



Interreg Baltic Sea Region Programme Manual

for the period 2021-2027

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A. Introduction

The current Manual describes the rules and requirements of the Interreg Baltic Sea Region Programme for projects under Priorities: 1. Innovative societies, 2. Water-smart societies, 3. Climate-neutral societies and 4. Cooperation governance. The Manual mainly addresses applicants, lead partners, project partners and controllers.

Chapter B includes general information about the Programme. In order to understand if the partnership meets the Programme rules, chapter C can be consulted.

In order to decide which project type to apply for, potential applicants should read the chapters on projects types (chapters D, E, F, G). These chapters include short descriptions of each project type. These chapters also provide a description of the procedures and requirements to be followed during the application process and the implementation of the projects.

The following chapter (H) contains information on project phases: the contracting phase, the implementation and the closure phase. Chapter I provides an overview of the obligations in terms of communication (e.g. visibility requirements), as well as the support that projects receive in this regard. Chapter J provides information concerning any activity taking place outside the Programme Area. Chapter K includes all the procurement rules. Chapter L summarises the changes that can be carried out within projects. Chapter M defines the control (performed by the MA/JS and the controllers), as well as the audit (performed by auditors supporting the audit authority). Chapter N explains the rules related to payments, financial planning and de-commitment. Chapter O details the responsibilities of partners after the project closure. Chapter P describes the rules regarding state aid. Chapter Q outlines the arrangements for projects facing difficulties or failing to comply with Programme requirements. The last chapter (R) concerns the resolution of complaints and dispute settlement.

A.1 List of abbreviations

AA – Audit Authority
PD – Programme Document
ERDF – European Regional Development Fund
EUSBSR – EU Strategy for the Baltic Sea Region
EGTC – European Grouping of Territorial Cooperation
EEIG – European Economic Interest Grouping
BAMOS+ – The electronic monitoring and data exchange system of the Programme.
IB.SH – Investitionsbank Schleswig-Holstein
IPR – Intellectual property rights
MA/JS – Managing Authority/ Joint Secretariat
MS – Member State
MC – Monitoring Committee
NDICI – Neighbourhood, Development and International Cooperation Instrument
NC – National Coordinator
OLAF – European Anti-Fraud Office
PA – Policy Area
PAC – Policy area coordinator
Programme – Interreg Baltic Sea Region Programme
WP – Work package

B. General information about Interreg Baltic Sea Region

B.1 General objectives

The **overall objective** of the Programme is to put into practice innovative, water-smart and climate-neutral solutions through transnational cooperation for the benefit of the citizens across the Baltic Sea region.

The Programme promotes **transnational cooperation and integration** through projects that address common key challenges and opportunities in the region. Its added value is the transnational dimension of the supported actions and investments. The Programme exploits opportunities and addresses issues which cannot sufficiently be dealt with by single countries, but require a joint response by partners from several countries in the Baltic Sea region.



B.2 Programme priorities

The Programme covers four priorities, which include nine Programme objectives:

1. Innovative societies

- 1.1. Resilient economies and communities
- 1.2. Responsive public services

2. Water-smart societies

- 2.1. Sustainable waters
- 2.2. Blue economy

3. Climate-neutral societies

- 3.1. Circular economy
- 3.2. Energy transition
- 3.3. Smart green mobility

4. Cooperation governance

- 4.1. Project platforms
- 4.2. Macro-regional governance

The description of the Programme objectives and examples of actions can be found in the Programme Document.

B.3 Projects' contribution to the EUSBSR and other strategies relevant for the Programme countries

The Programme objectives are in line with the objectives of the **EU Strategy for the Baltic Sea Region**. Applicants can find information on the expected Programme's contribution to the EUSBSR in chapter 2. Priorities of the PD as well as on the Programme portal. The MA/JS encourages applicants to become acquainted with this chapter as well as the action plan relating to the EUSBSR. Detailed information regarding the EUSBSR can be found under <http://www.balticsea-region-strategy.eu/>.

The MA/JS encourages applicants to consider the possible contribution of a project to policy areas of the Strategy and a particular action within the policy area. Applicants are encouraged to establish contacts with the policy area coordinators of the EUSBSR and discuss if their ideas are in line with the actions in those policy areas. PACs may give advice and support development and implementation of project ideas that help achieve the objectives of the EUSBSR action plan. PACs may also support policy dialogues in projects and help with dissemination of results.

Alongside the EUSBSR, there are other strategic documents relevant to the Programme area. The MA/JS recommends applicants link projects to the relevant strategic documents. Applicants may



refer to the EU or national level, regional or sectoral policies and strategies, e.g. Green Deal, HELCOM Baltic Sea Action Plan, EU Circular Economy Action Plan, Nordic Council of Ministers' Vision 2030.

B.4 Types of projects

The different types of projects are summarised in the table below. For further details on each project type, the corresponding chapter must be consulted.

Table 1 Overview on types of projects

Programme priorities/objectives	Type of projects	Duration of implementation phase	Budget	Min. number of partners	Main purpose
1-3	Core projects	Up to 36 months	No limitation (must be proportionate to activities)	At least three organisations from three Programme countries	Standard type of projects including piloting
1-3	Small projects	Up to 24 months	Up to EUR 500,000	At least three organisations from three Programme countries	Simplified project model for easy access for newcomers
4.1	Project platforms	Up to 36 months	Cf. call announcement note	At least three organisations from three Programme countries that are partners from Programme projects + projects of another EU funding programme	Synthesis of project results of the Programme and other EU funding programmes in one thematic field, transferring these results to target groups
4.2	Strategy governance: Assistance to the policy area coordinators of the EUSBSR	Up to 36 months	Cf. call announcement note	At least two organisations (appointed as PACs) from two countries	Implementation/consolidation of governance and communication activities of the EUSBSR

4.2	Strategy governance: Assistance to a Strategy point	Up to 36 months		At least two organisations from two EU Member States of the Programme area	
4.2	Strategy governance: Organisation of Strategy Forums	Up to 12 months		At least two organisations from two Programme countries (one of them from an EU MS of the Programme area)	

B.5 Legal framework and hierarchy of rules

The Programme has been designed under the territorial cooperation goal of the European Union. It combines financing from the European Regional Development Fund (ERDF), Norwegian national funds and the Neighbourhood, Development and International Cooperation Instrument (NDICI). Additional national funding from Russia and Belarus depends on the financing agreement with those countries. The MA/JS will run the Programme in accordance with the rules set for the ERDF.

The following **layers of rules and requirements** are applicable to the project partners:

1. EU legislation, as referred to below,
2. Programme document, as referred to below,
3. Subsidy contract, Programme Manual, information in the project data available in the BAMOS+ and other guidance documents to projects,
4. National legislation,
5. Local and/or regional legislation,
6. Institutional rules and regulations.

The **hierarchy of rules** sets out a priority of the EU legislation.¹ Where EU rules do not stipulate provisions or no detailed provisions, Programme rules can be set up. National, regional or local legislation, as well as institutional rules only apply where specific issues are not regulated either by the EU legislation or the Programme rules.

¹ REGULATION (EU) 2021/1060, Article 63

The **legal framework** consists of:

- REGULATION (EU) 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, hereinafter referred to as Common Provisions Regulation and abbreviated with **CPR**;
- REGULATION (EU) 2021/1059 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments, hereinafter referred to as Interreg Regulation and abbreviated with **IR**;
- 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, hereinafter referred to as **Omnibus Regulation**;
- REGULATION (EU) 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, hereinafter referred to as **ERDF Regulation**;
- REGULATION (EU) 2021/947 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009, hereinafter referred to as **NDICI Regulation**;
- Articles 107 and 108 of the Treaty on the Functioning of the European Union;
- COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, hereinafter referred to as **de minimis Regulation**;
- COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, as last amended by COMMISSION REGULATION (EU) 2021/1237 of 23 July 2021, hereinafter referred to as **General Block Exemption Regulation**;
- Implementing acts and delegated acts adopted in accordance with the aforementioned Regulations;
- Applicable decisions and rulings in relation to the aforementioned Regulations;
- The Interreg Programme Interreg Baltic Sea Region, in the Programme Manual referred to as **Programme**,

- The decision of the European Commission according to Article 18 of the Interreg Regulation approving the Programme;
- The financing agreement between the European Commission, the Russian Federation and the Federal Republic of Germany according to Article 59 of the Interreg Regulation and Article 112(4) of the Omnibus Regulation, hereinafter referred to as **Russian financing agreement**;
- The financing agreement between the European Commission, the Republic of Belarus and the Federal Republic of Germany according to Article 59 of the Interreg Regulation and Article 112(4) of the Omnibus Regulation, hereinafter referred to as **Belarusian financing agreement**;
- National rules applicable to the lead partners and its project partners and their activities, especially those implementing the Directives of the European Parliament and of the Council on public procurement.

The list above details the most relevant legislation, but it is not an exhaustive one. Should the above-mentioned rules and regulations be amended, the latest version shall apply.

B.6 Programme area

The Programme area covers eleven countries. It comprises the following EU Member States:

- Denmark: the whole country
- Estonia: the whole country
- Finland: the whole country
- Germany: the States (Länder) of Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern, Schleswig-Holstein and Niedersachsen (only NUTS II area Lüneburg region)
- Latvia: the whole country
- Lithuania: the whole country
- Poland: the whole country
- Sweden: the whole country

In addition, three partner countries outside the EU take part in the Programme:

- Belarus: the whole country
- Norway: the Regions of Trøndelag, Møre og Romsdal, Vestland, Rogaland, Agder, Vestfold og Telemark, Viken, Innlandet, Oslo
- Russia: St. Petersburg, Arkhangelsk Oblast, Vologda Oblast, Kaliningrad Oblast, Republic of Karelia, Komi Republic, Leningrad Oblast, Murmansk Oblast, Nenetsky Autonomous Okrug, Novgorod Oblast, Pskov Oblast.

B.7 Programme budget and co-financing

The Programme budget is composed of several funding sources. The main funding source is the **European Regional Development Fund**. Further funding sources are the **Neighbourhood, Development and International Cooperation Instrument** and **Norwegian** funding. Details on the funding actually available for projects can be found on the Programme's fact sheet on the Programme portal www.interreg-baltic.eu.

The allocation of the NDICI funds to Russia and Belarus as well as additional financial contribution of those countries to the Programme depends on the conclusion of the respective financing agreements.

Project partners have to provide their own contribution to receive Programme co-financing. The level of these contributions varies between the priorities, countries and the funds used:

Priorities 1-3

- Partners from Denmark, Finland, Germany, Sweden, Estonia, Latvia, Lithuania and Poland are entitled to receive up to 80% ERDF co-financing.
- Partners from Norway will receive up to 50% co-financing from Norwegian national funding.
- Co-financing for partners from Russia and Belarus will depend on the financing agreement.

Priority 4

Project partners from all Programme countries under priority 4 are entitled to receive up to 80% co-financing from ERDF and Norwegian national funding. Co-financing for partners from Russia and Belarus depends on the financing agreement.

Project partners outside the Programme area

Project partners from countries outside the Programme area receiving support from ERDF are entitled to get up to 80% ERDF co-financing.

B.8 Programme implementation structure

The **Monitoring Committee** is composed of representatives of all countries that participate in the Programme. The MC is responsible for ensuring the effectiveness and quality of the Programme as well as for selecting the projects. The work of the MC is supported by national committees or sub-committees. They provide links and information to regional and local authorities, economic and social partners and non-governmental organisations during the implementation of the Programme. Member States may also establish national contact points to promote the Programme and support applicants and project partners at national level.



A link to the contact list of MC members from the Programme portal: <https://interreg-baltic.eu/service/contacts/monitoring-committee>.

Investitionsbank Schleswig-Holstein is the **Managing Authority and Joint Secretariat** for Interreg Baltic Sea Region. IB.SH's department, responsible for management and implementation of the

Programme, is located in Rostock/Germany. The MA/JS also assists the MC in carrying out its functions and acts as the main contact point for the public interested in the Programme, the applicants and projects. In particular, the MA/JS provides information to applicants about funding opportunities and assists partners in the implementation of projects.

Contact information for staff members of the MA/JS is available on the Programme portal: <https://interreg-baltic.eu/service/contacts/managing-authority-joint-secretariat>.

Germany, as the Member State hosting the MA, has appointed the Ministry of Justice, European Affairs, Consumer Protection and Equality of Land Schleswig-Holstein to act as **Audit Authority** of the Programme. The AA is responsible for verifying the effective functioning of the management and control system of the Programme. The AA is assisted by the Group of Auditors including one representative of each participating country.

B.9 Electronic data exchange system (BAMOS+)

The electronic data exchange system of the Programme is called BAMOS+. It ensures exchange of documents, information and data between project partners and the programme authorities.² All processes related to the projects are administered in BAMOS+ - both on the project and on the Programme sides. For example:

- application for funding,
- contracting of the projects,
- reporting of costs and progress of the project implementation,
- monitoring of the project implementation,
- certification of costs and payment of the Programme reimbursement,
- changes in the project set-up,
- communication between projects and the MA/JS.

B.10 Programme language

The official language of the Programme is English. Therefore, all communication between applicants, lead partners, project partners and the MA/JS should take place in English.

C. Obligations of partnership

² REGULATION (EU) 2021/1060 Article 69 (8)

The programme sets specific requirements for lead partners, project partners and the partnership of projects as a whole. Every organisation that takes part in a project as a lead partner or a project partner has to fulfil the requirements that are explained in the following chapters. They describe how to create a partnership and which legal entities are eligible for Programme co-financing. Furthermore, they inform about roles and responsibilities of lead partners, project partners and associated organisations. Finally, they provide detailed information on the documentary obligations of the project partnership.

C.1 Composition of the project partnership

C.1.1 Project partners, lead partners and associated organisations

In simple terms, a project partnership has to include a lead partner and several project partners. It can also involve associated organisations.

The Programme is based on the **lead partner principle**³. This means that one project partner has to act as the lead partner. The lead partner takes the overall responsibility for development and implementation of the project. Chapter C.3.1 lists the responsibilities of the lead partner.

Project partners have a budget and a defined role in the project's implementation. Chapter C.3.2 lists the responsibilities of project partners.

Associated organisations support the project implementation but do not have a budget. They will finance project related activities from their own resources. At the same time, they do not take up responsibility for major tasks of the project, but have a supportive role. For example, a national ministry providing strategic advice or being a target group of the project.

C.1.2 Geographical composition

Core projects, small projects and platforms have to involve **at least three project partners** from three different countries of the Programme area: a lead partner and at least two project partners. Strategy governance projects have to involve at least two partners from two different countries.

Institutions from Russia and Belarus will only count towards the minimum number of partners and countries once the Programme funding becomes available for these countries.

Lead partners must be legally registered in the territory of a Member State or Norway covered by the Programme area. Where a legal entity is located in Germany or Norway (in the sense of legal registration) but outside the Programme area, it can become a lead partner if it:

- is competent in its scope of action for a particular part of the eligible area, e.g. federal ministry, federal agency, national research body which is registered outside the Programme area etc.,
- fulfils the basic requirements for a lead partner specified in the next chapter, and
- carries out activities which are for the benefit of the regions in the Programme area.

³ REGULATION (EU) 2021/1059, Article 23(5)

At least one of the project partners has to be located in the territory of an EU Member State in the Programme area.

Chapter B.6 includes a definition of the Programme area.

C.2 Eligible and ineligible organisations

C.2.1 Legal entities eligible as lead partners or project partners

Only legal entities can become project or lead partners. They have to fall into one of the legal status categories of the Programme.

A *legal entity* is a person or organisation with legal personality, possessing separate and distinct legal rights. A legal entity can, among other things, enter into contracts, own property, engage in business, pay taxes, sue and be sued. In many cases, a legal entity has an organisation identification number.

The Programme accepts organisations from the following *legal status* categories:

Category a) - Public;

Category b) - Private.

Legal entities falling into category a) are:

- National (governmental), regional and local public authorities;
- ‘Bodies governed by public law’, i.e. bodies that have all of the following characteristics⁴:
 - i) They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character; and
 - ii) They have legal personality; and
 - iii) They are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law; or subject to management supervision by those authorities or bodies; or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.
- Associations formed by one or more national (governmental), regional or local authorities one or more ‘bodies governed by public law’;
- Bodies having legal personality that fulfil criteria iii) characteristic of ‘bodies governed by public law’ and provide, inter alia, services of general economic interest;

⁴ DIRECTIVE 2014/24/EU Article 2(1)

- European Grouping of Territorial Cooperation⁵.

Legal entities falling into category b) are:

- European Economic Interest Grouping⁶;
- Other private bodies not falling into any of the aforementioned categories.

The responsible authorities of the EU Member States participating in the Programme as well as Norway, Belarus and Russia will verify the eligibility of applicants and the accuracy of the statements of the legal status before an application is approved by the Monitoring Committee.

A legal entity may act as lead partner if it falls into legal status category a).

Furthermore, the legal entity has to follow the requirements as detailed in chapter C.1.2 on geographical composition.

C.2.2 Legal entities ineligible as lead partners or project partners

Undertakings in difficulty

Undertakings in difficulty cannot become project partners or lead partners. Each lead partner or project partner has to confirm compliance with this requirement in the partner declaration.⁷

Umbrella partners

In the Programme project partners cannot function as “umbrella partners”. They cannot act on behalf of and collect funding for other legal entities. Only legal entities that fulfil the role of a project partner or lead partner are entitled to receive funding. The MA/JS will check the fulfilment of this requirement during the quality assessment phase.

Project coordination, management, communication and consulting companies

A company cannot become a project partner if its main activity within its business profile and its role in the project consists of project coordination, management, communication and consulting. This is particularly the case if these activities are indispensable to secure the revenue of this company. The MA/JS will check the fulfilment of this requirement during the quality assessment phase.

C.2.3 Project partners outside the Programme area receiving ERDF or Norwegian co-financing

C.2.3.1. Legal framework

Activities financed by **ERDF** should, as a general rule, take place in the Union part of the Programme area. In exceptional cases though, it might be useful to implement an activity outside this area and

⁵ REGULATION (EU) 1302/2013

⁶ REGULATION (EEC) 2137/1985

⁷ REGULATION (EU) 2021/1059, Article 1 in conjunction with REGULATION (EU) 2021/1058, Article 7(1) d) of: The definition of COMMISSION REGULATION (EU) 651/2014, Article 2 point 18 applies.

ensure the maximum benefit for the Programme area. EU legislation creates the legal background for these exceptional situations.⁸ It is applicable on two levels:

- a) For organisations who want to become project partners and receive ERDF co-financing BUT are located in a country which is not part of the Programme area.
- b) For project partners located in an EU Member State covered by the Programme area who want to spend part of their ERDF co-financing in a country which is not part of the Programme area.

The chapter below explains the requirements for option a). The rules regarding option b) are explained under chapter J.

Besides the specific rules provided below, organisations interested in becoming project partners in the Programme need to comply with all the other requirements described in this chapter.

The maximum ERDF co-financing rate that organisations located outside the Programme area can receive is 80%. The maximum Norwegian co-financing rate that organisations located outside the Programme area can receive is 50%.

Please note, organisations located in countries outside the Programme area that carry out State aid relevant activities are not allowed to participate as project partners. Please see chapter P for further details on the State aid approach of the Programme.

This rule does not apply to organisations registered in Germany or Norway but outside the Programme area.

C.2.3.2. Procedure for becoming a project partner

An organisation from an EU Member State or Norway outside the Union part of the Programme area can become a project partner only if:

- its participation brings added value and expertise to the project implementation; and
- its participation is for the benefit of the Baltic Sea Region; and
- its country of origin enters into agreement with the MA/JS of Interreg Baltic Sea Region on participation in the Programme.

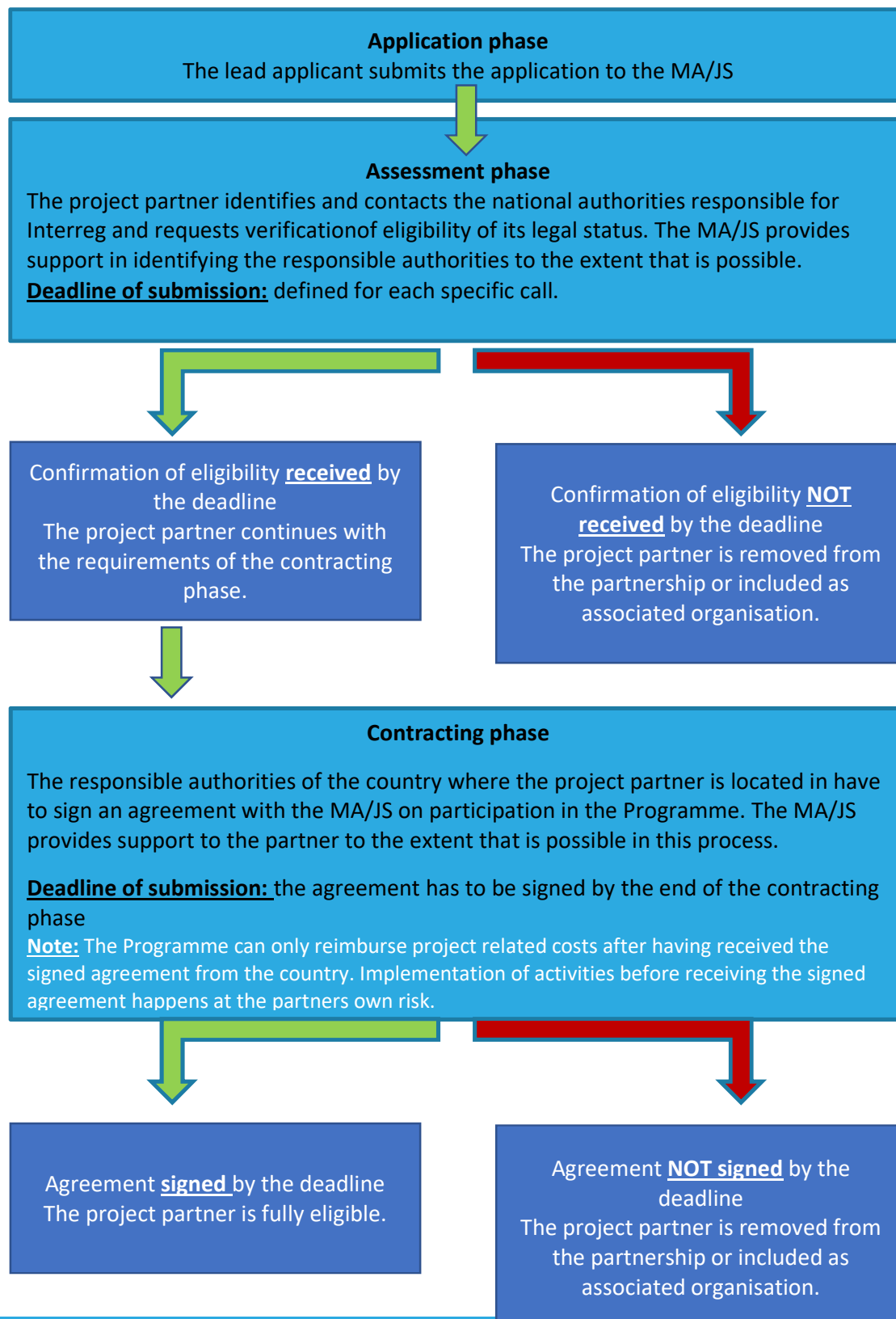
The MA/JS will assess the above aspects during the quality assessment of the application.

Please note, organisations registered in Germany or Norway but outside the Programme area will be treated as having the third condition (regarding the written agreement on the participation) automatically fulfilled due to Germany and Norway being Programme countries.

The figure below sets out the steps and relevant requirements that organisations outside the Programme area have to fulfill from the application stage through to contracting.

⁸ REGULATION (EU) No 2021/1059 Article 38(1)

Figure 1 Approval process for organisations outside the Programme area



C.2.4 Project partners outside the Programme area receiving NDICI/Russian co-financing

Activities financed by **NDICI/Russian co-financing** should, as a general rule, take place in the part of the Russian Federation which is covered by the Programme area.

Where a legal entity is located in Moscow (in the sense of legal registration), and thus outside the Programme area, it can become a project partner if it:

- is competent in its scope of action for a particular part of the eligible area, e.g. federal ministry, federal agency, national research body, and
- carries out activities which are for the benefit of the regions in the Programme area.

C.3 Main responsibilities

All partners have to follow the hierarchy of rules as described in chapter B.5. This means that they must primarily comply with the rules and regulations (including any subsequent amendments made to these rules and regulations), which are part of the Programme's legal framework, as referred to in the same chapter.

C.3.1 Main responsibilities of the lead partner

A lead partner represents the project. It is the sole contractor and project contact point to the MA/JS. It is responsible for the project and financial management, as well as project communication. This means that a lead partner has the following main responsibilities:

1. Project Management

- Drafting the project application in cooperation with the project partners and submitting it to the MA/JS;
- Laying down the arrangements with the project partners in a partnership agreement⁹ fulfilling the requirements set out in chapter C.6.2;
- Assuming responsibility for ensuring implementation of the entire project.¹⁰ This includes:
 - Signing the subsidy contract with the MA/JS;
 - Developing and maintaining an effective and reliable project implementation system (strategic and operational management);
 - Appointing a project manager (one person can also have several positions, e.g. be project and/or financial and/or communication manager at the same time);
 - Securing achievement of the planned progress on the project, in particular by co-ordinating activities among partners and supervising completion of tasks, deliverables and outputs;
 - Supporting communication within the project partnership and delivering Programme related information to the project partners;

⁹ REGULATION (EU) 2021/1059, Article 26 (1) (a)

¹⁰ REGULATION (EU) 2021/1059, Article 26 (1) (b)

- Ensuring communication with the MA/JS, as well as responding to the MA/JS and providing requested information without undue delay;
- Reporting on the progress of activities to the MA/JS on time and in line with the reporting requirements in the relevant project type chapter;
- Informing the MA/JS immediately about all circumstances that delay, hinder or make impossible the realisation of the project as well as all circumstances that necessitate a change of the disbursement conditions or which would entitle the MA/JS to terminate this subsidy contract, to discontinue payments or to demand repayment of the co-financing in full or in part;
- Using BAMOS+. This includes:
 - Exchanging documents and data with the MA/JS via BAMOS+;
 - Keeping the project data in BAMOS+ updated;
 - Respecting the terms and conditions for the use of BAMOS+.

2. Financial Management

- Ensuring that the expenditure which the partners present and submit to the MA/JS is in accordance with the requirements.¹¹ This includes:
 - Developing and maintaining a sound financial management¹² system, e.g. securing efficient use of the project's resources;
 - Appointing a financial manager (one person can also have several positions, e.g. be project and/or financial and/or communication manager at the same time);
 - Reporting on the progress of finances and request payments from the MA/JS on time and in line with the reporting requirements in the relevant project type chapter;
 - Compliance with the rules on eligibility of expenditure as stipulated in the eligibility rules in the relevant project type chapter and taking measures so that project partners also comply;
 - Ensuring that all expenditure that project partners report has been incurred and paid for the project and corresponds to the activities agreed between all the project partners;
 - Monitoring the project spending plan against the total project budget and each partner's budget;
 - Ensuring that the expenditure that project partners present in cost categories for which the Programme requires control has been verified and certified by a controller;
 - Ensuring that each partner with a decentralised control system has reserved sufficient budget for this control;

¹¹ REGULATION (EU) 2021/1059, Article 26 (1) (c)

¹² REGULATION (EU, Euratom) 2018/1046. Article 33



- Assisting any control, MA/JS check, audit and evaluation and make available all documentary evidence required for these purposes, provide necessary information and give access to business premises;
- Ensuring efficient cooperation between the controllers and the project partners, as well as between the MA/JS and the project partners.
- Receiving payments from the MA/JS and being responsible for internal allocation and further disbursement of grants to project partners in line with the requirements in chapter N.1.
- If the Programme demands repayment of an amount already paid to the project from the co-financing awarded, the lead partner ensures that any repayment is in accordance with the subsidy contract and the procedure described in chapter Q.

3. Project communication

- Carrying out information, communication and publicity measures about the project activities in line with chapter I.1;
- Appointing a communication manager that takes on the roles and responsibilities set out in chapter I.2 (one person can also have several positions, e.g. be project and/or financial and/or communication manager at the same time);
- Maintaining and updating the project's subpage on the Programme portal in accordance with chapter I.3;
- Providing obligatory inputs to Programme communication as required in chapter I.4;
- Ensuring that any notice, publication or marketing product by the project, including those provided at events, complies with the visibility rules in chapter I.5;
- Providing the MA/JS, European Union institutions, bodies, offices or agencies with any communication materials under a licence in compliance with the requirements in chapter I.6;
- Taking full responsibility for the content of any piece of information, publication, audio-visual material and marketing product provided to the MA/JS which has been developed by the project. The lead partner is liable in case of third-party claims for damages (e.g. because of an infringement of a copyright) and will indemnify the Programme in case it suffers any damage because of the content of the said material.

4. Complying with the responsibilities after project closure set out in chapter O.

C.3.2 Main responsibilities of the project partners

A project partner has the following main obligations:

1. Project implementation and management

- Appointing a project manager;
- Being familiar with and adhering to the content of the subsidy contract and the provisions it is based on and refers to;
- Being familiar with and adhering to the latest approved version of the application;





- Completing all activities, deliverables and outputs as planned in the application and agreed in the partnership agreement;
- Possessing sufficient technical and human resources to implement the project's activities;
- Providing proof of progress in the implementation of project activities and the achievement of output in accordance with the partnership agreement;
- Informing the lead partner immediately about all circumstances that delay, hinder or make impossible the realisation of the project as well as all circumstances that mean a change of the disbursement conditions or which would entitle the MA/JS to terminate the subsidy contract, to discontinue payments or to demand repayment of the co-financing in full or in part;
- Using BAMOS+. This includes:
 - Submitting partner reports via BAMOS+;
 - Respecting the terms and conditions for the use of BAMOS+.

2. Financial Management

- Complying with the rules on eligibility of expenditure which the relevant project type chapter provides;
- Securing liquidity for pre-financing project activities;
- Securing sufficient financial resources to provide its own financial contribution to its partner budget in the project;
- Guaranteeing a sound financial management of the budget as indicated in the last approved version of the application;
- Ensuring that the eligibility of the project-related expenditure, in cost categories for which the Programme requires a control, is confirmed by designated controller and ensuring efficient cooperation with the controller;
- Upon request, submitting to the lead partner the accounting reports or other documents, including copies of all pieces of evidence (receipts, invoices or accounting documents of equivalent probative value, documents relating to tender, bank statements, etc.);
- Assisting the lead partner in any control, MA/JS check, audit and evaluation and make available all documentary evidence required for these purposes, provide necessary information and give access to business premises;
- Being responsible for any irregularity in the declared expenditure;
- Repaying the lead partner any amounts unduly paid and complying with any request for repayment by the MA/JS and/or the lead partner in accordance with the partnership agreement, the subsidy contract and chapter Q on arrangements for projects facing difficulties or failing to comply with Programme requirements;
- Keeping the ownership of productive investments and investments in infrastructure in accordance with the rules in chapter O.1.



