INTERREG IVA "2 Mers Seas Zeeën"

Cross-border Cooperation Programme 2007-2013

Programme Guidance on eligibility

Version 27th May 2008

Beste Nederlandstalige projectpartners,

Momenteel wordt de Nederlandstalige versie van de subsidiabiliteitsregels herwerkt en is voorlopig

niet beschikbaar. In afwachting van een nieuwe herwerkte tekst raden wij u aan de Engelstalige tekst te gebruiken.

Operational programme of the European Territorial Cooperation financed by the European Regional Development Fund

1.Legal framework

Projects are guided by several layers of rules and requirements. For project partners from the EU member states the following rules must be complied with:

1. Community legal and regulatory framework;
2. Horizontal policies of the EU;
3. National legislation;
4. Operational Programme document 2007 – 2013;
5. Guidance documents released by the Programme Authorities and by the national authorities, Application Form;
6. Subsidy contract;
7. Partnership agreements.

1.1 Community legal and regulatory framework

Structural funds regulatory framework

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999: the "General Regulation" gives general rules and requirements for all structural fund programmes.

Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999: the "ERDF Regulation" lays down specific provisions concerning ERDF co-financed programmes and projects. It defines especially the contents and other provisions for the Objective 3/ Territorial Cooperation Programmes.

Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund: the "Implementing Regulation" sets framework rules e.g. on information activities as well as audit and controls. It combines information for programme implementation which was scattered across several separate regulations in the previous programme period 2000 - 2006.

Reference to the respective articles of the regulations is given in this document where relevant.

Public procurement rules

Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.
Whatever the legal status of the beneficiary might be, public procurement rules are to be followed strictly: any service contract must comply with public procurement rules in order to make the expenditure eligible for funding. This applies in the case of consultants, suppliers (both of goods and services) and the purchasing of equipment eligible for funding from the Programme.
In the EU Member States there is corresponding national legislation concerning public procurement which the project partners from these countries have to apply.
A separate Guidance about public procurement is available to help you understand the requirements both at European and national level.

State aid regulations

Art. 54 (4) of Council Regulation (EC) No 1083/2006 states that for the state aid to enterprises within the meaning of the Art.87 of the Treaty, the public aid granted under operational Programmes shall observe the ceilings on State Aid.

The following regulations concern the use of State Aid:

-Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to *de minimis* aid;

-Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid;

-Council Regulation (EC) No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal state aid.

In addition, a new Block Exemption Regulation is under preparation by the European Commission. It is expected to be finalised by mid-2008 and will cover several earlier block exemption regulations, e.g. training, SMEs and environment.

The latest applicable State Aid provisions are available under:

http://ec.europa.eu/comm/competition/state_aid/overview/index_en.cfm

Within the present Operational Programme, the funding directed to the private partners (micro, small and medium enterprises) is classified as a "de minimis" aid, as defined by Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid.

1.2 European Union Horizontal policies

In addition to the regulations mentioned above, there are several horizontal policies and principles that are promoted by all European Union financed programmes. These include e.g. sustainable development, integrated territorial development, equal opportunities, partnership, additionality and competition.

There are several horizontal policies and principles that are promoted by all European Union financed programmes. It is a requirement that projects take account of these principles.

1.2.1 Sustainable development

Sustainable development means respecting the right of future generations to change the path of development, i.e. to further access resources that are difficult to renew or non renewable and to maintain the elementary natural preconditions for life. In addition to the environmental aspect, sustainable development also covers economical, social and cultural aspects of sustainability.

Environment nevertheless remains the most important aspect of sustainable development. In case it seems that a planned project might have significant adverse impact on the environment, an environmental impact assessment must be carried out in accordance with the national legislation before the project is implemented, or alternatively, during the project implementation but before the actions subject to the environmental impact assessment are carried out.

Negative impacts should be identified, and applicants should show how they will prevent or mitigate negative impacts. When an environmental impact assessment is needed this will be done by the responsible national authorities or other bodies to whom the task has been delegated in accordance with the respective national legislation.

In the application form, applicants are asked to indicate how the project contributes to sustainable development

1.2.2 Cross border development

Actions under the cross border cooperation programmes support joint local and regional objectives (see Art. 3 (2c) of the Council Regulation (EC) No 1083/2006 and Art. 6 (1) of Regulation (EC) No 1080/2006).

