and paid or the actual amounts. Consequently, no documentation needs to be provided to the national controller, however the beneficiaries are required to provide evidence of participating in at least one trip in the project's lifetime through either an order to take a trip or a report or a record of a meeting or similar evidence.

13.4 Cost category – External expertise and service costs

Expenditures of external expertise and service costs must be limited to the following services and expertise provided by a public or private body or natural person other than the beneficiary and all PPs:

- a) Studies or surveys (such as evaluations, strategies, concept notes, design plans, handbooks)
- b) Training
- c) Translations
- d) Development, modifications and updates to IT systems and website
- e) Promotion, communications, publicity, promotional items and activities or information linked to an operation or to a programme as such
- f) Financial management
- g) Services related to the organisation and implementation of events or meetings (including rent, catering or interpreting)
- h) Participation in events (such as registration fees)
- i) Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- j) Intellectual property rights
- k) Verifications pursuant to point (a) of Article 74(1) of Regulation (EU) 2021/1060 and Article 46(1) of this Regulation
- l) Omitted¹²
- m) Omitted¹³
- n) The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the Monitoring Committee
- o) Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- p) Other specific expertise and services needed for operations

¹² The content of this point is not relevant for beneficiaries.

¹³ The content of this point is not relevant for beneficiaries.

The above list is exhaustive. No additional types of costs can be added to this list.

Any costs for promotional materials (e.g. leaflets, brochures, gadgets etc.) must be allocated under this cost category and will be considered as eligible only if its efficacy in reaching one or more target groups is demonstrated.

General principles of eligibility

As a general principle, external expertise and services must be duly specified in the full AF by describing at least the nature and quantity of the expertise/service, the link to the relevant deliverable or output as listed in the work plan and the related budget of the PP concerned.

Costs referring to project-related tasks subcontracted by the beneficiary to in-house bodies are eligible under the external expertise and service cost category if the following conditions are met:

- Costs incurred by the in-house body are charged on a real cost basis without any profit margin;
- The subcontracting of project-related tasks to the in-house body complies with national and institutional public procurement provisions in force.

This cost category covers costs paid by beneficiaries to external experts and service providers on the basis of contracts or written agreements and against invoices or requests for reimbursement.

Subcontracting between beneficiaries inside the same project partnership is not allowed.

Beneficiaries can only subcontract tasks or activities to external experts and service providers that are essential for the implementation of the project.

When awarding external expertise and service contracts, all Interreg partners must ensure that EU and national rules on public procurement are respected, in accordance with the amount of the contract. All contracts must comply with the basic principles of transparency, non-discrimination and equal treatment as defined in the EC Treaty and the Commission Interpretative Communication on the Community law applicable to contract awards below the EU thresholds.

Beneficiaries must respect current relevant public procurement rules.

Furthermore, whenever public bodies or bodies governed by public law have defined internal rules for the purchase of goods and services below the minimum thresholds set by national laws, such internal rules must be respected.

Details are provided in the section “*Public contracts between entities within the public sector*”.

To be accepted for reimbursement by IPA ADRION, the expenditures listed above must fulfil the following conditions:

- External expertise and service costs must be duly specified in the AF by describing at least the nature and quantity of the expertise/service, the link to the relevant deliverable or output as listed in the work plan and the related budget of the LP/PP concerned.
- The task is essential for the project.
- The price of the external service or expertise was calculated reasonably and according to the standard rates of the Partner State where the PP concluding the contract is located.

- The Programme, relevant national laws or community rules regarding public procurement have been applied.
- The basic principles of transparency, non-discrimination and equal treatment laid down in the EC Treaty have been respected for all contracts.
- Where applicable, deliverables produced by experts/service providers must respect the relevant branding requirements as envisaged in the chapter *Communications*.
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the beneficiary and the expert/service provider, supported by invoices (e.g. advance payment for an expert performing a study) are eligible but depend on later confirmation that the service has been properly delivered in a timely manner.
- Travel and accommodation costs for a beneficiary's legal representatives (e.g. mayors, etc.) not considered as staff members of the project must be included under the external expertise cost category.

LP/PP/Associated Partner employees cannot be paid as experts for the project.

Public Procurement rules

When awarding external expertise and service contracts, all PPs – irrespective of their legal status – must ensure that EU, programme, and national rules on public procurement are respected, in accordance with the amount of the contract.

Rules may differ depending on the amount of the contract and the country of origin of the awarding institution. Failure to comply with the procurement rules may have financial consequences, i.e. reduction of the EU payment based on the type and significance of the non-compliance (see the chapter *Public procurement*).

Documents for the audit trail

The following documents must be provided to the controller:

- Documentary evidence of the competitive procedure carried out must be submitted to national controllers, including evidence of the comparative evaluation of offers and evaluation criteria applied for awarding the contract.
- Contract or written agreements laying down the services to be provided with a clear reference to the project and the programme. Contracts or written agreements and any related change(s) must be compliant with the hierarchy of rules foreseen by the programme and applicable in each Partner State and must be documented. For experts paid on the basis of a daily/hourly fee, the daily/hourly rate together with the number of days/hours contracted and the total amount of the contract or gross brutto amount must be provided.
- Invoice or request for payment providing all relevant information in accordance with the applicable accounting rules as well as references to the project and the programme and a detailed description of the services provided in accordance with the provisions of the contract. For experts paid on the basis of a daily/hourly fee, the invoice must include a clear quantification of the days/hours charged, price per unit and total price.
- Deliverables produced (e.g. studies, promotional materials) or, where applicable, documentation of the delivery (e.g. in the case of events: agenda, list of participants, photo-documentation, etc.).
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, bank statement).

13.5 Cost category – Equipment expenditures

This category covers costs related to equipment essential for the implementation of the project.

Costs for equipment are only eligible if envisaged in the approved AF. During project implementation, the purchase of any equipment not explicitly mentioned in the AF must be subject to approval by the MA/JS.

Eligible cost items under this cost category are:

1. Office equipment
2. IT hardware and software
3. Furniture and fittings
4. Laboratory equipment
5. Machines and instruments
6. Tools or devices
7. Vehicles
8. Other specific equipment needed for the project

Equipment cannot be purchased, rented or leased from another project partner.

Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:

- a) No other assistance has been received for it from the Interreg funds or from the funds listed in point (a) of Article 1(1) of Regulation (EU) 2021/1060.
- b) Its price does not exceed the generally accepted price in the market in question. And
- c) It has the technical characteristics necessary for the operation and complies with applicable norms and standards.

As a general principle the full cost of the equipment will be eligible. For equipment rented or leased for certain periods during the project's lifetime, rental or leasing costs for the respective period are eligible.

In the case of equipment that was purchased before the project's start and not fully depreciated before and used for the project, only the depreciation for the relevant project period is eligible.

Overall, any equipment purchase must comply with the following principles:

- It is not financed by any other financial instrument (e.g. EU, national, international).
- It is not included under any other cost category.
- It was not purchased by another PP.
- It is purchased respecting the relevant public procurement procedures.
- Purchase costs of second-hand equipment can be eligible provided that:
 - No other assistance was received for it from ERDF/IPA/Interreg Funds.

- Its price does not exceed the generally accepted price in the market.
- It has the technical characteristics necessary for the project and complies with applicable norms and standards.
- It was not fully depreciated at the time of the project's start.
- It complies with the visibility rules set by Regulation (EU) No 1059/2021 art. 36. Detailed guidance regarding the requirements is provided in the chapter *Communications*.

Please consider that:

- Costs of office equipment already owned by the beneficiary organisation and used to carry out project activities are not eligible under this cost category, as such costs are already covered under the office and administration cost category.
- Consumables related to the office equipment used to carry out the project staff's daily work (e.g. paper, toners etc.), including the use of mobile phones and other devices purchased as part of a subscription contract for communication services, cannot be included under this cost category and must be covered under the Office and administrative expenditures cost category.
- The existence of office equipment and its clear identification can be verified in the framework of on-the-spot verifications of projects performed by controllers. If the equipment items are not checked on-the-spot, controllers must verify their existence by other means (e.g. photo documentation).

Public Procurement rules

Thresholds and applicable procurement procedures are described in the relevant chapter.

Documents for the audit trail

- Evidence of the selection procedure compliant with EU, national or programme procurement rules, depending on the amount contracted, including documentary evidence of the competitive procedure carried out including evidence of comparative evaluation of offers and evaluation criteria applied for awarding the contract.
- If the purchase of equipment also includes the provision of support for the purchased good, the daily/hourly rate together with the number of days/hours contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented.
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, bank statement).

Other option for the use of simplified costs (All other costs as 40% of Staff costs)

This option is alternative to all the previously described provisions for real costs or flat rate calculations for the following budget lines: Office and administrative, Travel and Accommodation, External expertise and services and Equipment costs.

For those partners who selected this methodology, a rate of 40% is applied to the staff costs, (calculated on real basis), covering all the remaining eligible costs of the partner's budget.

As a result, only documentation related to Staff costs must be provided to the controller. All other costs are automatically calculated as the 40% of the eligible Staff costs:

Partner's eligible costs = direct staff costs + remaining eligible costs (40%*direct staff costs).

Calculation example:

Cost based on real costs: Staff costs: EUR 45.000

Costs based on flat rate:

All other costs: 40% of 45.000 = EUR 18.000

Total budget = EUR 45.000+EUR 18.000 = EUR 63.000

Documents for the audit trail

Please refer to the previous sections related to audit trail for Staff cost

Eligible invoices and use of Euro

14. Eligible invoices and annulment

After having been paid, each invoice must be annulled in order to avoid double funding. The annulment can be done by the mean of a stamp or another adequate method for marking the invoices related to the project containing the following information:

- Date.
- Information that the expenditure was co-funded by the IPA ADRION programme.
- The project number and/or acronym.
- In the case of invoices or other probative document covering different cost items, a statement on the share of expenditure claimed in the project concerned.
- (For Italian PPs only): the CUP number (Codice Unico di Progetto).

If invoices or any other probative documents are available only electronically (i.e. no original can be identified) the minimum information listed above has to be incorporated in the subject and/or in the body of the electronic document.

15. Use of Euro

Financial reporting of a project must be in Euro and the programme will pay Interreg contributions in Euro.

The exchange rate used for accounting expenditures may be different from the one used for the purpose of drafting the budget. Costs related to the fluctuation of foreign exchange rates are not eligible.

In accordance with art. 38.5 of the Interreg Regulation and by way of derogation from point (c) of Article 76(1) of the CPR, expenditures incurred and paid in a currency other than the Euro will be converted into Euro by each beneficiary coming from countries that have not adopted the Euro as their currency using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification. Such a conversion will be automatically done by JEMS. The conversion will be done automatically as many times as is necessary during the uploading of the invoices until the submission of the LP/PP expenditures to their controllers for verification. Any further submission of missing documents, clarifications etc. on that expenditure will not be considered for conversion¹⁴.

In the case of on-the-spot verification of expenditures by the controller (i.e. without submission of documents to the controller by the beneficiary), the date of submission corresponds to the date of execution of the on-the-spot control.

¹⁴ Information on exchange rates can be found in: https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en

Public procurement

16. Public procurement – General principles

When awarding contracts for the purchase of goods or services, all LPs/PPs – irrespective of their legal status – must ensure that the applicable rules on public procurement are respected.

Public procurement ensures that suitable and qualified contractors are chosen without bias and that the best value for money or the best price is obtained. Hence procurement procedures must obey the principles of transparency, proportionality, equal treatment and non-discrimination.

Detailed guidance on public procurement can be found in the EC document “*Guidance for practitioners on the avoidance of the most common errors in public procurement of projects funded by the European Structural and Investment Funds*”.¹⁵

However, some rules may differ depending on the amount of the contract and of the Participating Country of the awarding institution. Failure to comply with the procurement rules may have financial consequences, with the application of correction rates based on the type of non-compliance.¹⁶

The hierarchy of rules to be respected is:

- EU rules¹⁷ (in particular Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and repealing Directive 2004/18/EC) and amended by Commission Delegated Regulation (EU) 2017/2365 Directive 2014/24/EU of the European Parliament and of the Council in respect of the application thresholds for the procedures for the award of contracts¹⁸ to be respected by ERDF PPs.

The EU Directive is subject to its transposition into national laws. Procurement rules at the national level may be different with regard to the type of procedure to be adopted, contract value etc.

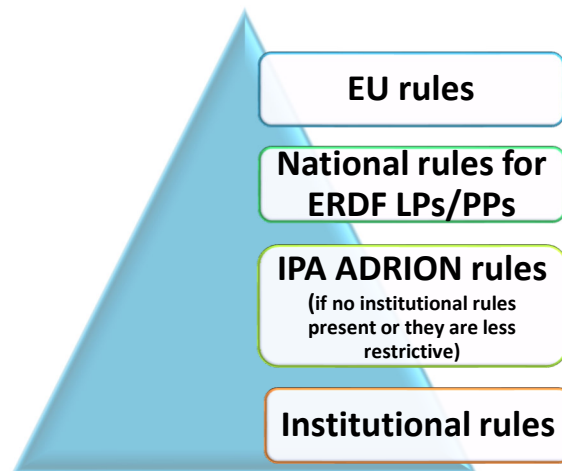
- Annex II of the Financing Agreement concluded between the relevant IPA Participating Country, the European Commission and the Managing Authority, and Financial Regulation (Regulation (EU, Euratom) No 2018/1046, if relevant, to be respected by IPA PPs.
- National rules of Participating Countries.
- IPA ADRION programme rules.
- Institutional rules of the LP/PPs involved.