3. Project communication

- Carrying out information, communication and publicity measures for the public about the project activities in line with chapter I.1;
- Supporting the Communication manager of the project in meeting the responsibilities set out in chapter I.2;
- Providing input to the lead partner for the project's subpage on the Programme portal in accordance with chapter I.3;
- Supporting the lead partner in providing obligatory inputs to Programme communication as required in chapter I.4;
- Respecting the visibility rules in chapter I.5;
- Providing the MA/JS, European Union institutions, bodies, offices or agencies with any communication materials under a licence in compliance with the requirements in chapter I.6.

4. Complying with the responsibilities after project closure set out in chapter O

C.4 Ownership of project deliverables and outputs

Project partners are the owners of project deliverables and outputs, as well as the reports and other documents relating to them. This includes also industrial and intellectual property rights. Project partners are allowed to establish property rights of the deliverables and outputs deriving from the project.

The project partnership shall ensure that all deliverables and outputs produced by the project are publicly accessible to their full extent and available in a usable format.

Project partners have to ensure that they have all rights to use any pre-existing intellectual property rights, if necessary for the implementation of the project.

If there is any sensitive or confidential information, or any pre-existing intellectual property right related to the project that must be respected the lead partner shall inform the MA/JS in advance to agree how to handle the situation.

C.5 Classification of partners

C.5.1 Types of partners

In the application each partner has to select a partner type that best matches its organisation's profile. The Programme differentiates between the following types of partners:

Table 2 Types of partners

Type of partner	Definition and example
Business support organisation	<p>Business support organisations are represented by e.g. chambers of commerce, chambers of trade and crafts, business incubators, innovation centres, business clusters, etc.</p> <p>Chambers of commerce, trade and crafts are a form of business network, for example, a local organisation of businesses whose goal is to further the interests of the business community.</p> <p>Business incubators, innovation centres and business clusters are organisations helping companies to develop by providing them with business support services e.g. easier access to specific infrastructure, rent of premises, management training etc.</p>
Education/training centre and school	<p>This category comprises entities that provide education other than higher education which is covered by partner type “Higher education and research institution”. It covers, for example, pre-schools, primary schools, secondary schools, vocational training centres, continuing education centres, etc.</p> <p>Pre-primary education is defined as the initial stage of organised instruction designed primarily to introduce very young children to a school-type environment.</p> <p>Primary education is a sound basic education in reading, writing and mathematics and an elementary understanding of other subjects, e.g. art and music. It also covers adult literacy programmes for those considered too old to enter elementary schools.</p> <p>Secondary education comprises general secondary and technical and vocational secondary education.</p> <p>Other education is general continuing education and continuing vocational education and training for any profession, hobby or self-development purposes. It covers educational activities which are not pre-primary, primary, secondary or higher education. It includes sports and recreation education (except academic), cultural education (except academic), driving school activities, foreign language instruction, remedial courses, professional examination review courses, language instruction and conversational skills instruction, computer training, etc.</p>
EEIG	<p>“European Economic Interest Grouping” (EEIG) is a special legal form and defined in REGULATION (EEC) No 2137/85. The purpose of the grouping is to facilitate or develop the economic activities of its members by a pooling of resources, activities or skills. This is intended to produce better results than the members acting alone.</p>
EGTC	<p>“European Grouping of Territorial Cooperation” (EGTC) is a special legal form and defined in REGULATION (EC) No 1082/2006 as amended by</p>



Type of partner	Definition and example
	REGULATION (EU) No 1302/2013. The EGTC allows public entities of different Member States to come together under a new entity with full legal personality.
Higher education and research institution	<p>Higher education and research institutions are, for example, university faculties, colleges, research institutions, a research and technological development (RTD) facility, research cluster, technology transfer agencies, research-oriented physical or virtual collaborative entities, innovation intermediaries, etc.</p> <p>Higher education institutions provide post-secondary and academic courses. They grant degrees at baccalaureate, graduate or post-graduate level. The requirement for admission is a diploma at least at upper secondary education level. Higher education excludes non-academic adult education as covered by partner type category “education/training centre and school”.</p> <p>Research institutions are entities which work creatively and systematically to increase the stock of knowledge and the use of this knowledge to devise new applications.</p>
Hospital and medical centre	This group includes, for example, short or long-term hospitals, general or specialist medical, surgical, psychiatric and substance abuse hospitals, sanatoria, medical nursing homes, mental hospital institutions, rehabilitation centres and other human health institutions which engage in providing diagnostic and medical treatment to patients with any of a wide variety of medical conditions.
Infrastructure and public service provider	Infrastructure and public service providers are companies that provide and maintain physical structures such as roads, railways, bridges, tunnels, water supplies, sewers, electrical grids, and telecommunications. They supply water/electricity/gas/etc., collect/treat/dispose waste/sewage/etc., operate ports/airports/roads/railway/broadband/etc., provide passenger or freight transport, and the like.
Interest group	<p>Interest groups, also called special interest groups or advocacy groups, are associations of individuals or organisations, that, on the basis of one or more shared concerns, attempt to influence public opinion or policy in their favour. All interest groups share a desire to affect government policy to benefit themselves or their causes. Other than NGOs, interest groups are organised to address the interests of their members, rather than those of outsiders or the common good.</p> <p>Interest groups are, for example, trade unions, foundations, charities, voluntary associations, clubs, etc. other than NGOs.</p>
International governmental organisation	In the Programme, international organisations are understood as governmental international organisations, such as HELCOM, BSSSC, CBSS, VASAB, etc.





Type of partner	Definition and example
	<p>International governmental organisations are established by governments of several countries for a specific purpose of representing government interests but not to run a regular business activity.</p> <p>This partner type does not covers international corporations. international corporations are covered by the types “small and medium sized enterprise” or “large enterprise”. Further, the partner type does not cover non-governmental international organisations. These fall into the partner type “NGOs”.</p>
Large enterprise	<p>An enterprise is any entity regularly engaged in an economic activity.</p> <p>The category of large enterprises is made up of enterprises which employ 250 persons or more and which have an annual turnover exceeding EUR 50 million, and/or an annual balance sheet total exceeding EUR 43 million.</p>
Local public authority	<p>Public authorities are official organisations created by the government. They perform activities of a governmental nature, such as general administration (e.g. executive, legislative, financial administration etc. at all levels of government), national defence, public order and safety, immigration services and foreign affairs.</p> <p>Local public authorities are responsible for local districts, e.g. municipalities, cities, etc.</p>
Regional public authority	<p>Public authorities are official organisations created by the government. They perform activities of a governmental nature, such as general administration (e.g. executive, legislative, financial administration etc. at all levels of government), national defence, public order and safety, immigration services and foreign affairs.</p> <p>Regional authorities are responsible for regional districts, e.g. counties, regional councils, etc.</p>
National public authority	<p>Public authorities are official organisations created by the government. They perform activities of a governmental nature, such as general administration (e.g. executive, legislative, financial administration etc. at all levels of government), national defence, public order and safety, immigration services and foreign affairs.</p> <p>National public authorities are responsible for the country as a whole, e.g. federal ministries, etc.</p>
NGO	<p>NGOs are non-profit organisations operating independently of any government. The Programme defines NGOs as private organisations that pursue activities, for example, to relieve suffering, promote the interests of the poor or protect the environment. NGOs are usually value-based organisations which depend, in whole or in part, on charitable donations and voluntary service. Although the NGO sector has become increasingly professionalised over the last decades, principles of altruism and</p>





Type of partner	Definition and example
	<p>voluntarism remain key defining characteristics. Other than interest groups, NGOs address the interests of outsiders and are active for the common good.</p> <p>NGOs include, for example, WWF, Friends of the Earth (BUND), Greenpeace, etc.</p>
Sectoral agency	<p>A sectoral agency is a government organisation that is responsible for a specific service in a particular economic sector, such as environmental agency, immigration agency, local or regional development agency, etc.</p> <p>An agency that is a business providing a (usually specific) service to other people or organisations falls under partner type “small and medium sized enterprise” or “large enterprise”. Such an agency is, for example, an advertising agency, employment agency, energy agency, estate agency, travel agency, etc.</p>
Small and medium enterprise	<p>An enterprise is any entity regularly engaged in an economic activity.</p> <p>The category of micro, small and medium-sized enterprises (‘SMEs’) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.</p>

C.5.2 NACE

NACE is the acronym for “Nomenclature statistique des activités économiques dans la Communauté européenne”. It is the statistical classification of economic activities in the European Community and is the subject of legislation at the European Union level¹³, which imposes the use of the classification uniformly within all the Member States. NACE Codes allow preparation of comparable statistics covering several countries, for example the entire programme area. In addition, the Programme needs the codes to fulfil its reporting requirements to the European Commission.

Lead or project partners have to provide their NACE Codes in the application. The list of all available NACE codes and a detailed explanation is available on the Programme portal.

C.6 Obligatory documents to be provided by the partnership

C.6.1 Partner declarations

Each project partner applying for funding from the Programme has to provide a partner declaration. The partner declaration is part of the application package.

¹³ Council Regulation (EEC) No 3037/90 as amended by Commission Regulation (EEC) No 761/93 and corrigendum, OJ No L 159, 11.7.1995, p. 31).



C.6.2 Partnership Agreement

A lead partner has to **conclude a partnership agreement with all project partners**. In this partnership agreement it lays down the arrangements with its project partners and formalises the division of rights and responsibilities.

The partnership agreement has to fulfil the following **minimum requirements**:

- Subject and duration of the partnership agreement;
- Definition of the joint objectives of the project;
- Definition of roles and responsibilities of the project partners (including the lead partner) (as defined in chapter C.3) and their mutual obligations;
- Detailed work plan, including the operational structure and responsibility for the different work packages and their administration, as well as the duration of the individual partner activities (in line with the MC approval and subsidy contract) and handling of potential changes in the project set-up;
- Detailed project budget, including the co-financing for and contribution of each project partner (including the lead partner) and handling of potential changes in the project budget;
- Detailed spending plan for all project partners (including the lead partner);
- Rules regulating requests for payment and timely reporting;
- Provisions regulating partner liability and the consequences of non-fulfilment of obligations;
- Arrangements for recovering funds unduly paid to the project partners;
- Handling of potential changes in the project partnership;
- Procedures for resolving disputes and imposing penalties; and
- Compliance with communication and publicity requirements.

The partnership may decide to add further project-specific issues if needed.

The MA/JS will only reimburse Programme co-financing to project partners that signed the partnership agreement. The latest date for signature of the partnership agreement is the due date of the second progress report as set out in the subsidy contract.

In cases where a partner did not meet the above deadline, the lead partner will have to initiate a procedure for removing the partner from the partnership in accordance with the procedure in chapter L.

Where there are changes in the project set-up that result in modifications of the content of the partnership agreement and/or its annexes, the lead partner needs to adjust the agreement and/or its annexes accordingly. In such a case, it has to conclude an **amendment to the partnership agreement** so that the modified content is binding on the entire partnership.

An example of the partnership agreement is available on the Programme portal.

D. Core projects

D.1 Core project factsheet

D.1.1 Definition

The core projects are the main tool to deliver the change Interreg Baltic Sea Region aims at. All core projects are requested to prepare, pilot and transfer **practical and durable solutions** to the challenges they choose to tackle. These challenges must correspond to one of the Programme objectives.

The main results of the core project are increased capacities of the target groups to deal with the defined challenges. The target groups are organisations that have competences to influence the challenge and are interested in the solutions. Hence, reaching out to the target groups and involving them in the preparation of the solution, piloting and transfer is crucial for the success of the core projects.

D.1.2 Project structure

Activities in the core project are structured in three work packages (WP). They are pre-defined in the application form. In the following sections applicants will find information about how to plan specific WPs as well as some tips on how to prepare themselves before and after the project.

Preparation work at the application stage:

When preparing the application applicants should analyse the situation in their thematic field and the feasibility of the project idea. Applicants should have a good understanding of the needs of their target groups. In cases where applicants would like to base their projects on some existing good practices, models etc., they should map them at this stage.

Application consisting of three WPs:

- **WP1 Preparing solutions:**

The aim of this work package is to develop solutions addressing the challenges that the target groups face. Applicants should plan carefully how to involve them in the preparation of the solutions. Solutions can be developed from nothing or based on existing ones which are adapted to the project context. The solutions need to be based on findings from the preparation work at the application stage. This WP should not include main analytical activities to map already existing solutions. If applicants plan to base their work on existing solutions they should be identified at the application stage.

- **WP2 Piloting and evaluating solutions:**

The aim of this work package is to pilot, evaluate and adjust solutions. Applicants should plan one or several pilots to validate the usefulness of the solutions prepared in work package 1. All pilots should be jointly planned. This means involvement of project partners from at least three countries per pilot. These partners should take part in the actual testing of a solution on the spot or should at least actively contribute to the preparation of the piloting and its evaluation.

Work package 2 should start early enough to allow time to pilot, evaluate and adjust solutions, together with the target groups. By the end of this work package implementation of the solutions should be ready to be transferred to the target groups in work package 3.

- WP3 Transferring solutions:

Work package 3 should communicate and transfer the ready solutions to the target groups not only inside the project partnership, but also to other organisations that were so far not connected closely to the project. Applicants should plan at least one year to transfer the solutions to target groups. WP2 and WP3 may be implemented in parallel. Applicants should select suitable activities to encourage their target groups to use the solutions in their daily work.

In this WP applicants should develop a durability plan on how to make the outcomes of the project last beyond project implementation. Applicants should describe the activities which keep the solutions functional after the end of the project and plan necessary human and financial resources for that process. These activities will be carried out in the post project phase.

Post project stage:

Applicants should start implementing their durability plans and make sure that the solutions offer value to the target groups that also continue after the project implementation stage.

D.1.3 Project outcomes

Projects should deliver **one or several solutions** for the challenges identified together with the target groups. Projects may develop completely new solutions, modify or upscale existing ones. Upscaling means spreading the solution, for example, geographically in other regions or to other types of organisations than the ones for which the solution was originally developed.

When designing the project, a **positive change** that the solution will bring to the Baltic Sea region should be formulated. In particular, applicants should plan how the solution will **increase capacity of the target groups** to deal with the identified challenges during the project and after it ends.

Projects should present unique solutions as tangible and durable products so that everyone interested can learn about them. These are the **outputs** of the project. When planning the project applicants should think in advance about how to organise the institutional and financial support to keep the outputs functional after the end of the project. The specific roles of different partners in this process should also be planned.

D.1.4 Duration

The duration of a core project consists of three phases:

- **Contracting phase:** this phase usually lasts **three months**. The announcement note includes further information regarding each call for applications.
- **Implementation phase:** this phase may last **up to 36 months**. Within this range partners are free to choose the duration corresponding to the complexity of their approach.
- **Project closure phase:** this phase lasts three months.

D.1.5 Partnership

The general rules **for project partnerships** in Interreg Baltic Sea Region are described in chapter C. When applying for a core project, applicants need to follow these formal rules.

Apart from this, partners should possess major competences needed to deliver the promised project results. The partnership should also involve representatives of the target groups in order to capture their needs during the whole project.

The maximum number of project partners is 35. However, to keep the partnerships manageable it is strongly recommended that the number of organisations is limited.

D.1.6 Budget

There are **no specific budget limitations** for core projects. However, the budget has to clearly reflect the involvement of partners and the complexity of planned activities. It also needs to be in proportion to the solutions developed for the target groups.

D.1.7 Investments in projects

Core projects may include some productive or infrastructure investments. The rules relating to investments are detailed in chapters D.3.10, D.3.11.

D.2 Application process

D.2.1 Calls for applications

The Programme allocates its funding to projects through **calls for applications**. The MC defines the timing and specific conditions of the calls. These conditions may include, for example, the amount of funding dedicated to the call or its thematic focus. The MA/JS publishes this information on the Programme portal in an **announcement note**.

The calls for core projects are organised in either **one or two steps**. The announcement note for each call defines which approach the applicants need to follow. Within a one-step call applicants should provide a complete application by the given deadline. With a two-step call applicants should submit a concept note which briefly outlines the project. The MA/JS invites applicants to submit a complete application only if the MC approves the concept note.

Table 3 Application stages in one step call for core projects

What happens	Who takes the action
Publishing of the announcement note on the Programme portal	MA/JS
Development of the applications	Lead applicant
Submission of the applications to the MA/JS	Lead applicant
Admissibility check	MA/JS and lead applicant
Quality assessment	MA/JS
Approval of applications	MC
Information about the outcomes (Approval or rejection letter)	MA/JS
Contracting of applications	MA/JS and Lead applicant

Table 4 - Application stages in two steps call for core projects

What happens	Who takes the action
Publishing of the announcement note on the Programme portal	MA/JS

STEP 1

Development of the concept notes	Lead applicant
Submission of the concept notes to the MA/JS	Lead applicant
Admissibility check	MA/JS and lead applicant
Quality assessment	MA/JS
Approval of concept notes	MC
Information about the outcomes (Approval or rejection letter)	MA/JS

STEP 2

Development of the applications	Lead applicant
Submission of the applications to the MA/JS	Lead applicant
Admissibility check	MA/JS and lead applicant
Quality assessment	MA/JS
Approval of applications	MC
Information about the outcomes (Approval or rejection letter)	MA/JS
Contracting of applications	MA/JS and Lead applicant

Applicants have at least two months to prepare their concept note or complete application. The MA/JS provides further guidance in events, tutorials and consultations. In addition, the application form contains guiding questions.

The announcement note contains information on what to submit and when.

D.2.2 Admissibility check

During the admissibility check the MA/JS verifies if the concept notes or applications fulfil the **minimum technical requirements**. The table below includes the **list of applied criteria**. As part of the admissibility check, the MC verifies the **compliance of the legal status** of all project partners with the Programme requirements. These requirements are listed in chapter C.2. The MC members or the MA/JS might contact lead applicants and request **additional documents**.

The MA/JS will assess the concept note or application according to the quality criteria only if it fulfils the minimum technical requirements.

Table 5 Admissibility check criteria for core projects

	Minimum technical requirements
1	Concept note/application is submitted via BAMOS+ by the deadline
2	Concept note/application is written in English
3	Concept note/application is complete
4	All partner declarations have been submitted to the document center
5	Minimum requirements regarding the transnational approach are met
6	Legal status of the lead partner is in accordance with the Programme requirement
7	Geographical eligibility of the lead partner is in line with the Programme requirements
8	The application fits with the focus of the call (only relevant for focused calls)

D.2.3 Quality assessment

The MA/JS carries out the quality assessment of the concept note or application according to the criteria presented in tables 6 and 7. To ensure equal treatment of all applicants the MA/JS does not request any additional clarifications during the quality assessment process. The assessment sheets summarise the assessment outcomes. Lead applicants receive the assessment sheet of their projects after the selection of the applications regardless of whether their project is successful or not.

Table 6 Quality assessment criteria for core projects in one step call

Criteria	Guiding questions
I. Relevance of the proposal	
Thematic focus	Does the challenge tackled by the project match the selected Programme objective and the focus of the call?



Criteria	Guiding questions
Target groups	<p>Are the selected target groups relevant to tackle the identified challenge, e.g. regarding geographical coverage and types of sectors involved?</p> <p>Are the needs of the target groups clearly described?</p>
Transnational value	<p>Does the application clearly explain the need for transnational cooperation to address the identified challenge?</p>
Project objective	<p>Is the planned project objective in line with the needs of the target groups?</p>
Contribution to the policies and strategies	<p>Does the project plan to contribute to the implementation of the Action Plan of the EU Strategy for the Baltic Sea Region (EUSBSR)?</p> <p>Does the project plan to contribute to achieving specific goals or implementing actions of other strategic documents relevant to the Programme area?</p>
Additional value	<p>Is it clearly explained how the project plans to build on the outcomes of other projects?</p> <p>Does the application demonstrate additional value to implemented and running projects, in particular to the projects of Interreg Baltic Sea Region?</p> <p>Is cooperation with other projects planned?</p>
II. Partnership	
Partnership potential	<p>Does the partnership have the necessary competence to implement the planned activities and to achieve the planned objective?</p> <p>Are the selected target groups involved as partners?</p> <p>Are the roles of all partners in project implementation clearly explained?</p> <p>Is the involvement of the partners planned in accordance with the requirements of the Programme?</p> <p>Are the involvement and responsibilities of the partners in the project planned in a balanced way?</p> <p>Are the roles of the associated organisations clearly explained?</p> <p>Do the partners have sufficient human and financial capacity?</p>
III. Work plan	



Criteria	Guiding questions
Preparing, piloting and evaluating, transferring solutions	<p>Do the planned solutions address the identified specific challenge?</p> <p>Is there a clear approach on how the project plans to develop or adapt solutions?</p> <p>Does the project plan pilots to validate the usefulness of the solutions?</p> <p>Does the project evaluate and adjust solutions?</p> <p>Does the application present a realistic plan on how to communicate and transfer the ready solutions?</p> <p>Does the project encourage an active and continuous use of the solutions after the project end?</p>
Target groups	Is the involvement of the target groups well planned in each work package?
Transnational cooperation	Does the project plan to implement activities and outputs in a transnational setting?
Output and result indicators	<p>Does the project contribute to the output and result indicators defined by the Programme?</p> <p>Are the targets set by the project realistic?</p>
IV. Durability	
Durability of the outputs	<p>Is the use of the developed solutions well planned by partners and other organisations in different countries, also beyond the project end?</p> <p>Does the developed durability concept include institutional and financial support to keep the outputs functional after the project end?</p>
V. Budget	
Budget adequacy	Is the budget appropriate in relation to the planned activities, outputs, results and involvement of partners?
Eligibility	<p>Are the cost category specifications (external services, equipment, infrastructure and work) precise, clear and justified?</p> <p>Are there any indications of ineligible costs in the work plan and/or ineligible project partner structures?</p> <p>Have the relevant rules for productive investments/infrastructure been followed?</p> <p>Have the State aid rules been followed?</p>

Table 7 Quality assessment criteria for core projects in two steps call

Quality assessment criteria of concept notes

Criteria	Guiding questions
I. Relevance of the proposal	
Thematic focus	Does the specific challenge described in the concept note match the selected Programme objective and focus of the call as specified in the announcement note?
Target groups	Are the selected target groups relevant to address the specific challenge identified in the concept note? Are the needs of the target groups clearly described?
Project objective	Is the planned project objective in line with the needs of the target groups?
Transnational value	Is the need for transnational cooperation clearly explained in the concept note?
Additional value	Is it clear from the concept note how the project plans to build on the outcomes of other projects? Does the concept note demonstrate additional value to implemented and running projects, in particular to the projects of Interreg Baltic Sea Region?
II. Partnership	
Partnership potential	Do the present and intended partners have the necessary competence to implement the planned project? Are the selected target groups already involved or are planned to be added in the project's partnership?
III. Work plan	
Solutions for the target groups	Does the concept note include solutions to be developed with and for the target groups? Does the concept note include pilot activities to test the solutions? Does the concept note include activities to transfer the developed solutions to the target groups?

Quality assessment criteria of application forms

Criteria	Guiding questions
I. Relevance of the proposal	
Thematic focus	Does the challenge tackled by the project match the selected Programme objective and the focus of the call?
Target groups	Are the selected target groups relevant to tackle the identified challenge, e.g. regarding geographical coverage and types of sectors involved? Are the needs of the target groups clearly described?
Transnational value	Does the application clearly explain the need for transnational cooperation to address the identified challenge?
Project objective	Is the planned project objective in line with the needs of the target groups?
Contribution to the policies and strategies	Does the project plan to contribute to the implementation of the Action Plan of the EU Strategy for the Baltic Sea Region (EUSBSR)? Does the project plan to contribute to achieving specific goals or implementing actions of other strategic documents relevant to the Programme area?
Additional value	Is it clearly explained how the project plans to build on the outcomes of other projects? Does the application demonstrate additional value to implemented and running projects, in particular to the projects of Interreg Baltic Sea Region? Is cooperation with other projects planned?
II. Partnership	
Partnership potential	Does the partnership have the necessary competence to implement the planned activities and to achieve the planned objective? Are the selected target groups involved as partners? Are the roles of all partners in project implementation clearly explained? Is the involvement of the partners planned in accordance with the requirements of the Programme? Are the involvement and responsibilities of the partners in the project planned in a balanced way?

Criteria	Guiding questions
	<p>Are the roles of the associated organisations clearly explained?</p> <p>Do the partners have sufficient human and financial capacity?</p>
III. Work plan	
<p>Preparing, piloting and evaluating, transferring solutions</p>	<p>Do the planned solutions address the identified specific challenge?</p> <p>Is there a clear approach on how the project plans to develop or adapt solutions?</p> <p>Does the project plan pilots to validate the usefulness of the solutions?</p> <p>Does the project evaluate and adjust solutions?</p> <p>Does the application present a realistic plan on how to communicate and transfer the ready solutions?</p> <p>Does the project encourage an active and continuous use of the solutions after the project end?</p>
<p>Target groups</p>	<p>Is the involvement of the target groups well planned in each work package?</p>
<p>Transnational cooperation</p>	<p>Does the project plan to implement activities and outputs in a transnational setting?</p>
<p>Output and result indicators</p>	<p>Does the project contribute to the output and result indicators defined by the Programme?</p> <p>Are the targets set by the project realistic?</p>
IV. Durability	
<p>Durability of the outputs</p>	<p>Is the use of the developed solutions well planned by partners and other organisations in different countries, also beyond the project end?</p> <p>Does the developed durability concept include institutional and financial support to keep the outputs functional after the project end?</p>
V. Budget	
<p>Budget adequacy</p>	<p>Is the budget appropriate in relation to the planned activities, outputs, results and involvement of partners?</p>
<p>Eligibility</p>	<p>Are the cost category specifications (external services, equipment, infrastructure and work) precise, clear and justified?</p> <p>Are there any indications of ineligible costs in the work plan and/or ineligible project partner structures?</p>

Criteria	Guiding questions
	<p>Have the relevant rules for productive investments/infrastructure been followed?</p> <p>Have the State aid rules been followed?</p>

D.2.4 Selection by the MC

In one step call the MC selects application forms for funding. In two steps call the MC selects concept notes for further development and subsequently the applications for funding. The MC bases its strategic assessment on the results of the quality assessment. The MC might take additional factors into account such as existing portfolio of approved projects or availability of funds in each priority of the Programme. At the time of the selection, the MC may set some requirements for applications that would need to be addressed during the contracting phase. The applicants are informed about the outcome of the MC selection as soon as possible.

D.3 Eligibility rules

D.3.1 General principles of eligibility

Each project partner must understand and observe the following preconditions:

- all expenditure is essential for the project's implementation and would not have been incurred if the project had not been carried out (value added);
- all expenditure must comply with the principles of efficiency, economy and effectiveness (sound financial management)¹⁴,
 - the principle of economy requires that the resources used in the pursuit of a project partner's activities will be made available in due time, in appropriate quantity and quality, and at the best price;
 - the principle of efficiency means project partners have to ensure the best relationship between the resources employed, the activities undertaken and the achievement of objectives;
 - the principle of effectiveness means how the objectives that the project partners pursued are achieved through the activities undertaken.
- all expenditure is generated and paid by the respective project partner during the eligible project phase, i.e. preparation, contracting, implementing and closure. Project phases are set in BAMOS+ and are based on a MC decision e.g. in a call announcement;

¹⁴ REGULATION (EU, Euratom) 2018/1046, Article 33

- project partners are not allowed to report a cost if it is a result of contracting from:
 - their own employees, themselves (e.g. internal invoice),
 - other project partners.
- no other EU funds have contributed towards the financing of the same expenditure (prohibition of double funding);¹⁵
- relevant public procurement rules are observed.

D.3.2 Ineligible costs

The following costs are not eligible for reimbursement¹⁶

- interest on debt;
- the purchase of land for an amount exceeding 10% of the total eligible expenditure of the investment in infrastructure and works concerned. For derelict sites and for those formerly in industrial use which comprise buildings, that limit is increased to 15%;
 - value added tax (VAT), except:
 - for projects the total cost of which is below EUR 5 000 000 (including VAT);
- for projects the total cost of which is at least EUR 5 000 000 (including VAT) where it is non-recoverable under national VAT legislation;
- fines, financial penalties and expenditure on legal disputes and litigation;
- costs of gifts and awards;
- costs relating to the fluctuation of foreign exchange rates.

Cost sharing

Cost sharing is not allowed in Interreg Baltic Sea Region. Cost sharing is defined as a pro rata allocation of certain project expenditure incurred by one project partner and allocated to various other project partners.

To avoid cost sharing, each partner needs to plan its own budget and report only its own expenditure to the LP. Therefore, a well-planned division of tasks and project budget among the partnership is essential when setting up the project.

D.3.3 Forms of support

Simplified cost options

¹⁵ REGULATION (EU, Euratom) 2018/1046, Article 191(3)

¹⁶ REGULATION (EU) 2021/1060, Article 58 and REGULATION (EU) 2021/1059, Article 38

Pre-defined unit costs, lump sums or flat rates provide the basis for the calculation of a partner's expenditure.

Real costs

Project partners incur and pay the expenditure. They support the expenditure by invoices or other equivalent accounting documents. They ensure that the expenditure is accounted for and proven by delivery of works, services or supplies.

D.3.4 Use of euro and exchange rate

All expenditure reported in the progress report must be denominated in euros.

Any expenditure paid in another currency must be converted into euros using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification.

D.3.5 Cost category 0 - Preparation costs

Projects can receive reimbursement of the preparation costs of the project based on the following preconditions:

- the possibility of applying for preparation costs is stated in the announcement of the respective call for applications; and
- the project applied for reimbursement of the preparation costs in the application; and
- the project did not receive any other EU funds specifically designed for the development of this project application.

The preparation costs are based on a lump sum – up to EUR 24,000 of total eligible expenditure, which corresponds to EUR 19,200 of the Programme co-financing.

The MA/JS will transfer the lump-sum to the bank account that the lead partner indicated in BAMOS+ after the signing of the subsidy contract. It is then the lead partner's responsibility to pay the agreed division to the project partners.

D.3.6 Cost category 1 – Staff costs

Project partners declare personnel costs on the basis of the simplified cost option method called the standard scale of unit cost. For each country the MA/JS has defined a single hourly rate in national currency/EUR. The hourly rate is a standard amount for each employee regardless of their position.

Table 8 The hourly rate per country.

Country	Hourly rate	Currency
Denmark	374	DKK
Estonia	29	EUR
Finland	36	EUR
Germany	48	EUR
Latvia	24	EUR
Lithuania	22	EUR
Norway	546	NOK
Poland	92	PLN
Russian Federation	1233	RUB
Sweden	501	SEK

Conditions for reimbursement of the staff cost:

Project partners have to report the staff cost based on the number of working hours that their employees need for project implementation under the following conditions:

- A project partner can report the hours of an employee working under an employment contract or equivalent.
- A project partner cannot declare more than 1,720 hours per full time employee per calendar year. This maximum number of hours is reduced to a pro-rata of 1,720 hours for employees working part-time. This maximum number of hours is also reduced to a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
- A project partner can report only actual (productive) hours that were worked and that were dedicated to project related tasks. Non-productive hours relating to holidays, sick leave, maternity leave, etc. are not eligible.