1.2.3 Equal opportunities

The Structural Fund programmes, including the "2 Seas" programme, aim at ensuring equal opportunities between men and women. Another objective from the equality point of view is to prevent all kinds of discrimination, e.g. based on sex, racial or ethnic origin, age or disability (see also Art. 16 of Council Regulation (EC) No 1083/2006).

Promotion of equal opportunities will be regarded, among other horizontal policies, as a positive factor when the Monitoring Committee selects projects for funding. All applicants are asked to integrate these issues in their projects, or at least, to consider the project's influence on matters of equal opportunities.

Projects that build structures (e.g. men and women equally presented in project planning, decision-making or in the project target groups) or implement activities that aim at promoting equal opportunities will describe these activities in the application form and their results in the progress reports.

1.2.4 Partnership

Projects can fulfil the partnership principle by ensuring that different levels of administration as well as different types of organisations participate in the project activities. This could be, for example, participation of national, regional and local levels or, correspondingly, public authorities, economic and social partners (such as SMEs, associations) and civil society (such as non-governmental organisations, environmental partners) (see also Art. 11 of Council Regulation (EC) No 1083/2006 and Art. 4 of Regulation (EC) No 1638/2006).

However, a broad partnership should not take place by involving too many partners in one project. A large amount of partners often leads to a complicated management structure, contradictory targets between project partners and, thus, difficulties to implement the project successfully.

1.2.5 Additionality

The principle of additionality means that EU financing shall not replace public or equivalent financing of similar activities (see also Art. 15 of Council Regulation (EC) No 1083/2006).

Projects selected for financing are expected to bring value added, something that would not have been possible without the programme financing. In addition, organisations involved in the project activities cannot replace their statutory tasks with the programme financing.

1.2.6 Competition

Free movement of goods, services and people is one of the basic principles of the European Union. In order to not distort free competition and affect trade among the member states, it is normally not possible to subsidise undertakings with public financing. The term "undertaking" is defined as an entity which exercises an activity of economic nature and which offers goods and services in competition (actual or potential) with other operators active in the market.

The Lead Partner and the project partners have to ensure that the planned activities are in compliance with the competition legislation of their country. This should be clarified with the responsible national authorities already during the project preparation phase.

1.3 National legislation

An overview of the national legislation in force for each member state involved in the Programme is available in this paper (Annex I).

1.4 Operational Programme document 2007 – 2013

The Operational Programme (OP) document in its final version can be downloaded from the Programme web site. The requirements there listed have to be complied with by all the projects.

1.5 Guidance documents released by the Programme Authorities and by the national authorities, Application Form

The structure of the rules set at Programme level is made up of guidance documents, such as the present one. All these documents are available on the Programme web site and can be subject to revision from one call to another.

Guidance on certain issues provided by national authorities will also be binding for the project and the partnership.

The approved Application Form in all its sections and with all its annexes is a binding document for the project, once the project is approved. Any modification of the content of the application form is subject to a request to the JTS, in the modalities listed by the present paper under the para. 14

1.6 Subsidy contract

A Subsidy Contract [1]governing the obligations of the partnership and its relation to the Programme will be signed between the Lead Partner, as representative of the partnership, and the Programme Managing Authority. The contract is concluded in euro. To ensure a sound and efficient implementation of the project, the Subsidy Contract may only be concluded after the MA receives the confirmation that adequate control systems according to Article 16 of Regulation (EC) No 1080/2006 have been set up in the respective Member States, as set out in § 1 (3) and § 5(2), and after the ultimate financial liability according to Article 17 of Regulation (EC) No 1080/2006 has been confirmed for the beneficiary by the respective Member State.
A template of the subsidy contract is available for information on the Programme web site.

1.7 Partnership agreements

The project partners must give full support to the Lead Partner to ensure the successful implementation of the project. In order to ensure the high quality and fulfilment of objectives of the project, a contract between the Lead Partner and project partners has to be concluded (Regulation 1080/2006, Article 20(1) . The partnership agreement formalises the division of mutual responsibilities and rights of partners.
The partnership agreement must be concluded among all project partners before the first payment request is submitted to the JTS (copy signed by all the partners and the Lead Partner). The project partners can only report their costs after they have signed the partnership agreement: no cost will be paid if the partnership agreement has not been signed.
A copy of the partnership agreement should also stay at the Project partner premises to allow verification by the first level controllers.
The Programme has set up a template that the partnership must use.
The template provides mandatory clauses (Section 1) and leaves then space for the partnership
to add more details in Section 2). Section 1 is mandatory and cannot be amended nor changed. Section 2 is to be implemented by the partnership, but by no way can limit the clauses in Section 1.