¹⁵ http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/public-procurement/guide/

¹⁶ Commission Decision of 14.5.2019 establishing the guidelines for determining financial corrections to be made to expenditures financed by the Union for non-compliance with the applicable rules on public procurement and ANNEX for determining financial corrections to be made on expenditures financed by the Union under shared management in case of non-compliance with the applicable rules on public procurement.

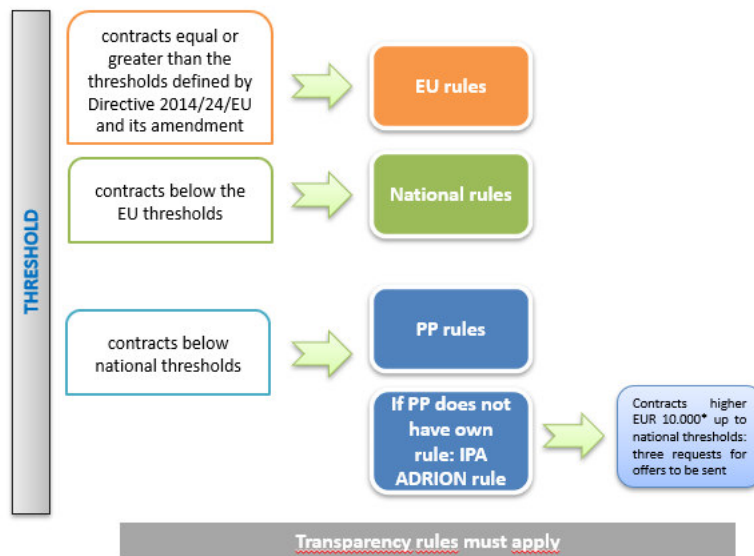
¹⁷ More information on EU rules on public procurement can be found at the following link: https://ec.europa.eu/growth/single-market/public-procurement_en

¹⁸ Other relevant EU Directives are: No 2014/23 (EU), No 2014/25 (EU), No 89/665/EEC and No 92/13/EEC.



16.1 Public procurement for ERDF partners

The diagram below provides an overview on the rules to be respected by ERDF LPs/PPs:



*VAT excluded in cases where VAT exemption is possible.

The European rules ensure that the award of contracts of higher value for the provision of public goods and services must be fair, equitable, transparent and non-discriminatory.

Thresholds defined by Directive 2014/24/EU and its amendment can be found in https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/thresholds_en

However, for tenders of lower value national rules apply, which nevertheless must respect general principles of EU law.

For contracts having a value of more than €10,000 up to national thresholds, beneficiaries must perform and document the execution of adequate market research (e.g. by collecting bids, using centralised e-procurement services, etc.) and the request for offers from at least three independent external providers (i.e. three requests to be sent). Contracts for procurement of supplies and/or services must be awarded to the bidders according to national awarding criteria.

The bidders should be given sufficient time for submission of their offers.

The procedure must be properly documented: market research, method used to select the bid and to evaluate its quality in relation to the request, invoice and proof of payment.

If the national rules/beneficiary's organisation has defined stricter procedures for buying goods/services below the national threshold than the one set by IPA ADRION, the beneficiary's organisation rules shall apply.

Below €10,000, no specific rules are set at the programme level. However, any national/institutional rules shall remain applicable. LP/PPs must always respect the principles of effectiveness, efficiency and economy in all their purchases.

16.1.1 Public contracts between entities within the public sector

Art. 12 of Directive 2014/24/EU defines rules to be applied in public contracts between entities within the public sector.

In the event of **in-house subcontracting**:

- The contracting authority exercises a control over the contracted in-house body that is similar to that which it exercises over its own departments.
- More than 80% of the activities of the controlled body are carried out for the controlling contracting authority.
- There is no direct private capital participation in the controlled body.¹⁹

When all three of the above conditions for in-house contracting are met, the in-house body can be contracted by the beneficiary through a direct award. Costs of the contracted in-house body must always be charged on a real-costs basis, thus without any profit margin.

Such costs shall be accounted under the “External expertise and service costs” cost category.

The above provisions concerning in-house contracting also apply to international organisations receiving funds for IPA ADRION projects.

In the case of **contracts for cooperation between public bodies**: requirements deriving from the EU Directive on public procurement, in particular art. 12.4, also apply here.

In the case of subcontracts with in-house bodies, or in the case of costs referring to cooperation between public bodies, costs must always be charged on a real-cost basis, i.e. without any profit margin (with the exception of office and administrative expenditures, to be calculated as a flat rate of 15% of eligible direct staff costs).

Such costs must be accounted under the “External expertise and service costs” cost category. General and specific provisions on eligibility, reporting and audit trail as

¹⁹ With the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled body.

outlined in this manual are to be respected in full by the subcontracted body (the in-house or public authority cooperating with the project beneficiary).

**Guidance on public procurement can be found in:
https://ec.europa.eu/regional_policy/information-sources/publications/guidelines/2018/public-procurement-guidance-for-practitioners-2018_en**

16.2 Public procurement for IPA partners

The diagram below provides an overview of the rules to be respected by IPA PPs:



To comply with the above-mentioned public procurement rules, IPA beneficiaries must refer to the provisions included in Annex II of the Financing Agreement concluded between the relevant Partner State, the European Commission and the Managing Authority, mirroring the provisions foreseen in Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council at Title VII “Procurement and Concessions”²⁰.

Practical guide on contract procedures for European Union external action (PRAG) or templates designed by Interact may be used as a tool²¹ upon condition that they respect the provisions set in Annex 2 of the Financing Agreement. The version of PRAG to be used is the one in force at the time of the initiation of the relevant procurement procedure.

When contracts are subdivided into lots, the total estimated value of the contract will be considered when selecting the procedure to be applied. The procurement must not be split artificially to circumvent the procurement threshold.

16.3 Overall general rules to be respected (for all partners)

Based on the Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives - (2006/C 179/02) 24,²² IPA ADRIAN has adopted the following rules:

Advertising

The LP/PPs must ensure that tenders are advertised to an extent that is proportional to their value. Ordinarily tenders must be advertised in a proportionate manner to also ensure opportunities for transnational providers.

²⁰ In particular, having regard to par. 5.2 lett. d) of Annex II of Financing Agreements, contracts with a value of less than or equal to EUR 20 000 may be awarded on the basis of a single tender.

²¹ <https://wikis.ec.europa.eu/display/ExactExternalWiki/ePRAG>

²² [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52006XC0801\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52006XC0801(01)&from=EN)

The principle of proportionality applies if administrative and other costs associated with certain procedures are not justified in light of the contract's value. This needs to be decided on a case-by-case basis by the contracting authority also in charge of defining how and with which tools to adequately advertise the tender (it is recommended to at least publish the tender notice on the contracting authority's website). In order to reduce the administrative burden, IPA ADRION LPs/PPs must advertise public procurements above €20,000 if not otherwise governed by EU, national or beneficiary institution rules.

Language

The national language can be used when the conditions detailed in the “*Commission Interpretative Communication on the Community law applicable to contract awards not or not fully subject to the provisions of the Public Procurement Directives*” are met.

If the national language is used, IPA ADRION MA/JS reserve the right to ask LPs/PPs for summary translation in English at any time.

Avoidance of conflict of interest

LPs and PPs are responsible to ensure that the appropriate measures are taken to minimise any conflict of interest during the procurement process, ensuring the transparency and fair treatment of all tenderers. National rules regulating this topic must be taken into account.

All tender procedures must ensure the presence of all the necessary measures aimed at avoiding any conflicts of interest potentially affecting staff members acting as contracting authority (including members of a procurement service provider acting on behalf of the contracting authority) directly involved in the conduct of the procurement procedure. MA/JS and any other institutions dedicated to controls and audit may check the respect of the aforementioned requirement for all tendering processes, including those below the threshold.

Record keeping

A clear, easy-to-follow audit trail for all steps of the procurement procedure must be ensured. In this regard, LPs and PPs must keep a record of all communications with potential contractors (emails, letters, etc.). It is therefore strongly recommended to always communicate with potential contractors in writing. The relevant audit trail must also be uploaded to JEMS to facilitate controllers' verification of expenditures.

16.4 Errors, irregularities and fraud during the procedure

Tenderers that have made false statements, substantial errors, committed irregularities or fraud also in the past may be excluded from participation in all procurements for a maximum of five years from the date on which the infringement is established, following an adversarial procedure with the contractor.

Tenderers or candidates that have made false statements, or that have committed substantial errors, irregularities or fraud may also be subject to financial corrections in accordance with the Commission Decision of 14 May 2019²³ and the related “*Annex to the Commission Decision laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement*”.²⁴

²³ <http://ec.europa.eu/transparency/regdoc/rep/3/2013/EN/C-2013-9527-F1-EN-MAIN.PDF>

²⁴ https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/GL_corrections_pp_irregularities_annex_EN.pdf

Financial corrections may be made in order to exclude from Union financing any expenditure that is in breach of applicable law (see Article 144 of Regulation (EU) No 1303/2013 and Article 101(8) of Regulation (EU, Euratom) 2018/1046). The irregularity may or may not be quantifiable with precision. The financial impact of an irregularity is quantified with precision if, based on an examination of the individual cases, it is possible to calculate the exact amount of the expenditure wrongly declared to the Commission for reimbursement. In such cases, the financial correction must be calculated precisely.

In the case of irregularities in public procurement, it is not possible to precisely quantify the financial impact due to the nature of the irregularity. Therefore, in such cases a flat rate correction is to be applied to the expenditure in question taking into account the nature and gravity of the irregularities, in accordance with the established criteria described in the aforementioned annex.

Irregularities in the area of public procurement (irrespective whether it falls within the scope of the Treaty or under national public procurement law) are analysed in accordance with the objective of protecting the financial interests of the Union and the compliance with Union law (in particular, the principles of transparency, non-discrimination, equal treatment, proportionality, and legal certainty). Moreover, financial corrections can only be applied if the irregularity in question has or could have a financial impact on the Union budget. For cases where a breach of public procurement rules is solely of a formal nature without any actual or potential financial impact, no financial correction is warranted.

Where the tendering procedure proves to have been subject to substantial errors, irregularities or fraud, the national controller, the MA or any other institutions entitled to perform controls may suspend or even cancel it. In the case of errors, irregularities or fraud detected during the tendering procedure or after the signing of the contract, the provision of services or the purchase of goods may be subject to countermeasures and not paid by the MA.

State Aid

19 State Aid

Each approved operation was subjected to ad-hoc the State Aid verifications during the assessment process.

The results of such assessment may lead to one or more of the following scenarios:

- a) **Project activities are not State Aid relevant.** In this case no contractual conditions are set on the Subsidy Contract;
- b) **Some project activities are State Aid relevant** (list shall be provided) but the application of the **State Aid discipline (*de minimis*) can be avoided if specific countermeasures apply** (list shall be provided). In such case, specific obligations will be introduced in the subsidy contract referring to the countermeasures applied to avoid the state aid discipline (*de minimis*) (e.g. wide dissemination of outputs, etc);
- c) **The application of the State Aid discipline for some activities cannot be avoided, bringing to the respect of the *de minimis* threshold to those specific activities and partners** (list shall be provided). In such case, specific contractual provisions will be introduced in the subsidy contract, indicating the activities and partners to which the State Aid discipline (*de minimis*) applies.
- d) **Indirect State Aid granted to third parties** outside the project partnership. In such case, a contractual condition setting a threshold in accordance with GBER art.20a, referring to exemption of aid of limited amount in the context of INTERREG, will be introduced in the Subsidy Contract.

In the presence of State Aid activities, the *de minimis* rule applies to the affected partner(s), and specific contractual conditions present in the Subsidy Contract shall be mirrored in the partnership agreement accordingly.

Their respect will be checked both by the MA/JS and by the controllers of the affected LP/PPs during project implementation.

De minimis contributions shall be granted by Italy. Further past, present and future *de minimis* amounts will be cumulated with those granted by Italy.

Indirect State Aid granted to third parties outside the partnership

If State Aid is granted to beneficiaries that are not project PPs but benefit from the activities implemented thereby (e.g. free training, consultancy, access to research facilities for companies, vouchers etc.), indirect beneficiaries will benefit from a maximum contribution of €22,000.00 according to art. 20 a) of GBER.²⁵ The affected LPs/PPs must ensure and further monitor these beneficiaries and ensure that State Aid rules are duly respected. Information must be included in the project report as well.

²⁵ Article 20 of Regulation (EU) No.651/2014, amended by Regulation (EU) No 2023/1315

Resolution of complaints

18 Resolution of complaints during project implementation

Complaints related to decisions made by the MA/JS during project implementation

Any complaints related to actions and/or decisions of the MA/JS or of the MC during project implementation on the basis of the application of the rules set forth in the subsidy contract must be submitted by the LP to the MA/JS.

The submission of a complaint must be received no later than 10 working days from the reception of the MA/JS communication containing the decision that the LP intends to object to.

The MA informs the LP in due time whether the MA is competent to investigate and to decide on the issue (including further steps to be taken and provisional timeline) or if the issue does not fall within its purview.

If the MC is competent to investigate and decide on the submitted complaint, the MA/JS will make it known so a decision can be made.

The final decision on the complaint is communicated by the MA to the LP in writing.

The MA/MC decision will be final, binding on all parties and not subject to any further complaint proceedings within the Programme if the complaint is based on the same grounds.

Complaints related to the national control system

In the case of complaint by a beneficiary following the verification process, each national control system must set in place its own national procedures. Information on how to submit a complaint by the beneficiary is available on the website of the relevant national authority or the IPA ADRION NCP page on the IPA ADRION website.