Project partners that are SMEs can declare the working hours of their owners not receiving a salary as staff costs. The partners should apply the conditions defined above.

Documentation

Project partners have to complete and deliver the following documents to the MA/JS for each person for whom they report staff costs.

- **Employment confirmation** – a document from the project partner (in the English language). This document confirms that the person is working for the project, in line with conditions of reimbursement of the staff costs described above.
- **Report of hours** – a document that confirms the number of hours worked for the project.

For both points above project partners are obliged to use templates prepared by the MA/JS and which are published on the Programme portal. The MA/JS will only accept staff costs which are documented through these Programme templates. Project partners have to complete and sign these documents. They have to deliver the signed versions as attachments to the partner report.

In addition, project partners have to keep, on their premises, **original employment contracts or equivalent employment documents** of the persons whose working hours are the subject of the programme co-financing. Project partners do not have to attach those documents to the partner report but they have to keep it available and deliver it upon request of the MA/JS or any other authorised body (Audit Authority, European Commission, etc.).

Calculation

Project partners have to insert the number of hours for each project staff member in the partner report. The number of hours has to be in line with the report of hours. The partner report automatically calculates the staff cost.

D.3.7 Cost category 2 - Office and administration costs

Project partners receive the reimbursement of office and administration costs as a flat rate – 15% of the eligible staff costs¹⁷. The flat rate covers the following elements¹⁸:

- office rent;
- insurance and taxes relating to the buildings where the staff are located and to the equipment of the office (e.g. fire, theft insurances);
- utilities (e.g. electricity, heating, water);
- office supplies;
- accounting;
- archives;
- maintenance, cleaning and repairs;
- security;
- IT systems;
- communication (e.g. telephone, fax, internet, postal services, business cards, mobile phones and other devices purchased as a part of a subscription contract for communication services);
- bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
- charges for transnational financial transactions.

Project partners cannot report any cost item listed above in any other cost category.

¹⁷ REGULATION (EU) 2021/1059, Article 40(2)

¹⁸ REGULATION (EU) 2021/1059, Article 40(1)

Calculation and documentation

The progress report will automatically calculate the flat rate based on the approved staff costs. For this cost category, project partners do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.).

The MA/JS does not check or monitor any differences compared to the real costs. Over or under-compensation of a project partner's expenditure are a natural consequence resulting from the application of a flat rate.

D.3.8 Cost category 3 – Travel and accommodation costs

Project partners will receive the reimbursement of travel and accommodation costs as a flat rate – 15% of the eligible staff costs.¹⁹ The flat rate covers the following elements²⁰:

- travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, tolls, and parking fees);
- the costs of meals;
- accommodation costs;
- visa costs;
- daily allowances.

Project partners cannot report any cost item listed above in any other cost category.

The flat rate only covers travel and accommodation costs of a project partner's own employees. Travel and accommodation costs of external experts and service providers are covered by cost category 4 - external expertise and services.²¹

Calculation and documentation

The progress report will automatically calculate the flat rate based on the approved staff costs. For this cost category, project partners do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.).

The MA/JS does not check or monitor any differences compared to the real costs. Over or under-compensation of a project partner's expenditure are a natural consequence resulting from the application of a flat rate.

¹⁹ REGULATION (EU) 2021/1059, Article 41(5)

²⁰ REGULATION (EU) 2021/1059, Article 41(1)

²¹ REGULATION (EU) 2021/1059, Article 41(3)

D.3.9 Cost category 4 - External expertise and services costs

Project partners can report costs of the following expertise and services provided by a public or private law body or a natural person²²:

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- training;
- translations;
- development, modifications and updates to IT systems and website;
- promotion, communication, publicity, promotional items and activities or information linked to a project or to a programme as such;
- financial management;
- services relating to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- participation in events (e.g. registration fees);
- legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- intellectual property rights;
- verifications (e.g. cost of the controller);
- 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;
- travel and accommodation for external experts, speakers, chairpersons of meetings and service providers and in case their participation is justified and contributing to the project content and activities;
- other specific expertise and services needed for project.

Documentation

Project partners have to collect and deliver to the controller the following documents, to prove costs reported in this category:

- procurement documentation;
- invoices (or equivalent accounting documents);
- proof of delivery of services;
- payment proof.

²² REGULATION (EU) 2021/1059, Article 42

D.3.10 Cost category 5 - Equipment

Project partners can report cost of purchase, rent, lease or depreciation of the following equipment if not covered by cost category 2²³:

- office equipment;
- IT hardware and software;
- furniture and fittings;
- laboratory equipment;
- machines and instruments,
- tools or devices;
- vehicles (except for project management purposes and staff transportation);
- other specific equipment needed for the project;
- the purchase of consumables necessary for the operating of laboratory equipment or other tools or devices (e.g. chemicals, reagents, fuel etc.) used for the implementation of content related activities and where directly attributable to the project.

Project partners have to decide whether to report the full costs or the depreciation/rental/lease costs of each equipment.

For example, if project partners are going to use equipment for the project purpose during the whole project or even beyond (e.g. it is a part of a pilot), the full costs will be justified. If project partners use it only for a limited time, e.g. few months, reporting of rental or depreciation costs would be a more efficient solution.

If project partners plan to buy high value items with the intention of using it for a short period of time (e.g. only for carrying out one pilot etc.) they should inform the MA/JS in advance about any such plans. The MA/JS together with the partner would evaluate whether the principles of efficiency, economy and effectiveness are being met and will find alternative solutions if necessary.

If the project partner decides to report depreciation, the calculation should be done according to a justified method and be in line with the national or institutional regulations.

Project partners must allocate the costs of depreciation, rent or lease to the time period of using such equipment for the project purposes.

²³ REGULATION (EU) 2021/1059, Article 43

Costs for the purchase of second-hand equipment may be eligible under the following conditions²⁴:

- no assistance has been received for the original purchase of that equipment from the Interreg funds or the Funds listed in the CPR²⁵;
- the price does not exceed the generally accepted price on the market in question;
- it has the technical characteristics necessary for the operation and complies with all applicable norms and standards.

Equipment which is productive investment

The MA/JS understands productive investments as investments in fixed capital or immaterial assets for enterprises, which are to be used for the production of goods and services. In this way, the investments contribute to gross capital formation and employment.

For any equipment that falls under the category of productive investment, the project partner has to observe the relevant durability rules defined in chapter O.1. Equipment which falls under the category of productive investment is only eligible if it is included in the latest valid version of the application form as approved by the MA/JS.

Documentation:

Project partners have to collect and deliver to the controller the following documents, to prove costs reported in this category:

- procurement documents;
- invoices (or equivalent accounting documents);
- where relevant, depreciation costs calculation(s);
- proof of delivery of equipment;
- payment proof.

D.3.11 Cost category 6 – Infrastructure and works

Project partners can report the cost of realisation, or both design and realisation of infrastructure and works. They can also report the cost of site preparation, delivery, handling, installation, renovation. This should be limited to the following elements²⁶:

- purchase of land with exceptions defined in chapter D.3.2
- building permits;
- building material;
- labour;
- specialised interventions (e.g. soil remediation, mine-clearing).

²⁴ REGULATION (EU) 2021/1059, Article 43(2)

²⁵ REGULATION (EU) 2021/1060, Article 1(1)

²⁶ REGULATION (EU) 2021/1059, Article 44

A project partner can report full costs of infrastructure and works that are implemented within the project.

The Programme understands infrastructure as the fundamental facilities and systems serving a country, city, or other area, including the services and facilities that are necessary for its economy to function. Infrastructure is composed of public and private physical improvements such as water supply, sewers, electrical grids, and telecommunications (including internet connectivity and broadband speeds).

A work means the outcome of building or civil engineering works taken as a whole which is sufficient in itself to fulfil an economic or technical function.²⁷

A project partner has to ensure all compulsory requirements set by the EU and national legislation relating to the respective investment in infrastructure and works (e.g. feasibility studies, environmental impact assessments, building permission). This includes: if the project partner invests in infrastructure which has an expected lifespan of at least 5 years, it has to ensure climate proofing.²⁸ Climate proofing means a process to prevent infrastructure from being vulnerable to potential long-term climate impacts whilst ensuring that the 'energy efficiency first' principle is respected and that the level of greenhouse gas emissions arising from the project is consistent with the climate neutrality objective in 2050.²⁹

Please note, the Programme is not responsible for the climate proofing. The European Commission provides guidance.³⁰ In addition, specific rules may be set out by the country in which the infrastructure investment will be realised.

Cost of infrastructure and works is only eligible if it is included in the latest valid version of the application form as approved by the MA/JS.

Land or buildings must be in the ownership of a project partner or the project partner must have put long-term legally binding agreements in place.

For any infrastructure and works item the project partner has to observe the relevant durability rules defined in chapter O.1.

²⁷ DIRECTIVE 2014/24/EU, Article 2(7)

²⁸ REGULATION (EU) 2021/1060, Article 73(2)

²⁹ REGULATION (EU) 2021/1060, Article 2(42)

³⁰ C(2021) 5430 of 29 July 2021, Commission Notice, Technical guidance on the climate proofing of infrastructure in the period 2021-2027,

Documentation:

Project partners have to collect and deliver to the controller the following documents, to prove costs reported in this category

- procurement documents;
- documents specifying the ownership of land/buildings where the infrastructure/works will be carried out;
- invoices (or equivalent accounting documents);
- proof of delivery of works;
- payment proof.

D.4 Reporting

In this chapter the MA/JS describes the main principles of the reporting. The preparation of the progress reports is one of the obligations of the lead partner in cooperation with other partners. In the reporting forms in BAMOS+ project partners can find guidance on what information they should provide in every section of the progress report.

D.4.1 Progress Report

The MA/JS monitors the progress on project achievements and expenditure through the progress reports. A progress report consists of:

- a) an activity report that provides information on the achievements of the project towards its outcomes in every reporting period,
- b) a financial report which provides information on the project's expenditure for every reporting period.

The duration of each reporting period is usually six months. The first progress report comprises at least nine months as it covers the contracting phase and the first six months of the implementation period. The final progress report comprises between six to nine months as it covers at least the last three months of the implementation period and three months closure phase. The final progress report has to be submitted by the end of the closure phase. The exact date of the project closure is provided in the latest version of the project data in BAMOS+.

The lead partner compiles all contributions of the partners into one progress report and submits it for each reporting period to the MA/JS via BAMOS+. The activity report must include information on the achievement of the whole partnership, including partners which do not report any expenditure in the relevant reporting period.

The deadlines for submission and the number of reports is defined in BAMOS+.

In cases where the project cannot meet a deadline for submission of a progress report, the lead partner has to submit a request for postponement via BAMOS+. This must happen, at the latest, by the actual deadline for submission of the given progress report. The MA/JS decides on any request for postponement and may consider any appropriate consequences for any delayed progress reports.

The MA/JS verifies the submitted progress report and, if necessary, requests additional information during the clarifications process. The MA/JS will reimburse the costs reported in a progress report when the lead partner has clarified all open questions. Please find further details relating to the verification of the progress report in chapter M.

D.4.2 Partner Report

Project partners (including the lead partner) compile a partner report and submit it to the lead partner via BAMOS+. A partner report consists of the following parts:

- Part A. activity part,
- Part B. financial part for cost categories covered by simplified cost options,
- Part C. financial part for cost categories covered by real costs.

The MA/JS verifies and certifies cost categories covered by simplified cost options during monitoring of the progress report i.e. after the lead partner has submitted the complete progress report.

Designated controllers verify and certify cost categories covered by real costs before the submission of the partner report to the lead partner.

Project partners may decide not to report cost categories covered by the real costs in a given reporting period. Real costs from more than one period can be combined and reported all at once. A partner report that includes expenditure based on the simplified cost options only is not subject to the verification of the controllers.

The MA/JS recommends that projects include expenditure based on real costs in every second or third progress report. The lead partner, together with the project partners, should consider the liquidity needs of the project and agree how often real costs will be included in the reports.

This reporting scheme will accelerate the reporting, lower efforts and costs of reporting and certification for both the partners and controllers. As a result, the project will receive payments faster.

Figure 2 Reporting process for all cost categories

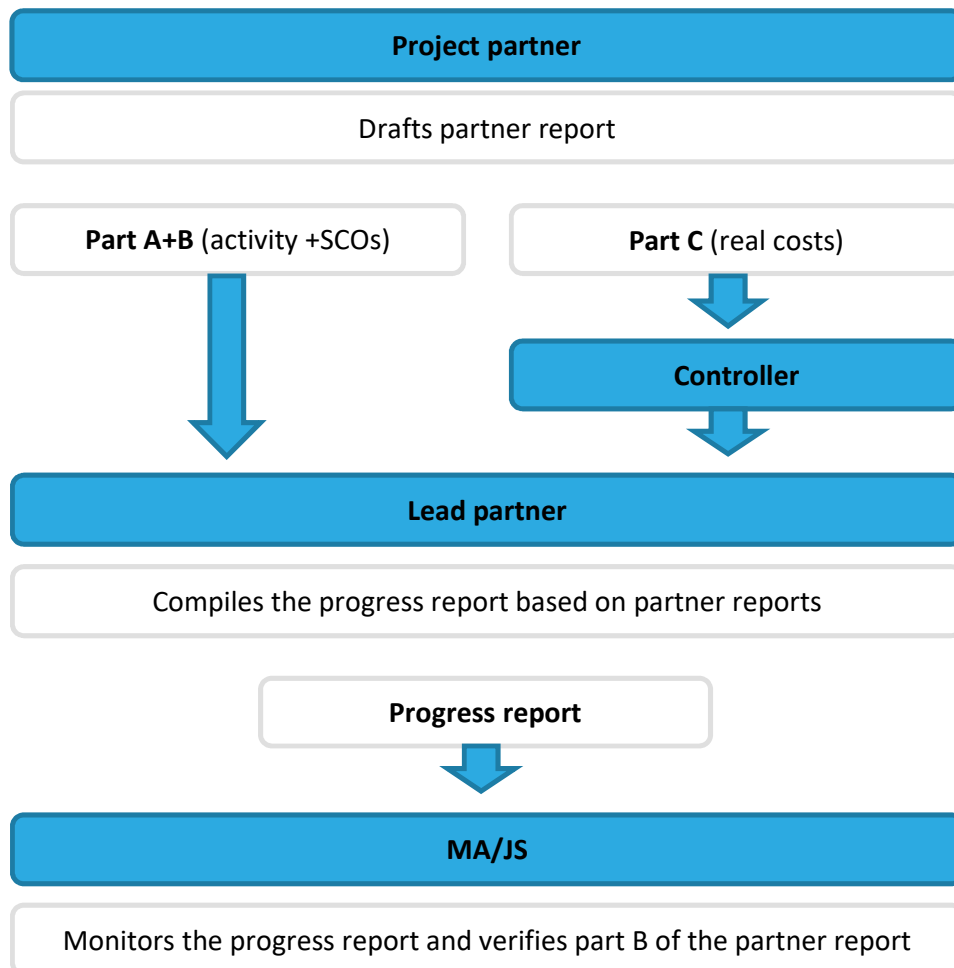
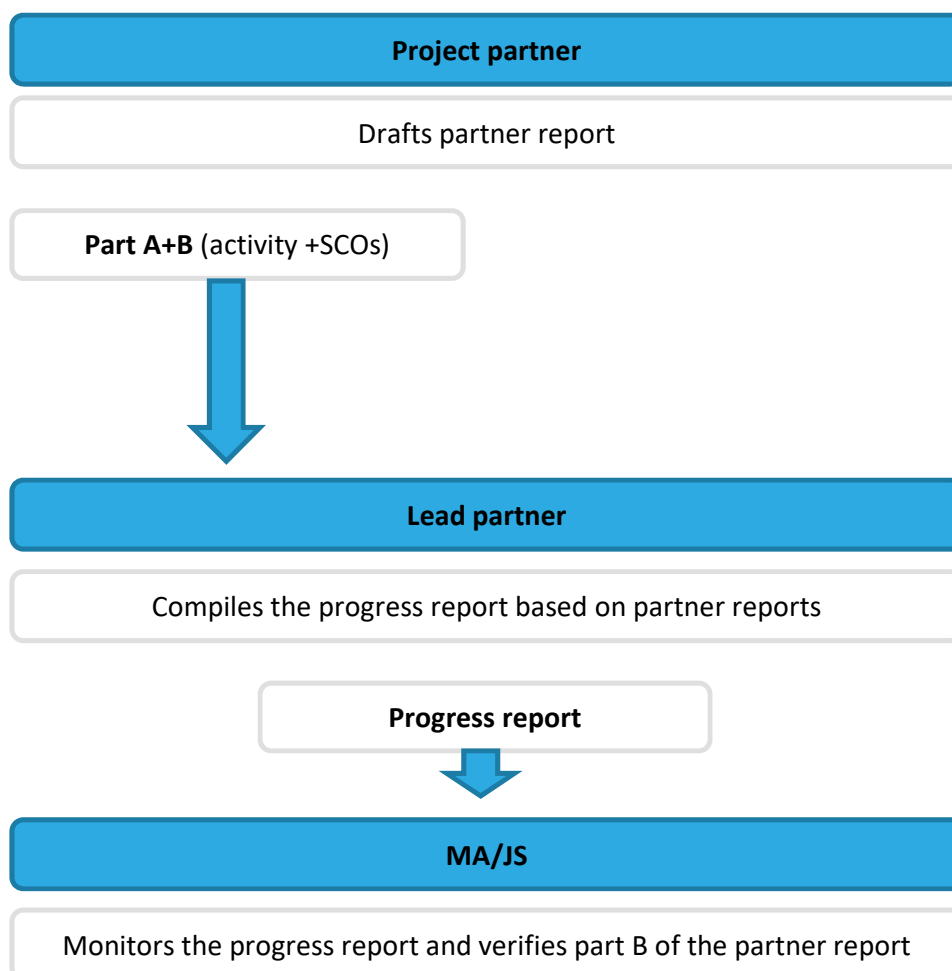


Figure 3 Reporting process for cost categories covered by simplified cost options



D.4.3 Reporting on project outcomes (activity report)

Progress report

In the activity part of every progress report partners should describe the project achievements resulting from the implemented activities. This means partners should demonstrate progress towards developing the solutions (WP1), their piloting and evaluation (WP2) and transferring the final solutions to the target groups (WP3).

Pilots' check-up

During the first 12 months of project implementation the MA/JS will contact the lead partner regarding the status quo of the preparation of piloting activities. A pilot check-up will be organised in the form of a talk or a meeting between the MA/JS and the lead partner.

Mid-term progress report

In addition to the information on achievements in the mid-term report, partners should explain their inputs to the Programme communication. Please consult Chapter I for the requirements on communication inputs.

Final progress report

In the final report partners should report on the output and result indicators. The indicators are linked to the involved organisations, pilots and the developed solutions. The definitions of the indicators can be found in the reporting forms in BAMOS+.

Similarly, to the mid-term progress report, the partners also report on inputs to the Programme communication.

With the final progress report, the lead partner should also submit an additional annex. This annex contains conclusions on project implementation, including lessons learned and follow up activities.

E. Small projects

E.1 Small project factsheet

E.1.1 Definition and aims

Small projects are aimed at facilitating easier access to the Programme, in particular for those partners that have not previously participated in the Programme. Applying for a small project and implementing a small project is much simpler when compared to the core projects. For example, the budget of a small project is smaller than a regular project. The work plan consists of one work package (WP) and it may be implemented by small partnerships.

In small projects, partners are encouraged to develop **practical and durable outputs and solutions** for challenges in the region. These challenges need to correspond to one of the Programme objectives. Small projects should **increase capacity of the target groups** to deal with the identified challenges during and after the end of the project implementation.

The development of solutions is not obligatory in small projects. However, activities need to go beyond pure networking and knowledge exchange.

In addition, small projects have to address at least one of the following specific aims:

- building trust that could lead to further cooperation initiatives,
- initiating and keeping networks that are important for the BSR,
- bringing the Programme closer to the citizens,
- allowing a swift response to unpredictable and urgent challenges.

E.1.2 Project outcomes

The activities leading to the project outcomes are organised in one WP. The activities need to go beyond pure networking and knowledge exchange. They can include, for example, the integration of management schemes in municipalities or the adaptation of developed action plans on the regional level. The activities should lead to the development of at least **one output** addressing the challenges which the applicants identified together with the target groups of the project. Such outputs can be, for example local cooperation models or harmonised procedures in a particular sector. Pilots are not obligatory in small projects. However, the partners can pilot, for example, practical solutions or measures in a particular field or actions for citizens involvement.

E.1.3 Duration

The duration of a small project consists of three phases:

- **Contracting phase:** this phase usually lasts **three months**. The announcement note will include further information regarding each call for applications.
- **Implementation phase:** this phase may last up to 24 months.
- **Project closure phase:** this phase lasts three months.

E.1.4 Partnership

General rules **for project partnerships** in Interreg Baltic Sea Region are described in chapter C. When applying for a small project, applicants need to follow these formal rules. The partnership of a small project should be composed primarily of local and/or regional and/or national authorities, as well as NGOs. Furthermore, applicants should keep in mind the limited budget of small projects and plan their partnership accordingly. Organisations that have not previously participated in the Programme or for a long time are encouraged to take part as partners in small projects.

E.1.5 Budget

The budget of a small project **must not exceed EUR 500,000**. The budget has to clearly reflect the involvement of partners and the implementation of planned activities. It also needs to be in proportion to the outputs, that will be developed for the selected target groups. Small projects are implemented exclusively under the simplified cost options scheme. Further details about eligibility rules can be found in chapter E.3.

E.2 Application process

E.2.1 Calls for applications

The Programme allocates its funding to projects through **calls for applications**. The MC defines the timing and specific conditions of the calls. These conditions may include for example the amount of funding dedicated to the call or its thematic focus. The MA/JS publishes this information on the Programme portal in an **announcement note**.

The calls for small projects are organised in **one step**. The announcement note for each call defines the focus and particular requirements for each call. The MA/JS will ask applicants to provide a complete application by a given deadline.

Table 9 Application stages in one step call for small projects

What happens	Who takes the action
Publishing of the announcement note on the Programme portal	MA/JS

Call for application

Development of the application	Lead Applicant
Submission of the application to the MA/JS	Lead Applicant
Admissibility check	MA/JS and Lead Applicant
Quality assessment	MA/JS
Approval of application	MC
Information about the outcomes (Approval or rejection letter)	MA/JS

Contracting of projects	MA/JS and Lead Partner
-------------------------	------------------------

Applicants have at least two months to prepare their complete application. The MA/JS provides further guidance in events, tutorials and consultations. In addition, the application form contains guiding questions. The announcement note contains information on what to submit and when.

E.2.2 Admissibility check

During the admissibility check the MA/JS verifies if the applications fulfil the **minimum technical requirements**. The table below includes the **list of applied criteria**. As part of the admissibility check, the MC verifies the **compliance of the legal status** of all project partners with the Programme requirements. These requirements are listed in chapter C. The MC members or the MA/JS might contact lead applicants and request **additional documents**.

The MA/JS will assess the application in accordance with the quality criteria only if it fulfils the minimum technical requirements.

Table 10 Admissibility check criteria for small projects

	Minimum technical requirements
1	Application is submitted via BAMOS+ by the deadline
2	Application is written in English
3	Application is complete
4	All partner declarations have been submitted to the document centre
5	Minimum requirements regarding the transnational approach are met
6	Legal status of the lead partner is in accordance with the Programme requirement
7	Geographical eligibility of the lead partner is in line with the Programme requirements
8	The application fits with the focus of the call (only relevant for focused calls)

E.2.3 Quality assessment

The MA/JS carries out the quality assessment of the application in accordance with **the criteria** presented in table 11. To ensure equal treatment of all applicants, the MA/JS does not request any additional clarifications during the quality assessment process. The **assessment sheets** summarise the assessment outcomes. Lead applicants will receive the assessment sheet of their projects after the selection of the applications, regardless of whether their project is successful or not.

Table 11 Quality assessment criteria for small projects

Criteria	Guiding questions
I. Relevance of the proposal	
Thematic focus	Does the specific challenge described in the application match the selected Programme objective and the focus of the call?
Target groups	Are the selected target groups relevant to address the described challenge?
Project objective	Is the planned project objective in line with the needs of the target groups? Is it clearly explained how the project addresses the selected specific aims for small projects?
Transnational value	Is the need for transnational cooperation clearly explained?
Complementarity with CBC programmes	Does the application sufficiently demonstrate the need for the project to be financed under the Interreg Baltic Sea Region instead of the CBC programmes in the region?
II. Partnership	
Partnership	Are the competences and roles of the partners clearly explained? Does the partnership reflect the focus of the project on the needs of public authorities and/or NGOs? Is the involvement of the partners planned in accordance with the requirements of the Programme? Does the partnership include newcomers to the Programme?
III. Work plan	

Criteria	Guiding questions
Activities and outputs	<p>Is it clear that the planned activities and outputs help reach the project objective?</p> <p>Is it clear that the planned activities and outputs help reach the selected specific aims for small projects?</p> <p>Is the involvement of the target groups to develop the outputs clearly explained?</p> <p>Is the uptake of the outputs by the target groups clearly planned?</p>
IV. Budget	
Budget adequacy	Is the budget appropriate in relation to the planned activities, outputs, results and involvement of partners?
Eligibility	<p>Are there any indications of ineligible costs in the work plan and/or ineligible project partner structures?</p> <p>Have the State aid rules been followed?</p>

E.2.4 Selection of applications

The MC selects applications for funding. The MC bases its **strategic assessment** on the results of the quality assessment. The MC might take **additional factors** into account such as existing portfolio of approved projects or availability of funds in each priority of the Programme. At the time of the selection, the MC may set **requirements** to be addressed during the contracting phase. The applicants will be informed about the outcome of the MC selection as soon as possible.

E.3 Eligibility rules:

E.3.1 General principles of eligibility

Regardless of the cost category, each project partner must understand and observe the following preconditions:

- all expenditure is essential for the project’s implementation and would not have been incurred if the project had not been carried out (value added);
- all expenditure must comply with the principles of economy, efficiency and effectiveness (sound financial management)³¹,
 - the principle of economy requires that the resources used in the pursuit of a project partners activities will be made available in due time, in appropriate quantity and quality, and at the best price;
 - the principle of efficiency means project partners have to ensure the best relationship between the resources employed, the activities undertaken and the achievement of objectives;

³¹ REGULATION (EU, Euratom) 2018/1046, Article 33

- the principle of effectiveness means how the objectives that the project partners pursued are achieved through the activities undertaken.
- all expenditure is generated and paid by the respective project partner during the eligible project phase, i.e. preparation, contracting, implementing and closure. Project phases are set in BAMOS+ and are based on a MC decision e.g. in a call announcement;
- no other EU funds have contributed towards financing of the same expenditure (prohibition of double funding);³²
- relevant public procurement rules are observed.

E.3.2 Forms of reimbursement

Simplified cost options.

Pre-defined unit costs, lump sums or flat rates provide the basis for calculation of a partner's expenditure.

E.3.3 Use of euro and exchange rate

All expenditure reported in the progress report must be denominated in euros.

Expenditure paid in another currency must be converted into euros using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification.

E.3.4 Cost category 0 - Preparation costs

A project can receive reimbursement of its preparation costs based on the following preconditions:

- the possibility to apply for preparation costs must be included in the announcement of the respective call for applications; and
- the project applied for reimbursement of the preparation costs in the application; and
- the project did not receive any other EU funds specifically designed for the development of this project application.

The preparation cost is based on a lump sum – up to EUR 10,000 of total eligible expenditure, which corresponds to EUR 8,000 of the Programme co-financing

The MA/JS will transfer the lump sum to the bank account that the lead partner indicated in BAMOS+ after the signing of the subsidy contract. It is then the lead partner's responsibility to pay the agreed division to the project partners.

³² REGULATION (EU, Euratom) 2018/1046, Article 191(3)

E.3.5 Cost category 1 – Staff costs

Project partners declare personnel costs on the basis of a simplified cost option method called the standard scale of unit cost. For each country the MA/JS has defined a single hourly rate in national currency/EUR. The hourly rate is standard for each employee regardless of the position. You can find hourly rate per country in chapter D.3.6, table 8

Conditions for reimbursement of the staff cost:

Project partners have to report the staff cost based on the number of working hours that their employees need for project implementation. The following conditions apply:

- A project partner can report the hours of an employee working under an employment contract or equivalent.
- A project partner cannot declare more than 1,720 hours per full time employee per calendar year. This maximum number of hours is reduced to a pro-rata of 1,720 hours for employees working part-time. This maximum number of hours is also reduced to a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
- A project partner can report only actual (productive) hours that were worked and were dedicated to project related tasks. Non-productive hours relating to holidays, sick leave, maternity leave, etc. are not eligible.

Project partners that are SMEs can declare the working hours of their owners not receiving a salary as staff costs. The partners should apply the conditions defined above.

Documentation

Project partners have to complete and deliver the following documents to the MA/JS for each person for whom they report staff costs.

- **Employment confirmation** – a document from the project partner (in the English language). This document confirms that the person is working for the project, in line with conditions of reimbursement of the staff costs described above.
- **Report of hours** – a document that confirms the number of hours worked for the project.

For both points above project partners are obliged to use templates prepared by the MA/JS and which are published on the Programme portal. The MA/JS will only accept staff costs which are documented through these Programme templates. Project partners have to complete and sign these documents. They have to deliver the signed versions as attachments to the partner report.

In addition, project partners have to keep on their premises **original employment contracts or equivalent employment documents**, of the persons whose working hours are the subject of the programme co-financing. Project partners do not have to attach those documents to the partner report but they have to keep it available and deliver it upon request of the MA/JS or any other authorised body (Audit Authority, European Commission, etc.).

Calculation

Project partners have to insert the number of hours for each project staff member in the partner report in BAMOS+. The number of hours has to be in line with the report of hours. The partner report automatically calculates the staff cost.

Unpaid voluntary work

Unpaid voluntary work is work carried out for the benefit of the project, is carried out on the basis of the volunteer's own will and without receiving any financial compensation for it. Voluntary work cannot be part of the paid assignments of the volunteers. Employees receiving remuneration from a project partner or any other organisation cannot perform voluntary work. Additionally, unpaid work cannot be assigned for statutory tasks of institutions and neither for project nor financial management. Instead, unpaid work should have a specific purpose, contribute to the content of the project and should be limited to a certain time period. The results of any such unpaid work should be of added value to the project and contribute to the successful delivery of the project outputs.

Project partners can report cost of unpaid voluntary work only up to the level of own co-financing.

Project partners can report cost of unpaid voluntary work in accordance with the rules relating to the staff costs.

E.3.6 Cost category 7 – any other costs

For the remaining cost of the project implementation, project partners will receive a flat rate – 40% of the eligible staff cost.³³

Calculation and documentation

The progress report will automatically calculate the flat rate based on the approved staff costs. For this cost category, project partners do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.).

The MA/JS does not check or monitor any differences compared to the real costs. Any over or under-compensation of project partners expenditure is a natural consequence of the calculation.