[1] In other INTERREG Programmes the contract is also called “Grant offer letter” or “Grant contract”, The term adopted by this Programme is “Subsidy Contract” since it is a real contract which will be signed by the Lead Partner and the Programme representatives,

2. Eligibility of beneficiaries

An organisation can be eligible for Programme funding if the following conditions are fulfilled:

1. It is located in the geographical area covered by the Programme;
2. Its legal status matches with the categories listed in 2.2.;
3. Its status matches with the target group listed in the Operational Programme;
4. It is listed in the application form as a partner;
5. It is an active partner in the project and
6. It contributes financially to the project (with the Match-funding).

2.1 Geographical location

As a general rule, organisations that receive financing from the Programme must be located in the programme area (eligible area) or in an adjacent area, which is covering different NUTS III of France, England, Belgium Flanders and The Netherlands. This is valid both for the Lead Partner and the project partners.

The list of the NUTS III can be found in the application form **Overview**.

If the Lead Partner is located in an adjacent area, at least one project partner must be located in the eligible area.

2.2 Legal status

As stipulated in the Operational Programme document, chapter 4.2.3, all organisations that receive funding from the programme as Lead Partners or project partners shall represent one of the following legal entities:

1) public body;
2) body governed by public law ("public equivalent body" as defined by Directive 2004/18/EC, Article 1(9);
3) private body (small and medium enterprises);
4) Not-for-profit organisations.

Each partner organisation has to confirm that it matches one of the above categories by signing the partner declaration.

Organisations that do not fulfil the requirements of legal status cannot be listed as partners and are not entitled to receive funding from the Programme. This means that their expenditure will not be cofinanced by the Programme and, thus, they have to finance their activities from their own resources.

Public bodies

Under this category all the bodies considered as "public authorities" can be listed: national (governmental), regional, or local authorities.

Bodies governed by public law

Bodies that are governed by public law, such as chambers of commerce, trade unions or not for profit organisations may receive Programme funding if they fulfil the aforementioned criteria, make available the results of the project to the general public and apply the principles of public tender rules. Please note that it may vary from country to country whether a certain type of organisation falls under public or private law.

In order to avoid a situation where state aid regulations have to be applied, it is recommended that the project excludes activities that have a commercial character. This means that in all cases the outcome and results of the projects have to be made available to the general public free of charge.

Private bodies (micro, small and medium enterprises)

Micro, small and medium enterprises are defined by the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422) Official Journal L 124, 20.05.2003, pages 36-41. Please note that this definition of SMEs applies from 01.01.2005.

If an organisation matches the criteria listed here, it can be considered as an SME and thus is eligible for funding under this Programme.

The funding from the Programme is classified as "de minimis" aid, as defined by Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid.

This puts a limit on the request of ERDF by an SME and on the typology of SMEs that can apply for funding, since the total de minimis aid granted to any one undertaking, shall not exceed 200.000,00 euro (two hundred thousand) over any period of three fiscal years. The total de minimis aid granted to any one undertaking active in the road transport sector shall not exceed 100.000,00 euro (one hundred thousand) over any period of three fiscal years.

Both in the application stage and in reporting, partners will be asked to declare the amount of "de minimis" aid received.

Micro, small and medium enterprises, if acting as a Lead Partner of a project, will have to provide a guarantee from a bank or other financial institution covering the whole duration of the project and for the entire amount of the grant (ERDF request) requested.

Not-for-profit organisations

These organisations must not be profit making and must be acting in the public interest. Applicant organisation must be legally constituted.

These organisations, if acting as a Lead Partner of a project, must provide aguarantee from a bank or other financial institution covering the whole duration of the project and for the entire amount of the grant (ERDF request) requested. Please note that if a not-for-profit organisation falls into the definition of "public equivalent body" and its trustees are public bodies, a guarantee is not needed, even in the case where the organisation is acting as a Lead Partner of a project.