Controls and audit

19 Controls and audit

Several levels of control are carried out during the project life cycle by the IPA ADRION institutions. National controllers validate the expenditures of LPs/PPs following programme and national procedures and perform checks in accordance with a harmonised approach in force in the entire IPA ADRION programme area.

The MA – via the JS – performs monitoring controls when it receives requests for payments from the LPs on behalf of the project partnerships. Controls focus on the delivery of outputs and compliance with EU and programme rules.

Further controls performed by the MA are based on the prior identification of major programme risks and on a random sample through which projects are identified and further subjected to additional checks. Any findings detected in the course of the sample checks will have to be corrected by the LPs and PPs. If severe financial issues are detected, the LP/PPs concerned shall be excluded from future Interreg payments as long as the findings are considered as raised by the MA.

As IPA ADRION is a zero-tolerance fraud programme, the MA shall also adopt a proactive, structured and targeted approach to managing the risk of fraud, *including through fraud-risk self-assessment tools*.

Granted operations are also subject to audit performed by the Audit Authority (AA) to ensure the Commission that management and control systems function effectively and that expenditures included in the accounts submitted to the Commission are legal and valid. Audit is performed on a sample of operations selected by the Commission.

Audit shall be carried out in accordance with internationally accepted audit standards. AA checks are performed on the premises of selected beneficiaries. During the checks, the AA is assisted by the Group of Auditors (GoA) composed of members from each of the IPA ADRION Participating Countries and responsible for performing and organising second-level controls in their country and reporting back any findings to the AA.

Finally, other institutions, i.e. the European Commission, the European Court of Auditors (ECA), the European Anti-fraud office (OLAF), the auditing bodies responsible at the Participating Country level are entitled to audit the proper use of EU funds by the LP and PPs or to arrange for such audit to be performed by authorised persons. The LPs and the PPs will be notified in due time about any audit to be carried out on their expenditures.

With regard to the above, LPs and PPs must allow the controllers and auditors to perform the checks envisaged by:

- Providing any information requested about the project.
- Providing access to the accounting books and documents and other documentation related to the project, whereby the auditing bodies decide on this relation.
- Providing access to their business premises during ordinary business hours and also beyond these hours by arrangement and allow them to carry out checks related to the project.
- If a PP is being audited, promptly providing the LP with any information needed related to such audit.

If as a result of the controls and audit any expenditure is found to be not eligible, the procedure as per art. 13 of the Subsidy Contract and reported in the following chapter shall apply. The LP shall ensure the fulfilment of the necessary actions also with respect to its PPs.

The provisions described above only apply to beneficiaries of Interreg funds.

20 Irregularities and financial corrections

In order to safeguard the budget of the Union, financial corrections are applied when irregularities are detected.

As stated in art. 2(31) of Regulation (EU) No 2021/1060, “*irregularity’ means any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget*”.

According to art. 1(2) of Regulation (EC, Euratom) No 2988/95,²⁶ an irregularity “*is any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure*”.

Where the definition of an irregularity set out in the two Regulations above is relevant, the applicable Union or national rules on public contracts must be considered as well to form part of the law that definition refers to.

Therefore an irregularity may occur at any moment in the project cycle, from programming to audit, after monitoring or evaluation. Checks at any stage of project implementation may indicate that the conditions to be met by a beneficiary after project completion are not being respected.

An irregularity does not need to have resulted in a not eligible expenditure being declared by the Participating Country to the Commission as eligible. Even if it is detected before the related expenditure is declared to the Commission as eligible, it is an irregularity since it “*would have*” prejudiced the EU budget if it had not been detected.

An irregularity also includes but it is not limited to suspected fraud and established fraud:

a **suspected fraud** is an irregularity that gives rise to the initiation of administrative or judicial proceedings at the national level in order to establish the presence of intentional behaviour, in particular fraud, as referred to in art. 1(1) (a) of the Convention drawn up on the basis of art. K.3 of the Treaty on European Union on the protection of the European Communities’ financial interests. a **fraud** within the meaning of a deliberate act of deception intended for personal gain causing a loss to another party, is “*the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of the European Communities, non-disclosure of information in violation of a specific obligation, with the same effect and the misapplication of such funds for purposes other than those for which they were originally granted*”.

The recovery of the irregular amount is charged to the LP. If the irregularity takes place within a partner, the latter shall repay the lead partner.

Detected irregularities must be:

- Corrected by the controller or by the LP before the submission of the revised project report to the MA/JS.
- Deducted by the MA/JS during verification of the project reports.
- Addressed by the MA within its accounting function during its verifications before including the amount in the request for payment to the EC.

²⁶ Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests.

Irregularities must be reported to the OLAF (the European Anti-Fraud Office) if their amount exceeds €10,000 Interreg funds, or if they involve fraud of any value. As an exception to this rule, the following irregularities do not need to be reported to OLAF:

- a) The irregularity consists solely of the failure to wholly or partially execute an operation included in the co-financed operational programme owing to the bankruptcy of the beneficiary.
- b) The beneficiary voluntarily informs the MA/CA of the matter before detection by either authority, whether before or after the payment of the public contribution.
- c) They are detected and corrected by the controller/MA before inclusion of the expenditure concerned in a statement of expenditure submitted to the EC.

In all other cases, in particular those preceding a bankruptcy or in cases of suspected fraud, the irregularities detected and the associated preventive and corrective measures must be reported to the EC.

All irregularities detected must be corrected, no matter whether they are intentional or not. When an irregularity is identified in an expenditure that has already been paid out to the project, the amount will be deducted from the next project report or remaining payments can be suspended.

In cases where the amount cannot be corrected by deducting it from the next project report, the MA will, if necessary, in consultation with the respective Participating Country concerned, and by informing the MC, ask the LP to pay the amount back to the programme. For closed projects, the LP must transfer the unduly paid out funds to the MA.

The amount to be repaid is due within one month following the date of receiving the letter with which the MA asserts the repayment claim. The due date must be stated explicitly in the order for recovery.

The recovery procedure is detailed in art. 13 of the Subsidy Contract.

No recovery shall take place if the amount unduly paid does not exceed €250.00 of Interreg funds (not including interest) per operation in a given accounting year.

21 Judicial and other proceedings (incl. bankruptcy)

According to art. 136 of Regulation (EU) No 2018/1046 (financial regulation), the absence of the following conditions for exclusion from getting the grant must be confirmed by LPs/PPs in each request for payment²⁷:

1. Bankruptcy, insolvency or winding-up procedures, assets being administered by a liquidator or by a court, in an arrangement with creditors, business activities suspended, or any analogous situation arising from a similar procedure envisaged under Union or national law.
2. Breach of obligations related to the payment of taxes or social security contributions in accordance with the applicable law and confirmed by a final judgement or a final administrative decision.
3. Serious professional misconduct by having violated applicable laws or regulations or ethical standards the entity is subject to; wrongful conduct denoting negligence or intent.
4. Fraud and corruption confirmed by a final judgement or a final administrative decision.
5. Criminal conduct.
6. Significant deficiencies in complying with main obligations in the implementation of a legal commitment financed by the budget which has: i) led to the early termination of a legal commitment; ii) led to the application of liquidated damages or other contractual penalties; or iii)

²⁷ Self-declarations were already requested when submitting project proposals.

been discovered by an authorising officer, OLAF or the Court of Auditors following checks, audit or investigations.

7. Irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95 confirmed by a final judgement or a final administrative decision.

8. Creation of an entity in a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business established by a final judgement or a final administrative decision.

9. Beneficiaries considered undertakings in difficulty, unless authorised under *de minimis* aid or temporary State aid rules established to address exceptional circumstances, shall not be granted.

Project indicators

As reported in paragraph - *Output indicators – What the programme funds* - of the 1st call IPA ADRION Application Manual, the programme supports the achievement of 4 main output categories. The funded projects must ensure the achievement of the planned outputs as quantified in the AF. The planned outputs must be attested by adequate supporting documentation and comply with the minimum requirements set at programme level.

Only the following indicators apply to the 1st call project proposals:

Policy Instruments

Output indicator definition	Result Indicator definition
<p>RCO 83 - Strategies and action plans jointly developed</p> <p>The indicator counts the number of joint strategies or action plans developed by supported projects. A jointly developed strategy aims at establishing a targeted way to achieve a goal-oriented process in a specific domain. An action plan translates an existing jointly developed strategy into actions. Jointly developed strategy or action plan implies the involvement of the entire partnership participating countries in the drafting process of the strategy or action plan.</p>	<p>RCR 79 - Joint Strategies and action plans taken up by the organizations</p> <p>The indicator counts the number of joint strategies and action plans (not individual actions) adopted by organisations during or immediately after the project completion (three months afterwards at the latest). At the time of reporting this indicator, the implementation of the joint strategy or action plan need not to be completed but effectively started. The organisations involved in take-up may or may not be direct participants in the supported project. It is not necessary that all actions identified are taken-up for a strategy/action plan to be counted in this context. The uptake of the joint strategy and action plan must be documented by the adopting institutions (e.g. letters of commitment; institutional acts etc).</p>
<p>RCO 117 - Solutions for legal or administrative obstacles across border identified</p> <p>The indicator counts the number of solutions identified for resolving/ alleviating such legal or administrative obstacles across borders. Legal or administrative obstacles are in general identified on the basis of an in-depth analysis of the territorial context, which provides meaningful inputs on the functioning legal and administrative frameworks. The identified solution(s) should be customised according to the specificities of each territory and cooperation context. The development of solutions implies the involvement of partners from at least 2 partner States. In order to be counted in the indicator, an identified solution should be accompanied by indications of possible actions to be taken for its potential implementation.</p>	<p>RCR 82 - Legal or administrative obstacles across borders alleviated or resolved</p> <p>Legal or administrative obstacles refer to rules, laws or administrative procedures which obstruct everyday life and the development of border regions. The indicator counts the number of legal or administrative obstacles that are alleviated or resolved based on solutions identified through supported projects. The adoption and implementation of the respective solutions should take place during the implementation of the project or immediately after the project completion (within 3 months after the project end date). The adoption and implementation of the respective solutions must be documented by the adopted organizations through decisions, acts of the adopted</p>

Pilot actions and joint solutions

Output indicator definition	Result Indicator definition
<p>RCO 84 - Pilot actions developed jointly and implemented in projects</p> <p>The indicator counts the pilot actions developed jointly and implemented by supported projects. The scope of a jointly developed pilot action could be to test procedures, new instruments, tools, experimentation or the transfer of practices.</p> <p>The pilot action needs not only to be developed, but also implemented within the project; and</p> <p>The implementation of the pilot action should be finalised by the end of the project.</p> <p>Jointly developed pilot action must be developed in a transnational context.</p>	<p>RCR 104 - Solutions taken up or up-scaled by organisations</p> <p>The indicator counts the number of solutions, other than legal or administrative solutions, that are developed by supported projects and are taken up or upscaled during the implementation of the project or within 3 months after the project end date.</p> <p>The organisation adopting the solutions developed by the project may or may not be a participant in the project.</p> <p>The uptake / up-scaling should be documented by the adopting organisations in, for instance, strategies, action plans etc.</p>
<p>RCO 116 - Jointly developed solutions</p> <p>The indicator counts the number of jointly developed solutions from joint pilot actions implemented by supported projects. In order to be counted in the indicator, an identified solution should include indications of the actions needed for it to be taken up or to be upscaled.</p> <p>A jointly developed solution implies the involvement of organizations from at least two participating countries.</p>	

Cooperation framework

Output indicator definition	Result Indicator definition
<p>RCO 87 - Organisations cooperating across borders</p> <p>The indicator counts the organisations cooperating formally in supported projects. The organisations counted in this indicator are the legal entities including project partners and associated organizations included in the project Application Form.</p>	<p>RCR 84 - Organisations cooperating across borders after project lifetime</p> <p>The indicator counts the organisations cooperating across borders after the completion of the supported projects. The organisations are legal entities involved in project implementation, counted within RCO87. The cooperation concept should be based on a formal agreement among the parties to continue cooperation, after the end of the project.</p> <p>The cooperation agreements may be established during the implementation of the project or within 3 months from the project end date.</p>

The outputs shall be considered as achieved only if the LP is able to provide evidence of their achievement as noted in the table above (e.g. formal agreement, in written form, among the parties, evidence of the number of persons attending a joint action etc.). Demonstrated quantification of output indicators is one of the performance targets to be checked during the mid-term review.

A detailed explanation of the indicators and how to provide evidence thereof is provided in Annex 1.

Communication and visibility rules

This chapter focuses on the formal requirements related to communication, as stated in Interreg regulation (EU) 2021/1059 and article 8 of the subsidy contract. Being co-financed by public funds, projects are required to make their funding source public for transparency reasons.

The LP and PP of each approved project must highlight the received support through Interreg funds by:

(a) Providing on the partner's official website or social media sites, where such sites exist, a short description of the Interreg operation, proportionate to the level of support provided by an Interreg fund, including its aims and results, and highlighting the financial support from the Interreg fund.

(b) Indicating the support from Interreg funds in a visible manner on documents and communications relating to the implementation of the Interreg operation, intended for the general public or for participants.

(c) Displaying durable plaques or billboards clearly visible to the public that include the emblem of the Union in accordance with the technical specifications set out in Annex IX to Regulation (EU) 2021/1060 as soon as the physical implementation of an Interreg operation involving physical investment or the purchase of equipment starts or purchased equipment is installed, with regard to operations supported by an Interreg fund, the total cost of which exceeds €100,000.

Projects shall inform the JS about their upcoming events in advance.

Visibility of Interreg operations on Partners' official websites

Financing partners' institutional websites, including third country PP, must display the following information about the project on their websites:

- Project logo.
- Short description including project aims and results.
- Link to the IPA ADRION website where the project is officially hosted.