E.4 Reporting

In this chapter the MA/JS describes the main principles of the reporting. The preparation of the progress reports is one of the obligations of the lead partner in cooperation with other partners. In the reporting forms in BAMOS+ project partners can find guidance on what information they should provide in every section of the progress report.

³³ REGULATION (EU) 2021/1060, Article 56(1)

E.4.1 Progress Report

The MA/JS monitors the progress on project achievements and expenditure through the progress reports. A progress report consists of:

- a) an activity report that provides information on the achievements of the project towards its outcomes in every reporting period,
- b) a financial report which provides information on the project's expenditure for every reporting period.

The duration of each reporting period is usually six months. The first progress report comprises at least nine months as it covers the contracting phase and the first six months of the implementation period. The final progress report comprises between six and nine months as it covers at least the last three months of the implementation period and three months closure phase. The final progress report has to be submitted by the end of the closure phase. The exact date of the project closure is provided in the latest version of the project data in BAMOS+.

The lead partner compiles all contributions of the partners into one progress report and submits it for each reporting period to the MA/JS via BAMOS+. The activity report must include information on the achievement of the whole partnership, including partners, which do not report any expenditure in the relevant reporting period.

The deadlines for submission and the number of reports is defined in BAMOS+. In cases where the project cannot meet a deadline for submission of a progress report, the lead partner has to submit a request for postponement via BAMOS+. This must happen, at the latest, by the actual deadline for submission of the given progress report. The MA/JS decides on any request for postponement and may consider consequences for a delayed progress report.

The MA/JS checks the submitted progress report and, if necessary, requests additional information during the clarifications process. The MA/JS will reimburse the costs reported in a progress report when the lead partner clarifies all open questions. Please find further details relating to the verification of the progress report in chapter M

E.4.2 Partner Report

Project partners (incl. the lead partner) compile a partner report and submit it to the lead partner via BAMOS+. A partner report consists of the following parts:

- Part A. activity part,
- Part B. financial part for cost categories covered by simplified cost options,

The MA/JS verifies and certifies cost categories covered by simplified cost options during monitoring of the progress report i.e. after the lead partner has submitted the complete progress report. Since the partner report includes only expenditure based on the simplified cost options, it is not subject to verification by the controllers. Please check figure 3 in chapter D.4.2 to see the reporting process for costs covered by simplified cost options.

E.4.3 Reporting on project outcomes (activity report)

Progress report

In the activity part of every progress report partners should describe the project achievements resulted from the implemented activities. Partners should demonstrate progress towards development of their outputs.

Mid-term progress report

In addition to the information on achievements, in the mid-term report partners should explain their inputs to the Programme communication. Please consult Chapter I for the requirements on communication inputs.

Final progress report

In the final report partners should report on the output and result indicators. The indicators are linked to the involved organisations, pilots and the developed solutions. The definitions of the indicators can be found in the reporting forms in BAMOS+.

Similarly to the mid-term progress report the partners also report on inputs to the Programme communication.

With the final progress report, the lead partner should also submit an additional annex. This annex contains conclusions on project implementation, including lessons learned and follow up activities.

F. Platforms

F.1 Factsheet: platform

F.1.1 Definition

Project platforms are a central tool of the Programme to create synergies and support cooperation among project partners from different programmes. Platforms connect results of various projects and help different organisations use them in their work. By this, platforms help solve challenges in the region. These challenges need to correspond to one of the thematic Programme objectives.

F.1.2 Aims

In a platform, partners bring together solutions and other results from projects of Interreg Baltic Sea Region and other EU funding programmes working on the same thematic field. These can be projects from other Interreg programmes like Interreg Europe, South Baltic or Central Baltic as well as Horizon Europe, BONUS/BANOS or Life. Platform partners combine these results and synthesise them. They reach out to public authorities and other organisations and help them introduce solutions into their work.

All in all, a platform aims at furthering the use of projects' results by their target groups. It supports transferring these results beyond usual partnerships and helps communicate them in a streamlined way. It can also address policy-making needs and introduce these results to regional policy frameworks. By this, a platform increases capacity of the target groups to deal with the challenges identified.

F.1.3 Partnership

The partnership of a platform should be based on the partners from projects of Interreg Baltic Sea Region. These projects can be recently finalised or still running. Further, a platform should involve partners from projects of other EU funding programmes. Platform partners should know the solutions and other results of their projects well.

In addition, a platform can involve the policy area coordinators of the EU Strategy for the Baltic Sea Region to reach out to the regional policy frameworks. A platform can also engage relevant pan-Baltic organisations to strengthen its communication.

Information on the eligibility of partner organisations, requirements to the partnership as well as the legal status of the partners is available in chapter C.

F.1.4 Platform outcomes

A platform should deliver a synthesis of solutions and other results of projects from Interreg Baltic Sea Region and other EU funding programmes. Partners should present such a synthesis as a tangible and durable product so that all who would like to use the projects' solutions and other results can learn about them. This is an output of a platform. It can be a database of solutions or a resource hub, a manual, guidelines, etc.

In addition, partners may also show how to improve the thematic field of their platform on practical or policy level and develop recommendations, roadmaps or action plans. These can also be outputs of a platform.

When planning a platform, partners should think in advance of how to organise the institutional and financial support to keep these outputs functional after the end of the platform.

F.1.5 Platform structure

Activities in a platform can be structured in up to three work packages (WP). Each WP consists of up to five groups of activities. Partners should describe how they bring together solutions and other results from different projects of Interreg Baltic Sea Region and other EU funding programmes and how they interlink and synthesise them. They should describe how they plan communication of the projects' results. They should also outline if they plan any further actions to address knowledge, funding or policy gaps in the thematic field of the platform.

Further, partners should detail what target groups they plan to reach out to and interact with. Partners should explain how they plan to engage their target groups in learning about the projects' results. They should describe methods and activities they plan to implement to help their target groups use those results in their work.

Partners should also explain what outputs they plan to develop in a platform and how. They should describe what activities they plan to prepare for keeping these outputs functional after the end of the platform. They should also plan the specific roles of different partners in this process.

F.1.6 Duration

The duration of a platform consists of three phases:

- **Contracting phase:** this phase lasts usually **three months**. The announcement note will include further information regarding each call for applications.
- **Implementation phase:** this phase may last **up to 36 months**. Within this range partners are free to choose the duration corresponding to the complexity of their approach.
- **Project closure phase:** this phase lasts three months.

F.1.7 Budget

The maximum Programme support for a platform is set in the call announcement note. The budget has to clearly reflect involvement of partners and complexity of the planned activities. Further information on the eligibility and cost categories can be found in chapter F.3 of the Programme Manual.

F.2 Application process

F.2.1 Calls for applications

The Programme allocates its funding to platforms through **calls for applications**. The MC defines the timing and specific conditions of the calls. These conditions may include e.g. the amount of funding dedicated to the call or its thematic focus. The MA/ JS publishes this information on the Programme portal in an **announcement note**.

Table 12 Application stages in one step call for project platforms

What happens	Who takes action
Publishing of the announcement note on the Programme portal	MA/JS
Development of applications	Applicants
Submission of applications	Lead applicant
Admissibility check	MA/JS and applicants
Quality assessment	MA/JS
Decision on applications	MC
Information about the outcomes (Approval or rejection letter)	MA/JS
Contracting of applications	MA/JS and applicants

Applicants have at least two months to prepare their complete application. The MA/JS provides further guidance in events, tutorials and consultations. In addition, the application form contains guiding questions. The announcement note contains information on what to submit and when.

F.2.2 Admissibility check

During the admissibility check the MA/JS verifies if the applications fulfil the minimum **technical requirements**. The table below includes the **list of applied criteria**. As part of the admissibility check, the MC verifies the **compliance of the legal status** of all project partners with the Programme requirements. The MC members or the MA/JS might contact lead applicants and request **additional documents**. The MA/JS will assess the application according to the quality criteria only if it fulfils the minimum technical requirements.

Table 13 Admissibility check criteria for project platforms

	Minimum technical requirements
1	Application is submitted via BAMOS+ by the deadline
2	Application is written in English
3	Application is complete
4	All partner declarations have been submitted to the document centre
5	Minimum requirements regarding the transnational approach are met
6	Minimum requirements regarding the partnership composition are met
7	Legal status of the lead partner is in accordance with the Programme requirement
8	Geographical eligibility of the lead partner is in line with the Programme requirements
9	The application fits the focus of the call (only relevant for focused calls)

F.2.3 Quality assessment

The MA/JS carries out the quality assessment of the application according to **the criteria** presented in table 14. To ensure equal treatment of all applicants the MA/JS does not request any additional clarifications during the quality assessment process. The **assessment sheets** summarise the assessment outcomes. Lead applicants receive the assessment sheet of their projects after the selection of the applications regardless of whether their platform application is successful or not.

Table 14 Quality assessment criteria for platforms

Criteria	Guiding questions
I. Relevance of the proposal	
Focus	Does the challenge tackled by the platform match the selected thematic Programme objective and the thematic focus of the call? Is the application in line with the focus of the platform approach?
Target groups	Are the selected target groups relevant to tackle the identified challenge? Are the needs of the target groups clearly described?
Transnational value	Does the application clearly explain the need for transnational cooperation to address the identified challenge?



Criteria	Guiding questions
Project objective	Is the planned platform objective in line with the needs of the target groups?
Contribution to the policies and strategies	<p>Does the project plan to contribute to the implementation of the Action Plan of the EU Strategy for the Baltic Sea Region (EUSBSR)? Is cooperation with the coordinators of the policy areas planned?</p> <p>Does the project plan to contribute to achieving specific goals or implementing actions of other strategic documents relevant to the Programme area?</p>
Additional value	<p>Does the application demonstrate additional value to finalised and running projects, in particular to the projects of Interreg Baltic Sea Region?</p> <p>Does the application demonstrate additional value to existing coordination structures in the region and cooperation among projects, in particular from Interreg Baltic Sea Region?</p>
II. Partnership	
Partnership potential	<p>Does the partnership have the necessary competence to implement the planned activities and to achieve the planned objective?</p> <p>Do all platform partners represent projects of Interreg Baltic Sea Region or other EU funding programmes? If not, what additional expertise do those partners bring into the platform?</p> <p>Are the roles of all partners in project implementation clearly explained?</p> <p>Is the involvement of the partners planned in accordance with the requirements of the Programme?</p> <p>Are the involvement and responsibilities of the partners planned in a balanced way?</p> <p>Are the roles of the associated organisations clearly explained?</p> <p>Do the partners have sufficient human and financial capacity?</p>
III. Work plan	
Activities and outputs	<p>Is the approach to interlinking and synthesising the selected projects' results clear and realistic? Are other activities well described and clear?</p> <p>Do the planned activities lead to the outputs?</p> <p>Do the planned activities and outputs help reach the platform objective?</p> <p>Does the platform plan to implement activities in a transnational setting?</p>
Target groups	<p>Does the platform plan a realistic and thorough approach to reaching out to the target groups and engaging them in platform activities?</p> <p>Does the platform help the target groups learn about the selected projects' results and further platform outputs? Does it help the target groups use them in their work?</p>



Criteria	Guiding questions
	Is the target for the result indicator on the increased institutional capacity set by the platform realistic?
IV. Durability	
Durability of the outputs	<p>Is the further use of the platform outputs by the partners and other organisations ensured?</p> <p>Does the developed durability concept include institutional and financial support to keep the outputs functional after the platform ends?</p>
V. Budget	
Budget adequacy	Is the budget appropriate in relation to the planned activities, outputs, results and involvement of partners?
Eligibility	<p>Are there any indications of ineligible costs in the work plan and ineligible project partner structures?</p> <p>Have the State aid rules been followed?</p>

F.2.4 Selection by the MC

The MC selects applications for funding. The MC bases its **strategic assessment** on the results of the quality assessment. The MC might take **additional factors** into account e.g. existing portfolio of approved projects or availability of funds in each priority of the Programme. At the time of the selection, the MC may set **requirements** for applications to be addressed during the contracting phase. The applicants will be informed about the outcome of the MC selection as soon as possible.

F.3 Eligibility rules

F.3.1 General principles of eligibility

Regardless of the cost category, each project partner must understand and observe the following preconditions:

- all expenditure is essential for the project's implementation and would not have been incurred if the project had not been carried out (value added);
- all expenditure must comply with the principles of economy, efficiency and effectiveness (sound financial management)³⁴,
 - the principle of economy requires that the resources used in the pursuit of a project partner's activities will be made available in due time, in appropriate quantity and quality, and at the best price;

³⁴ REGULATION (EU, Euratom) 2018/1046, Article 33

- the principle of efficiency means project partners have to ensure the best relationship between the resources employed, the activities undertaken and the achievement of objectives;
- the principle of effectiveness means how the objectives that the project partners pursued are achieved through the activities undertaken.
- all expenditure is generated and paid by the respective project partner during the eligible project phase, i.e. contracting, implementing and closure phase. Project phases are set in BAMOS+ and are based on a MC decision e.g. in a call announcement;
- no other EU funds have contributed towards financing of the same expenditure (prohibition of double funding);³⁵
- relevant public procurement rules are observed.

F.3.2 Forms of reimbursement

Simplified cost options.

Pre-defined unit costs, lump sums or flat rates provide the basis for calculation of a partner's expenditure.

F.3.3 Use of euro and exchange rate

All expenditure reported in the progress report must be denominated in euros.

Expenditure paid in another currency must be converted into euros using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification.

F.3.4 Cost category 1 – Staff costs

Project partners declare personnel costs on the basis of a simplified cost option method called the standard scale of unit cost. For each country the MA/JS has defined a single hourly rate in national currency/EUR. The hourly rate is standard for each employee regardless of the position. You can find hourly rate per country in chapter D.3.6, table 8.

Conditions for reimbursement of the staff cost:

Project partners have to report the staff cost based on the number of working hours that their employees need for project implementation. The following conditions apply:

- A project partner can report the hours of an employee working under an employment contract or equivalent.

³⁵ REGULATION (EU, Euratom) 2018/1046, Article 191(3)



- A project partner cannot declare more than 1,720 hours per full time employee per calendar year. This maximum number of hours is reduced to a pro-rata of 1,720 hours for employees working part-time. This maximum number of hours is also reduced to a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
- A project partner can report only actual (productive) hours that were worked and were dedicated to project related tasks. Non-productive hours relating to holidays, sick leave, maternity leave, etc. are not eligible.

Project partners that are SMEs can declare the working hours of their owners not receiving a salary as staff costs. The partners should apply the conditions defined above.

Documentation

Project partners have to complete and deliver the following documents to the MA/JS for each person for whom they report staff costs.

- **Employment confirmation** – a document from the project partner (in English language). This document confirms that the person is working for the project, in line with conditions of reimbursement of the staff costs described above.
- **Report of hours** – a document that confirms the number of hours worked for the project.

For both points above project partners are obliged to use templates prepared by the MA/JS and which are published on the Programme portal. The MA/JS will only accept staff costs which are documented through these Programme templates. Project partners have to complete and sign these documents. They have to deliver the signed versions as attachments to the partner report.

In addition, project partners have to keep on their premise's **original employment contracts or equivalent employment documents**, of the persons whose working hours are the subject of the programme co-financing. Project partners do not have to attach those documents to the partner report but they have to keep it available and deliver it upon request of the MA/JS or any other authorised body (Audit Authority, European Commission, etc.).

Calculation

Project partners have to insert the number of hours for each project staff member in the partner report in BAMOS+. The number of hours has to be in line with the report of hours. The partner report automatically calculates the staff cost.

F.3.5 Cost category 7 – any other costs

For the remaining cost of the project implementation, project partners will receive a flat rate – 40% of the eligible staff cost.³⁶

³⁶ REGULATION (EU) 2021/1060, Article 56(1)



Calculation and documentation

The progress report will automatically calculate the flat rate based on the approved staff costs. For this cost category, project partners do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.).

The MA/JS does not check or monitor any differences compared to the real costs. Any over or under-compensation of project partners expenditure is a natural consequence of the calculation.

F.4 Reporting

In this chapter the MA/JS describes the main principles of the reporting. The preparation of the progress reports is one of the obligations of the lead partner in cooperation with other partners. In the reporting forms in BAMOS+ project partners can find guidance on what information they should provide in every section of the progress report.

F.4.1 Progress Report

The MA/JS monitors the progress on project achievements and expenditure through the progress reports. A progress report consists of:

- c) an activity report that provides information on the achievements of the project towards its outcomes in every reporting period,
- d) a financial report which provides information on the project's expenditure for every reporting period.

The duration of each reporting period is usually six months. The first progress report comprises at least nine months as it covers the contracting phase and the first six months of the implementation period. The final progress report comprises between six and nine months as it covers at least the last three months of the implementation period and three months closure phase. The final progress report has to be submitted by the end of the closure phase. The exact date of the project closure is provided in the latest version of the project data in BAMOS+.

The lead partner compiles all contributions of the partners into one progress report and submits it for each reporting period to the MA/JS via BAMOS+. The activity report must include information on the achievement of the whole partnership, including partners, which do not report any expenditure in the relevant reporting period.

The deadlines for submission and the number of reports is defined in BAMOS+. In cases where the project cannot meet a deadline for submission of a progress report, the lead partner has to submit a request for postponement via BAMOS+. This must happen, at the latest, by the actual deadline for submission of the given progress report. The MA/JS decides on any request for postponement and may consider consequences for a delayed progress report.

The MA/JS verifies the submitted progress report and, if necessary, requests additional information during the clarifications process. The MA/JS will reimburse the costs reported in a progress report when the lead partner clarifies all open questions. Please find further details relating to the verification of the progress report in chapter M.

F.4.2 Partner Report

Project partners (incl. the lead partner) compile a partner report and submit it to the lead partner via BAMOS+.

A partner report consists of the following parts:

Part A. activity part,

Part B. financial part for cost categories covered by simplified cost options,

The MA/JS verifies and certifies cost categories covered by simplified cost options during monitoring of the progress report i.e. after the lead partner has submitted the complete progress report. Since the partner report includes only expenditure based on the simplified cost options, it is not subject to verification by the controllers. Please check figure 3 in chapter D.4.2 to see the reporting process for costs covered by simplified cost options.

F.4.3 Reporting on platform outcomes (activity report)

Progress report

In the activity part of every progress report the partners should describe the achievements of the platform in accordance with the work plan of the work packages detailed in the application.

The partners can find the guidance on how to fill in every section of the progress report in the reporting forms in BAMOS+.

Mid-term progress report

In addition to the information on achievements that the partners provide in every progress report, they will need to report on the inputs to the Programme communication in a separate section in the mid-term progress report. Please consult Chapter I for the requirements on communication inputs.

Final (progress) report

In the final report the partners should report on the results achieved as well as the output and result indicators. The indicators are linked to the organisations involved in the platform and how their capacity increases due to the participation in the platform. The partners can find the definitions of the indicators in the reporting forms in BAMOS+.

Similarly, to the mid-term progress report, the partners should also report on inputs to the Programme communication.

G. Strategy governance

The Programme supports actions that implement and strengthen governance and communication activities of the EU Strategy for the Baltic Sea Region (EUSBSR) under the Programme objective 4.2 Macro-regional governance. It provides funding to the policy area coordinators of the EUSBSR and to a Strategy point. It also supports the organisation of Strategy Forums.

G.1 Factsheet: Assistance to the policy area coordinators of the EUSBSR

G.1.1 Definition

The Programme provides funding to the policy areas coordinators (PACs) to coordinate the policy areas in line with the EUSBSR Action Plan. This funding is provided in addition to the own resources of the organisation to coordinate the policy area. It has to bring added value to regular functions of the organisation that hosts the PAC. The funding is granted through a project.

G.1.2 Partnership

Only organisations that are officially appointed as EUSBSR policy area coordinators can apply for Programme funding. Each policy area can be represented in one application only. The application must involve at least two partner organisations from at least two countries. The organisations sharing the leadership of a policy area (co-PACs) should submit a joint application. PACs from different policy areas can submit a joint application. One of the PACs has to be appointed as the lead partner for the application. If a co-PAC doesn't decide to join the application as a partner and not to apply for Programme funding, this co-PAC can nevertheless join as an associated organisation.

Further information on the requirements for the partnership, as well as the legal status of the partners, is available in chapter C.

G.1.3 Activities supported by the Programme

With Programme funding, the PACs should coordinate their policy area and facilitate implementation of actions defined in the EUSBSR Action Plan. They should engage stakeholders in their policy areas and support project implementation. They should monitor, evaluate and communicate progress and achievements of their policy areas. They may also support generation of new projects and work with project idea developers. In addition, they can work on common priorities of the EU and partner countries, for example, bring together stakeholders in topics important for the EU and partner countries, develop a roadmap, discuss project ideas in these topics.

G.1.4 Project structure

The PACs can structure their activities in up to four work packages (WP). A WP consists of up to five groups of activities. The PACs should outline tasks and activities that will be carried out with Programme funding. They need to describe the role of the steering group of the policy area in these activities.

G.1.5 Duration

The duration of the project consists of three phases. The **contracting phase** usually lasts **three months**. The **implementation phase** may last **up to 36 months**. The Monitoring Committee may decide to grant additional implementation time and funding to these projects. The projects follow the change procedure to include additional activities and funding described in chapter L of the Programme Manual. The **closure phase** usually lasts **three months**.

G.1.6 Budget

The maximum Programme support per policy area is set in the call announcement note. Further information on the eligibility and cost categories can be found in chapter G.5 of the Programme Manual.

G.2 Factsheet: Assistance to a Strategy point

G.2.1 Definition

The Programme provides funding to the EUSBSR point to ensure administrative and technical support for the Strategy management. The National Coordinators Group of the Strategy guides the work done by the Strategy point. The Programme funding is granted through a project.

G.2.2 Partnership

The application for a Strategy point must involve at least two partner organisations from at least two EU Member States of the Programme area. Public authorities at local, regional or national level are, in particular, encouraged to apply as partners. Organisations from the partner countries in the Programme area can join as partners or associated organisations.

All organisations eligible in the Programme can apply, except private-for-profit organisations. Information on the eligibility of partner organisations, requirements for the partnership as well as the legal status of the partners is available in chapter C. In the Programme terms, private-for-profit are profit-oriented legal entities with legal status b) such as:

- bodies not fulfilling criteria i. and/or iii. characteristic of ‘bodies governed by public law’ and being private for-profit entities, and
- European Economic Interest Grouping.

G.2.3 Activities supported by the Programme

Programme funding supports activities of the Strategy point that provide administrative and technical support to the group of the EUSBSR National Coordinators. In addition, the Strategy point should carry out communication and capacity building activities for the EUSBSR. It should stimulate exchange and sharing knowledge among the policy areas, including cooperation with the partner countries.

G.2.4 Project structure

The activities of a Strategy point can be structured in up to four work packages (WP). Each WP consists of up to five groups of activities. A Strategy point application should outline activities that will be carried out with Programme funding. It needs to describe the role of the National Coordinators group as well as other EUSBSR stakeholders in these activities.

G.2.5 Duration

The duration of the project consists of three phases. The **contracting phase** usually lasts **three months**. The **implementation phase** may last **up to 36 months**. The Monitoring Committee may decide to grant additional implementation time and funding to these projects. The projects follow

the change procedure to include additional activities and funding described in chapter L of the Programme Manual. The **closure phase** usually lasts **three months**.

G.2.6 Budget

The maximum Programme support is set in the call announcement note. Further information on the eligibility and cost categories can be found in chapter G.5 of the Programme Manual.

G.3 Factsheet: Organisation of Strategy Forums

G.3.1 Definition

The Programme provides funding for the organisation of Strategy Forums. A Strategy Forum is a major event arranged as a meeting place for organisations implementing the EUSBSR and other stakeholders. It aims to attract key stakeholders and active partners of the EUSBSR from local, regional, national and EU level. It can be online or hybrid (a mix of a digital and live/physical event) or take place as a live event. The funding for the organisation of a Strategy Forum is granted through a project.

G.3.2 Partnership

The application for the organisation of a Strategy Forum must involve at least two partner organisations from at least two Programme countries. At least one organisation should come from an EU Member State of the Programme area and be the lead partner of the application. Public authorities at local, regional or national level are, in particular, encouraged to apply as partners.

All organisations eligible in the Programme can apply, except private-for-profit organisations. Information on the eligibility of partner organisations, requirements for the partnership as well as the legal status of the partners is available in chapter C. In the Programme terms, private-for-profit are profit-oriented legal entities with legal status b), such as:

- bodies not fulfilling criteria i. and/or iii. characteristic of 'bodies governed by public law' and being private for-profit entities, and
- European Economic Interest Grouping.

G.3.3 Activities supported by the Programme

With Programme funding, the partners can plan activities necessary for the organisation of such an event. A Strategy Forum can be organised as a live, hybrid or online event. Programme funding should contribute to costs relating to:

- staff resources for preparation of the Strategy Forum and its contents, its implementation and evaluation;
- promotion and connected communication activities;
- IT related costs, linked to running a live, hybrid or online event;
- delivering reports, studies or surveys;
- renting premises, conference equipment and sound systems, registration system, security costs, speaker costs, costs relating to the logistics, catering, conference materials;

- setting up and organising a networking village;
- reporting and administrative costs, etc.

G.3.4 Project structure

The MA/JS advises structuring the activities in one work package (WP). A WP consists of up to five groups of activities. Partners must outline activities that will be carried out in order to organise a Strategy Forum. Partners need to describe how they involve the National Coordinators and the policy area coordinators of the EUSBSR. They should also describe the involvement of relevant ministries and other decision-makers. If background reports and studies are to be prepared, partners should mention them in the application. They must also detail how they engage wider audience and facilitate networking.

G.3.5 Duration

The duration of the project consists of three phases. The **contracting phase** usually lasts **three months**. The **implementation phase** is usually **up to 12 months**. The **closure phase** usually lasts **three months**.

G.3.6 Budget

The maximum Programme support is set in the call announcement note. Further information on the eligibility and cost categories can be found in chapter G.5 of the Programme Manual.

G.4 Application process

G.4.1 Calls for applications

The Programme allocates its funding to projects through **calls for applications**. The MC defines the timing and specific conditions of the calls. This information is provided in the announcement notes. The MC approves the announcement notes.

The conditions of the calls may include, for example, the amount of funding dedicated to the call or specific requirements for the work plan and tasks to be covered.

Usually the calls are open for two to three months. The call for the organisation of a Strategy Forum is open permanently throughout the Programme implementation. The MA/JS will announce the specific deadlines for applications for each Strategy Forum.

The MA/JS publishes the announcement notes on the Programme portal. Once the call is open, the MA/JS asks applicants to provide a complete application by the given deadline. The table below shows the application process.

Table 15 Application process for the Strategy governance

What happens	Who takes action
Publishing of the announcement note on the Programme portal	MA/JS
Development of applications	Applicants
Submission of applications	Lead applicant
Admissibility check	MA/JS and applicants
Quality assessment	MA/JS
Decision on applications	MC
Information about the outcomes (Approval or rejection letter)	MA/JS
Contracting of applications	MA/JS and applicants

G.4.2 Development of applications

Partners usually have two to three months to prepare an application. They should develop their application in close cooperation with relevant bodies representing the EUSBSR governance structure. The policy area coordinators should involve their steering groups in defining tasks and activities of PACs in applications. Partners applying for a Strategy point should establish contacts with the group of the National Coordinators (NC) of the EUSBSR and develop their application based on the NC group advice. The partners applying for the organisation of a Strategy Forum should involve the NC group and the Strategy point, once it has been set up.

The MA/JS provides further guidance to the applicants in events, tutorials and consultations. In addition, the application contains guiding questions.

G.4.3 Submission of applications and additional documents

The MA/JS explains what to submit and when in the announcement note. In addition to the application, the PACs and organisers of a Strategy Forum should submit further documents. The PACs need to submit a letter of support from the PA steering group to the activities planned in the application. The organisers of a Strategy Forum need to submit a letter of support from the NC group to be eligible for the Programme support.

G.4.4 Admissibility check

During the admissibility check, the MA/JS verifies if the applications fulfil the minimum technical requirements. The list of criteria that the MA/JS applies is available in table 16. As part of the admissibility check, the MC verifies the compliance of the legal status of all project partners with the Programme requirements. The explanation on these requirements is available in chapter C. The MC members or the MA/JS may contact the applicants and request additional documents.

The MA/JS assesses the application according to the quality criteria if it fulfils the minimum technical requirements. The MC will formally confirm this decision and the applicants will be informed about it as soon as possible.

Table 16 Admissibility check criteria for the Strategy governance

	Minimum technical requirements
1	Application is submitted via BAMOS+ by the deadline
2	Application is written in English
3	Application is complete
4	All partner declarations have been submitted to the document center
5	Compulsory letters of support have been submitted to the document centre (for PAC assistance and organisation of Strategy Forums).
6	Minimum requirements regarding the transnational approach are met
7	Requirements regarding the partnership composition are met
8	Legal status of the lead partner is in accordance with the Programme requirement
9	Geographical eligibility of the lead partner is in line with the Programme requirements
10	The application fits the focus of the call (only relevant for focused calls)

G.4.5 Quality assessment

The MA/JS carries out the quality assessment of applications in accordance with the criteria presented in table 17. The assessment outcomes are summarised in assessment sheets. The applicants receive the assessment sheet of their projects after the selection of the applications regardless of whether their project is successful or not.

For the Strategy point, in addition to the assessment by the MA/JS, the group of the National Coordinators of the EUSBSR provides feedback to the applications.

Table 17 Quality assessment criteria for the Strategy governance projects: assistance to the policy area coordinators of the EUSBSR, assistance to a Strategy point, and organisation of Strategy Forums.

Criteria	Guiding questions
I. Relevance of the proposal	
Relevance for the EUSBSR	Are the planned activities in line with the EUSBSR Action Plan and the focus of the call? Does the application clearly explain what aspects of the governance, coordination and/or communication of the EUSBSR and its Action Plan it aims to improve?
Additional value	Are the planned activities clearly additional to regular activities of the organisations hosting PACs? (applicable to PAC applications only) Are the planned activities clearly additional to regular activities of the organisations applying for the Strategy point? (applicable to Strategy point applications only)
II. Work Plan	
Activities	Is the work plan clearly described and realistic? Do the planned activities help reach the planned project objective?

	<p>Do the planned activities include other relevant stakeholders, in addition to the EUSBSR governance structure? Do the activities plan to engage new stakeholders in the EUSBSR?</p> <p>Is the approach to supporting project generation and implementation clear and realistic? (applicable to PAC applications only)</p> <p>Is the target for the result indicator set by the project realistic?</p>
Link to the EUSBSR governance structure	<p>Is the approach to the involvement of relevant bodies representing the EUSBSR governance structure (the EUSBSR National Coordinators and the steering groups of the policy areas) in line with the EUSBSR Action Plan?</p> <p>Is the approach clear and coherent?</p>
III. Partnership	
Partnership potential	<p>Does the partnership have the necessary competence to implement the planned activities and to achieve the planned objective?</p> <p>Are the roles of the partners clearly described?</p> <p>Is the involvement of the partners planned in accordance with the requirements of the Programme?</p> <p>Do the partners have sufficient human and financial capacity?</p>
IV. Budget	
Budget	<p>Is the budget appropriate in relation to the planned activities, objectives and involvement of partners?</p> <p>Are there any indications of ineligible costs in the work plan and ineligible project partner structures?</p>

G.4.6 Selection by the MC

The MC selects applications for funding. The MC bases its strategic assessment on the results of the quality assessment. For the Strategy point, the MC additionally considers feedback provided by the EUSBSR NC group. The MC might consider additional factors, for example, availability of Programme funds. At the time of selection, the MC may set specific requirements which the selected projects need to address during contracting and implementation. For the Strategy point, the EUSBSR NC group may provide additional recommendations together with their feedback to the applications.

G.5 Eligibility rules:

G.5.1 General principles of eligibility

Regardless of the cost category, each project partner must understand and observe the following preconditions:

- all expenditure is essential for the project's implementation and would not have been incurred if the project had not been carried out (value added);
- all expenditure must comply with the principles of economy, efficiency and effectiveness (sound financial management)³⁷,
 - the principle of economy requires that the resources used in the pursuit of a project partner's activities will be made available in due time, in appropriate quantity and quality, and at the best price;
 - the principle of efficiency means project partners have to ensure the best relationship between the resources employed, the activities undertaken and the achievement of objectives;
 - the principle of effectiveness means how the objectives that the project partners pursued are achieved through the activities undertaken.
- all expenditure is generated and paid by the respective project partner during the eligible project phase, i.e. preparation, contracting, implementing and closure phase. Project phases are set in BAMOS+ and are based on a MC decision e.g. in a call announcement;
- no other EU funds have contributed towards financing of the same expenditure (prohibition of double funding);³⁸
- relevant public procurement rules are observed.

G.5.2 Forms of reimbursement

Simplified cost options

Pre-defined unit costs, lump sums or flat rates provide the basis for calculation of a partner's expenditure.

G.5.3 Use of euro and exchange rate

All expenditure reported in the progress report must be denominated in euros.

Expenditure paid in another currency must be converted into euros using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification.

³⁷ REGULATION (EU, Euratom) 2021/1046, Article 33

³⁸ REGULATION (EU, Euratom) 2021/1046, Article 191(3)

G.5.4 Specific eligibility rules for assistance to the policy area coordinators of the EUSBSR and a Strategy point

G.5.4.1. Cost category 1 – Staff costs

Project partners declare personnel costs on the basis of a simplified cost option method (standard scale of unit cost). For each country the Programme defined a single hourly rate in national currency/EUR. The hourly rate is standard for each employee regardless of the position. You can find hourly rate per country in chapter D.3.6, table 8.

Conditions for reimbursement of the staff cost:

Project partners have to report the staff cost based on the number of working hours that their employees need for project implementation. The following conditions apply:

- A project partner can report the hours of an employee working under an employment contract or equivalent.
- A project partner cannot declare more than 1,720 hours per full time employee per calendar year. This maximum number of hours is reduced to a pro-rata of 1,720 hours for employees working part-time. This maximum number of hours is also reduced to a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
- A project partner can report only actual (productive) hours that were worked and dedicated to project related tasks. Non-productive hours relating to holidays, sick leave, maternity leave, etc. are not eligible.

Documentation

Project partners have to complete and deliver the following documents to the MA/JS for each person for whom they report staff costs.

- **Employment confirmation** – a document from the project partner (in the English language). This document confirms that the person is working for the project, in line with conditions of reimbursement of the staff costs described above.
- **Report of hours** – a document that confirms the number of hours worked for the project.

For both points above project partners are obliged to use templates prepared by the MA/JS and which are published on the Programme portal. The MA/JS will only accept staff costs which are documented through these Programme templates. Project partners have to complete and sign these documents. They have to deliver the signed versions as attachments to the partner report.

In addition, project partners have to keep on their premises **original employment contracts or equivalent employment documents**, of the persons whose working hours are the subject of the programme co-financing. Project partners do not have to attach those documents to the partner report but they have to keep it available and deliver it upon request of the MA/JS or any other authorised body (Audit Authority, European Commission, etc.).

Calculation

Project partners have to insert the number of hours for each project staff member in the partner report in BAMOS+. The number of hours has to be in line with the report of hours. The partner report automatically calculates the staff cost.

G.5.4.2. Cost category 7 – any other costs

For the remaining cost of the project implementation, project partners will receive a flat rate – 40% of the eligible staff cost.³⁹

Calculation and documentation

The progress report will automatically calculate the flat rate based on the approved staff costs. For this cost category, project partners do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.).

The MA/JS does not check or monitor any differences compared to the real costs. Any over or under-compensation of project partners expenditure is a natural consequence of the calculation.

G.5.5 Specific eligibility rules for Annual Forum

Organisers of the Annual Forum declare their entire expenditure on the basis of a simplified cost option method (lump sum). The Programme can offer a lump sum of up to EUR 200,000 total budget (which corresponds to up to EUR 160,000 of Programme co-financing) to organisers of the Annual Forum. The Programme will specify the exact maximum lump sum amount in the announcement note.

Granting a lump sum

The project has to plan the draft budget for the implementation of the Annual Forum based on the estimated expenditure. The project has to prepare the detailed draft budget using a template prepared by the MA/JS and available on the Programme portal.

In the application, the lead applicant has to only indicate the total cost of the planned draft budget, the Programme co-financing and relevant shares per partner. In addition, the lead applicant has to submit the detailed draft budget mentioned above.

The MA/JS evaluates the draft budget and propose the final lump sum based on the outcome of the assessment to the Monitoring Committee.⁴⁰

³⁹ REGULATION (EU) 2021/1060, Article 56(1)

⁴⁰ REGULATION (EU) 2021/1059, Article 53(3)(b)

Reimbursement of the lump sum

Reimbursement of the granted lump sum is linked to the delivery of one pre-defined output with pre-defined requirements. The pre-defined output for this lump sum is the Annual Forum of the EUSBSR. It must fulfil the following minimum requirements:

- an event (live hybrid or online)
- for organisations implementing the EUSBSR (national coordinators, policy area coordinators) and other stakeholders
- with an agenda reflecting the EUSBSR and its Action Plan
- with the aim of communicating the work of the EUSBSR
- with opportunities for networking and exchange among participants.

The MA/JS will confirm the delivery and the quality of the output based on the above-mentioned requirements during on-the-spot checks as well as verification of the progress report. Based on the successful outcome of the verification the MA/JS will then pay the lump sum to the project.

G.6 Reporting

In this chapter the MA/JS describes the main principles of the reporting. The preparation of the progress reports is one of the obligations of the lead partner in cooperation with other partners. In the reporting forms in BAMOS+ project partners can find guidance on what information they should provide in each section of the progress report.

G.6.1 Progress Report

The MA/JS monitors the progress on project achievements and expenditure through progress reports. A progress report consists of:

- a) an activity report that provides information on the achievements of the project towards its outcomes in every reporting period,
- b) a financial report which provides information on the project's expenditure for every reporting period.

The duration of each reporting period varies in different types of projects under the Strategy governance. For the policy area coordinators, it is usually 12 months. For the Strategy point, usually six months. For the Strategy Forum, the whole project duration is covered by one reporting period, usually of 12 months.

The first progress report covers the contracting phase and the first implementation period. The final progress report covers the last months of the implementation period and three months of the closure phase. The final progress report has to be submitted by the end of the closure phase. The exact date of the closure is defined in the latest version of the project data in BAMOS+.

The lead partner compiles all contributions of the partners into one progress report and submits it for each reporting period to the MA/JS via BAMOS+. The activity report must include information on the achievement of the whole partnership, including partners, which do not report any expenditure in the relevant reporting period.

The deadlines for submission and the number of reports is defined in BAMOS+. In cases where the project cannot meet a deadline for submission of a progress report, the lead partner has to submit a request for postponement via BAMOS+. This must happen, at the latest, by the actual deadline for submission of the given progress report. The MA/JS decides on any request for postponement and may consider consequences for a delayed progress report.

In addition, with each progress report partners should include feedback from the relevant bodies representing the EUSBSR governance structure on activities implemented and progress reached in the respective reporting period. This feedback may be accompanied by recommendations to the future implementation of projects that should be considered by the partners. The policy area coordinators should submit the feedback from their respective steering groups of the policy areas of the EUSBSR. The partners running the Strategy point should submit the feedback from the group of the National Coordinators of the EUSBSR. The partners that have organised a Strategy Forum should submit the feedback from the group of the National Coordinators of the EUSBSR.

This feedback should be submitted with the progress report through BAMOS+. The MA/JS provides a template for the feedback. It is up to the partners to set up this process of reporting to their respective steering groups and the National Coordinators' group, for example, in a meeting or by written means.

The MA/JS verifies the submitted progress report and, if necessary, requests additional information during the clarifications process. The MA/JS will reimburse the costs reported in a progress report when the lead partner has clarified all open questions. Please find further details relating to the verification of the progress report in chapter M.

G.6.2 Partner Report

Project partners (incl. the lead partner) compile a partner report and submit it to the lead partner via BAMOS+. A partner report consists of the following parts:

Part A. activity part,

Part B. financial part for cost categories covered by simplified cost options,

The MA/JS verifies and certifies cost categories covered by simplified cost options during monitoring of the progress report i.e. after the lead partner has submitted the complete progress report. Since the partner report only includes expenditure based on the simplified cost options, it is not subject to verification by the controllers. Please check figure 3 in chapter D.4.2 to see the reporting process for costs covered by simplified cost options.

G.6.3 Reporting on project outcomes (activity report)

Progress report

In the activity part of every progress report, the partners must describe the achievements of the project according to the work plan of the work packages detailed in the application.

Further, the coordinators of the policy areas, as well as the partners running the Strategy point, should explain the additionality of their activities, i.e. that the implemented activities are clearly additional to regular activities of their organisations.

The partners can find the guidance on how to fill in every section of the progress report in the reporting forms in BAMOS+.

Final progress report

In the final report, the partners must report on the results achieved as well as the output and result indicators. The indicators are linked to the organisations involved in the project. The partners can find the definitions of the indicators in the reporting forms in BAMOS+.

H. Project duration and related phases

H.1 Project preparation

The project preparation phase starts after approval of the Programme and ends on the day on which the MC selects the project for approval. The Programme can reimburse the expenditure for project preparation as a lump sum depending on the type of project and call announcement. The conditions for reimbursement of preparation cost is described in the eligibility rules of each project type.

H.2 Project duration

The duration of a project consists of three phases: contracting, implementation and closure. The exact dates of each phase are given in the application in BAMOS+. The following sub-chapters give further details about these phases.

H.2.1 Contracting phase

In general, the contracting phase starts **one day after selection of the project by the MC**. The MC may define a different start of the contracting phase. It usually lasts **three months** and is the same for all core projects in a given call regardless of the actual date of concluding the contract. In some circumstances the MA/JS may plan a longer contracting phase e.g. when a major part of contracting happens during a summer vacation period. This information will be included in the announcement note of each call.

During the contracting phase, the MA/JS clarifies **all outstanding issues** relating to the project. The MA/JS may ask for:

- Implementing the requirements set by the MC or the MA/JS e.g. removing of a particular activity, reducing the project budget, establishing cooperation with a project in the same thematic field,
- Clarifications to the information provided in the application e.g. unclear description of a particular activity, minor budget corrections,
- Submission of any missing documentation.

The **subsidy contract** is signed between Investitionsbank Schleswig-Holstein acting as the MA of the Programme and the lead partner of the selected project. The contract sets out the obligations and rights of the contracting parties and constitutes the main agreement between the project and the Programme. A sample of the subsidy contract can be downloaded from the Programme portal.

H.2.2 Implementation phase

The implementation phase follows directly after the contracting phase. If **the clarifications for contracting are finalised earlier**, the subsidy contract may be concluded before the end of the official contracting phase. Partners may also start project **activities before receiving the signed subsidy contract**; however, at their own risk. Project **activities and respective expenditure are eligible** the day after selection of the project by the MC.

During contracting and implementation phases all costs are eligible, provided they are related to the project implementation and in line with relevant eligibility rules.

H.2.3 Closure phase

After the end of the project implementation the partners have three additional months for the closure phase. The closure phase is reserved for compiling and certifying the final progress report and no project activities can be implemented during this period. The last day of the closure period is the submission deadline of the final report. During the closure phase the following costs are eligible:

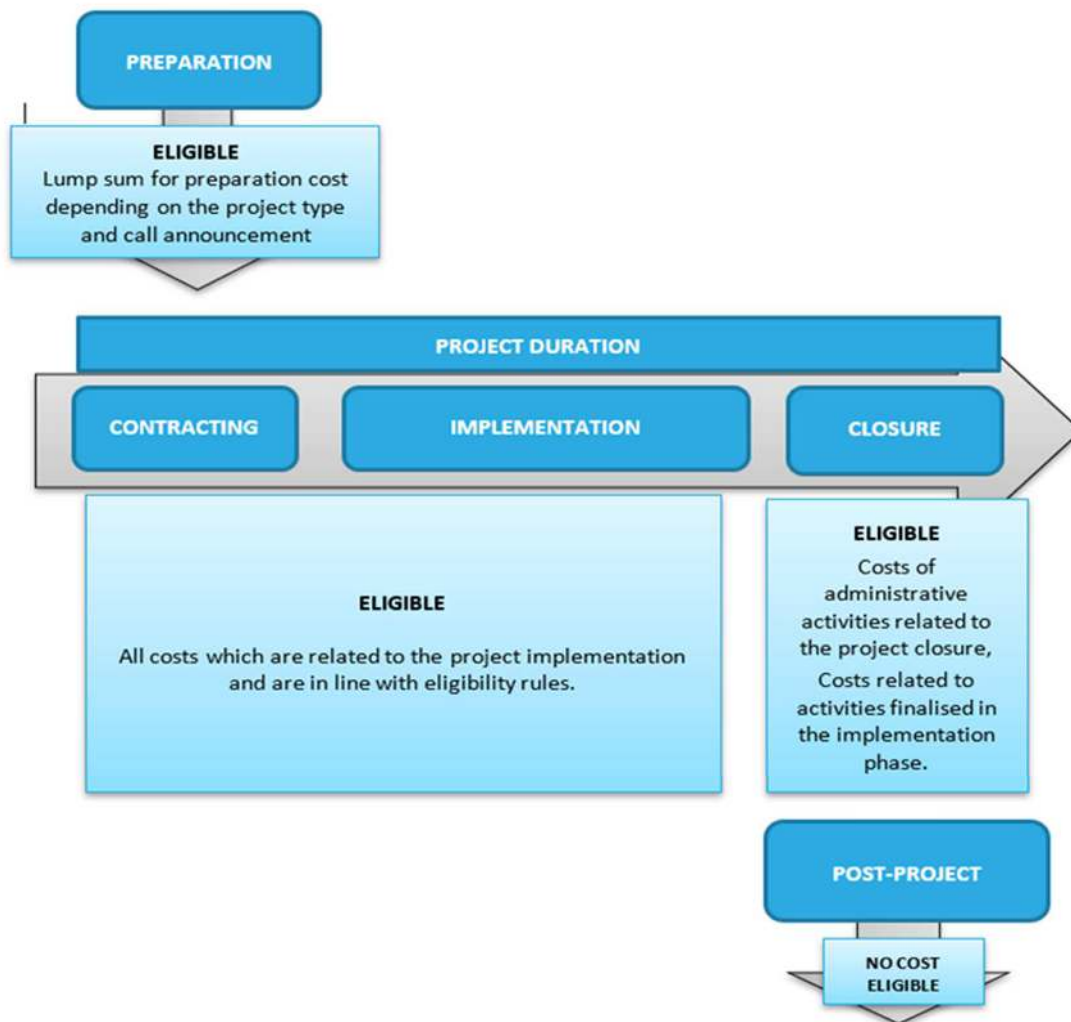
- Costs of administrative activities relating to the project closure,
- Costs relating to activities finalised in the implementation phase.

H.3 Post-project

After project closure project partners have to fulfil several obligations. These are outlined in chapter K. on the responsibilities after project closure. Any expenditure generated or paid after closure of the project is not eligible for Programme co-financing.

H.4 Overview on project phases and related costs

Figure 4 Overview of the project phases and related costs



I. Communication in projects

I.1 Project communication

Efficient communication is the key to achieving a project's aims and ensuring the transparency of the use of the EU funds. Throughout every step of the project implementation, partners need to interact with target groups. The selection of communication activities, channels, tools and events depends on the target groups' needs.

In core projects, partners should plan how to reach out and engage their target groups in preparing, piloting and evaluating the solutions. Finally, projects should plan how to encourage their target groups to use these solutions in their daily work.

In small projects, partners should plan how to engage their target groups in the development of deliverables and outputs. Projects should plan how to encourage the target groups to use the project deliverables and outputs in their daily work.

A **platform** enables the creation of synergies and support cooperation among partners from different projects in order to facilitate a better uptake of solutions developed in the projects. Projects should plan how to reach out and engage their target groups in learning about the results of different projects.

I.2 Roles and responsibilities of a communication manager

Communication is an integral part of the project implementation and thus requires adequate human and financial resources. The lead partner has to appoint a communication manager responsible for planning and coordination of communication measures for the whole project. Projects can improve the quality of their communication if each partner also appoints one person responsible for communication.

The responsibilities of the communication manager cover:

On the project level:

- Support, coordinate and implement communication activities in order to reach out and engage the target groups;
- Inform about and ensure that visibility requirements are observed by partner organisations;
- Coordinate and/or run a project subpage at *www.interreg-baltic.eu*;
- Coordinate and/or run social media channels (if applicable);
- Support and or/coordinate information flows among partner organisations;
- Support and/or coordinate persons responsible for communication in partner organisations;

For the Programme communication:

- Identify good content in the project that is suitable for the Programme communication;
- Deliver required communication products as input to the Programme communication;
- Liaise with the MA/JS for contributions to events, exhibitions and publications.

1.3 Support in project communication**The MA/JS support**

The MA/JS will enable projects to correctly apply the Programme rules and requirements regarding communication. The MA/JS will support projects in **fulfilling the visibility requirements** by providing the Interreg brand, project subpages, office templates as well as guidance and feedback.

The MA/JS will create an environment to facilitate **online peer exchange** and aim for at least **one physical event** for communication managers per year. The MA/JS will also offer training on the content management system for project subpages and selected aspects of communication.

The MA/JS will **help build a community** among projects to enable them to demonstrate the added value of Interreg transnational cooperation. The MA/JS will empower projects to deliver communication about the benefits and achievements of Interreg projects.

To facilitate this, the MA/JS will provide the Interreg narrative and help projects understand their affiliation to it.

Project branding

Each contracted project from priorities 1 to 3 and platforms will receive a **project logo** in print and web formats that is in line with the visibility requirements.

Please note: Projects are not encouraged to develop their own logos or stand-alone brands. Projects will be offered a basic project design guide based on the Programme's corporate design manual with a selection of colours, fonts, graphic elements and office templates (can be used voluntarily).

Project websites and social media

Each contracted project from priorities 1 to 3 and platforms will receive access to a dedicated **project subpage** hosted on the Programme portal www.interreg-baltic.eu. Each subpage will provide basic information about the project and offer modules for the project to use.

Each project has to plan sufficient resources to run the project subpage. The project has to indicate the institution legally responsible for the content published and the main responsible person for the



content. The project will receive a user manual and additional training on the content management system.

Note: The projects will not receive co-financing for stand-alone project websites outside www.interreg-baltic.eu unless they are intended to build networks, platforms or databases as parts of solutions and exceed the lifetime of the project.

The MA/JS advises running **social media channels** of a project's own choice if such channels support or enable reaching out and engaging target groups in a project.

I.4 Project contribution to Programme communication

From mobilising relevant partnerships, through enabling projects to succeed to making Interreg acknowledged, project and Programme communication complement each other.

Successful project communication is about using the offered cooperation framework and the Interreg brand to interact with the target groups. In this way, communication helps achieve the project aims and brings these results into practice and to the attention of practitioners and decision makers.

Successful Programme communication relies on good project results to showcase how each project co-funded by Interreg Baltic Sea Region has an impact and improves the life of citizens in the EU. It relies on a reliable community of projects that demonstrates the added value of transnational cooperation in Interreg projects. This is how the Programme ensures that relevant decision makers are aware of project results from the Baltic Sea region and consider Interreg valuable and efficient.

The MA/JS will be in regular contact with the appointed communication managers of the projects. The MA/JS will provide technical tools, templates, communication training and guidance to projects as support for project communication. In return, the MA/JS requires projects to prepare and publish on their respective project subpages at www.interreg-baltic.eu a set of pre-defined communication products. These products are, for example, project summaries, project stories or imagery. These products will be used for communication activities at the Programme level and should additionally reinforce project communication.

The MA/JS will check upon the delivery of these products along the reporting cycle explained below.

Communication products at mid-term stage of the project implementation

Core projects and platforms should publish the following communication products on the project subpage:

- a **project summary**, which follows a storytelling scheme provided by the MA/JS;
- a **project story** in the form of a written interview or video recorded interview (minimum 2 min) with a selected project partner(s);
- at least two **pictures** or videos that present the challenge and/or topic tackled by the project;
- at least two **project quotes** with corresponding pictures with a selected project partner(s);



- at least **one project contribution** to an EU-wide or European Commission event or campaign (see list below).

The project has to include information about finalised products in the mid-term progress report.

Small projects have to prepare and publish a **project summary**, and report about this communication product in the first report.

Communication products towards the end of the project implementation

Core projects and platforms should publish the following communication products on the project subpage:

- a **project summary**, which follows a scheme provided by the MA/JS;
- a **project story** in the form of a written text, video, storymap or something similar that presents the project solutions and/or achievements;
- at least two **pictures** or videos with a public copyright licence that presents the project solutions and/or achievements;
- at least two **project quotes** with corresponding pictures with beneficiaries of the project;
- at least **one project contribution** to an EU-wide or European Commission event or campaign (see list below).

The project has to include information about these finalised products in the final progress report.

By the second progress report, **small projects** have to prepare and publish the following communication products:

- a **project story** in the form of a written text, interview, video, storymap or something similar that presents the project achievements;
- at least two **pictures** or videos with a public copyright licence that presents the project solutions and/or achievements;
- at least two **project quotes** with corresponding pictures with beneficiaries of the project;

Contributions to an EU-wide or European Commission's event or campaign

A **project contribution** to an EU-wide or European Commission event or campaign is understood as a physical or virtual representation of the project through:

- organising or co-organising a workshop or a session;
- delivering a speech or a presentation about the project;
- taking an active role in a panel discussion or something similar that is related to the project activities;
- organising or co-organising an exhibition stand;

- creating or contributing to a publication or video;
- holding a project event as a side-event of an EU-wide campaign or event.
- **EU-wide events or campaigns** involve audiences geographically located in and beyond the Baltic Sea region, allowing for increased visibility of the project and the Programme. The project should select events or campaigns that support reaching out and involving their target groups. The list covers, among others:
 - Europe Day (9 May)
 - European Cooperation Day (21 September)
 - Europe in my Region and interrelated campaigns
 - European Week of Regions and Cities
 - EU Green Week
 - EU Industry Days
 - EU Sustainable Energy Week
 - Maritime Days
 - RegioStars awards
 - European Research and Innovation Days
 - European Development Days
 - Annual Fora of the EU Strategy for the Baltic Sea Region

Please note: If the lead partner has identified a different event or campaign that would better engage and meet the target groups it is advisable to consult the MA/JS prior to the event.

I.5 Visibility requirements

Lead partners and project partners in all Programme objectives have to follow the visibility requirements for all co-financed visibility, transparency and communication activities.⁴¹

In this way the project partners properly acknowledge the support from Interreg, and communicate the role and achievements of Interreg. Visibility requirements apply to all co-financed printed and digital products, publications, websites (including their mobile views), online, offline and on-site activities and events. Specific regulations apply to the physical investments and purchase of equipment of the project partners.

⁴¹ REGULATION (EU) 2021/1060 Article 47

In order to properly follow the visibility requirements, project partners have to:

a) Include the Programme logo, which consists of three elements:

- the **emblem of the European Union** presented in accordance with the technical specifications laid down in Annex IX of the EU Common Provisions Regulation 2021/1060;
- the statement **“Co-funded by the European Union”** written in full and placed next to the emblem of the European Union;
- the Programme name **“Interreg Baltic Sea Region”** placed next to the emblem of the Union.

Please note: apart from the Programme logo, no other visual identity or logo must be used to highlight the support from the EU.

b) Include a statement on the Interreg support

- **include a statement** that highlights the support from Interreg in all documents and communication materials for general public and for participants;
- **include on the partner's official website and social media sites**, if such exist, a short description of the project, proportionate to the level of support, including its aims and results, and highlighting the financial support from Interreg.

c) Display durable plaques or billboards clearly visible to the public for physical investments or purchase of equipment the total costs of which exceed EUR 100,000 that:

- present the **emblem of the European Union** in accordance with the technical characteristics laid down in Annex IX of Regulation (EU) 2021/1060;
- present the installed plaques or billboards as soon as the project with planned physical investments starts, the purchase of equipment starts or purchased equipment is installed.

d) Publicly display at least one poster of a minimum size A3 or equivalent electronic display (at partner locations) to highlight the support from Interreg. If installing durable plaques or billboards this is not applicable.

e) For projects of strategic importance and those whose **total costs exceed EUR 5,000,000**, organising a communication event and involving the European Commission and the MA/JS.

In addition, projects under Programme objective 4.2 Macro-regional governance have to include the logo of the EU Strategy for the Baltic Sea Region to underline their contribution to the implementation of the Strategy.

The compliance with the visibility rules will be checked throughout the project implementation.



The project risks adverse financial consequences when it disregards visibility requirements. If amendments to violated visibility requirements are not possible, the MA/JS may cancel up to 2% of the support from the Programme co-financing. The financial cuts take into account the principle of proportionality.

In order to be further familiarised with the legal requirements and technical specification of the practical use of the EU emblem, please check the following regulations at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2021:231:TOC>

- *Responsibilities of beneficiaries*: Article 36 of the Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021,
- *Responsibilities of beneficiaries*: Article 47, 50 of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021,
- *Technical specifications of using the EU emblem, incl. size and colours*: Annex IX of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021.

I.6 Publishing project data

The MA/JS has to fulfil its own reporting, communication and visibility obligations arising from the regulations⁴². In order to comply with these requirements, the MA/JS is authorised to publish, in whatever form and/or by whatever medium, including the Internet, (parts of) the project data. Personal data will be processed in line with the REGULATION (EU) 2016/679 on General Data Protection Regulation.

The MA/JS will inform beneficiaries/project partners before the project data required by the regulation is made public.

I.7 Intellectual property rights

Upon request, all project partners are obliged to provide the IB.SH as well as European Union institutions, bodies, offices or agencies with any communication materials produced in the project. All project partners are obliged to offer them under a royalty-free, non-exclusive and irrevocable licence and without significant additional costs or administrative burden. This license on intellectual property rights grant to the EU and IB.SH the following rights⁴³:

- internal use i.e. right to reproduce, copy and make available the communication and visibility materials to EU and EU Member States' institutions and agencies and their employees;
- reproduction of the communication and visibility materials by any means and in any form, in whole or in part;
- communication to the public of the communication and visibility materials by using any and all means of communication;

⁴² REGULATION (EU) 2021/1060, Article 49, and REGULATION (EU) 2021/1059, Article 32

⁴³ REGULATION (EU) 2021/1060, Article 49(6) and Annex IX of that regulation



- distribution to the public of the communication and visibility materials (or copies thereof) in any and all forms;
- storage and archiving of the communication and visibility materials;
- sub-licensing of the rights on the communication and visibility materials to third parties;
- additional rights may be granted to the EU and IB.SH.

J. Activities outside the Programme area

J.1 General principles

Project partners may implement activities outside the Programme area under the following conditions:

- The activity contributes to the objective of the Programme⁴⁴
- The activity is essential for implementation of the project.

Please note: the Programme does not support investments in infrastructure and works or productive investments implemented outside the Programme area.

Location of the activity

The location of the activity determines whether an activity is outside the Programme area. For example:

- For activities/pilots having non-material character (e.g. testing tools for SME) - the location of the project partner that incurred the costs;
- For event related activities (organisation of events, accommodation, etc.) - the location of the event;
- For travel and accommodation - the travel destination.

J.2 Activities requiring prior approval of MA/JS

If the project intends to implement activities outside the Programme area, European Union and/or Moscow (Russian Federation) the lead partner has to provide the MA/JS with a separate description of the planned activities via BAMOS+, before the activity takes place. Based on the description provided, the MA/JS will assess whether the activities comply with the general principles (see above).

As result of this assessment the MA/JS will either approve or reject the planned activities.

⁴⁴ REGULATION (EU) 2021/1059, Art 37(1)

J.3 Activities not requiring prior approval of MA/JS

Activities outside the Programme area but within the European Union as well as in Moscow (Russian Federation) and Norway do not require the prior approval of the MA/JS. In addition, projects implemented under strategy governance do not require prior approval for activities in Iceland.

K. Procurement rules

K.1 General principles

Organisations receiving public funds have to apply public procurement rules when choosing and contracting providers of goods, services and works. It must ensure transparency, non-discrimination and equal treatment of the potential providers.

The procurement rules presented in this chapter apply to the expenditure reported under real cost, e.g.:

- category 4 (External expertise and service costs)
- category 5 (Equipment)
- category 6 (Infrastructure and works).

Please note: Costs covered by the simplified cost options might be also subject to public procurement rules due to national legislation or internal rules. Nevertheless, the amounts based on simplified cost options are not checked in respect of procurement rules during the Programme verifications and audits.

Project partners must follow the requirements for procurement set in:

- EU Rules
- National rules (all relevant legislation in their countries)
- Programme Rules (described below).

The below subchapters concern:

- Both types of EU and Norwegian partners, namely those who are (see below chapter K.2.1) and who are not subject to public procurement legislation (see below chapter K.2.2)
- Procurement procedures for Russian partners (see below chapter K.3)
- Further rules applicable for all participating partners (see below chapter K.4).

K.2 Procurement procedures for EU and Norwegian partners

K.2.1 Project partners who are subject to public procurement legislation

The procurement procedure depends on the estimate of the contract value and the general needs of the partner. The value of the contract determines the range of the publicity required for the respective procurement – an EU wide tender or a national level tender.

The European Commission defines in Article 4 of Directive 2014/24/EU and Article 15 of Directive 2014/25/EU the specific value thresholds for EU wide tenders. The following directives include thresholds in currencies other than euro: Communication from the Commission C/2019/7697 on Corresponding values of the thresholds of Directives 2014/23/EU, 2014/24/EU, 2014/25/EU and 2009/81/EC.