This information does not necessarily need to be displayed on the homepage of the institutional website. However, the dedicated webpage or section of the institutional website must be visible and easily reachable, emphasising the EU financial support received.

Project logo and brand

Project logos will be based on Interreg visibility characteristics. IPA ADRION will provide each project with a logo following all related visibility requirements. It must be featured on all documentation, presentations, print materials, promotional materials or any other communication products developed by the project. No other project logos can be created, and their costs shall not be considered as eligible. The Project Brand Book sets out the rules to be observed in the use of the logo and will be available on the programme website.

If other logos are displayed in addition to the project logo, the European Union emblem (i.e. the flag in the Interreg logo) must have at least the same size, measured in height or width, as the biggest of the other logos. Please consult the JS in case of questions on how to use the logo.

On websites and their subpages, web and smartphone applications, social media and other digital platforms and implementations the logo must be displayed in a prominent position. Position and size must be appropriate to the scale of the material or document being used. When the project logo is displayed on a website or other electronic application, it must be visible inside the viewing area of a digital device without requiring a user to scroll down the page.

It must also be placed in a prominent position on communication products such as conference bags, exhibition roll-ups and presentations.

Priority logos

IPA ADRION adopts the logos provided by Interact for its Priorities: these invariable colours and icons must be used whenever reference to a priority or its content is made in the documentation and communication materials produced. Further specifications and instructions on the colours of the various priority axes, as well as of thematic icons for different priority axes can be found in the IPA ADRION Brand book.

Poster

Each project must produce a poster (minimum size A3 or equivalent electronic display) with information about the project, the project logo and information about its co-funding. This poster must be displayed at each project partner's premises, in a location that is readily visible to the public, such as the entrance area of a building. The programme will provide each contracted project with a template with the minimum requirements for the poster.

Statement on Interreg support

In addition to the project logo, a statement highlighting the support from Interreg funds must be displayed in a visible manner on all documents and communication material intended for the general public or for participants in projects, events or activities. There are no fixed sentences in this respect, as the most important aspect is that you state that the project is co-funded by the European Union through the Interreg IPA ADRION programme. This sentence is an extra reference to the text included directly in the project logo "Co-funded by the European Union".

Billboards and plaques

For physical investments or purchase of equipment whose total cost exceed €100,000, each project must display a durable plaque or billboard that is clearly visible to the public as soon as the physical implementation starts or the purchased equipment is installed. It should include the emblem of the Union in accordance with the technical specifications set out in Annex IX of Regulation (EU) 2021/1060. Certificates of attendance or any other documents intended for the public or participants of the funded project must also respect the aforementioned requirements.

Stickers

For any object purchased by the project, such as PCs, cameras or any other small devices, it is recommended to apply stickers with the logo of the Project on them in order to ensure that the EU support is visible.

Project websites

Project websites are provided by the Programme. Each contracted project will receive access to a dedicated project website hosted on the programme website www.interreg-ipa-adrion.eu. Each sub-website will provide basic information about the project and offer sections for the project to use. Each project should plan sufficient resources (e.g. staff costs) to run the project website. Project websites must be online within six months after approval, and should be regularly updated.

A personalised project website is eligible only if expressly mentioned in the approved AF. Please refer to the JS for any additional information deemed necessary to avoid not eligible costs.

Promotional materials

Promotional materials are branded items that are distributed to raise awareness of stakeholders. They may be produced only if they appear to be **strictly necessary** to project communication

activities and clearly serve the objectives of the project communication strategy. All promotional materials should comply with the guidelines of the European Commission. Particular items such as awards must first be approved by the JS/MA.

Project gifts

Gifts are not meant to raise awareness but rather to improve relations. They help to express gratitude to one specific person while respecting applicable rules against corruption. An example of gift could be a bouquet of flowers wrapped with a band holding the project logo, given to the host or an important speaker at a project event. Costs of gift are not eligible.

Disclaimer

Any notice or publication relating to the project made in any form and by any means, including on the internet (e.g. leaflet, brochure, publication, press release, document, website, and social media profiles), must state that it only reflects the author's view and that the programme authorities are not liable for any use that may be made of the information contained therein. The following disclaimer must be used:

“This has been produced with the financial assistance of the European Union. The content of the document/product/event/website is the sole responsibility of beneficiary's name/name of PP/LP and can under no circumstances be regarded as reflecting the position of the European Union and/or IPA ADRION programme authorities”.

The disclaimer must be placed at the bottom of the back of single-page printed materials, or at the bottom of the last or back cover page of a multi-page document.

Financial consequences linked to communication

Please note that projects risk financial consequences when they disregard EU communication rules and programme branding requirements. Where remedial actions have not been taken, the Managing Authority may cancel up to 2% of the co-financing granted to the beneficiary concerned. The financial cuts will be applied to the partner(s) concerned and take into account the principle of proportionality. Project partners are invited to read the legal requirements and technical specification set out in the EU regulations: Article 36 of the Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021, Articles 47 and 50 of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021, Annex IX of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021.

The JS offers its support to check the correctness of communication deliverables developed before their final product to avoid the risk of budget reductions.

Project closure

22 Project closure

The final request for payment must be sent within three months after the project's end date. It must include all expenditures incurred and paid in the period of reference and of previous periods (if yet to be verified).

All project costs must be paid out at the latest sixty days following the project's end date. Staff expenses (including social charges) related to the final month of the project may be reimbursed beyond this date, but no later than the date on which the last project report must be submitted.

No derogation to sixty days deadline is foreseen, unless in exceptional circumstances previously authorized by MA/JS.

With regard to the above, it is strongly recommended that final events and/or deliverables be finalised before project closure in order to ensure their due payment.

Project closure and final payment cannot be initiated if other processes related to the project are not closed, such as audit reports and irregularity and recovery procedures. In these cases, the final payment for the project is suspended until the other processes are closed.

The transfer of funds from the LP to PPs must be done without delay: the MA/JS reserve the right to check if fund transfers have been successfully finalised.

LP and PPs must keep projects documents for 5 years starting from 31 December of the year in which the last payment is made by the MA to the beneficiary. The retention period is equal to 10 years if the *de minimis* regime applies.

23 Final report

After the finalisation of the project implementation, the LP must prepare the final report that must be submitted together with the last project report.

The final report contains a comprehensive overview of the project's achievements focused mainly on qualitative elements, e.g. the project's contribution to programme and project objectives, the outputs delivered, how the relevant target groups were involved and how they will use these outputs; the measures ensuring durability and transferability of the outputs; the added value of cooperating on transnational level.

The final report must be sent to the MA via JS no later than three months after the project end date.

24 Durability and ownership

Durability of project results is a cornerstone to ensure long-lasting benefits to the territories where the project is implemented. Projects must ensure that what is achieved is durable and will be further implemented/continued even after its finalization.

All the project's main outputs produced during the project implementation must remain in the ownership of the LP or PPs for at least five years after the project end date. If the time span envisaged, as defined by art. 65 of the CPR, cannot be met, the MA via the JS must be informed immediately by the LP or PP concerned. The MA will recover the unduly paid Interreg contribution in proportion to the period for which the requirements have not been fulfilled.

The project's webpage, if developed during project implementation and financed by the Programme, must be maintained for at least five years after the project end date.

Ownership, and (joint) intellectual property rights of project outputs belong to the LP and PPs. The LP must ensure the dissemination of project outputs and results among a wide public.

Furthermore, the MA, the JS and the NCPs of IPA ADRION can make use of project outputs and achievements in communications.

Annex 1 - Overview of outputs and result indicators dedicated to 1st call projects

The annex provides an overview of the IPA ADRION programme definitions, specifications and minimum requirements adopted on programme outputs and results.

It is based on the Commission’s staff working document “*Performance, monitoring and evaluation of the European Regional Development Fund; Cohesion Fund and Just Transition Fund 2021-2027*” – SWD(2021) 198 final - 8.7.2021.

It also contains indications on the quantification and reporting of the indicators (outputs and results), along with the supporting documents required for their formalization. The minimum requirements have been set by the programme in order to ensure a streamlined approach among all funded projects.

OUTPUT INDICATORS

RCO 83 - Strategies and action plans jointly developed

Indicator code	RCO 83
Indicator name	Strategies and action plans jointly developed
Measurement Unit	strategy/action plan
Type of indicator	output
Definition	The indicator counts the number of joint strategies or action plans developed by supported projects. A jointly developed strategy aims at establishing a targeted way to achieve a goal-oriented process in a specific domain. An action plan translates an existing jointly developed strategy into actions. Jointly developed strategy or action plan implies the involvement implies the involvement of the entire partnership participating countries in the drafting process of the strategy or action plan.
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon finalisation as foreseen in AF
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Only strategies and action plans jointly developed by the project can be counted under this indicator. ○ The implementation of previously developed strategies and action plans, along with their revisions or update must not be counted under this indicator, but within the indicator RCO 84. ○ In case one project develops one strategy and one action plan based on the strategy, the strategy and action plan developed within the project must be counted separately under this indicator. ○ Guidelines, policy recommendations, white papers or any other documents of strategic relevance should not be counted under this indicator, as they do not fall under the definition of the strategy /action plan. ○ Project management and communication strategy should not be counted under this indicator.
Minimum requirements of output formalization	The strategy must reflect the territorial needs and ensure its sustainability. It must provide a common vision; overview of the state of play of the area; as well as a set of mid term and long term goals and objectives, based on a SMART approach (Specific, Measurable, Achievable, Realistic, and Time-based) . The Action plan must indicate the necessary actions to be implemented in order to reach the envisaged objectives, along with the related timeline . It should be designed following an integrated approach ensuring the logic sequence of actions linked to the planned strategic goals, as well as all the necessary elements to ensure their achievement and the financial resources .
Corresponding Result Indicator	RCR 79 “Joint strategies and action plans taken up by organisations”

RCO 84 - Pilot actions developed jointly and implemented in projects

Indicator code	RCO84
Indicator name	Pilot actions developed jointly and implemented in projects
Measurement Unit	Pilot action
Type of indicator	output
Definition	The indicator counts the pilot actions developed jointly and implemented by supported projects. The scope of a jointly developed pilot action could be to test procedures, new instruments, tools, experimentation or demonstration of practices . In order to be counted by this indicator: <ul style="list-style-type: none"> ○ the pilot action needs not only to be developed, but also implemented within the project, and ○ the implementation of the pilot action should be finalised by the end of the project. Jointly developed pilot action must be developed and implemented in a transnational context .
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon finalisation as foreseen in AF
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Pilot actions developed by organisations coming from only one partner State cannot be counted under this indicator; ○ Each pilot action should lead to at least one solution.
Minimum requirements of output formalization	The document of formalization of the “pilot action” must contain: <ul style="list-style-type: none"> ○ the rationale of the pilot action, how it has been designed, including further identification of implemented tool(s); ○ the goal of the pilot action must be also supported by technical evidence and adequate provision of data and information. ○ the methodological approach highlighting elements of novelties, excluded and adopted approaches and reasons why; ○ Information on the way the pilot action has been implemented and its results, including the environmental impact; ○ Outcomes of pilot action/s and the project partners/institutions involved.
Corresponding Indicator	RCR 104 – Solutions taken up or up-scaled by organizations

RCO 116 - Jointly developed solutions

Indicator code	RCO116
Indicator name	Jointly developed solutions
Measurement Unit	Solutions
Type of indicator	Output
Definition	The indicator counts the number of jointly developed solutions from joint pilot actions implemented by supported projects. To be counted in the indicator, an identified solution should include indications of the actions needed for it to be taken up or to be upscaled . A jointly developed solution implies the involvement of organizations from at least two participating countries in the drafting and design process of the solution.
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)

Time of measurement	Upon finalisation as foreseen in AF
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Solutions developed under such indicator should not be focused on the legal and administrative frameworks; ○ This indicator counts only the solutions developed in the framework of the joint pilot actions; ○ Solutions developed by the organizations located only in one partner State cannot be counted under this indicator.
Minimum requirements of output formalization	The document of formalization must provide clear indication of the actions needed for it to be taken up or to be upscale.
Corresponding Indicator	RCR 104 – Solutions taken up or up-scaled by organizations

RCO 117 - Solutions for legal or administrative obstacles across border identified

Indicator code	RCO117
Indicator name	Solutions for legal or administrative obstacles across border identified
Measurement Unit	solutions
Type of indicator	output
Definition	<p>The indicator counts the number of solutions identified for resolving/alleviating such legal or administrative obstacles across borders.</p> <p>Legal or administrative obstacles are identified on the basis of an in-depth analysis of the territorial context, which provides meaningful inputs on the functioning legal and administrative frameworks. The identified solution(s) should be customised according to the specificities of each territory and cooperation context.</p> <p>In order to be counted in the indicator, an identified solution should be accompanied by indications of possible actions to be taken for its potential implementation.</p>
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon finalisation as foreseen in AF
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Solutions developed must be focused on the administrative and legal aspects; ○ Solutions must be developed jointly by the partnership coming from at least two partner States.
Minimum requirements of output formalization	The document formalizing the solution must contain the analysis of context; including the legal and administrative frameworks; suitability of the solution to the territorial specificities; advantages deriving from the

	introduction of the new solution , as well as all the necessary actions to be taken for its potential implementation .
Corresponding Indicator	RCR 82 “Legal or administrative obstacles across borders alleviated or resolved”