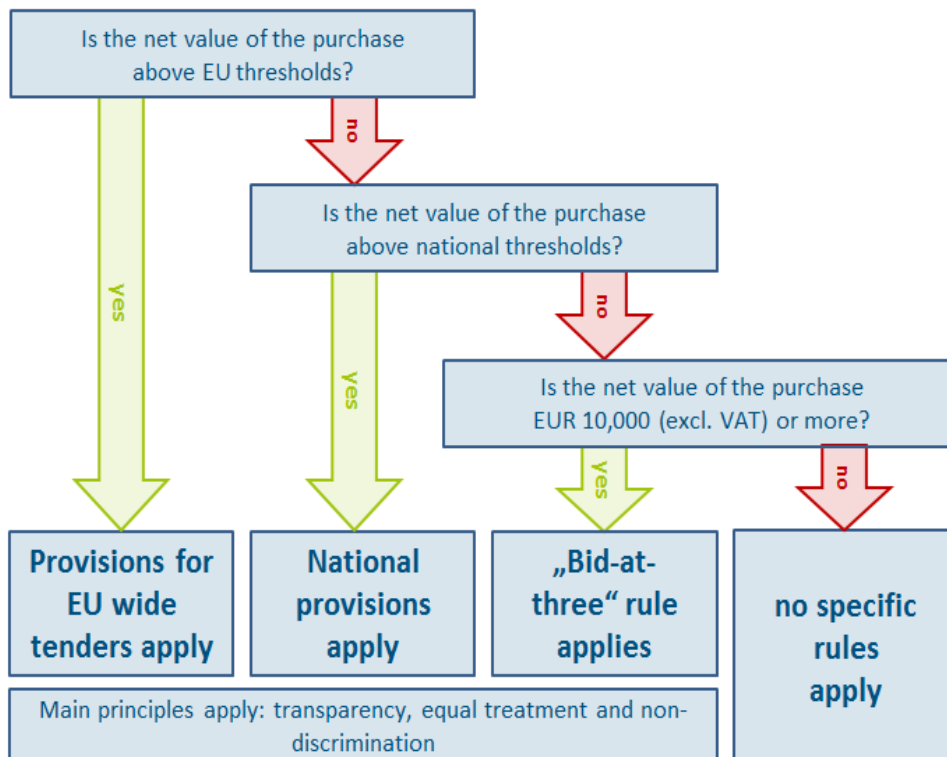
Partners must apply a corresponding national (regional, local or institutional) procedure or Programme rules for contracts with an estimated value below these thresholds

Nevertheless, the national legislation might also include procedures for tenders above the EU thresholds, which the respective EU country must follow. These national rules stem from the EU directives for tenders above the EU thresholds.

The procurement process requires thorough documentation for audit trail purposes and transparency of the decision-making process, as well as equal treatment of all potential contractors.

The chart below shows the main questions that need to be answered in order to select the proper procedure of procurement:

Figure 5 Decision-making scheme regarding public procurement rules



If the contract value is below the EU or national thresholds but is at or above EUR 10,000 (excl. VAT) the “bid-at-three” rule of the Programme is applicable (see chapter K.4.1).

There is no special procedure in the Programme for contracts below the “bid at three” rule. Partners are encouraged to carefully check and follow internal regulations.

Please note:

- Partners should cross check which procurement procedure is applicable to them.
- Project Partners should always apply the strictest procedure of those specified in the Programme rules, EU directives or the national legislation.
- More information about EU Commission rules concerning public procurements can be found on the following service website:
- https://ec.europa.eu/growth/single-market/public-procurement_en

K.2.2 Project partners who are not subject to public procurement legislation

Project partners who are not subject to public procurement legislation observe the basic principles of transparency, non-discrimination and equal treatment when conducting the procurement procedure.

As a first step, such partners have to carefully check **whether there are any national rules or guidelines that regulate the spending of public funds**. If these exist, partners should follow them. In cases where there are no such rules or guidelines, project partners, when procuring works, supplies or services, must follow the bid-at-three rule outlined in chapter K.4.1. The procurement process requires thorough documentation for audit trail purposes and transparency of the decision-making process. The process should also ensure equal treatment of all potential suppliers.

For private partners the Programme offers a set of recommendations for the procurement procedure. These are available on the Programme portal. This set of recommendations help project partners to avoid errors, fulfill the principles of transparency, non-discrimination and equal treatment when dealing with procurement.

K.3 Procurement procedures for Russian partners

To be developed at the later stage

K.4 Further rules applicable for all partners.

The rules described in the subchapters below are applicable to all partners participating in project implementation (regardless of location and legal status).

K.4.1 “Bid-at-three” rule

The “bid-at-three” procedure applies when purchasing goods or services with a value below the EU and national thresholds, but for amounts at or above EUR 10,000 (excl. VAT).

For all contracting amounts at or above EUR 10,000 (excl. VAT) and below the national and EU thresholds project partners must perform and document the execution of adequate market research. The activities carrying out market research have to be well documented in order to prove that prices for similar goods, services or works have been compared and the selection procedure is transparent, as well as the appropriate audit trail has been followed. Market research could be performed by requesting no fewer than three quotes, using centralised e-procurement services, etc. The quotes (both the requests and replies) can be received electronically (e.g. by e-mail, print-outs from the internet are also possible for comparatively small amounts).

Please note

Should any other national (including organisational) rules exist, which provide an adequate level of transparency, equal treatment, non-discrimination and fulfil at least the minimum requirements of the bid-at-three, these rules can be used instead. In order to avoid any financial consequences, the MA/JS strongly advises project partners to consult the rules with their controller in advance. Artificial splitting of the contracts, to avoid the "bid at three" procedure is not allowed.

K.4.2 Conflict of interest

When choosing and contracting providers of goods, services and works, project partners must avoid any conflict of interest.

A “conflict of interest” involves a conflict between the public duty and private interests of a public official. In this conflict the public official has private-capacity interests which could improperly influence the performance of their official duties and responsibilities.

Any types of relationships and interests must not harm a transparent decision-making process nor fair treatment of all tenderers. Project partners must pay special attention to cases where project staff also work in external companies that are participating in the tender exercise that the respective project partner organises.

A finding of a conflict of interest in the procurement procedure might lead to ineligible expenditure.

K.4.3 Consequences in case of procedure violation

Regardless of the project partner location and legal status, failure to comply with the procurement requirements will lead to financial consequences. Depending on the type and significance of the non-compliance, each case will be separately assessed following the guidelines of EC. The guidelines of the European Commission with the Decision No C (2019) 3452⁴⁵ will apply to the financial correction.

K.4.4 Exceptions

This section highlights the minimum requirements and recommendations relating to exceptions from the above procurement rules. Project partners who would like to make use of any of the below exceptions should consult their controller in advance. Moreover, the Programme recommends reviewing the national and EU regulations before making use of the exceptions.

- **“In-house” contracting** refers to a public authority contracting another organisation which is fully owned and/or controlled by the awarding authority (e.g. inter-departmental arrangements). In such cases, the contracting entity must ensure that:
 - there is no private ownership involved;
 - the subsidiary company carries out 80% or more of its activities for the contracting authority; and;
 - the parent company exercises control over the subsidiary company in a similar manner as to its own departments.

To ensure transparency and efficiency, the contractors have to follow the public procurement rules when procuring goods, services and works.

- **Framework contracts** are umbrella agreements which specify all or some of the terms for which the involved parties will enter into contracts ("call-offs") in the future. Project partners can use services from existing framework contracts for the project's purposes, provided that these services comply with the relevant procurement rules described in the previous chapters.

⁴⁵ Commission's Decision No C (2019) 3452 of 14.05.2019"

L. Changes in the project

During implementation projects might meet challenges that require adjustments in the project set-up. The chapter below summarises the changes that can be introduced into the projects.

Types of changes

The MA/JS has divided changes into minor and major changes depending on their impact on the project set-up. The MA/JS has also categorised them based on their focus, namely:

- Changes in the partnership;
- Changes in the budget;
- Changes in the work-plan; and
- Changes in the project duration.

L.1 Minor changes and budget flexibility

Minor changes are adjustments that do not have a significant impact on project implementation. Projects can inform the MA/JS about the minor changes, e.g. via progress reports. These changes do not require prior approval by the MA/JS.

Table 18 Minor changes in the project

Type of change	To do list	Restrictions
1. Contact data change of the lead partner, project partners or of associated organisations, change of the bank account of the LP	<ul style="list-style-type: none"> • Update and submit the “Contact & bank information” section in BAMOS+ 	None
2. Name change of a project partner or of the lead partner	<ul style="list-style-type: none"> • Update and submit the “Contact & bank information” section in BAMOS+ • Update and submit a new partner declaration 	This type of change strictly refers to pure name changes. If there is a change in the legal status or a legal successor, projects have to apply for a major change.
3. Change of the VAT status	<ul style="list-style-type: none"> • Request, update and submit a new version of the application form. 	Applicable only to projects with a total contracted budget of EUR 5 million or higher.

Type of change	To do list	Restrictions
<p>4. Work plan adjustments Projects may introduce minor adjustments in the work plan. These may be related to:</p> <ul style="list-style-type: none"> • a change of format of an activity or deliverable, • the implementation timeline of one or more activities or deliverables • the involvement of project partners in a work package or activity. 	<ul style="list-style-type: none"> • Communicate the adjustments to the MA/JS either via progress reports or via the messaging centre. • If necessary request, update and submit a new version of the application via BAMOS+. • The MA/JS encourage projects to report in advance on any upcoming adjustments and on their impact. 	<p>Projects cannot modify the planned approach, nature and use of the outputs. In this case projects have to apply for a major change.</p>
<ul style="list-style-type: none"> • <i>Example 1: Instead of carrying out a target group workshop in the project implementation month 8, the partnership sees it more relevant to organise a back-to-back event during a large-scale international forum (e.g. fair) in month 10. As a result, an output that includes target groups' conclusions will be delivered at the end of month 10.</i> • <i>Example 2: instead of collecting target groups' opinions via questionnaires it was decided to hold two target groups' workshops. The implementation timeline is unaffected.</i> 		
<p>5. Budget flexibility (APPLICABLE TO CORE PROJECTS ONLY) Budget flexibility allows projects to overspend on one or more of their approved cost categories by 20% or EUR 40,000, whichever is higher.</p>	<ul style="list-style-type: none"> • Lead partners follow the flexibility on the overall project level in every progress report. • The calculation in the progress report form is automatic. Exceeding the flexibility will result in an error notification. In such cases: <ul style="list-style-type: none"> - Correct the progress report before submission to the MA/JS, or - Consult MA/JS regarding the possibility of applying for a major change. 	<p>Projects cannot:</p> <ul style="list-style-type: none"> • Exceed the total partner budgets • Exceed the total project budget • Change the nature and use of the planned investment items and outputs • Change the spending plan

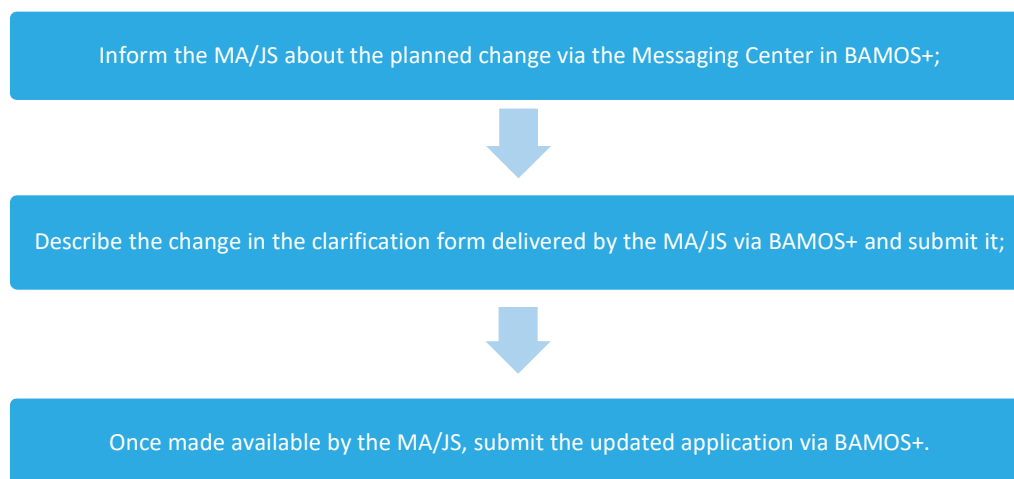
Type of change	To do list	Restrictions
<i>Example for a project with total budget of EUR 1.08 million:</i>		
<u>Cost category (planned value)</u>	<u>Cost category (reported value)</u>	<u>Difference</u>
Cat 1 – EUR 600,000	EUR 580,000	EUR – 20,000
Cat 2 – EUR 90,000	EUR 87,000	EUR -3,000
Cat 3 – EUR 90,000	EUR 87,000	EUR -3,000
Cat 4 – EUR 300,000	EUR 326,000	EUR +26,000 (+8.66%)
	<i>Total project budget, difference planned vs. reported</i>	EUR 0

L.2 Major changes

Major changes are more complex adjustments that can have an impact (negative or positive) on the planned outputs and/or solutions, the partnership or the project budget. The list of major changes is described in the table below.

Lead partners should follow the below “to do” list for major changes:

Figure 6 Application for the change process



For certain type of changes the MA/JS will require lead partners to:

- Submit a new partner declaration
- Submit a copy of the official document stating the structural, legal etc. change
- Submit a copy of the document proving that the name/legal statues/old organisation ceases to exist.
- Submit the updated “Contact & bank information” via BAMOS+.

Table 19 Major changes

Changes in the partnership	
1. Partner drop out	
<p>Description of change:</p> <p>One or more project partners drop out. The partnership can replace the dropping out partners either:</p> <ol style="list-style-type: none"> 1. Internally with an existing partner taking over the tasks and the budget; or 2. Externally, a new organisation becomes project partner and takes over the tasks and the budget; or 3. No other organisation takes over the tasks nor the budget. 	<p>Restrictions:</p> <ol style="list-style-type: none"> 1. In case there is no replacement the MA/JS can only accept the change if the activities which have been eliminated from the work plan, as well as the role of the partner, are not crucial for the implementation. The project outputs should be delivered as initially planned. In any other case, the project has to find a replacement either internally or externally for the partner leaving the consortium. 2. In case the partner dropping out already received Programme co-financing, this part of the project partner budget cannot be reallocated. 3. If the budget changes are due to the drop out, this must also be reflected in the spending plan. Please note, that the spending plan cannot be changed retrospectively. 4. The replacement can only be done by partners receiving funding from the same source as the partner dropping out (e.g. ERDF to ERDF). Reallocation between different funds is not allowed. 5. If any specific requirements for the partners were set in the announcement note to the call for proposals, they must



Changes in the partnership	
	be followed when a new partner enters the project.
Approval/Rejection:	MA/JS Or MA/JS based on the confirmation of the eligibility of the new partner by the MC members of the country where the new partner is located
2. Changes in the project partner organisations	
Description of change: Structural or legal changes, such as legal status change, or the designation of a legal successor etc.	Restrictions: If the former project partner ceases to exist or does not take care of the obligations arising from the subsidy contract and partnership agreement, the legal successor has to assume responsibility for the entire project duration.
Approval/Rejection:	MA/JS based on the confirmation of the eligibility of the legal successor or of the new legal status by the MC members of the country where the partner/legal successor is located

Changes in the budget	
Description of change: The change can comprise a budget reallocation between cost categories beyond the flexibility rule and/or a reallocation of budget between project partners.	Restrictions: <ol style="list-style-type: none"> 1. Only one budget change is allowed during the project implementation. 2. Reallocation between cost categories is only applicable to core projects. 3. The total programme co-financing committed to the project cannot be exceeded. 4. When project partners have already received Programme co-financing, this part of the project partner budget has to be kept. 5. If the total budget changes, this must also be reflected in the spending plan. Please note, that the spending plan cannot be changed retrospectively.



Changes in the budget	
	6. Reallocation between partners is only possible if they are receiving funding from the same source (e.g. from ERDF to ERDF only etc.). Reallocation between different funds is not allowed.
Approval/ Rejection:	MA/JS

Changes in the work plan	
1. Work plan change	
<p>Description of change:</p> <p>The change may concern the following aspects:</p> <ul style="list-style-type: none"> • A project needs to re-structure its approach to delivering the outputs. • A project needs to change a format, content and/or use of an output. • A partial budget reallocation. 	<p>Restrictions:</p> <ol style="list-style-type: none"> 1. Projects cannot substantially decrease the quality of the outputs. 2. The request for change has to be submitted a minimum of one month before it is scheduled to take place. 3. In case the work plan change involves a budget reallocation, the restrictions relevant for budget reallocation listed above are also valid for this change.
Approval/Rejection:	MA/JS
<p><i>Example: Due to changes in national legislation in a partner country the initially planned investment is no longer possible. The investment is important for project results as it allowed the carrying out of pilots on exhaust gas control solutions in the transnational context. Consequently, the project decided to work with smaller scale laboratory pilots instead.</i></p>	
2. Reallocation of responsibilities within the partnership	
<p>Description of change:</p> <p>The change comprises a reallocation of tasks within the partnership when one or more partners take over tasks from other partners and all involved partners continue their participation in the project. This change may also include a partial budget reallocation.</p>	<p>Restrictions:</p> <p>In case a budget reallocation is included, the restrictions relevant for budget reallocation listed above are also valid for this change.</p>
Approval/Rejection:	MA/JS

Prolongation of the project duration	
<p>Description of change:</p> <p>In exceptional cases the MA/JS can approve the extension of the project duration. Any prolongation must be justified by external factors hindering the timely closure of the project.</p>	<p>Restrictions:</p> <ol style="list-style-type: none"> 1. The total co-financing of the project cannot be exceeded due to the prolongation. 2. The request for change has to be submitted as soon as possible after the project becomes aware of the external factor causing time constraints for the implementation, but no later than 6 months before the end date of the original implementation phase.
<p>Approval/Rejection:</p>	<p>MA/JS</p>

M. Control and audit

M.1 Definition of the terms

The terms “control” and “audit” (and thus controller and auditor) are not interchangeable since they have two different meanings as well as implications.

The term “control”⁴⁶ refers to the management verifications performed by the MA/JS and the controllers identified by each participating country. The control ensures the legality and regularity of expenditure declared by the project partners before the reimbursement of project costs. Depending on the system in the given country, controllers can be either a national or regional authority or a private body or a natural person.

The term “audit”⁴⁷ refers to the verifications performed by auditors supporting the audit authority. Auditors check expenditure already reimbursed by the MA/JS and declared to the European Commission. The auditors perform their checks based on annual samples.

M.2 Management verification in general

The MA/JS can only reimburse project costs verified by a controller or by the MA/JS.

⁴⁶ REGULATION (EU) No 2021/1059, Art 46

⁴⁷ REGULATION (EU) No 2021/1059, Art 48(1)

Management verifications include checks of accounting records (not for simplified cost options), correctness of calculations and documentation of expenditure. In this process the controllers or the MA/JS verify:

- that the co-financed products and services have been delivered,
- their purchase complies with applicable law (EU, Programme, national),

- the conditions for support of the project have been met.

The MA/JS also check that the activities declared for funding have been implemented in compliance with the aims of the project as approved by the Monitoring Committee.

The verification will mainly ensure that expenditure reported by project partners to the Programme is correct and in accordance with:

- provisions of the subsidy contract,
- the latest version of the approved project data in BAMOS+,
- the EU regulations,
- Interreg Baltic Sea Region Programme rules and
- national rules.

Therefore, the task of controllers and the MA/JS is to detect, correct and prevent that incorrect expenditure is co-financed from the Programme funds.

The controllers or the MA/JS:

- check 100% of the project partners' expenditure (as standard approach due to the limited number of items in CAT 4-6 with real costs)
- or
- apply the sampling method (in well justified cases). In cases of sampling, the verification will be risk-based and proportionate to the risks identified ex-ante and in writing.

Independent from the method above (100% check or risk-based sampling) the controller or MA/JS confirms verification of 100% of the expenditure declared by the project partner.

Management verifications include

1. administrative verifications of payment claims made by the project partners and
2. on-the-spot verifications of the projects⁴⁸.

Administrative verifications can provide assurance on the correctness of expenditure to a large extent. However, depending on the nature of the project, its activities and purchased equipment or installed investment, such checks cannot always cover all aspects.

⁴⁸ REGULATION (EU) 2021/1060, Article 74(2)

Administrative verifications must be carried out in respect of all claims for reimbursement by project partners. It is based on examination of the partner report and relevant supporting documents.

On-the-spot checks focus on two main aspects:

- Good functioning of internal processes and systems relating to the approval, ordering, accounting and payment of reported costs.
- Existence and delivery of goods and services.

An on-the-spot check gives a better understanding of the supporting documents, of the project and of the partner organisation. The controllers can interview the staff and carry out walk-through checks. Particular processes can be traced from the beginning through to the end of the process inside the partner organisation. For example, with those responsible for public procurement processes from the initial launch of the tender through to the selection, contracting and final delivery of the contract. The payment process can be verified from the ordering of the service to its delivery, invoicing, registration in the accounting system and final payment. Moreover, original documents (invoices, timesheets) can be accessed.

The clarification of unclear issues and previously missing documents might also be easier when they are solved on-the-spot.

The MA/JS expects that the controllers carry out at least one on-the-spot check of each project partner during the project duration. The controllers responsible for more project partners can apply the sample method or other methods based on risk criteria and professional judgement to select the project partners to be checked on-the-spot. The controllers must have a method of selection of project partners to be checked on-the-spot as well as documentation of the on-the-spot-check carried out.

The MA/JS and the controllers ensure that the expenditure of a project partner can be verified within a period of three months of the submission of:

- Partner report to the controllers in the case of real costs,
- Progress report to the MA/JS in the case of simplified cost options.⁴⁹

M.3 Management verification of simplified cost options

The MA/JS is responsible for verification of all expenditure declared under the scheme of simplified cost options which covers the following cost categories:

- CAT 0 Preparation costs (lump sum),
- CAT 1 Staff (unit cost),
- CAT 2 Office & administration (flat rate),
- CAT 3 Travel & accommodation (flat rate),
- CAT 7 Other costs (flat rate),
- CAT 9.1 Strategy forum (lump sum).

⁴⁹ REGULATION (EU) No 2021/1059, Art 46 (6)

Management verification documentation of simplified cost options

The MA/JS documents the management verification in BAMOS+.

To allow a transparent work flow within the audit trail, all management verification results and related documentation will be summarised in BAMOS+. These will be available for:

- lead partner at project level,
- the MA/JS,
- the AA and relevant members of the Group of Auditors or service providers under their responsibility,
- audits by the European Commission, European Court of Auditors or service providers on their behalf,
- MC members.

M.4 Management verification of real costs

Controllers are responsible for verification of real costs declared under the following cost categories:

- CAT 4 External expertise and services costs,
- CAT 5 Equipment costs,
- CAT 6 Costs for infrastructure and works.

The MA/JS will check⁵⁰ that designated controllers verified the expenditure based on real costs.

Management verification documentation of real costs

The management verification is documented in BAMOS+. It includes:

- Control certificate
- Control report and checklist

To allow a transparent work flow within the audit trail all management verification results and related documentation will be summarised in BAMOS+. These will be available for

- lead partner at project level,
- the MA/JS,
- the AA and relevant members of the Group of Auditors or service providers under their responsibility,
- audits by the European Commission, European Court of Auditors or service providers on their behalf,
- MC members.

⁵⁰ REGULATION (EU) 2021/1059, Art 46 (5)

M.4.1 Checks performed by the controllers

The controllers' task is to verify that expenditure incurred under cost categories 4 – 6 and declared by the project partners in each progress report fulfils the following conditions:

- the costs are eligible according to the EU, Programme and national rules among others concerning
 - information and publicity (visibility rules),
 - public procurement
 - productive investments and investments in infrastructure
- the conditions of the Programme, the approved project data and the subsidy contract were observed,
- the project partners maintain separate accounting records or use appropriate accounting codes for all transactions relating to the project,
- the invoices and payments are correctly recorded and supported by accounting documents or equivalent documentation,
- the related activities, sub-contracted supplies and services are in progress or were delivered or carried out,
- the community rules were respected, in particular regarding
 - equal opportunities and
 - protection of the environment.

Controllers play a key role in the Programme. A well-functioning verification system ensures lower risks of ineligible expenditure. This, consequently, may result in further financial implications for the projects, the project partners and the whole Programme.

Quality of management verification should cover two aspects:

- quality of checks of expenditure
- quality of documentation of checks carried out

The documentation and description of the verification carried out should be transparent, traceable and understandable. It should be of use also for third parties being involved in the system, e.g. for lead partners, MA/JS, auditors, and the European Commission for any checks they may need to carry out. The quality of the verification has a direct impact on the Programme and the project implementation. It may also have an effect on other projects and project partners.

Independence of the controllers

In every control system the controller must be independent from the project partner. This independence must be ensured both from the project's finances as well as the activities. For example:

- Internal controllers: in control systems where it is applicable, the controller must be placed in a clearly independent position from the project within the organisational structure, e.g. under the responsibility of a different director.

- External controllers: in control systems where it is applicable, the controller should not be involved in providing other services to the respective project partner, e.g. as a tax advisor.

The Programme recommends that the controller also complies with the independence requirements of the 'Code of Ethics for Professional Accountants'. The controllers must be **functionally independent** from the audit system, i.e. from the Audit Authority, Group of Auditors, and from the projects for which they carry out the management verification. Independence must be ensured in the terms of reference indicated by the European Commission⁵¹ on statutory auditors' independence in the EU.

Competence of the controllers

There are different verification systems in place that comply with specific national requirements. The competence of each particular controller must be ensured in each country.

The controllers, among others, have to be familiar with the content of the following documents:

- EU regulations and directives, among others including:
 - REGULATION (EU) 2021/1059 (Interreg Regulation),
 - REGULATION (EU) 2021/1060 (Common Provisions Regulation),
- EU Directives on public procurement,
- further national rules and guidance (e.g. national public procurement rules),
- programme manual,
- project data,
- subsidy contract,
- project partnership agreement.

Controllers should have knowledge of national accounting principles and a good command of the English language. The description of the national control system summarises the requirements to be met by controllers. It is available on the Programme portal.

The controller's competence is crucial for a sound verification system. Therefore, the requirements set have to be met before controllers are appointed to verify expenditure. In addition, the competence should be ensured and updated via targeted training during the Programme implementation period (e.g. specific training on public procurement, seminars on Programme rules and reporting, exchange of experience with other controllers and the MA/JS).

Capacity of the controllers

The capacity of the controller is very important as there are a high number of project partners submitting their reports to the MA/JS. Project partners depend on each other in the reporting process. The lead partner collects all partner reports in order to submit the project progress report for the

⁵¹ European Commission recommendation on statutory auditors' independence in the EU: a set of fundamental principles according to 2002/590/EC; International standard on quality control N°1 (International Federation of Accountants); Code of ethics of the INTOSAI, Auditing standards chapter II-2.2. Standards with Ethical significance



Programme's co-financing. A reporting delay of one project partner can cause delays in the reporting of the whole project and consequently, the payment of funds to the project.

M.4.2 Control systems

There are two control systems applicable in the Interreg Baltic Sea Region Programme. Which system applies depends on the national set-up:

- Countries with a centralised system
- (Estonia, Finland (incl. Åland), Latvia, Poland, Sweden)
- Countries with a decentralised system
- (Denmark, Germany, Lithuania, Norway, Russia)

The MA/JS published a detailed description of the national control systems, including the requirements on the controllers, on the Programme portal.

The control system description defines the institutional set-up with clear responsibilities, procedures, considering allocation of resources (human and financial) and sets minimum requirements on the system and the controllers.

The control system description is a prerequisite for a secure and well-functioning verification system which, in turn, ensures quality and the timely verification of project expenditure. **Each country is responsible for training, guidance and quality assurance of controllers on its territory throughout the whole implementation period of the Programme.**

Countries with a centralised system

Estonia, Finland (incl. Åland), Latvia, Poland, Sweden have set-up centralised systems for the verification of real costs under costs categories 4-6., i.e. costs not declared under the category of simplified cost options. These countries appointed a central body to carry out the verification of expenditure. This body can be approved at federal, national, regional level or a combination of those levels.

The controllers are civil servants or employees working within the approved organisation. They can also be external controllers appointed for this specific task by the given country.

Eventual costs for management verifications by controllers charged to the project partners are described in the national control system descriptions on the Programme portal.

Countries with decentralised system

Denmark, Germany, Lithuania, Norway and Russia have set-up a decentralised system for the verification of real costs under categories 4-6, i.e. costs not declared under the category of simplified cost options.

Project partners will select a controller in accordance with the requirements set by the given country. In all cases the controller must:

- be independent from the project partner;
- hold the qualifications set by the respective country; and
- fulfil the requirements laid down in the EU regulatory framework⁵² and in the national legal framework.

In this system it is the respective country that designates the controllers.⁵³

The controllers in the countries with the decentralised control systems usually charge the project partners for these services.

M.4.3 Designation of the controller

The expenditure of project partners is only admissible for Programme's co-financing if it has been verified by a designated controller or, where appropriate, by the MA/JS.

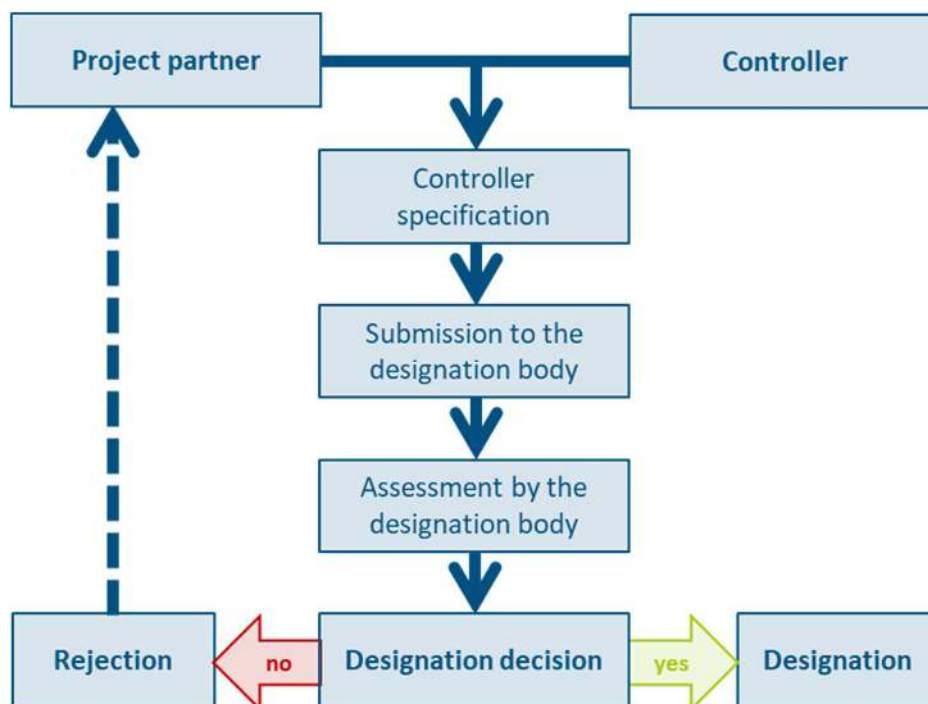
Countries with a centralised system have already designated their controllers on a national level. Therefore, project partners from those countries do not have to obtain the designation of the controllers before submission of the expenditure for the Programme's co-financing.

Project partners from countries with decentralised systems select their controllers in accordance with to the national requirements. They submit the information about the controller for confirmation to the designation body. This is an institution responsible for the control system on the territory of its country. The designation body checks the compliance of the controller and approves the controller. Only approved controllers can verify the project partners expenditure. Details on designation systems and procedures are available on the Programme portal. The designation process of the controllers in the decentralised systems is organised as follows:

⁵² REGULATION (EU) 2021/1059, Art 46(9)

⁵³ REGULATION (EU) 2021/1059, Art 46(3)

Figure 7 Designation process of the controllers



The project partner fills in the Controller’s specification that is available on the Programme portal and submits it to the designation body. The designation body checks the compliance of the controller with the requirements and confirms the controller via BAMOS+.

The countries keep an overview of designated controllers. **The participating countries monitor the performance of the controllers on their territories.** Such checks ensure that the controllers verify the expenditure in compliance with the EU regulatory framework, Programme rules and in accordance with the national legislation.

M.5 Audit Authority and Group of Auditors

The participating countries have appointed an Audit Authority of the Interreg Baltic Sea Region Programme as well as institutions responsible for audits on their territories.

The Ministry of Justice, European Affairs and Consumer Protection of Land Schleswig-Holstein carries out the function of the Audit Authority. The Audit Authority⁵⁴ is responsible for carrying out:

- system audits
- audits of projects and
- audits of accounts.

In these tasks, the Audit Authority is supported by the Group of Auditors. This group comprises representative of each participating country and carries out the duties of the auditors. The MA/JS supports the Audit Authority and the Group of Auditors in carrying out their tasks at the Programme level.

The auditors must be functionally independent from the projects co-financed under the Programme as well as from bodies and persons responsible for management verifications.

M.5.1 Audits of projects

Every year the auditors carry out audits on expenditure that is selected in annual samples. The sample is selected from project partners whose expenditure were co-financed by the Programme and declared to the European Commission. The sample covers expenditure of all partners including the lead partners.

Lead partners and project partners whose expenditure has been selected in the annual sample will facilitate the audit activities. The project partners will be asked to provide documentation and allow access to office premises and locations with installed equipment and investment that has been co-financed from the Programme.

The audit work is documented in audit reports and checklists. The audited lead partners/project partners will receive an audit report with audit results and will have a defined period of time to give comments and clarification to the audit findings in the “contradictory procedure”. The length of this depends on the rules set by the Audit Authority for the Group of Auditors and/or may depend on national rules for auditing. Comments from the audited project partners will be included in the audit reports.

The MA/JS will directly contact the lead partner in the follow-up process as well as in cases of any recovery of funds (see chapter Q).

Other audits of projects

The European Commission, European Court of Auditors, national Ministries or authorities might also perform checks on declared expenditure and/or project results/outputs.

⁵⁴ REGULATION (EU) 2021/1059, Article 48(1)

N. Payment, financial planning and de-commitment

N.1 Payment

N.1.1 Reimbursement principle

The Programme pays the projects based on the principle of reimbursement. This means that each project partner pre-finances its own project expenditure and requests a reimbursement of the Programme co-financing via a partner report. Based on the partner reports the lead partner compiles the project progress report and submits it to the MA/JS for payment.

Once the MA/JS has checked and approved the progress report, it informs the lead partner about the approval of the report in the closure message of the clarification form in BAMOS+. Afterwards, the MA/JS transfers the approved amount of Programme co-financing to the bank account of the lead partner (indicated in BAMOS+). The MA/JS will make the payment in Euros. The lead partner has to accept any exchange rate risks which may result from the transfer. In cases where the project budget is co-financed from several funds, the MA/JS will make separate payments. The lead partner has the possibility of indicating several accounts in BAMOS+ if it wishes to receive the separate payments on separate accounts. The payment arrives on the project bank account(s) usually within two weeks after the report approval. The exact transfer date(s) will be visible in BAMOS+.

After the payment receipt, the lead partner reimburses the costs to the individual project partners. If not otherwise specified in the partnership agreement, the lead partner has to ensure that the other partners receive the total amount of the Programme contribution in full and without any delay. The lead partner must not deduct or withhold any amount. The lead partner will not levy any specific charge or other charge with equivalent effect that would reduce that amount for the other project partners⁵⁵.

If relevant, reference to the specific rules for Belarussian/Russian partners to be added at later stage.

N.1.2 Payment rules

The MA/JS will ensure that, subject to the availability of funding, a project receives the amount due in full and no later than 80 days from the date of submission of the progress report by the lead partner. The MA/JS may interrupt this deadline if information submitted by the project does not enable the MA/JS to establish whether the amount is due⁵⁶, e.g.

- if the amounts indicated in the progress report are not correct,
- if the supporting documents and documents necessary for management verifications are not complete (i.e. clarification procedure of a progress report cannot be closed).

⁵⁵ REGULATION (EU) 2021/1059, Art 26.2

⁵⁶ REGULATION (EU) 2021/1060, Art 74.1(b)

Another reason for an interruption may be also an investigation by the relevant national or European institutions in relation to a possible irregularity.

The MA/JS may reduce the amount requested by the project through deduction of ineligible expenditure and/or application of financial corrections. In such cases, the MA/JS will inform the lead partner in writing about the interruption and/or deductions of funds and the reasons for doing so.

N.2 Cash inflows

N.2.1 Treatment of public cash inflows

Expenditure, which was already co-financed from other EU funds, or was fully covered by other international, national, regional and/or local funds are not eligible for co-financing from the Programme. Contributions to project activities received from international (e.g. UNESCO), national, regional and/or local funds are only eligible provided that they do not exceed the partner's own financial contribution.

N.2.2 Treatment of private cash inflows

Private cash inflows for project activities are regarded as donations and sponsoring, and thus cannot be used as a source of own contribution of the project partners.

For example, a private company, which is not a project partner, pays a contribution (donation/sponsoring) for a project event. Such a contribution must not be used to cover the own contribution of a project partner. However, the project may use such a contribution to cover additional costs, which will not be reported as project expenditure to the MA/JS.

In such cases, the MA/JS will inform the lead partner in writing about the interruption and/or deductions of funds and the reasons for it.

Specific payment rules for Belarusian/Russian partners to be finalised at later stage.

N.3 De-commitment of the Programme funding

N.3.1 De-commitment and financial planning

The European Commission pays the EU funds (ERDF and NDICI co-financing) to the MA/JS only in accordance with the corresponding budget commitments of the Programme.

If EU funds (ERDF, NDICI) are not spent in accordance with the defined schedule the European Commission will de-commit the unspent funds from the Programme⁵⁷.

⁵⁷ REGULATION (EU) 2021/1060, Article 105

The Programme and project commitments and spending are interconnected. In the application, the project has to set out its spending plan (commitments). During project implementation, the lead partner must request payments in accordance with the reporting timeframe established in BAMOS+ and at least to the extent defined in the spending plan. Underspending may result in de-commitment.

It is thus essential that the projects avoid underspending. To avoid or to minimise the risk of projects underspending the MA/JS recommends the following for the application stage:

- the spending target of the overall project should derive from the targets on the partner level. Therefore, it is essential that every partner has its own realistic spending plan, and
- the spending rate of a project is usually lower at the beginning of the implementation phase. Therefore, projects should not plan too ambitious spending rates for the beginning of the project, unless they can be assured of a swift start.

N.3.2 De-commitment calculation

In cases where the Programme faces de-commitment and the de-commitment cannot be secured by other means the MA/JS will reduce budgets granted to the delayed projects.

The de-commitment would – in the first instance – concern projects whose implementation phase is half finished and whose underspending equals or exceeds 10% compared to the spending plan in the application. The MA/JS has defined this threshold of 10% based on the experience that project spending is delayed in the first months and that an underspending of 10% can be tolerated. Nevertheless, should the Programme's de-commitment amount in question not be compensated by the project budget cuts the 10% threshold will be further lowered and additional projects might be included in the de-commitment procedure.

The final decision on which projects are affected by the de-commitment will be based on an assessment of the project's spending plan as specified in the application form and the actual spending rate of the projects.

The reference period for the calculation of the project funds to be de-committed starts with the project's first reporting period. It ends with the most recent reporting period of the year which is affected by the de-commitment.

For the reference period, the difference between the project's target (sum of planned payment requests (ERDF/NDICI only)) and actual requests for payments (sum of eligible payment requests and payments (ERDF/NDICI only)) – both cumulated until the end of the latest reporting period – is calculated in % and EUR. The amount in excess of the 10% threshold is the maximum amount to be de-committed from the project's ERDF/NDICI funding.

After the European Commission provides official information about the amount to be de-committed from Programme funds, the MA/JS calculates the amount to be de-committed from the project funds.

As a result, the affected projects must lower the ERDF/NDICI co-financing budget. The MA/JS will communicate the respective procedures to the partners, should such a situation occur.

O. Responsibilities after project closure

O.1 Durability of productive investments and investments in infrastructure

A project partner that co-financed a productive or infrastructure investment from the project budget has to follow specific rules. Within **five years** of the final payment to the project the partner must not make:⁵⁸

- (a) a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
- (b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- (c) a substantial change affecting the investment's nature, objectives or implementation conditions which would result in undermining its original objectives.

Where the project partner does not comply with the above requirements, the MA/JS will request repayment of any Programme co-financing. For the calculation of the irregular amount the MA/JS will consider the total Programme co-financing provided for the investment, the period during which the investment was used in line with the Programme rules and the period in which it did not comply. The periods of compliance and non-compliance will be set in proportion to establish the financial irregularity and the repayment amount. Further information on the procedure for irregularities can be found in chapter Q.3.

Project partners are obliged to inform the MA/JS where any of the above conditions are not met.

This rule does not apply to a project partner which must cease operations due to a non-fraudulent bankruptcy.

O.2 Availability of project-related supporting documents

As a general rule, all project partners have to keep all supporting documents relating to the project for a **five-year period** (known as a 'retention period') from 31 December of the year in which the MA/JS made the last payment to the lead partner.⁵⁹ For example, if the MA/JS made the last payment on 12 March 2026, the supporting documents must be retained until 31 December 2031.

Project-related supporting documents are, for example:

- Project contracts and declarations, such as the subsidy contract, partnership agreement, partner declarations, etc.
- Accounting documents relating to project expenditure and which are required to ensure an adequate audit trail, such as invoices, payment proof, employment contracts, etc.

⁵⁸ REGULATION (EU) 2021/1060, Art 65(1)

⁵⁹ REGULATION (EU) 2021/1060, Article 82

- Documents confirming fulfilment of the conditions for support in the case where the project is implemented via simplified cost options, such as confirmation of employment, reports of hours, etc.
- Documents relating to controls and audits, such as control checklists, audit reports, etc.
- Procurement documentation, such as terms of reference, selection decisions, service contracts, etc.
- Other project-related documents, such as minutes of project partner meetings, important e-mail communication with project partners or the MA/JS, etc.

Partners that receive State aid have different retention periods. Their retention periods depend on the aid measure under which the Programme support was granted:

- Partners receiving aid granted under the **General Block Exemption Regulation (GBER)** have to retain documents for 10 years from the date on which the last aid was granted under the relevant GBER scheme of the Programme.⁶⁰
- Partners receiving aid granted under the **de minimis Regulation** have to retain documents for a period of 10 fiscal years from the date on which the aid was granted (e.g. from the date when the last party signed the subsidy contract or the addendum to the subsidy contract). The exact starting date is stated in the de minimis award letter issued to the project partners concerned.⁶¹

In all cases, this given retention period is interrupted either in case of legal proceedings or by a request from the European Commission. Other possibly longer statutory retention periods, as might be required by national law, remain unaffected.

All partners have to retain the supporting documents together and archive them. They can be kept either in the form of originals or on commonly accepted data carriers. In the latter case, the versions have to conform with the original. The conformity has to be certified. The procedure for certification of conformity must be in line with the provisions set by the national authorities. It has to ensure that the versions held comply with the national legal requirements and can be relied on for audit and control purposes. Where documents are retained electronically, internationally accepted security standards must be met.

0.3 Audits after project closure

Several bodies are entitled to examine the project, all relevant documentation and accounts of the project even after its closure. These bodies are representatives of the MA/JS, the Audit Authority, the Group of Auditors, intermediate bodies, auditing bodies of the relevant participating countries, authorised officials of the European Community and their authorised representatives, the European Commission and the European Court of Auditors. All project partners concerned have the duty to produce all documents required for the audit, to provide necessary information and give access to their business premises.

⁶⁰ REGULATION (EU) No 651/2014, Article 12(1)

⁶¹ De minimis Regulation, Art 6(4)

O.4 Access to BAMOS+

Each project partner and lead partner has to ensure that there is somebody with access to BAMOS+ during the entire retention period. The system contains important data that is part of the audit trail. Furthermore, BAMOS+ is the main tool for communication with the MA/JS.

Update contact details

All project partners must keep the MA/JS updated about any change in their contact information. The contact details are important, since the MA/JS might need to come back to partners at a later stage concerning the requirements after project closure.

O.5 Closure letter

After project closure the lead partner will receive a closure letter. In this letter the MA/JS will give a reminder about the responsibilities after project closure. The MA/JS will also inform about the exact starting date of retention periods.

P. State aid rules

The Programme must comply with the State aid rules which apply in the European Union (EU) and the European Economic Area (EEA).

The following chapters briefly describe the State aid rules of the Programme relevant for project partners. They are not applicable for Russian and Belarusian partners and not for projects in Programme objective 4.2 Macro-regional governance.

In addition to the description, the Programme provides detailed leaflets about the State aid measures on its portal.

P.1 What is State aid?

According to Article 107(1) of the Treaty on the functioning of the European Union, State aid is defined as “...any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods” and that “affects trade between Member States.

Undertakings are entities engaged in an “economic activity”, regardless of their legal status (they can be public bodies, non-governmental organisations or universities, as well as private firms) and regardless of whether they aim to make a profit or not.

Economic activity is broadly defined as ‘offering goods or services on a given market’. The key question is whether, in principle, a private body could carry out the activity in order to make profit.

An undertaking that receives support from public funding sources, such as Interreg Baltic Sea Region, may gain an advantage over its competitors through this support. Furthermore, the support can distort competition and affect trade between Member States. The EU Treaty wants to prevent such effects on the market and therefore generally prohibits State aid.

However, in some circumstances such support is necessary for a well-functioning and equitable economy. Therefore, the Treaty leaves room for a number of measures through which State aid can be made compatible with the rules.

The Programme uses two of these measures, namely the General Block Exemption Regulation and the de minimis Regulation. As regards the first measure, State aid relevant partners can participate in Interreg Baltic Sea Region under the same conditions as partners not receiving State aid. As regards the second measure, State aid relevant partners have to provide additional information.

The following chapters provide further information on the State aid procedure, as well as on the aforementioned State aid measures.

P.2 How to comply?

The Programme has to ensure that it grants funding to projects which comply with the State aid rules. Therefore, the Programme takes the main responsibility and the majority of tasks in the State aid assessment and contracting. The remaining tasks for the projects are to provide accurate information to the Programme and to manage aid to third parties.

The MA/JS assesses the State aid relevance of applicants at partner level, not at the level of single activities. If the applicant is State aid relevant, the full ERDF or Norwegian co-financing is regarded as State aid.

The basis for the State aid assessment is the **ex-ante assessment of State aid risks** associated with the types of project partners and their activities. According to this assessment, the following types of project partners have a low risk of implementing State aid relevant activities:

- National, regional and local public authorities
- European Grouping of Territorial Cooperation (EGTC)
- International governmental organisations
- Non-governmental organisations (NGOs)

In general, the Programme does not regard the co-financing to these partners as State aid. However, the MA/JS carries out a **plausibility check** to ensure that these partners indeed comply with the State aid rules.

The following types of partners have a medium to high risk for implementing State aid relevant activities:

- Higher education and research institutions
- Sectoral agencies

In general, the Programme regards the Programme co-financing to these partners as State aid. If a partner belonging to one of these two types is of the opinion that its activities are not State aid relevant, it can ask the MA/JS in the application to carry out a plausibility check on the State aid relevance. In such a case the partner has to provide detailed justification why its activities are not State aid relevant.

The following types of partners have a high risk for implementing State aid relevant activities:

- Business support organisations
- Education/training centres and schools
- European Economic Interest Grouping (EEIG)
- Hospitals and medical centres
- Infrastructure and public service providers
- Interest groups
- Large enterprises
- Small and medium enterprises

The Programme always regards the Programme co-financing to these partners as State aid.

In order to provide the lead partner with accurate information for the **application**, each project partner has to review the definitions of the types of organisations provided in chapter C.4.1 of this Programme Manual and choose the correct type. The project partner does not have to conduct a State aid self-assessment. The lead partner enters the partner type in the application. The results of the ex-ante assessment are visible in the **State aid section** of BAMOS+.

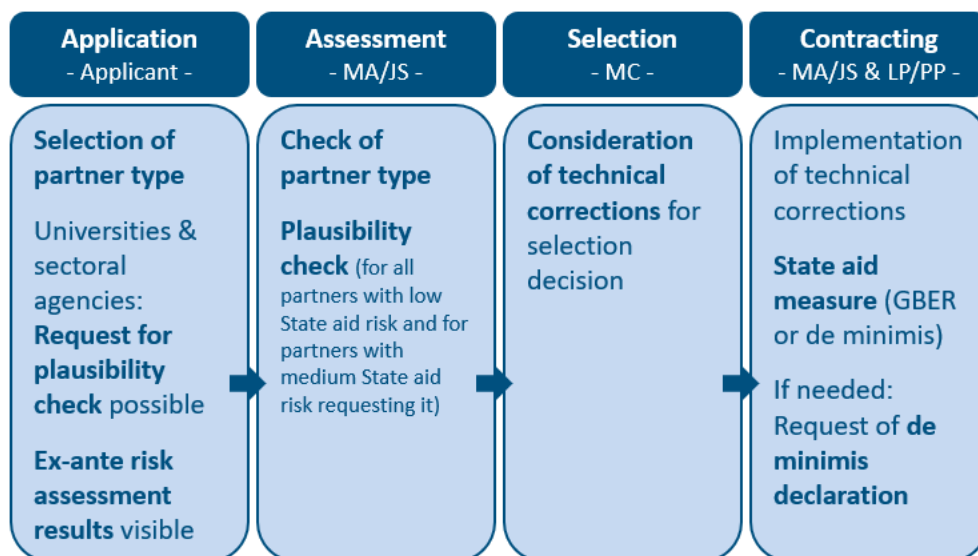
During the **quality assessment** of applications, the MA/JS checks whether all partners have chosen the correct partner type. Furthermore, the MA/JS carries out the above-mentioned plausibility checks.

The MA/JS presents the results of the quality assessment to the Monitoring Committee (MC). In cases of deviations to the results of the ex-ante assessment or incorrect selection of a partner type, the MA/JS provides a technical correction to the MC for the **selection decision**.

During **contracting**, the MA/JS will implement the technical corrections. In addition, it will clarify the State aid measure to be applied and, if needed, ask for provision of the de minimis declaration.

Once the partners have implemented the technical corrections and selected the State aid measures, the final result of the State aid assessment is visible in the State aid section of BAMOS+.

Figure 8 Illustration of the State aid procedure



P.3 State aid measures

The Programme has two measures through which it can grant State aid in compliance with the State aid rules and regulations. A project partner can use one of these two.

Primarily, the Programme will frame State aid within Article 20 of the **General Block Exemption Regulation (GBER)**. The MA/JS and Norway have set up aid schemes for GBER Article 20. The full text of the schemes and information about GBER are available in the State aid section on the Programme portal. This article comprises the same eligibility rules as the Programme and allows support of up to EUR 2 million per project partner per project.⁶² It allows State aid relevant partners to act like partners not receiving State aid and to benefit from the same flexibility in the practical implementation of their activities. Please read chapter L. to see what kind of changes in the project set-up are possible.

In exceptional cases, State aid relevant project partners may request to receive the Programme co-financing on the basis of the **de minimis Regulation**⁶³. In Interreg Baltic Sea Region it is Germany, as the Member State hosting the Managing Authority, which grants de minimis aid. This implies that the Programme can grant de minimis aid only if the partner concerned has not yet received de minimis aid from Germany of more than EUR 200,000 (EUR 100,000 in cases of road freight transport for hire or reward) within a three-year period. The three-year period refers to the fiscal year during which the Programme grants the de minimis aid plus the previous two fiscal years.

⁶³ COMMISSION REGULATION (EU) No 1407/2013

De minimis aid cannot be granted to:

- partners active in the fisheries and aquaculture sector⁶⁴;
- primary production of agricultural products;
- export-related activities;
- acquisition of road freight transport vehicles.

Primary agricultural production' means production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such products

During contracting, project partners have the chance to ask for application of the de minimis Regulation. In such a case, the project partners concerned have to provide **de minimis declarations**. If the Programme grants de minimis aid, for each partner that receives de minimis aid the MA/JS will send a **de minimis award letter** after the signing of the subsidy contract. The lead partner then has to forward each letter to the respective project partner.

For both above-mentioned measures, the **maximum co-financing rates for State aid** that the Programme grants are the co-financing rates in chapter B.7 of this Programme Manual.

P.4 State aid to third parties

It may be that third parties outside the project partnership receive State aid through the project partners' activities. This can happen regardless of whether the partner is receiving State aid from the Programme or not. This is because undertakings not included as project partners in the project partnership (e.g. associated organisations, target groups, etc.) could receive an advantage through the project's activities that they would not otherwise have received under normal market conditions.

Examples are:

- Consultancy or other subsidised services provided to SMEs
- Training courses provided to SMEs
- Access to research facilities for companies

When preparing the full application each applicant must consider whether its activities will give rise to State aid to third parties. In such a case, each applicant has to ensure compliance with the State aid rules. The following chapters describe how project partners can identify aid to third parties and which measures they can take to comply with the State aid rules.

⁶⁴ REGULATION (EU) No 1379/2013.

P.4.1 How to identify State aid to third parties?

The project partner has to answer the following questions to establish whether it provides aid to a third party:

1. Identification of “undertaking” and “economic activity”

In order for State aid to be present, the recipient must be an undertaking. Accordingly, as a first step the project partner has to look at the nature of the third party’s activity within the project, and check whether this is an economic activity.

If the activity is considered as “economic”, the third party will have to be considered as an “undertaking”.

For any economic activity, the project partner has to take the next step below. If the project partner decides that the third party does not carry out economic activities, it can conclude that there is no State aid and does not have to take the steps outlined below.

2. Identification of State aid relevant activities

As a second step, the project partner has to answer whether its support for economic activity constitutes a selective advantage. This means, that the partner assesses whether its support provides a benefit that the third party would not gain under ‘normal market conditions’. Furthermore, it assesses whether the third party is relieved of any costs that it would normally have to bear. If the project partner deduces that it does not provide a selective advantage or benefit to the third party, then it can conclude that there is no State aid.

Where the activity is economic and the support constitutes an advantage, the project partner can conclude that its support to the third party is likely to be State aid relevant. The project partner has to take the following steps to make it compliant with the State aid rules.

P.4.2 How to ensure compliance with State aid rules?

1. Calculation of the value of the aid

A partner that provides State aid to third parties has to calculate the value of the supportive activities. There are two ways of calculating it:

- Market price.

The project partner determines the amount on the basis of market prices for benefits comparable to those given through the project (e.g. services, training, consultancy, etc.). The project partner has to document the related market research (e.g. internet search, collected offers, etc.).

- Project price.

Where no reliable benchmark exists (e.g. it might be the case of highly specialised consultancy services), the project partner can calculate the amount of the aid according to an estimation of the costs planned for implementing the service. In this case the project partner can assume that the total value of the training/service is equal to the total planned costs for providing it.

Total planned costs cover, for example, room rent, cost of speakers, travelling, etc. The project partner then uses the total planned costs to calculate total costs per participant.

2. Measures for aid to third parties

The Programme applies GBER, Article 20a for aid to third parties. Under this Article the project partner supporting the third party can provide non-financial support of up to EUR 20,000 per undertaking per project. The partner has to document the calculation of the aid and retain it in the project documentation. Project partners are advised to check national legislation for any rules related to aid to third parties as these might apply even if the Programme uses Article 20a.

In the extraordinary case that the value of the non-financial support is higher than EUR 20,000 the project partner providing the support has to eliminate any State aid element.

Q. Arrangements for projects facing difficulties or failing to comply with Programme requirements

Q.1 Projects facing difficulties

The project partnership might encounter difficulties that delay or hinder the realisation of the project. For example, a project partner might decide to leave the partnership, or project partners might not be able to implement particular project activities and outputs as planned. In the majority of cases, the project partnership will jointly find solutions for these difficulties and apply them in line with the Programme rules, e.g. those for changes (see chapter L on project changes).

If the project partnership cannot solve the difficulties, it is important that the lead partner informs the MA/JS immediately, either via BAMOS+ or phone. The MA/JS will analyse the situation and support the project in finding a solution.

Should the difficulties restrict the project or a project partner is unable to comply with the Programme rules, the next chapter applies.

Q.2 Projects failing to comply with Programme requirements

A project or a project partner fails to comply with Programme requirements if it fails to fulfil conditions or requirements stipulated in this Programme Manual, the subsidy contract or the provisions they are based on (cf. the Programme's legal framework and **hierarchy** of rules in chapter B.5 of this Programme Manual). For example:

Project:

- The project has not been or cannot be implemented in due time;
- The project significantly failed to reach the objectives, results and outputs planned in the latest version of the application;



- It is impossible for the MA/JS to verify that a progress report is correct and that the project is eligible for co-financing from the Programme. For example, the project failed to submit required reports, or related proofs of implementation and eligibility of expenditure or necessary information within the set deadline(s);
- The project partially or entirely misapplied the Programme co-financing for purposes other than those agreed with the Programme;
- The lead partner or project partners wholly or partly sell, lease or let the project to a third party;
- It impossible that the MA/JS pays the first reimbursement of a progress report within two years of the Monitoring Committee's decision to select the project.

Project partner:

- A lead partner or project partner has obtained the co-financing through false or incomplete statements or provides reports that do not reflect reality;
- A lead partner or project partner has impeded or prevented controls, audits or evaluations;
- A lead partner or project partner has been convicted of an offence concerning professional conduct by a judgement which has the force of res judicata or is guilty of grave professional misconduct proven by any justified means;
- A lead partner or project partner is engaged in any act of fraud or corruption or is involved in a criminal organisation or any other illegal activity detrimental to the European Union's financial interests;
- A lead partner or project partner has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- A lead partner or project partner is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended its business activities, is the subject of proceedings concerning those matters or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- A lead partner or project partner is an undertaking in difficulty.

Information flow

The lead partner has to inform the MA/JS immediately of all cases of failure to comply with the Programme requirements.

Where the issue is severe, e.g. in case of projects that cannot be implemented in due time, the MA/JS will inform the respective MC members and national authorities accordingly **before taking non-reversible action**. The respective MC members may decide to involve the entire MC.

The participating country on whose territory the project partner concerned is located will support the MA/JS to clarify the particular case. This might also include the involvement of other programme bodies, such as the Audit Authority, or third parties, such as lawyers. It is therefore possible that different programme bodies or third parties approach such a project partner and/or its lead partner to clarify the case.

Case-by-case evaluation

The MA/JS will evaluate each case individually. It will assess its impact on the project and on the Programme, including whether the co-financed activities or purchased items pose a financial risk to the Programme funds. It will also examine under which conditions the project can continue implementation.

Follow-up measures

As a result of the case evaluation, the MA/JS will decide on follow-up measures, for example:

- Change in the project set-up in accordance with the procedures described in chapter L of this Programme Manual,
- Financial action such as withdrawal/reduction of the reimbursement, interruption/suspension of payments, recovery of amounts unduly paid to the final beneficiaries/project partners, in accordance with the procedures described in the next chapter on irregularities,
- Systemic change/update in accounting of the project expenditures (incl. retrospective change),
- Termination or partial termination of the project's subsidy contract.

For any measures going beyond the rules stipulated in the Programme Manual, the MC will be involved.

Q.3 Irregularities

Q.3.1 Scope and definitions

The Treaty on the Functioning of the European Union (TFEU) lays down that 'the Union and the Member States will counter fraud and any other illegal activities affecting the financial interests of the Union'.⁶⁵

The EU regulations give detailed **definitions** of related terms which can be detected on project partner, project or Programme levels:

- **'irregularity'** means any breach of applicable law, resulting from an act or omission by a legal entity involved in the project implementation, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget⁶⁶,

⁶⁵ Article 325(1) of the Treaty on the Functioning of the European Union (TFEU)

⁶⁶ REGULATION (EU) 2021/1060, Article 2 (31) in combination with (30)

- **‘systemic irregularity’** means any irregularity, which may be of a recurring nature, with a high probability of occurrence in similar types of operations, which results from a serious deficiency, including a failure to establish appropriate procedures in accordance with the Common Provisions Regulation and the Fund-specific rules⁶⁷, and
- **‘fraud’** means any intentional act or omission relating to the use or presentation of false, incorrect or incomplete statements or documents, non-disclosure of information in violation of a specific obligation or misapplication of funds for purposes other than those for which they were originally granted⁶⁸, thus affecting the Union's financial interests. Fraud is further divided into three specific types by the Association of Certified Fraud Examiners (ACFE)⁶⁹: intentional manipulation, misappropriation and corruption.

Irregularities include fraud. It is the element of **intentional deceit**, which **distinguishes “fraud”** from the more general term of **“irregularity”**.

Please note: No complete and exhaustive list can be given of what is and what is not an irregularity — decisions can only be taken with reference to particular cases, and are therefore subject to institutional judgment. In specific instances two questions should be asked:

- a) Have rules been broken? and
- b) If so, might this have a negative impact on the EU budget?⁷⁰

Any **ineligible expenditure** detected and deducted before the MA/JS declared the expenditure to the Commission will not be subject to the following irregularity procedure⁷¹.

Q.3.2 Introduction to the irregularity procedure

The MA/JS is the central point for assessing and following up irregularities.

The **irregularity procedure**⁷² is divided into several steps, namely:

- 1) Detection and notification of irregularities;
- 2) Assessment of irregularities;
- 3) Implementation of follow-up measures on project level;
- 4) Reporting

⁶⁷ REGULATION (EU) 2021/1060, Article 2(33)

⁶⁸ Convention drawn up on the basis of Article K.3 of the Treaty on European Union

⁶⁹ More details on fraud in the “Information Note on Fraud Indicators for ERDF, ESF and CF” (COCOF 09/0003/00-EN)

⁷⁰ Handbook on “Reporting of irregularities in shared management” 2017, European Anti-Fraud Office (Directorate D — Policy, OLAF.D.2 — Fraud Prevention, Reporting and Analysis)

⁷¹ REGULATION (EU) 2021/1060, Art 103

⁷² The procedure complies with the legal requirements of the EU as well as the Programme rules, in particular REGULATION (EU) 2021/1059, Art 52, REGULATION (EU) 2021/1060, Art 69(2), 98(6, 7), 103(1-3) and Annex XII, as well as Programme Document, chapter 7.3.