RCO 87 - Organisations cooperating across borders

Indicator code	RCO 87
Indicator name	Organisations cooperating across borders
Measurement Unit	Organisations
Type of indicator	Output
Definition	<p>The indicator counts the organisations cooperating formally in supported projects.</p> <p>The organisations counted in this indicator are the legal entities including project partners and associated organizations included in the project application form.</p>
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon finalisation as foreseen in AF
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Double counting must be avoided at project level. Therefore, only legal entities must be counted. ○ Different departments of one single institution can be counted separately only if they have an individual legal entity.
Minimum requirements of output formalization	n.a
Corresponding Indicator	RCR 84” Organisations cooperating across borders after project lifetime”

RESULT INDICATORS

RCR 79 – Joint strategies and action plans taken up by organisations

Indicator code	RCR 79
Indicator name	Joint strategies and action plans taken up by organisations
Measurement Unit	Joint strategy/action plan
Type of indicator	Result
Definition	The indicator counts the number of joint strategies and action plans (not individual actions) adopted and implemented by organisations during or immediately after the project completion . The organisations involved in take-up may or may not be direct participants in the supported project.
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon project finalization or submission of the last progress report (3 months after the project end date)
Indications on counting and reporting	<ul style="list-style-type: none"> ○ At the time of reporting this indicator, the implementation of the joint strategy or action plan need not to be completed but effectively started. ○ It is not necessary that all actions identified are taken-up for a strategy/action plan to be counted in this context. ○ The value reported should be equal to or less than the value for "RCO83 Strategies and action plans jointly developed".
Formalization	The uptake of the joint strategy and action plan must be documented by the adopting institutions (e.g. letters of commitment; institutional acts etc).
Corresponding Output Indicator	RCO 83 – Strategies and action plans jointly developed

RCR 82 - Legal or administrative obstacles across borders alleviated or resolved

Indicator code	RCR 82
Indicator name	Legal or administrative obstacles across borders alleviated or resolved
Measurement Unit	solutions
Type of indicator	result
Definition	<p>Legal or administrative obstacles refer to rules, laws or administrative procedures which obstruct everyday life and the development of border regions.</p> <p>The indicator counts the number of legal or administrative obstacles that are alleviated or resolved based on solutions identified through supported projects.</p>
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)

Time of measurement	Upon project finalisation or submission of the last project report (3 months from the project end date)
Indications on counting and reporting	<ul style="list-style-type: none"> ○ The adoption and implementation of the respective solutions should take place during the implementation of the project or immediately after the project completion (within 3 months after the project end date).
Formalization	The adoption and implementation of the respective solutions must be documented by the adopted organizations through decisions, acts of the adopted organization; letters of commitment; etc
Corresponding Output Indicator	RCO 117 "Solutions for legal or administrative obstacles across border identified"

RCR 104 - Solutions taken up or up-scaled by organisations

Indicator code	RCR 104
Indicator name	Solutions taken up or up-scaled by organisations
Measurement Unit	Solution
Type of indicator	Result
Definition	The indicator counts the number of solutions , other than legal or administrative solutions, that are developed by supported projects and are taken up or upscaled during the implementation of the project or within three months from the project end date. The organisation adopting the solutions developed by the project may or may not be a participant in the project.
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon project finalisation or submission of the last project report (3 months from the project end date)
Indications on counting and reporting	<ul style="list-style-type: none"> ○ Legal or administrative solutions must not be counted under this indicator, but on RCR 82; ○ The target value to be set in AF must be equal to or less than the value corresponding to the output indicator RCO 116 "Jointly developed solutions".
Formalization	The uptake / up-scaling should be documented by the adopting organisations in, for instance, strategies, action plans etc. In case the solution has been finalized at the end of the project and its uptake will happen at a latter stage, the project must provide a time plan for the uptake of the solution, along with a written commitment of the organizations to adopt it.
Corresponding Output Indicator	RCO 84 – Pilot actions developed jointly and implemented in the projects RCO 116 – Jointly developed solutions

RCR 84 - Organisations cooperating across borders after project lifetime

Indicator code	RCR 84
Indicator name	Organisations cooperating across borders after project lifetime
Measurement Unit	Organisations
Type of indicator	Result
Definition	<p>The indicator counts the organisations cooperating across borders after the completion of the supported projects.</p> <p>The organisations are legal entities involved in project implementation, as project partners and associated ones.</p>
Data Collection	IPA ADRION Electronic Monitoring system (JEMS)
Time of measurement	Upon project finalisation or submission of the last project report (3 months from the project end date)
Indications on counting and reporting	<ul style="list-style-type: none"> ○ The target value must be equal to or less than the value reported under the output indicator RCO 87.
Formalization	<p>The cooperation concept should be based on a formal agreement among the parties to continue cooperation, after the end of the project.</p> <p>The formal cooperation agreement must contain the goal of the cooperation, duties and responsibilities of the parties, the activities to be performed in cooperation and duration after the project end date.</p> <p>The document attesting the formal agreement among the parties (i.e. signed expression of interest; memorandum of understanding etc) must be provided during the implementation of the project or within 3 months from the project end date.</p>
Corresponding Output Indicator	RCO 87 “Organisations cooperating across borders”

Public procurement

A. General provisions

1. Principles applicable to contracts and scope (mirroring art. 160 of Omnibus)

1. All contracts financed by a grant contract shall respect the principles of transparency, proportionality, equal treatment and non-discrimination.
2. All contracts shall be put out to competition on the broadest possible basis, except when use of negotiated procedure. The estimated value of a contract shall not be determined with a view to circumventing the applicable rules, nor shall a contract be split up for that purpose. The grant beneficiary shall divide a contract into lots, whenever appropriate, with due regard to broad competition.

2. Mixed contracts and common procurement vocabulary (mirroring art. 162 of Omnibus)

1. A mixed contract covering two or more types of procurement (works, supplies or services), shall be awarded in accordance with the provisions applicable to the type of procurement that characterises the main subject matter of the contract in question.
2. In the case of mixed contracts consisting of supplies and services, the main subject matter shall be determined by a comparison of the values of the respective supplies or services.
3. Any references to nomenclatures in the context of procurement shall be made using the [Common Procurement Vocabulary \(CPV\)](#).

3. Publicity measures (mirroring art. 163 of Omnibus with thresholds of 178.1 and point 5 of annex I)

1. For procedures with a value equal to or greater than EUR 300 000 for service and supply contracts or than EUR 5 000 000 for works contracts the grant beneficiary shall publish in *the Official Journal of the European Union*:
 - a) a contract notice to launch a procedure, except in the case of negotiated procedure;
 - b) a contract award notice on the results of the procedure.
2. Procedures with a value below the above-mentioned thresholds shall be advertised by appropriate means. In addition to the advertising provided for in paragraph 1, procurement procedures may be advertised in any other way, in particular in electronic form. Any such advertising shall refer to the notice published in the Official Journal of the European Union, if the notice has been published, and shall not precede the publication of that notice, which alone is authentic.

Such advertising shall not introduce any discrimination between candidates or tenderers nor contain details other than those contained in the contract notice, if the notice has been published.

3. Publication of certain information on a contract award may be withheld where its release would impede law enforcement, or otherwise be contrary to the public interest, would harm the legitimate commercial interests of economic operators or might prejudice fair competition between them.

B. B. Types of procedures

4. Procurement procedures (mirroring art. 164 of Omnibus)

1. Procurement procedures for awarding concession contracts or public contracts, including framework contracts shall take one of the following forms:
 - a) open procedure;
 - b) restricted procedure;
 - c) negotiated procedure, including without prior publication;
 - d) competitive procedure with negotiation;
 - e) procedures involving a call for expression of interest.

2. In open procedures any interested economic operator may submit a tender.

3. In restricted procedures and competitive procedures with negotiation, any economic operator may submit a request to participate by providing the information that is requested by the grant beneficiary. The grant beneficiary shall invite all candidates, that satisfy the selection criteria and that are not in any of the situations for exclusion or rejection [referred to in Articles 136(1) and 141(1) of the Financial Regulation²⁸,] to submit a tender.

Notwithstanding the first subparagraph, the grant beneficiary may limit the number of candidates to be invited to participate in the procedure on the basis of objective and non-discriminatory selection criteria, which shall be indicated in the contract notice or the call for expression of interest. The number of candidates invited shall be sufficient to ensure genuine competition.

4. In all procedures involving negotiation, the grant beneficiary shall negotiate with tenderers the initial and any subsequent tenders or parts thereof, except their final tenders, in order to improve their content. The minimum requirements and the criteria specified in the procurement documents shall not be subject to negotiation. A grant beneficiary may award a contract on the basis of the initial tender without negotiation where it has indicated in the procurement documents that it reserves the possibility to do so.
5. The grant beneficiary may use:
 - a) the open or restricted procedure for any purchase;
 - b) the procedures involving a call for expression of interest for contracts with a value below the thresholds referred to in point 3 of this Annex, to preselect candidates to be invited to submit tenders in response to future restricted invitations to tender, or to collect a list of vendors to be invited to submit requests to participate or submit tenders;
 - c) the competitive procedure with negotiation or the competitive dialogue for concession contracts, for the service contracts for social and other specific services²⁹, in cases where only irregular or unacceptable tenders were submitted in response to an open or restricted procedure after the initial procedure has been completed, and for cases where this is justified by the specific circumstances linked, inter alia, to the nature or the complexity of the subject matter of the contract or to the specific type of contract;
 - d) the negotiated procedure for contracts with a value below the thresholds referred to in point 3 of this Annex, or the negotiated procedure without prior publication for specific

²⁸ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

²⁹ As referred to in Annex XIV to Directive 2014/24/EU

types of purchases [falling outside the scope of Directive 2014/24/EU] or in the clearly defined exceptional circumstances.

5. Thresholds and procedures (mirroring point 38 of Annex I of Omnibus)

1. The procurement procedures in the field of external actions shall be as follows:
 - a) the restricted procedure as provided for in point 4.1.b of this Annex;
 - b) the open procedure as provided for in point 4.1.a of this Annex;
 - c) the local open procedure;
 - d) the simplified procedure.
2. The use of procurement procedures according to thresholds shall be as follows:
 - a) the open or restricted procedure may be used for:
 - i) service and supply contracts and service concession contracts with a value of at least EUR 300 000;
 - ii) works contracts and works concessions contracts with a value of at least EUR 5 000 000;
 - b) the local open procedure may be used for:
 - i) supply contracts with a value of at least EUR 100 000 and less than EUR 300 000;
 - ii) works contracts and works concessions contracts with a value of at least EUR 300 000 and less than EUR 5 000 000;
 - c) the simplified procedure may be used for:
 - i) service contracts, service concession contracts, works contracts and works concessions contracts with a value of less than EUR 300 000;
 - ii) supply contracts with a value of less than EUR 100 000;
 - d) contracts with a value of less than or equal to EUR 20 000 may be awarded on the basis of a single tender;
 - e) payments of amounts less than or equal to EUR 2 500 in respect of items of expenditure may be carried out simply as payment against invoices, without prior acceptance of a tender.
3. In the restricted procedure referred to in point (a) of subparagraph 1, the contract notice shall state the number of candidates who will be invited to submit tenders. For service contracts at least four candidates shall be invited. The number of candidates allowed to submit tenders shall be sufficient to ensure genuine competition. The list of selected candidates shall be published on the grant beneficiary's website.

If the number of candidates satisfying the selection criteria or the minimum capacity levels is less than the minimum number, the grant beneficiary may invite to submit a tender only those candidates who satisfy the criteria to submit a tender.
4. Under the local open procedure referred to in point (c) of subparagraph 1, the contract notice shall be published at least in the official gazette of the recipient State or in any equivalent publication for local invitations to tender.
5. Under the simplified procedure referred to in point (d) of subparagraph 1, the contracting authority shall draw up a list of at least three tenderers of its choice, without publication of a notice. Tenderers for the simplified procedure may be chosen from a list of vendors as referred to in point (b) of point 9.1 advertised by a call for expression of interest.

If, following consultation of the tenderers, the contracting authority receives only one tender that is administratively and technically valid, the contract may be awarded provided that the award criteria are met.

6. For legal services not covered in point (h) of the second subparagraph of point 12.1, the contracting authorities may use the simplified procedure, whatever is the estimated value of the contract.