Q.3.3 Step 1 – Detection and notification of irregularities

Irregularities can be detected during implementation or closure of a project, as well as after the project end date. Consequently, the irregularities found by different authorities or bodies, e.g. the national auditors, have to be made known to the MA/JS and Audit Authority, as soon as possible. Such notifications have to be in written form and give details that allow the MA/JS or other bodies to carry out an assessment of the case reported. Furthermore, the information should provide sufficient detail to investigate whether the case is subject to irregularity or fraud with all its consequences.

In addition, the body/authority detecting the irregularity has to directly notify the respective national authority responsible for reporting to the European Anti-Fraud Office (OLAF) in cases of irregularities above EUR 10,000 of ERDF or NDICI. The national authority has to report to OLAF within two months following the end of each quarter from the detection of the respective irregularities or as soon as additional information on the reported irregularities becomes available. In cases where the irregularities may have repercussions outside the country of the project partner, the national authority has to immediately report to the Commission any irregularities discovered or believed to have occurred, indicating any other Member States concerned.⁷³ Such reporting does not have to be done in the following cases⁷⁴:

- a) irregularities for an amount lower than EUR 10,000 of ERDF or NDICI,
- b) irregularities that consist solely of the failure of a project partner to execute, in whole or in part, a project due to non-fraudulent bankruptcy,
- c) cases brought to the attention of the MA/JS by the project partner voluntarily and before detection by the MA/JS,
- d) cases which are detected and corrected before inclusion in a payment application submitted to the Commission.

The exemptions in points (c) and (d) do not apply to irregularities that give rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of fraud or other criminal offences.

Q.3.4 Step 2 – Assessment of irregularities

According to the nature and details of irregularity, the MA/JS will decide if the information received is sufficient to proceed with an assessment, conclusions and a proposal for follow-up measures. Should further information/expertise be needed the MA/JS can ask for support from:

- The respective national auditor or the Programme's Audit Authority,
- An external independent third body that is an expert in that field,
- The participating country concerned,
- The controller concerned.

⁷³ REGULATION (EU) 2021/1060, Annex XII, Point 1.4

⁷⁴ REGULATION (EU) 2021/1060, Annex XII, Point 1.2

Q.3.5 Step 3 – Implementation of follow-up measures on project level

The MA/JS will communicate the follow-up measures to be taken to the lead partner and to the project partner concerned.

Q.3.5.1. Recoveries

The MA/JS will ensure that any Programme co-financing paid as a result of an irregularity is recovered from the lead partner⁷⁵ through deduction or repayment as follows:

1) Deduction

Deduction from respective project	Deduction from other project(s)
There are open payment claim(s) of the respective project and the irregular amount can be (partly) covered from the same co-financing source, e. g. ERDF.	The partner concerned has open payment claim(s) in other project(s) of the Programme and the irregular amount can be (partly) covered from it.
The MA/JS deducts the irregular amount from the open payment claim(s) of the same co-financing source of the same project.	The MA/JS deducts the irregular amount from the open payment claim(s) of the partner in other projects of the Programme.
The project receives a reduced reimbursement from the MA/JS.	The other project(s) receives a reduced reimbursement from the MA/JS.
The reduction affects either the partner who caused the irregularity or the entire project partnership, if the amount in question cannot be deducted in full from the partner who caused the irregularity.	The reduction affects only the partner who caused the irregularity.

The MA/JS decides which of the deduction options to apply. It may also apply both options in parallel to deduct the major part of the undue amount from payment claims of the partner who caused the irregularity.

Where the amount in question has to be deducted from payment claims of partners not causing the irregularity, the chain of financial liability outlined after point 2) applies.

2) Repayment

In case there is no or not enough open payment claim(s) to deduct the irregular amount, the MA/JS will ask the lead partner to pay back the irregular amount to the relevant programme account. The MA/JS compiles the documentation and sends a **recovery letter** to the lead partner specifying the **repayment amount** and **exact recovery date**.

The lead partner is obliged to **transfer the repayment amount**. The payment has to arrive on the programme account within one calendar month following the date of the letter of the MA/JS asserting the repayment claim. Any delay in effecting the repayment gives rise to interest on account of late payment, starting on the due date and ending on the value day of actual repayment.

⁷⁵ REGULATION (EU) 2021/1059, Art 52(1)

The rate of such interest will be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.⁷⁶ Should the lead partner not pay back by the recovery date, the MA/JS will send a written reminder. In this reminder the MA/JS will set another deadline which is one calendar month following the date of the reminder. If the lead partner does not pay back by the deadline of the first reminder, the MA/JS will submit a second and final written reminder, making the lead partner aware of the legal consequences of a failure to repay. Should the lead partner not pay back after the deadline of the second and final reminder, the MA/JS will not have succeeded in securing repayment from the lead partner.⁷⁷

Chain of financial liability

Under Interreg programmes there is no scope for irrecoverable amounts at the level of project partners.⁷⁸ Article 52 of Regulation (EU) 2021/1059 establishes a clear chain of financial liability from project partners via lead partners and the MA/JS to the European Commission. It also makes provisions for liability of Member States and partner countries:

- **Partners must repay the lead partner** any amounts unduly paid in line with the partnership agreement.⁷⁹ For this purpose, the lead partner will submit to the project partner(s) concerned a **recovery letter** specifying **the repayment amount** and the **exact recovery date**. The payment has to arrive on the lead partner's account within one calendar month following the date of the letter of the lead partner asserting the repayment claim. Any delay in effecting the repayment gives rise to interest on account of late payment, starting on the due date and ending on the value day of actual repayment. The rate of such interest will be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.⁸⁰ Should the partner not pay back by the recovery date, the lead partner will send a written reminder. In this reminder the lead partner will set another deadline which is one calendar month following the date of the reminder. If the partner does not pay back by the deadline of the first reminder, the lead partner will submit a second and final written reminder, making the partner aware of the legal consequences of a failure to repay. Should the partner not pay back after the deadline of the second and final reminder, the lead partner will inform the MA/JS and prove that it did not succeed in securing repayment from the partner.⁸¹
- Where the lead partner does not succeed in securing repayment from the respective project partner(s) or where the MA/JS does not succeed in securing repayment from the lead partner, the country on whose territory the partner concerned is located or, in the case of an EGTC, is registered, will reimburse the MA/JS any amounts unduly paid to that partner.⁸²

⁷⁶ REGULATION (EU) 2021/1060, Article 88(2)

⁷⁷ REGULATION (EU) 2021/1059 Article 52 (3) sentence 1

⁷⁸ REGULATION (EU) 2021/1059, Recital 33

⁷⁹ REGULATION (EU) 2021/1059, Article 52(1)

⁸⁰ REGULATION (EU) 2021/1060, Article 88(2)

⁸¹ REGULATION (EU) 2021/1059 Article 52 (3) sentence 1

⁸² REGULATION (EU) 2021/1059, Art 52(3)



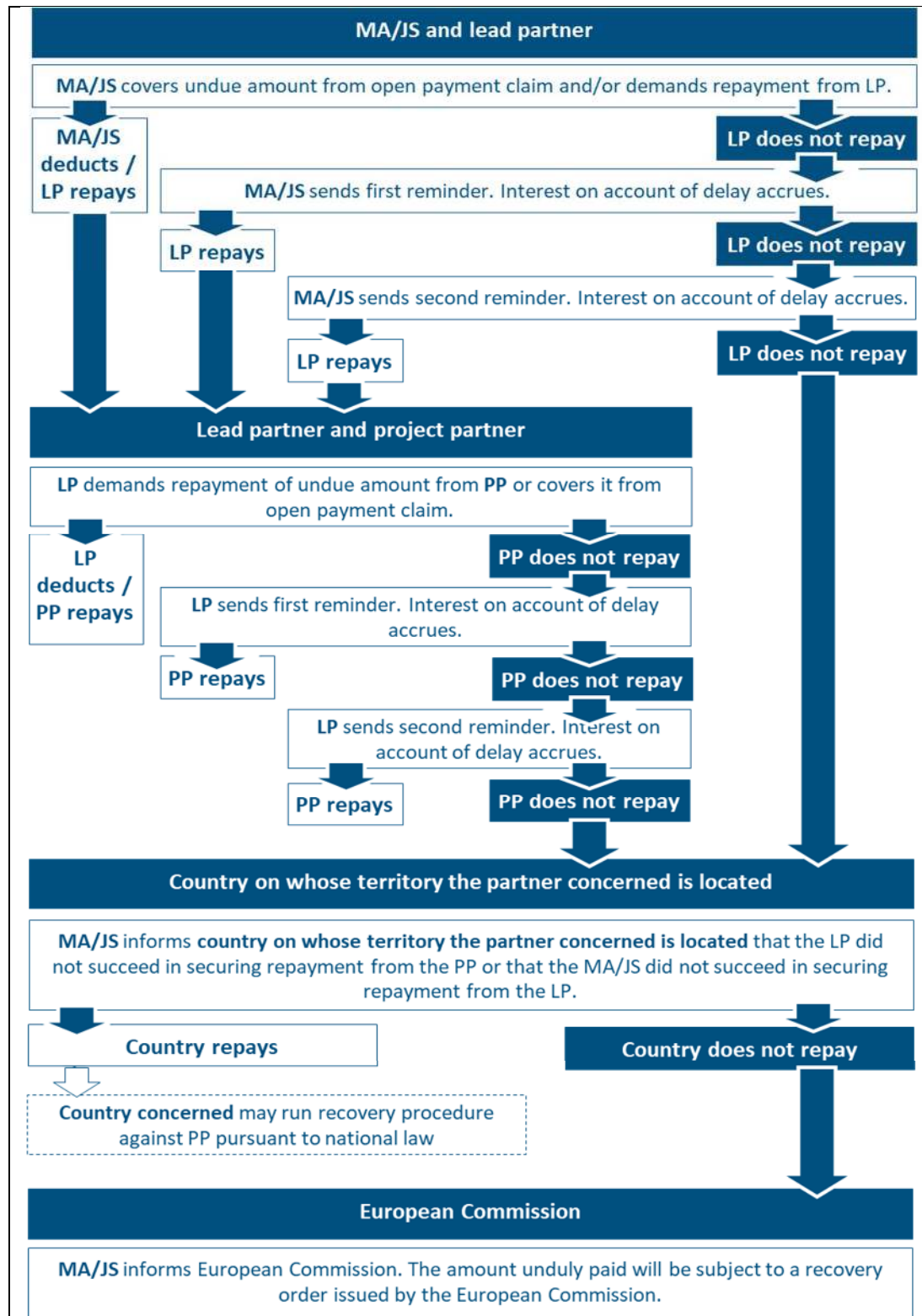
- The MA/JS will inform the MC members of the country concerned. This information will include proof that the lead partner or MA/JS has undertaken all necessary steps to secure repayment as outlined above, but did not succeed.
- Once the country has reimbursed the MA/JS any amounts unduly paid to a partner, it may continue or start a recovery procedure against that partner pursuant to its national law.⁸³
- Where the country has not reimbursed the MA/JS any amounts unduly paid to a partner pursuant to the point above those amounts will be subject to a recovery order issued by the European Commission.⁸⁴

⁸³ REGULATION (EU) 2021/1059, Art 52(4)

⁸⁴ REGULATION (EU) 2021/1059, Art 52(5)



Figure 9 Recovery procedure (incl. chain of financial liability)





If a financial irregularity is based on a systemic irregularity, the project might have to apply measures retrospectively.

Projects that are the subject of irregularities cannot reuse the deducted or repaid amounts.⁸⁵ This means that the amount unduly paid reduces the Programme co-financing the partner is entitled to receive.

Q.3.5.2. Recovery of unlawful State aid

When the detected irregularity concerns unlawful State aid, the Programme has the obligation to implement specific procedures. These aim to restore the market to its state before the State aid was paid.⁸⁶ Therefore, the MA/JS has to ensure recovery of the illegal and unlawful aid from the project partner with the aim of removing the undue advantage granted to it.

The European Commission defines unlawful aid as new aid implemented without notification to or before its approval by the EU Commission.⁸⁷ In the Programme, project partners receive unlawful aid if they do not satisfy the conditions laid down by the GBER or the de minimis Regulation. This is the case, for example, if a project partner that receives aid under Article 20 of the GBER did not inform the MA/JS that it had already been granted State aid by another funding authority for the same eligible costs. Or, for example, if a project partner already reached its de minimis allowance, but provided false information in the de minimis declaration and thus received Programme co-financing which exceeds the limits.

Two scenarios then apply:

- The European Commission decides that the aid is illegal and incompatible and requires its recovery.
In this case, the process of recovery and the aid to be recovered is determined by the Commission decision itself. The decision also identifies the Member State charged with recovery. The identified Member State has to implement the decision in accordance with national law, with the objective of re-establishing the situation that existed on the market prior to the granting of the aid, within the four months following the adoption of the decision. Full implementation of the decision is achieved by suspending any further granting of aid to the beneficiary that received illegal and incompatible aid and by recovering all the aid element, which is made up of the aid principal and the recovery interest, as defined in the decision.
- A body other than the European Commission identifies the illegal and unlawful aid. If it was not the MA/JS, it informs the MA/JS.
In this case, the MA/JS will undertake recovery on its own initiative. The recovery procedure outlined in the previous chapter applies, with the following additional requirements:

⁸⁵ REGULATION (EU) 2021/1060, Article 103(3)

⁸⁶ See Judgment of the Court of Justice of 11 December 2012, *Commission v Spain ('Magefesa II')*, C-610/10, ECLI:EU:C:2012:781, paragraph 105

⁸⁷ See Communication from the Commission — Commission Notice on the recovery of unlawful and incompatible State aid, C/2019/5396, OJ C 247, 23.7.2019, p. 1–23, paragraph 13



- The MA/JS must terminate the implementation activities of the project partner concerned;⁸⁸ and
- It is the duty of the MA/JS to claim interest from the project partner concerned. The project partner must pay, inter alia, interest for the whole of the period over which it benefited from that aid and at a rate equivalent to that which would have been applied if it had to borrow the amount of the aid at issue on the market within that period.⁸⁹ By paying the recovery interest the project partner forfeits the financial advantage arising from the availability of the aid in question from the date it was put at the disposal of the beneficiary until it is paid back.⁹⁰ The MA/JS will calculate the interest with the recovery interest calculator provided by the European Commission.⁹¹

Q.3.5.3. Non-financial follow-up measures

Irregularities without financial consequences, can be, for example, errors in documentation or systemic irregularities (i.e. irregularities of a recurring nature e.g. in the accounting procedures). In such cases the MA/JS will ask the lead partner to apply non-financial follow-up measures (e.g. in management structures, of accounting procedures). Depending on the finding the lead partner might have to apply the measures retrospectively.

Q.3.5.4. Other corrective measures

Depending on the case, irregularities might lead to amendments of the project's subsidy contract as well as to its termination or partial termination.

Q.3.6 Step 4 – Reporting

After the follow-up measures are implemented and, if applicable, the irregular amount recovered, the **MA/JS informs the following bodies** about the closure of the case:

- AA/Group of Auditors,
- MC,
- If relevant, national authorities of the respective country,
- The European Commission.

Furthermore, based on the assessment and case information the **MA/JS implements the recoveries and other related corrections in the payment claim** to the European Commission. Finally, the MA/JS submits to the European Commission the annual accounts including information on withdrawals by 15 February following the accounting year of the withdrawal.⁹²

⁸⁸ See Communication from the Commission — Commission Notice on the recovery of unlawful and incompatible State aid, C/2019/5396, OJ C 247, 23.7.2019, p. 1–23, paragraph 13.

⁸⁹ See Judgment of the Court of Justice of 5 March 2019, *Eesti Pagar*, C-349/17, ECLI:EU:C:2019:172, point 5

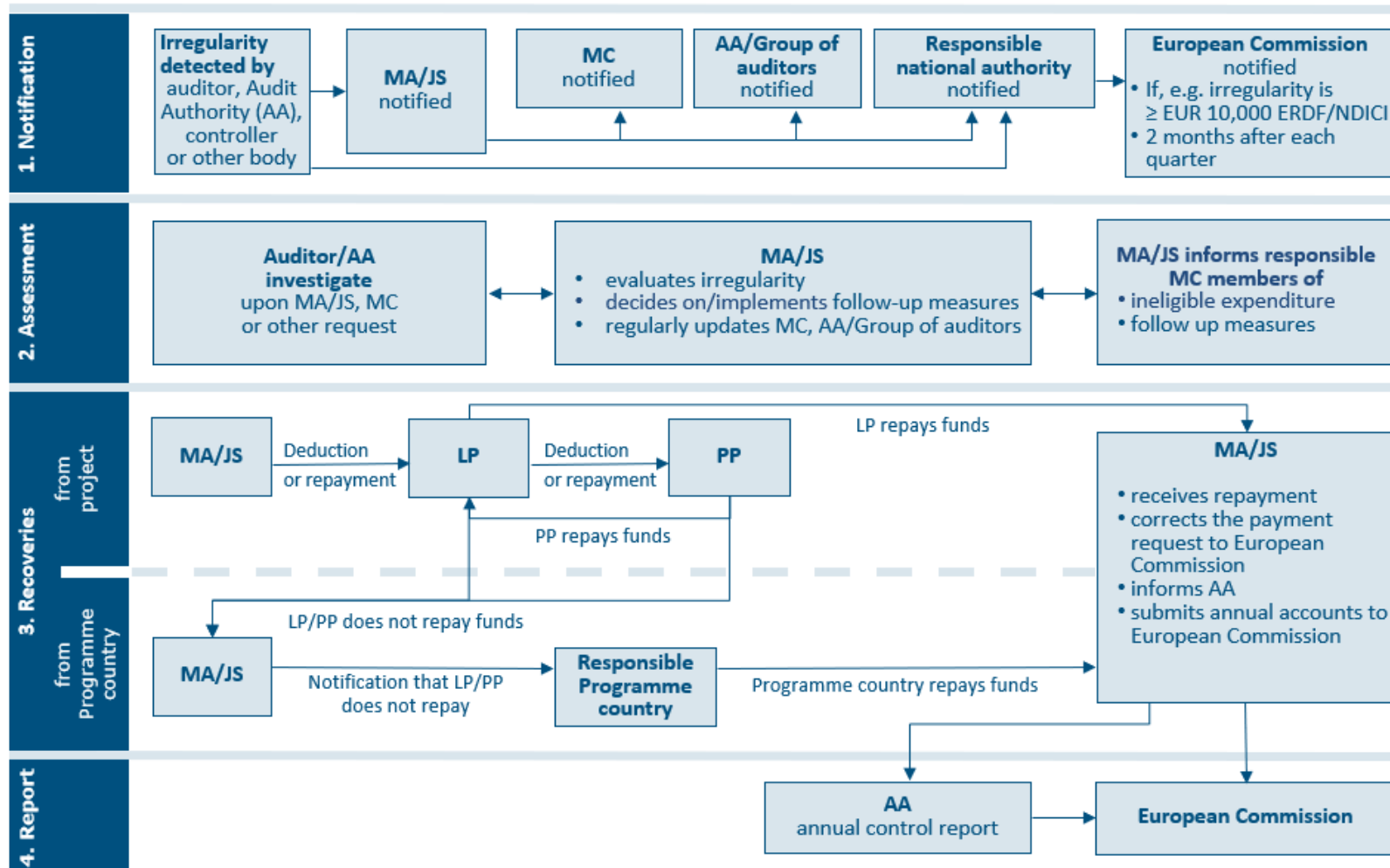
⁹⁰ See Judgment of the Court of First Instance of 8 June 1995, *Siemens v Commission*, T-459/93, ECLI:EU:T:1995:100, paragraphs 97-101.

⁹¹ https://ec.europa.eu/competition-policy/state-aid/procedures/recovery-unlawful-aid_en

⁹² REGULATION (EU) 2021/1060, Article 98(3)(b) and Appendix 2 of Annex XXIV of the same regulation



Figure 10 Example of the procedure for an irregularity requiring a standard financial correction



Q.3.7 Corrections on Programme level

Systemic and other types of irregularities might also be detected at Programme level. These might lead to consequences such as financial corrections or interruption/suspension of payments at the Programme level. For example, if a participating country does not comply with its duties, the MA/JS is entitled to suspend payments to all project partners located on the territory of this participating country.

When errors detected at Programme level result in financial corrections, these might lead to financial adjustments at project level or to adjustments in the available support to applicants and beneficiaries/project partners. They might affect projects during their implementation or closure phase, as well as after the project end date.

Where the European Commission interrupts/suspends payments at Programme level, the overall liquidity of the Programme is affected. The MA/JS will do its utmost to clarify the issue with the European Commission and to lift the interruption/suspension of payment. Nevertheless, this might lead to interruption of payments at project level depending on the availability of funds on the Programme accounts.

The MA/JS will inform lead partners in all cases when an impact at project level is inevitable.

R Resolution of complaints, dispute settlement

R.1 Terminology and scope of the complaint procedure

The MA/JS developed the complaint procedure in accordance with Article 69(7) of Regulation (EU) 2021/1060 and in agreement with the participating countries of the Programme. The procedure will ensure effective examination of complaints.

Applicants and project partners can complain against decisions made during the project assessment and selection, project implementation or control and audit:

- **Project assessment and selection:**
The procedure for complaints against the project assessment and/or the selection by the Monitoring Committee is described in the next chapter.
- **Project implementation:**
The procedure for complaints against a decision of the MA/JS during project implementation is based on the subsidy contract concluded between the MA/JS and the lead partner. It follows the rules laid down in the subsidy contract and is further described in chapter R.3.

- **Control and audit:**

Complaints relating to management verifications performed by the MA/JS follow the procedure described in chapter R.3

Complaints relating to management verifications performed by controllers of the country where the project partner is located or related to audit have to be addressed to the responsible national authority or administrative body. Contact details can be found on the Programme portal.

This is without prejudice to the general possibility for citizens and stakeholders to address complaints to the European Commission.

R.2 Complaints against the project assessment and selection

R.2.1 Right to complain and formal requirements

Lead applicants of projects that were not selected to receive Programme co-financing may dispute the result of the assessment of an application and the subsequent selection decision of the MC. They may object that the project assessment did not comply with the assessment criteria and/or the procedures laid down in the Programme Manual and in the specific documents of a call. They may also find that technical mistakes occurred resulting in an incomplete or wrong assessment. In such cases, lead applicants have the right to submit a complaint.

Lead partners of projects selected for funding may have complaints relating to project approval conditions. The MA/JS will deal with them during the project contracting process as described in the chapters on project types.

The **lead applicant** – as the legal representative of the project partnership – is entitled to submit a complaint. It will collect information and bring forward the complaint on behalf of all project partners.

The lead applicant has to submit the complaint via e-mail to the MA/JS of the Programme within one month after the notification on the funding decision of the respective call.

The lead applicant will specify the mistakes that - in its view - have occurred during the assessment of the project. This specification will include clear references to the Programme Manual and the specific call's documents.

R.2.2 Handling of the complaint

The MA/JS confirms to the lead applicant receipt of the complaint. The MA/JS notifies the MC accordingly.

The MA/JS examines the complaint on the basis of the information submitted by the lead applicant. The MA/JS may request additional information from the lead applicant relating to the complaint. The MA/JS informs the MC chairperson about the result of the examination.

Based on the examination by the MA/JS the MC will decide if the complaint is justified and in line with its rules of procedure.



If the MC chairperson/MC considers the complaint justified, it will send the case back to the MA/JS. The MA/JS has to review the project application and its assessment and to provide the MC with an updated assessment. Based on this the MC has to make a new decision.

The MA/JS will communicate the final decision on the complaint to the lead applicant.

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

The MA/JS will provide to the MC an overview of complaints examined and answered by the chairperson of the MC and the MA/JS.

R.3 Objections against an MA/JS decision during project implementation

During the implementation of a project, the MA/JS has to take different decisions that affect the implementation conditions of the project. For example, it has to decide whether a change in the project set-up is acceptable. Or it has to decide whether the reported expenditure subject to its checks is eligible. Not all of these decisions may be accepted by the project.

The monitoring and change procedures of the Programme are based on active communication between the MA/JS and the lead partner. This communication mainly happens via BAMOS+, but also via phone or meetings, either online or face-to-face.

In the majority of cases, the MA/JS and the lead partner agree on solutions that are acceptable for both sides. It may however happen that disputes arise that cannot be solved through the regular procedures. In such cases, the following procedure applies.

R.3.1 Right to object and formal requirements

Project partners may object to a decision made by the MA/JS that affects the implementation conditions of the project, such as the project activities or budget, or the co-financing that has been reimbursed. They may suspect mistakes during the monitoring or change process that have a negative effect on the implementation of the project. A mistake means that the MA/JS decision does not comply with the rules and/or the procedures laid down in the Programme Manual or other relevant legal documents. Moreover, technical mistakes may occur resulting in an incomplete or wrong decision.

The **lead partner** is entitled to file a formal objection on behalf of all project partners. The objection must contain the subject-matter, the reasons for the disagreement with the MA/JS decision, as well as solutions that the partnership considers possible. Further, the objection must include clear references to the Programme Manual and/or other applicable legal documents, e.g. the subsidy contract. The lead partner may attach supporting documents that it considers relevant.

The lead partner has to submit the objection to the MA/JS via BAMOS+ within one month after the MA/JS submitted the final decision that is the subject of the objection.



R.3.2 Handling of the objection and dispute settlement

Examination of the objection

The MA/JS confirms to the lead applicant receipt of the objection via BAMOS+.

The MA/JS examines the objection on the basis of the information brought forward by the lead partner. It may request further information from the lead partner, if the objection includes an incomplete description that does not allow the MA/JS to perform a thorough assessment of it.

Step 1: Amicable settlement

The MA/JS regards the objection as a request for an amicable settlement. The MA/JS must reply to it via BAMOS+ within one month after receipt of the objection.

During the amicable settlement, the MA/JS and the LP will do everything possible to settle the dispute. To that end, they will communicate their positions and any solution that they consider possible via BAMOS+, and meet each other at either's request.

In case an amicable settlement is reached, the settlement decision will be final, binding to all parties and not subject to any further proceedings within the Programme if the objection is based on the same grounds.

If the MA/JS did not reply within one month, or if the attempt to reach an amicable settlement has not produced any result within three months of the objection, each party may notify the other that it considers the procedure to have failed.

Step 2: Conciliation

In the event of failure to reach an amicable agreement, the MA/JS and the lead partner may commonly agree to submit the dispute for conciliation of the Monitoring Committee or a task force of that Committee.

In this case, the MA/JS informs the MC chairperson about the subject-matter of the dispute, the process undertaken to date and the result of the amicable settlement. The MC chairperson will examine the case and inform the entire MC about further proceedings, if necessary. The information will also contain a proposal on who undertake the conciliation procedure, i.e. the entire MC, a task force or a sub-committee, and how. The MC has to decide on the proposal of the chairperson, e.g. via written procedure.

The decision of the MC is the official opening of the conciliation procedure. The MA/JS will communicate this date and details of the planned conciliation procedure to the lead partner.

During the conciliation, the MA/JS, the lead partner and the relevant members of the MC will present their positions and any solution that they consider possible.

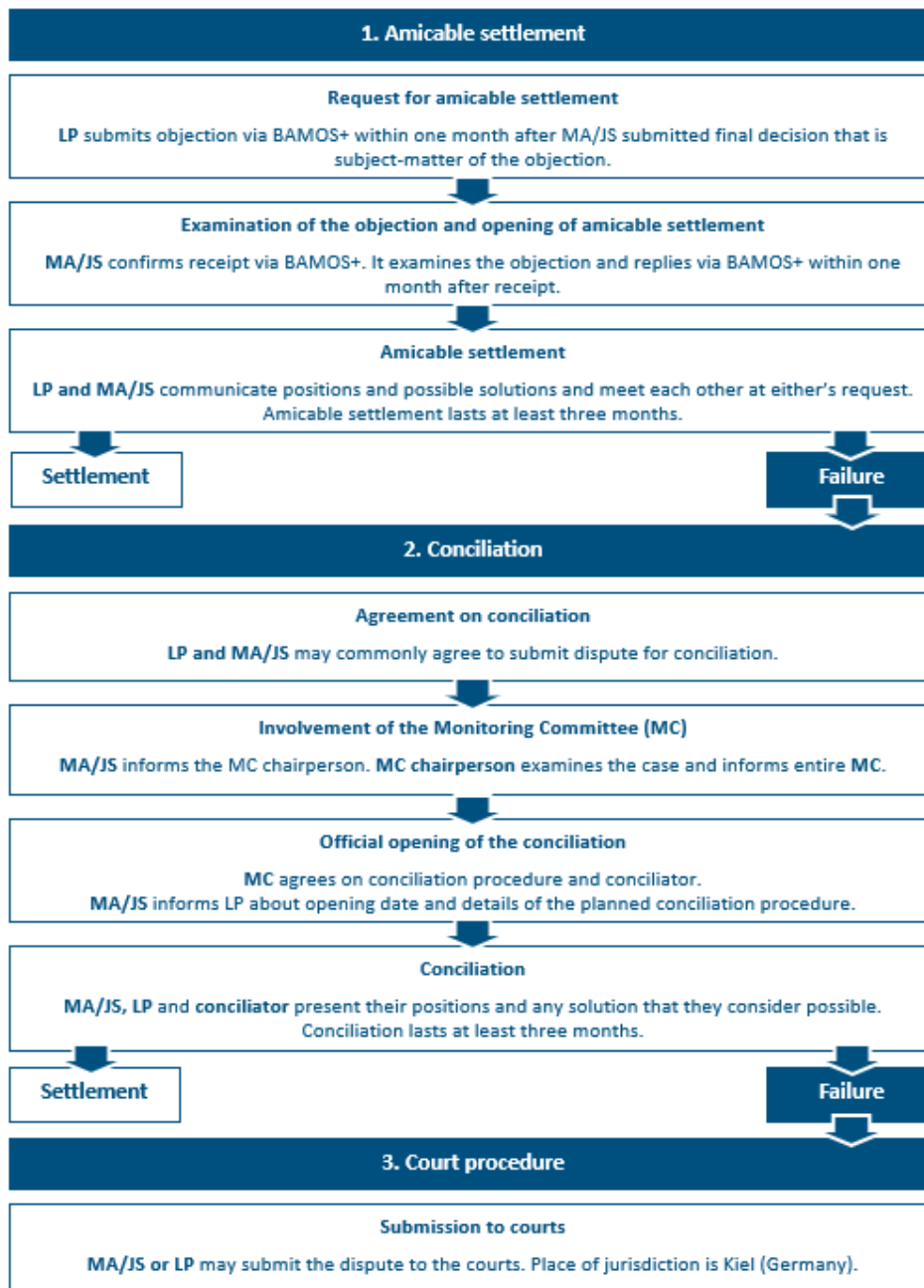
Where a settlement is reached, the settlement decision will be final, binding to all parties and not subject to any further proceedings within the Programme if the objection is based on the same grounds.

If no settlement is reached within three months of the opening of the conciliation procedure, the lead partner or the MA/JS may notify the other that it considers the procedure to have failed.

Step 3: Court procedure

In the event of failure of the above procedures, each party may submit the dispute to the courts. The place of jurisdiction is Kiel, Germany.

Figure 11 Dispute settlement of the Programme





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