6. Use of a negotiated procedure without prior publication of a contract notice
(mirroring point 11 of Annex I of Omnibus)

1. Where the grant beneficiary uses the negotiated procedure without prior publication of a contract notice, it shall comply with the arrangements on negotiation set out in point 7. The grant beneficiary may use the negotiated procedure without prior publication of a contract notice, regardless of the estimated value of the contract, in the following cases:
 - a) where no tenders, or no suitable tender, or no request to participate or no suitable request to participate as provided for in subparagraph 2 of this point 6.2 have been submitted in response to an open procedure or restricted procedure after that procedure has been completed, provided that the original procurement documents are not substantially altered;
 - b) where the works, supplies or services can only be provided by a single economic operator under the conditions set out in point 28.3 and for any of the following reasons:
 - i) the aim of the procurement is the creation or acquisition of a unique work of art or an artistic performance;
 - ii) competition is absent for technical reasons;
 - iii) the protection of exclusive rights, including intellectual property rights, must be ensured;
 - c) in so far as is strictly necessary where, for reasons of extreme urgency brought about by unforeseeable events, it is impossible to comply with the time limits laid down in point 22 of this Annex and where the justification of such extreme urgency is not attributable to the contracting authority;
 - d) for new services or works consisting in the repetition of similar services or works entrusted to the economic operator to which the same grant beneficiary awarded an original contract, provided that those services or works are in conformity with a basic project for which the original contract was awarded after publication of a contract notice, subject to the conditions set out in subparagraph 4;
 - e) for supply contracts:
 - i) for additional deliveries which are intended either as a partial replacement of supplies or installations or as the extension of existing supplies or installations, where a change of supplier would oblige the contracting authority to acquire supplies having different technical characteristics which would result in incompatibility or disproportionate technical difficulties in operation and maintenance; when Union institutions award contracts on their own account, the duration of such contracts shall not exceed three years;
 - ii) where the products are manufactured purely for the purpose of research, experimentation, study or development; however, such contracts shall not include quantity production to establish commercial viability or to recover research and development costs;
 - iii) for supplies quoted and purchased on a commodity market;
 - iv) for purchases of supplies on particularly advantageous terms, from either an economic operator which is definitively winding up its business activities, or the liquidators in an insolvency procedure, an arrangement with creditors, or a similar procedure under national law;
 - f) for building contracts, after prospecting the local market;
 - g) for contracts for any of the following:

- i) legal representation by a lawyer in arbitration or conciliation or judicial proceedings;
 - ii) legal advice given in the preparation of the proceedings referred to in point (i), or where there is tangible indication and high probability that the matter to which the advice relates will become the subject of such proceedings, provided that the advice is given by a lawyer;
 - iii) arbitration and conciliation services;
 - iv) document certification and authentication services which must be provided by notaries;
2. A tender shall be considered unsuitable where it does not relate to the subject matter of the contract and a request to participate shall be considered unsuitable where the economic operator is in an exclusion situation or does not meet the selection criteria.
 3. The exceptions set out in points (b)(ii) and (iii) of subparagraph 1 shall only apply when no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters when defining the procurement.
 4. In the cases referred to in point (e) of subparagraph 1, the basic project shall indicate the extent of possible new services or works and the conditions under which they will be awarded. As soon as the basic project is put up for tender, the possible use of the negotiated procedure shall be disclosed, and the total estimated amount for the subsequent services or works shall be taken into consideration in applying the thresholds referred to in point 3 of this Annex.

7. Use of competitive procedure with negotiation (mirroring point 12.1(b) and point 6.5 of Annex I and art. 164.4 of Omnibus; points 12.2 & 12.3)

1. When the grant beneficiary uses the competitive procedure with negotiation, it shall take into consideration the following arrangements on negotiation:
 - a) the grant beneficiary shall negotiate with tenderers the initial and any subsequent tenders or parts thereof, except their final tenders, in order to improve their content. The minimum requirements and the criteria specified in the procurement documents shall not be subject to negotiation;
 - b) during a negotiation, the grant beneficiary shall ensure equal treatment for all tenderers;
 - c) a negotiation may take place in successive stages in order to reduce the number of tenders to be negotiated by applying the award criteria specified in the procurement documents. The grant beneficiary shall indicate whether it will use that option in the procurement documents;
 - d) a grant beneficiary may award a contract on the basis of the initial tender without negotiation where it has indicated in the procurement documents that it reserves the possibility to do so.
2. A tender shall be considered irregular in any of the following cases:
 - a) when it does not comply with the minimum requirements specified in the procurement documents;
 - b) when it does not comply with the requirements for submission set out in point 8 of this Annex;
 - c) when the tenderer is rejected;
 - d) when the grant beneficiary has declared the tender to be abnormally low.
3. A tender shall be considered unacceptable in any of the following cases:
 - a) when the price of the tender exceeds the grant beneficiary's maximum budget as determined and documented prior to the launching of the procurement procedure;
 - b) when the tender fails to meet the minimum quality levels for award criteria.

8. Use of the negotiated procedure for service, supply and works contracts (mirroring point 39 of Annex I of Omnibus)

1. Grant beneficiaries may use the negotiated procedure with a single tender in the following cases:
 - a) where the services are entrusted to public-sector bodies or to non-profit institutions or associations and relate activities of an institutional nature or are designed to provide assistance to people in the social field;
 - b) where the tender procedure has been unsuccessful, that is to say, where no qualitatively and/or financially worthwhile tender has been received, in which case, after cancelling the tender procedure, the grant beneficiary may negotiate with one or more tenderers of its choice, from among those that took part in the invitation to tender, provided that the procurement documents are not substantially altered;
 - c) where a new contract has to be concluded after early termination of an existing contract.
2. For the purposes of point (c) of the second subparagraph of point 7, operations carried out in a crisis shall be considered to satisfy the test of extreme urgency. The grant beneficiary, shall establish that a situation of extreme urgency exists and shall review his or her decision regularly having regard to the principle of sound financial management.
3. Activities of an institutional nature referred to in point (a) of point 8 shall include services directly linked to the statutory mission of the public sector bodies.

9. Procedure involving a call for expression of interest (mirroring points 13.1, 13.2, 29.3 & 40 of Annex I of Omnibus)

1. For contracts with a value below the thresholds referred to in point 3 of this Annex, and without prejudice to points 6 and 7, of this Annex, the grant beneficiary may use a call for expression of interest to do either of the following:
 - a) to pre-select candidates to be invited to submit tenders in response to future restricted invitations to tender;
 - b) to collect a list of vendors to be invited to submit requests to participate or tenders.
2. The list drawn up following a call for expression of interest shall be valid for not more than four years from the date on which the notice is published. The list referred to in the first subparagraph may include sub-lists. Any interested economic operator may express interest at any time during the period of validity of the list, with the exception of the last three months of that period.
3. Requests to participate and tenders which are suitable under point 6.2 and neither irregular under point 7.2 nor unacceptable under point 7.3 of this Annex shall be considered admissible.
4. By way of derogation from point 14.3, for all procedures involving a request to participate, the tender specifications may be split according to the two stages of the procedure and the first stage may contain only the information referred to in points (a) and (f) of point 14.3.

10. Use of electronic auctions (mirroring point 22 of Annex I of Omnibus)

1. The grant beneficiary may use electronic auctions, in which new prices, revised downwards, or new values concerning certain elements of tenders are presented.

The grant beneficiary shall structure the electronic auction as a repetitive electronic process, which occurs after an initial full evaluation of the tenders, enabling them to be ranked using automatic evaluation methods.

2. In open, restricted or competitive procedures with negotiation, the grant beneficiary may decide that the award of a public contract is preceded by an electronic auction when the procurement documents can be established with precision.

The electronic auction shall be based on one of the award methods set out in point 17.4 of this Annex.

3. The contracting authority which decides to hold an electronic auction shall state that fact in the contract notice. The procurement documents shall include the following details:
 - a) the values of the features which will be the subject of an electronic auction, provided that those features are quantifiable and can be expressed in figures or percentages;
 - b) any limits on the values which may be submitted, as they result from the specifications relating to the subject matter of the contract;
 - c) the information which will be made available to tenderers in the course of the electronic auction and, where appropriate, when it will be made available to them;
 - d) the relevant information concerning the electronic auction process including whether it includes phases and how it will be closed, as set out in point 10.7;
 - e) the conditions under which the tenderers will be able to tender and, in particular, the minimum differences which will, where appropriate, be required when submitting the tender;
 - f) the relevant information concerning the electronic equipment used and the arrangements and technical specifications for connection.
4. All tenderers who have submitted admissible tenders shall be invited simultaneously by electronic means to participate in the electronic auction using the connections in accordance with the instructions. The invitation shall specify the date and time of the start of the electronic auction.

The electronic auction may take place in a number of successive phases. The electronic auction shall not start sooner than two working days after the date on which invitations are sent out.

5. The invitation shall be accompanied by the outcome of a full evaluation of the relevant tender. The invitation shall also state the mathematical formula to be used in the electronic auction to determine automatic re-rankings on the basis of the new prices and/or new values submitted. That formula shall incorporate the weighting of all the criteria fixed to determine the most economically advantageous tender, as indicated in the procurement documents. For that purpose, any ranges shall, however, be reduced beforehand to a specified value.

Where variants are authorised, a separate formula shall be provided for each variant.

6. Throughout each phase of an electronic auction the contracting authority shall instantaneously communicate to all tenderers at least sufficient information to enable them to ascertain their relative rankings at any moment. It may also, where this has been previously indicated, communicate other information concerning other prices or values submitted as well as announce the number of tenderers in any specific phase of the auction. It shall not however disclose the identities of the tenderers during any phase of an electronic auction.
7. The grant beneficiary shall close an electronic auction in one or more of the following ways:
 - a) at the previously indicated date and time;

- b) when it receives no more new prices or new values which meet the requirements concerning minimum differences, provided that it has previously stated the time which it will allow to elapse after receiving the last submission before it closes the electronic auction;
 - c) when the previously indicated number of phases in the auction has been completed.
8. After closing an electronic auction, the contracting authority shall award the contract on the basis of the results of the electronic auction.

11. Electronic catalogues (mirroring point 27 of Annex I of Omnibus)

1. Where the use of electronic means of communication is required, the contracting authority may require tenders to be presented in the format of an electronic catalogue or to include an electronic catalogue.
2. Where the presentation of tenders in the form of electronic catalogues is accepted or required, the contracting authority shall:
 - a) state so in the contract notice;
 - b) indicate in the procurement documents all the necessary information concerning the format, the electronic equipment used and the technical connection arrangements and specifications for the catalogue.

C. Preparation

12. Preparation of a procurement procedure (mirroring art. 166 of Omnibus)

1. Before launching a procurement procedure, the grant beneficiary may conduct a preliminary market consultation with a view to preparing the procedure.
2. In the procurement documents, the grant beneficiary shall identify the subject matter of the procurement by providing a description of its needs and the characteristics required of the works, supplies or services to be bought, and shall specify the applicable exclusion, selection and award criteria. The grant beneficiary authority shall also indicate which elements define the minimum requirements to be met by all tenders. Minimum requirements shall include compliance with applicable environmental, social and labour law obligations established by Union law, national law, collective agreements or the applicable international social and environmental conventions [listed in Annex X to Directive 2014/24/EU].

13. Joint procurement (simplified adaptation of art. 165 of Omnibus)

1. Where a contract is of interest to two or more grant beneficiaries in the same operation, and whenever there is a possibility for realising efficiency gains, the grant beneficiaries concerned may carry out the procedure and the management of the subsequent contract on an interinstitutional basis under the lead of one of the grant beneficiaries.
2. Where a contract is necessary for the implementation of a joint action between one or more grant beneficiaries from partner countries and one or more grant beneficiaries from Member States, the procurement procedure may be carried out jointly. The procedural provisions applicable will be the ones of the grant beneficiary leading the procurement procedure.

14. Procurement documents (mirroring point 16 of Annex I of Omnibus)

1. The procurement documents shall include the following:
 - a) if applicable, the contract notice or other advertising measure;

- b) the invitation to tender;
- c) the tender specifications or the descriptive documents in the case of a competitive dialogue, including the technical specifications and the relevant criteria;
- d) the draft contract based on the model contract.

Point (d) of the first subparagraph shall not apply to cases where, due to exceptional and duly justified circumstances, the model contract cannot be used.

2. The invitation to tender shall:

- a) specify the rules governing the submission of tenders, including in particular the conditions to maintain them confidential until opening, the closing date and time for receipt and the address to which they are to be sent or delivered or the internet address in case of electronic submission;
- b) state that submission of a tender implies acceptance of the terms and conditions set out in the procurement documents and that such submission binds the contractor to whom the contract is awarded during performance of the contract;
- c) specify the period during which a tender will remain valid and shall not be modified in any respect;
- d) forbid any contact between the contracting authority and the tenderer during the procedure, save, exceptionally, under the conditions laid down in point 23 of this Annex, and, where provision is made for an on-the-spot visit, specify the arrangements for such a visit;
- e) specify the means of proof for compliance with the time limit for receipt of tenders;
- f) state that submission of a tender implies acceptance of receiving notification of the outcome of the procedure by electronic means.

3. The tender specifications shall contain the following:

- a) the exclusion and selection criteria;
- b) the award criteria and their relative weighting or, where weighting is not possible for objective reasons, their decreasing order of importance, which shall also apply to variants if they are authorised in the contract notice;
- c) the technical specifications referred to in point 16 of this Annex;
- d) if variants are authorised, the minimum requirements which they must meet;
- e) the evidence of access to procurement;
- f) the requirement to indicate in which country the tenderers are established and to present the supporting evidence normally acceptable under the law of that country;
- g) in the case of electronic catalogues, information on the electronic equipment used and the technical connection arrangements and specifications needed.

4. The draft contract shall:

- a) specify the liquidated damages for failure to comply with its clauses;
- b) specify the details which must be contained in invoices and in the relevant supporting documents;
- c) specify the competent court for hearing disputes;

- d) specify that the contractor shall comply with applicable obligations in the fields of environmental, social and labour law established by Union law, national law, collective agreements or by the international social and environmental conventions [listed in Annex X to Directive 2014/24/EU];
- e) specify whether the transfer of intellectual property rights will be required;
- f) state that the price quoted in the tender is firm and non-revisable, or lay down the conditions or formulas for revision of prices during the lifetime of the contract.

For the purposes of point f), if a revision of prices is set out in the contract, the grant beneficiary shall take particular account of:

- a) the subject matter of the procurement and the economic situation in which it is taking place;
- b) the type of contract and tasks and its duration;
- c) the financial interests of the contracting authority.

15. Access to procurement documents and time limit to provide additional information (mirroring point 25.1 of Annex I of Omnibus)

The grant beneficiary shall offer direct access free of charge by electronic means to the procurement documents from the date of publication of the contract notice or, for the procedures without contract notice or referred to in point 9 of this Annex, from the date of dispatch of the invitation to tender.

In justified cases, the grant beneficiary may transmit the procurement documents by other means it specifies if direct access by electronic means is not possible for technical reasons or if the procurement documents contain information of a confidential nature.

The grant beneficiary may impose on economic operators requirements aimed at protecting the confidential nature of information contained in the procurement documents. It shall announce those requirements as well as how access to the procurement documents concerned can be obtained.

D. Technical specifications and criteria for assessment

16. Technical specifications (mirroring point 17.1, 17.2 & 17.8 of Annex I of Omnibus)

1. Technical specifications shall allow equal access of economic operators to the procurement procedures and not have the effect of creating unjustified obstacles to the opening up of procurement to competition.

Technical specifications shall include the characteristics required for works, supplies or services, including minimum requirements, so that they fulfil the use for which they are intended by the contracting authority.

2. The characteristics referred to in point 16 may include as appropriate:
 - a) the quality levels;
 - b) environmental performance and climate performance;
 - c) for purchases intended for use by natural persons, the accessibility criteria for people with disabilities or the design for all users, except in duly justified cases;
 - d) the levels and procedures of conformity assessment;

- e) performance or use of the supply;
 - f) safety or dimensions, including, for supplies, the sales name and user instructions, and, for all contracts, terminology, symbols, testing and test methods, packaging, marking and labelling, production processes and methods;
 - g) for works contracts, the procedures relating to quality assurance and the rules relating to design and costing, the test, inspection and acceptance conditions for works and methods or techniques of construction and all the other technical conditions which the contracting authority is in a position to prescribe under general or specific regulations in relation to the finished works and to the materials or parts which they involve.
3. Unless justified by the subject matter of the contract, technical specifications shall not refer to a specific make or source, or a particular process which characterises the products or services provided by a specific economic operator, or to trade marks, patents, types or a specific origin or production with the effect of favouring or eliminating certain products or economic operators.

Such reference shall be permitted on an exceptional basis where a sufficiently detailed and intelligible description of the e subject matter of the contract is not possible. Such reference shall be accompanied by the words 'or equivalent'.

17. Award of contracts (mirroring art. 167 of Omnibus)

1. Contracts shall be awarded on the basis of award criteria provided that the contracting authority has verified the following:
 - a) the tender complies with the minimum requirements specified in the procurement documents;
 - b) the candidate or tenderer is not excluded under point 4.3 of this Annex;
 - c) the candidate or tenderer meets the selection criteria specified in the procurement documents and is not subject to conflicts of interest which may negatively affect the performance of the contract.
2. The grant beneficiary shall apply the selection criteria to evaluate the capacity of the candidate or tenderer. Selection criteria shall only relate to the legal and regulatory capacity to pursue the professional activity, the economic and financial capacity, and the technical and professional capacity.
3. The grant beneficiary shall apply the award criteria to evaluate the tender.
4. The grant beneficiary shall base the award of contracts on the most economically advantageous tender, which shall consist in one of three award methods: lowest price, lowest cost or best price-quality ratio. For the lowest cost method, the grant beneficiary shall use a cost-effectiveness approach including life-cycle costing. For the best price-quality ratio, the contracting authority shall take into account the price or cost and other quality criteria linked to the subject matter of the contract.

18. Exclusion and selection criteria (mirroring point 18 of Annex I of Omnibus)

1. For the purpose of declaring and evidencing the absence of an exclusion situation, the grant beneficiary shall accept a declaration on honour signed and dated.
2. The grant beneficiary shall indicate in the procurement documents the selection criteria, the minimum levels of capacity and the evidence required to prove that capacity. All requirements shall be related and proportionate to the subject matter of the contract. The

grant beneficiary shall specify in the procurement documents how groups of economic operators are to meet the selection criteria taking into account point 18.6.

Where a contract is divided into lots, the grant beneficiary may set minimum levels of capacity for each lot. It may set additional minimum levels of capacity in the event that several lots are awarded to the same contractor.

3. With regard to capacity to pursue the professional activity, the contracting authority may require an economic operator to fulfil at least one of the following conditions:
 - a) be enrolled in a relevant professional or trade register, except when the economic operator is an international organisation;
 - b) for service contracts, hold a particular authorisation proving that it is authorised to perform the contract in its country of establishment or be a member of a specific professional organisation.

4. When receiving requests to participate or tenders, the contracting authority shall accept a declaration on honour stating that the candidate or tenderer fulfils the selection criteria. The requirement to submit a declaration on honour may be waived for very low value contracts.

The grant beneficiary may ask tenderers and candidates at any moment during the procedure to submit an updated declaration or all or part of the supporting documents where this is necessary to ensure the proper conduct of the procedure.

The grant beneficiary shall require the candidates or successful tenderers to submit up-to-date supporting documents except where it has already received them for the purpose of another procedure and provided that the documents are still up-to-date or it can access them in a national database free of charge.

5. The grant beneficiary may, depending on its assessment of risks, decide not to require evidence of the legal, regulatory, financial, economic, technical and professional capacity of economic operators in the following cases:
 - a) procedures for contracts awarded, with a value not exceeding the thresholds referred to in point 3 of this Annex;
 - b) procedures for contracts awarded in accordance with points (b), (e), (f)(i) and (iv), (h) and (m) of the second subparagraph of point 6.1.

Where the grant beneficiary decides not to require evidence of the legal, regulatory, financial, economic, technical and professional capacity of economic operators, no pre-financing shall be made except in duly justified cases.

6. An economic operator may, where appropriate and for a particular contract, rely on the capacities of other entities, regardless of the legal nature of the links which it has with them. It shall in that case prove to the grant beneficiary that it will have at its disposal the resources necessary for the performance of the contract by producing a commitment by those entities to that effect.

With regard to technical and professional criteria, an economic operator shall only rely on the capacities of other entities where the latter will perform the works or services for which those capacities are required.

Where an economic operator relies on the capacities of other entities with regard to criteria relating to economic and financial capacity, the contracting authority may require that the economic operator and those entities be jointly liable for the performance of the contract.

The grant beneficiary may request information from the tenderer on any part of the contract that the tenderer any subcontractors.

For works or services provided at a facility directly under the oversight of the grant beneficiary, the grant beneficiary shall require the contractor to indicate the names, contacts and authorised representatives of all subcontractors involved in the performance of the contract, including any changes of subcontractors.

7. The grant beneficiary shall verify whether the entities on whose capacity the economic operator intends to rely and the envisaged subcontractors, when subcontracting represents a significant part of the contract, fulfil the relevant selection criteria.

The grant beneficiary shall require that the economic operator replaces an entity or subcontractor which does not meet a relevant selection criterion.

8. In the case of works contracts, service contracts and siting or installation operations in the context of a supply contract, the grant beneficiary may require that certain critical tasks be performed directly by the tenderer itself or, where the tender is submitted by a group of economic operators, a participant in the group.
9. The grant beneficiary shall not demand that a group of economic operators have a given legal form in order to submit a tender or request to participate, but the selected group may be required to adopt a given legal form after it has been awarded the contract if such change is necessary for the proper performance of the contract.

19. Economic and financial capacity (mirroring point 19 of Annex I of Omnibus)

1. To ensure that economic operators possess the necessary economic and financial capacity to perform the contract, the contracting authority may require in particular that:
 - a) economic operators have a certain minimum yearly turnover, including a certain minimum turnover in the area covered by the contract;
 - b) economic operators provide information on their annual accounts showing ratios between assets and liability;
 - c) economic operators provide an appropriate level of professional risk indemnity insurance.

For the purposes of point (a), the minimum yearly turnover shall not exceed two times the estimated annual contract value, except in duly justified cases linked to the nature of the purchase, which the grant beneficiary shall explain in the procurement documents.

For the purposes of point (b), the grant beneficiary shall explain the methods and criteria for such ratios in the procurement documents.

2. The grant beneficiary shall define in the procurement documents the evidence to be provided by an economic operator to demonstrate its economic and financial capacity. It may request in particular one or more of the following documents:
 - a) appropriate statements from banks or, where appropriate, evidence of relevant professional risk indemnity insurance;
 - b) financial statements or their extracts for a period equal to or less than the last three financial years for which accounts have been closed;
 - c) a statement of the economic operator's overall turnover and, where appropriate, turnover in the area covered three financial years available.

If, for any valid reason, the economic operator is unable to provide the references requested by the grant beneficiary, it may prove its economic and financial capacity by any other document which the grant beneficiary considers appropriate.

20. Technical and professional capacity (mirroring point 20, except 20.4)

1. The grant beneficiary shall verify that candidates or tenderers fulfil the minimum selection criteria concerning technical and professional capacity in accordance with points 20.2 to 20.4 of this Annex.

2. The grant beneficiary shall define in the procurement documents the evidence to be provided by an economic operator to demonstrate its technical and professional capacity. It may request one or more of the following documents:
 - a) for works, supplies requiring siting or installation operations or services, information on the educational and professional qualifications, skills, experience and expertise of the persons responsible for performance;
 - b) a list of the following:
 - i) the principal services provided and supplies delivered in the past three years, with the sums, dates and clients, public or private accompanied upon request by statements issued by the clients;
 - ii) the works carried out in the last five years, accompanied by certificates of satisfactory execution for the most important works;
 - c) a statement of the technical equipment, tools or the plant available to the economic operator for performing a service or works contract;
 - d) a description of the technical facilities and means available to the economic operator for ensuring quality, and a description of available study and research facilities;
 - e) a reference to the technicians or technical bodies available to the economic operator, whether or not belonging directly to it, especially those responsible for quality control;
 - f) in respect of supplies: samples, descriptions or authentic photographs or certificates drawn up by official quality control institutes or agencies of recognised competence attesting the conformity of the products clearly identified by references to technical specifications or standards;
 - g) for works or services, a statement of the average annual manpower and the number of managerial staff of the economic operator for the last three years;
 - h) an indication of the supply chain management and tracking systems that the economic operator will be able to apply when performing the contract;
 - i) an indication of the environmental management measures that the economic operator will be able to apply when performing the contract.

For the purposes of point (b)(i) of the first subparagraph, where necessary in order to ensure an adequate level of competition, the grant beneficiary may indicate that evidence of relevant supplies or services delivered or performed more than three years before will be taken into account.

For the purposes of point (b)(ii) of the first subparagraph, where necessary in order to ensure an adequate level of competition, the grant beneficiary may indicate that evidence of relevant works delivered or performed more than five years before will be taken into account.

3. Where the supplies or services are complex or, exceptionally, are required for a special purpose, evidence of technical and professional capacity may be secured by means of a check carried out by the contracting authority or on its behalf by a competent official body of the country in which the economic operator is established, subject to that body's agreement. Such checks shall concern the supplier's technical capacity and production capacity and, if necessary, its study and research facilities and quality control measures.
4. Where the grant beneficiary requires the provision of certificates drawn up by independent bodies attesting that the economic operator complies with certain environmental management systems or standards, it shall refer to [the European Union Eco-Management and Audit Scheme or to other environmental management systems as recognised in accordance with Article 45 of Regulation (EC) No 1221/2009 of the European Parliament and of the Council or other] environmental management standards based on the relevant

European or international standards by accredited bodies. Where an economic operator had demonstrably no access to such certificates, or no possibility of obtaining them within the relevant time limits for reasons that are not attributable to that economic operator, the contracting authority shall also accept other evidence of environmental management measures, provided that the economic operator proves that those measures are equivalent to those required under the applicable environmental management system or standard.

5. A grant beneficiary may conclude that an economic operator does not possess the required professional capacity to perform the contract to an appropriate quality standard where the contracting authority has established that the economic operator has conflicting interests which may negatively affect its performance.

21. Award criteria (mirroring point 21 of Annex I of Omnibus)

1. Quality criteria may include elements such as technical merit, aesthetic and functional characteristics, accessibility, design for all users, social, environmental and innovative characteristics, production, provision and trading process and any other specific process at any stage of the life cycle of the works, supplies or services, organisation of the staff assigned to performing the contract, after-sales service, technical assistance or delivery conditions such as delivery date, delivery process and delivery period or period of completion.
2. The grant beneficiary shall specify in the procurement documents the relative weighting which it gives to each of the criteria chosen to determine the most economically advantageous tender except when using the lowest price method. Those weightings may be expressed as a range with an appropriate maximum spread. The weighting applied to price or cost in relation to the other criteria shall not result in the neutralisation of price or cost. If weighting is not possible for objective reasons, the grant beneficiary shall indicate the criteria in decreasing order of importance.
3. The grant beneficiary may lay down minimum levels of quality. Tenders below those levels of quality shall be rejected.
4. Life-cycle costing shall cover parts or all of the following costs, to the extent relevant, over the life cycle of works, supplies or services:
 - a) costs, borne by the contracting authority or other users, such as:
 - i) costs relating to acquisition;
 - ii) costs of use, such as consumption of energy and other resources;
 - iii) maintenance costs;
 - iv) end-of-life costs, such as collection and recycling costs;
 - b) costs attributed to environmental externalities linked to the works, supplies or services during their life cycle, provided their monetary value can be determined and verified.
5. Where the grant beneficiary assesses the costs using a life-cycle costing approach, it shall indicate in the procurement documents the data to be provided by the tenderers and the method which it will use to determine the life-cycle costs on the basis of those data.

The method used for the assessment of costs attributed to environmental externalities shall fulfil the following conditions:

 - a) it is based on objectively verifiable and non-discriminatory criteria;
 - b) it is accessible to all interested parties;
 - c) economic operators can provide the required data with reasonable effort.

[Where applicable, the contracting authority shall use the mandatory common methods for the calculation of life-cycle costs provided for in Union legal acts listed in Annex XIII to Directive 2014/24/EU.]

E. Submission, evaluation and award decision

22. Time limits for procedures (mirroring point 41 of Annex I of Omnibus)

1. For service contracts, the minimum time between the day following the date of dispatch of the letter of invitation to tender and the final date for receipt of tenders shall be 50 days. However, in urgent cases other time limits may be authorised.
2. Tenderers may put questions in writing before the closing date for receipt of tenders. The grant beneficiary shall provide the answers to the questions before the closing date for receipt of tenders.
3. In restricted procedures, the time limit for receipt of requests to participate shall be no less than 30 days from the date following that on which the contract notice is published. The period between the date following that on which the letter of invitation is sent and the final date for the receipt of tenders shall be no less than 50 days. However, in certain exceptional cases other time limits may be authorised.
4. In open procedures, the time limits for receipt of tenders, running from the date following that in which the contract notice is published, shall be at least:
 - a) 90 days for works contracts;
 - b) 60 days for supply contracts.

However, in certain exceptional cases other time limits may be authorised.

5. In local open procedures, the time limits for receipt of tenders, running from the date when the contract notice is published, shall be at least:
 - a) 60 days for works contracts;
 - b) 30 days for supply contracts.However, in certain exceptional cases other time limits may be authorised.
6. For the simplified procedures referred to in point (d) of point 5.1, candidates shall be allowed at least 30 days from the date of dispatch of the letter of invitation to tender in which to submit their tenders.

23. Contacts during the procurement procedure (mirroring art. 169 of Omnibus)

1. Before the time limit for receipt of requests to participate or tenders, the grant beneficiary may communicate additional information about the procurement documents if it discovers an error or omission in the text or upon request from candidates or tenderers. Information provided shall be disclosed to all candidates or tenderers.
2. After the time limit for receipt of requests to participate or tenders, in every case where contact has been made, and the duly justified cases where contact has not been made, a record shall be kept in the procurement file.

24. Submission, electronic communication and evaluation (mirroring art. 168 of Omnibus)

1. The grant beneficiary shall lay down time limits for the receipt of tenders and requests to participate taking into account the complexity of the purchase, leaving an adequate period for economic operators to prepare their tenders.
2. If deemed appropriate and proportionate, the grant beneficiary may require tenderers to lodge a guarantee to make sure that the tenders submitted are not withdrawn before contract signature. The required guarantee shall represent 1 to

2 % of the total estimated value of the contract. The grant beneficiary shall release the guarantees:

- a) in respect of tenderers or tenders rejected after having provided the information on the outcome of the procedure;
 - b) in respect of tenderers ranked, after the contract is signed.
3. The grant beneficiary shall open all requests to participate and tenders. However, it shall reject:
- a) requests to participate and tenders which do not comply with the time limit for receipt, without opening them;
 - b) tenders already open when they are received, without examining their content.
4. The grant beneficiary shall evaluate all requests to participate or tenders not rejected during the opening phase as laid down in paragraph 3 on the basis of the criteria specified in the procurement documents with a view to awarding the contract or to proceeding with an electronic auction.
5. The grant beneficiary may waive the appointment of an evaluation committee for procedures having a value of less than or equal to EUR 20 000.
6. Requests to participate and tenders which do not comply with all the minimum requirements set out in the documents shall be rejected.

25. Abnormally low tenders (mirroring point 23 of Annex I of Omnibus)

1. If, for a given contract, the price or costs proposed in a tender appears to be abnormally low, the grant beneficiary shall request in writing details of the constituent elements of the price or costs which it considers relevant and shall give the tenderer the opportunity to present its observations. The grant beneficiary may, in particular, take into consideration observations relating to:
 - a) the economics of the manufacturing process, of the provision of services or of the construction method;
 - b) the technical solutions chosen or the exceptionally favourable conditions available to the tenderer;
 - c) the originality of the tender;
 - d) compliance of the tenderer with applicable obligations in the fields of environmental, social and labour law;
 - e) compliance of subcontractors with applicable obligations in the fields of environmental, social and labour law;
 - f) [the possibility of the tenderer obtaining State aid in compliance with applicable rules].
2. The contracting authority shall only reject the tender where the evidence supplied does not satisfactorily account for the low price or costs proposed.

The contracting authority shall reject the tender where it has established that the tender is abnormally low because it does not comply with applicable obligations in the fields of environmental, social and labour law.

26. Results of the evaluation and award decision (mirroring article 170.1 of Omnibus and point 30 of Annex I)

1. The outcome of the evaluation shall be an evaluation report containing the proposal to award the contract. The evaluation report shall be dated and signed by the person or persons who carried out the evaluation or by the members of the evaluation committee. That report may be signed in an electronic system providing sufficient identification of the signatory.

If the evaluation committee was not given responsibility to verify the tenders against the exclusion and selection criteria, the evaluation report shall also be signed by the persons who were given that responsibility by the authorising officer responsible.
2. The evaluation report shall contain the following:
 - a) the name and address of the contracting authority, and the subject matter and value of the contract;
 - b) the names of the candidates or tenderers rejected and the reasons for their rejection or to selection criteria;
 - c) the references to the tenders rejected and the reasons for their rejection by reference to any of the following:
 - i) non-compliance with minimum requirements as set out in point 17.1.a) this Annex;
 - ii) not meeting the minimum quality levels laid down in point 21.3 of this Annex;
 - iii) tenders found to be abnormally low as referred to in point 25 of this Annex;
 - d) the names of the candidates or tenderers selected and the reasons for their selection;
 - e) the names of the tenderers to be ranked with the scores obtained and their justifications;
 - f) the names of the proposed candidates or successful tenderer and the reasons for that choice;
 - g) if known, the proportion of the contract or the framework contract which the proposed contractor intends to subcontract to third parties.
3. The contracting authority shall take its award decision providing any of the following:
 - a) an approval of the evaluation report containing all the information listed in point 27.2 complemented by the following:
 - i) the name of the successful tenderer and the reasons for that choice by reference to the pre-announced selection and award criteria, including where appropriate the reasons for not following the recommendation provided in the evaluation report;
 - ii) in the case of negotiated procedure without prior publication, competitive procedure with negotiation, the circumstances referred to in points 6, 7 and 8 which justify their use;
 - b) where appropriate, the reasons why the grant beneficiary has decided not to award a contract.
4. The grant beneficiary may merge the content of the evaluation report and the award decision into a single document and sign it in any of the following cases:
 - a) for procedures below the thresholds referred to in point 3 of this Annex where only one tender was received;
 - b) for cases referred to in points (c), (e), (f)(i), (f)(iii) and (h) of the second subparagraph of point 6.1 where no evaluation committee was nominated.
5. For a procurement procedure launched on a joint basis, the decision referred to in point 26.3 shall be taken by the grant beneficiary responsible for the procurement procedure.
6. The grant beneficiary shall decide to whom the contract is to be awarded, in compliance with the selection and award criteria specified in the procurement documents.

27. Information to candidates or tenderers (mirroring art. 170 of Omnibus and point 31 of Annex I)

1. The grant beneficiary shall notify all candidates or tenderers, whose requests to participate or tenders are rejected, of the grounds on which the decision was taken, as well as the duration of the standstill. The standstill period shall have a duration of 10 days when using electronic means of communication and 15 days when using other means.
2. The grant beneficiary shall inform each tenderer who is not in an exclusion situation, who is not rejected, whose tender is compliant with the procurement documents and who makes a request in writing, of any of the following:
 - a) the name of the tenderer to whom the contract is awarded and the characteristics and relative advantages of the successful tender, the price paid or contract value, whichever is appropriate;
 - b) the progress of negotiation and dialogue with tenderers.

However, the grant beneficiary may decide to withhold certain information where its release would impede law enforcement, would be contrary to the public interest or would prejudice the legitimate commercial interests of economic operators or might distort fair competition between them.

3. The grant beneficiary shall inform all candidates or tenderers, simultaneously and individually, by electronic means of decisions reached concerning the outcome of the procedure as soon as possible after any of the following stages:
 - a) the opening phase for the cases referred to in Article 24 of this Annex;
 - b) a decision has been taken on the basis of exclusion and selection criteria in procurement procedures organised in two separate stages;
 - c) the award decision.

In each case, the grant beneficiary shall indicate the reasons why the request to participate or tender has not been accepted and the available legal remedies.

When informing the successful tenderer, the grant beneficiary shall specify that the decision notified does not constitute a commitment on its part.

4. The grant beneficiary shall communicate the information provided for in Article 27.3 as soon as possible and in any case within 15 days of receipt of a request in writing. When the grant beneficiary awards contracts on its own account, it shall use electronic means. The tenderer may also send the request by electronic means.
5. When the grant beneficiary communicates by electronic means, information shall be deemed to have been received by candidates or tenderers if the grant beneficiary can prove to have sent it to the electronic address referred to in the tender or in the request to participate.

In such case, information shall be deemed to have been received by the candidate or tenderer on the date of dispatch by the grant beneficiary.

28. Cancellation of the procurement procedure (mirroring art. 171 of Omnibus)

The grant beneficiary may, before the contract is signed, cancel the procurement procedure without the candidates or tenderers being entitled to claim any compensation. The decision shall be justified and brought to the attention of the candidates or tenderers as soon as possible.

29. Standstill period before signature of the contract (mirroring point 35 of Annex I of Omnibus)

1. The standstill period shall run from either of the following dates:
 - a) the day after the simultaneous dispatch of the notifications to successful and unsuccessful tenderers by electronic means;
 - b) where the contract is awarded pursuant to point (b) of the second subparagraph of point 15.1, the day after the award notice has been published in the *Official Journal of the European Union*.

If necessary, the grant beneficiary may suspend the signature of the contract for additional examination if this is justified by the requests or comments made by unsuccessful or aggrieved candidates or tenderers or by any other relevant information received during the period set out in point 24.2 of this Annex. In the case of suspension all the candidates or tenderers shall be informed within three working days following the suspension decision.

2. The period set out in point 29.1 shall not apply in the following cases:
 - a) any procedure where only one tender has been submitted;
 - b) negotiated procedure without prior publications referred to in point 6 except for contracts awarded in accordance with point b) of the second subparagraph of point 6.1.

F. Contract performance

30. Performance and modifications of the contract (mirroring art. 172 of Omnibus and point 2.5 of Annex I)

3. Performance of the contract shall not start before it is signed.
4. The grant beneficiary may modify a contract without a procurement procedure only in the cases provided for in paragraph 3 and provided the modification does not alter the subject matter of the contract. The grant beneficiary shall publish in the Official Journal of the European Union a notice of modification of contract during its duration in the cases set out in points (a) and (b) of the above-mentioned paragraph where the value of the modification is equal to or greater than the thresholds referred to in point 3 of this Annex.
5. A contract may be modified without a new procurement procedure in any of the following cases:
 - a) for additional works, supplies or services by the original contractor that have become necessary and that were not included in the initial procurement, where the following conditions are fulfilled:
 - i) a change of contractor cannot be made for technical reasons linked to interchangeability or interoperability requirements with existing equipment, services or installations;
 - ii) a change of contractor would cause substantial duplication of costs for the contracting authority;
 - iii) any increase in price, including the net cumulative value of successive modifications, does not exceed 50 % of the initial contract value;
 - b) where all of the following conditions are fulfilled:
 - i) the need for modification has been brought about by circumstances which a diligent grant beneficiary could not foresee;
 - ii) any increase in price does not exceed 50 % of the initial contract value;

- c) where the value of the modification is below the following thresholds:
 - i) the thresholds referred to point 3 of this Annex, applicable at the time of the modification; and
 - ii) 10 % of the initial contract value for public service and supply contracts and works or services concession contracts and 15 % of the initial contract value for public works contracts;
- d) where both of the following conditions are fulfilled:
 - i) the minimum requirements of the initial procurement procedure are not altered;
 - ii) any ensuing modification of value complies with the conditions set out in point (c) of this subparagraph, unless such modification of value results from the strict application of the procurement documents or contractual provisions.

The initial contract value shall not take into account price revisions. The net cumulative value of several successive modifications under point (c) of the first subparagraph shall not exceed any threshold referred to therein. The contracting authority shall apply the *ex post* publicity measures set out in point 3 of this annex.

31. Performance guarantees and retention money guarantees (mirroring recital 115 and art. 173 of Omnibus)

1. The grant beneficiary may require a performance guarantee in relation to works, supplies and complex services in order to guarantee compliance with substantial contractual obligations and to ensure proper performance throughout the duration of the contract. It also provides the option of requiring a retention money guarantee to cover the contract liability period.
2. A performance guarantee shall amount to a maximum of 10 % of the total value of the contract. It shall be fully released after final acceptance of the works, supplies or complex services, within a period specified in the contract. The release shall be made within:
 - a) 90 calendar days for technical services or actions which are particularly complex to evaluate and for which payment depends on the approval of a report or a certificate;
 - b) 60 calendar days for all other contracts for which payment depends on the approval of a report or a certificate;
 - c) 30 calendar days for all other contracts.

The guarantee may be released partially or fully upon provisional acceptance of the works, supplies or complex services.

3. A retention money guarantee amounting to a maximum of 10 % of the total value of the contract may be constituted by deductions from interim payments as and when they are made or by deduction from the final payment.

The grant beneficiary shall determine the amount of the retention money guarantee which shall be proportionate to the risks identified in relation to the performance of the contract, taking into account its subject matter and the usual commercial terms applicable in the sector concerned.

A retention money guarantee shall not be used in a contract where a performance guarantee has been requested and not released.

4. Subject to approval by the grant beneficiary, the contractor may request to replace the retention money guarantee by a guarantee issued by a bank or by an authorised financial institution.

5. The grant beneficiary shall release the retention money guarantee after the expiry of the contractual liability period, within a period subject to the time limits set out in paragraph 1 and to be specified in the contract.