2.3 Type of beneficiary according to the priority

The Operational Programme describes under the different priorities beneficiaries (ERDF recipients) that are encouraged to be take part in cross-border cooperation projects.

Priority	Beneficiaries' INDICATIVE list
1	Operational Programme para.4.3.3
2	Operational Programme para.4.4.3
3	Operational Programme para.4.5.3
4	Operational Programme para.4.6.3

2.4 Partners listed in the application form

Only organisations acting in the project, contributing financially to it and requesting an ERDF share are considered as partners can be considered partners. These three conditions must be fully fulfilled by all partners at the same time.

Only partners listed in the application form as partners are eligible for funding and can report their costs. In order to ensure a proper audit trail at Programme level, the Managing Authority must know which organisations receive programme funding and whether they are eligible according to the programme rules. Therefore, an "umbrella" type of partnership structure, where one partner collects funding and represents other partners without listing them as such in the application form not allowed.

2.5 Active participation of partners

Partners must be actively participating in the activities and contribute to activities.

2.6 Match-funding provided by the partners

Match-funding is the money used to match the ERDF grant. Partners are asked to provide their financial contribution to the budget of the project, with their match-funding.
In the application form partners are asked to evidence the source of the match-funding, since it is important for the Programme to monitor where the match funding comes from. Match-funding can come from a wide range of sources: own funds, or external sources (public or private), but cannot derive from any other Community financial instrument (art. 54 of Regulation (EC) No 1083/2006).
In the application stage, match-funding must be confirmed in writing with Letters of Support signed by each partner. These Letters will have to state the amount of the match-funding will have to be annexed to the Application form. These letters will be considered as binding for all the partners.

2.6.1 Contribution from private/public sources exceeding the match-funding

If in the budgeting/reporting stage the amount of external contribution exceeds the match-funding indicated in the application form without corresponding to an increase of the activities at the project level, the amount of the exceeding donation will lower the amount of the total costs. Thus the ERDF request will have to be recalculated on the new amount of eligible costs.

Example
Total eligible costs in the application form: 100.000 euro.
ERDF cofinancing rate of 50%.
ERDF request: 50% of 100.000 euro=50.000 euro.
Match-funding declared in the application form: 50.000 euro.

If the project receives a donation of 60.000 and the amount of total costs is always 100.000 euro, then
60.000 (donation)- 50.000 (match funding)= 10.000 euro (gain)
100.000 (total costs)-10.000 euro (gain)= 90.000 euro (new total eligible costs)
ERDF request: 50% of 90.000= 45.000 euro.

3. Composition of the partnership

According to the type of project proposed, the partnership must be built according to the following minimum requirements.
For the first call:

- Type of project: Regular project;
- Minimum requirement for the partnership: Two partners from two different MS including one partner from UK;
- Maximum number of partners: the Programme recommends to keep partnership small in order to ease management, a maximum number of 10 partners per partnership (including the Lead Partner) is strongly recommended

4. Eligibility period

For this first call projects can claim expenditure from 1/1/2007.
All projects in the first round should close their activities by 31/12/2011. An additional period of 3 months will be given in order to submit the final progress report.

5. Lead Partner principle and main responsibilities of the Lead Partner

The Programme is based on the Lead Partner principle (Responsibilities of the lead partners and project partners are set in Art. 20 of Regulation (EC) No 1080/2006). This means that each project appoints one organisation to act as a Lead Partner to be responsible for the entire project.

The Lead Partner takes full financial and legal responsibility for the implementation of the entire project, including all the project partners. The responsibilities of the Lead Partner resulting from ERDF regulations are defined in the subsidy contract that is concluded and signed between the Lead Partner and the Managing Authority.

5.1 Main responsibilities of the Lead Partner

The main responsibilities of the Lead Partner include:

- developing and maintaining an efficient and reliable project implementation system (strategic, operational and financial management), e.g.: securing an efficient use of the project's resources;
- co-ordination of activities (division of budget and tasks) among the involved partners and ensuring that these tasks are subsequently fulfilled;
- signing and submitting the application form to the Joint Technical Secretariat;
- representing the project – the LP serves as a contact point to the Joint Technical Secretariat and should ensure continuous communication between the programme authorities and the project partnership;
- signing the grant contract with the Managing Authority and therefore ensuring the implementation of the entire project;
- laying down the arrangements for its relations with the partners participating in the project in a written agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- ensuring the planned progress on the project; in particular the delivery of outputs described in the approved application form;
- informing the public about the assistance received from the European Union;
- reporting of activity related progress and financial follow-up to the Joint Technical Secretariat, especially ensuring that the expenditure presented by the project partners has been incurred for the purpose of implementing the project and corresponds to the activities agreed between the project partners;
- verifying that the expenditure presented by the project partners participating in the project has been validated by the controllers;
- requesting and receiving ERDF from the Certifying Authority, and transferring it to the project partners;
- monitoring the project expenditure, its eligibility and compliance with EU and national legislation, as well as programme rules. The Lead Partner is responsible for ensuring that the expenditure is supported by invoices or documented by accounting documents, has actually been paid out by the project partners within the project preparation phase or duration, was paid for activities described in the approved application and that the products or services have actually been delivered;
- observing the project spending plan against the total project budget and the budget of each partner;
- producing all documentary evidence required for first level control and payments.

5.2 Responsibilities of the project partners

These responsibilities are listed below:

- carrying out activities planned in the application and agreed in the Partnership agreement;
- assuming responsibility of any irregularity in the expenditure which it has declared, repaying the Lead Partner any amounts unduly paid in accordance with the partnership agreement signed between the Lead Partner and the respective project partner;
- carrying out information and communication measures for the public about the project activities;
- keeping available all documents related to the project until end of the year 2025;

5.3 Letters of Support

The aim of the letters of support is to ensure that the respective partner is capable of participating in the project from a legal and financial point of view and is able to deliver the planned outputs. The signing of the letters of support is compulsory for all project partners. Among others, the letters of support includes a statement that the respective partner:

- complies with the programme eligibility requirements regarding the legal status of partner organisations;
- does not receive any other Community funding for the activities scheduled in the action plan;
- does not receive funding from any other public sources that would exceed the amount of match funding which has to be provided by partner organisation;
- co-finances the project activities;
- has sufficient human, financial and administrative capacity to implement the assigned project activities;
- will carry out activities in line with Community and national legislation and programme rules;
- is familiar with the content of the application form and understands what its role in the project will be;
- will operate within a given budget (the concrete amount must be specified);

A partner declaration must be completed and signed by a person entitled to make financial commitments on behalf of the organisation in the standard version provided for in the application package. The wording in the standard partner declaration may not be changed in any way. All information in the declaration (especially the financial figures) must correspond to that given for each partner in the application form.

The partner declarations have to be attached to the application and sent in one single package to the Joint Technical Secretariat. Photocopies of partner declarations are accepted at the stage of submission of project proposals. The originals will have to be submitted at the latest after the project has been approved by the Steering Committee.

Acquiring the letters of support from the partners can be a lengthy process. This should be taken into account when preparing the project application!

The Lead Partner has to ensure the implementation of the entire project. The budget presented in the application forms a contractual basis, i.e. its non-fulfilment might lead the Managing Authority to terminate the subsidy contract.
Therefore it is advisable to only consider reliable partner declarations and secured promises of financial contributions.

The partner declarations are valid for the given call only. In case of reapplying in the following call, the Lead Applicant must collect new partner declarations from all partners once more.

5.4.Lead partner: key roles in project management

The term ‘project management’ includes both coordination of issues related to activities as well as administrative and financial management of the project and its accounts. The management of a crossborder project is a challenging and time-consuming task.
Therefore the project staff should have experience in the management of (international) projects, be able to handle the challenges of different languages and cultures, and should enable the partnership to work together as a team.
The Lead Partner should nominate a person responsible for establishing and maintaining the project implementation system (**project coordinator).** The tasks assigned to a project coordinator could for example include:

- co-ordination of activities (division of tasks) among the involved partners and ensuring that these tasks are subsequently fulfilled;
- monitoring the progress of the project and ensuring the delivery of planned outputs, securing the efficient use of the project's resources;
- being a contact point for the project;
- ensuring proper information flow - continuous communication between the programme (secretariat) and the project partnership as well as between the project partners;
- preparation and submission of the activity report as part of the progress report to the Joint Technical Secretariat every six months.

The project coordinator should have a sound knowledge of the issues addressed by the project and be able to work as a driving force for the partnership and people around it in order to achieve the objectives laid down in the application.

Proper coordination of project activities is not the only aspect that needs to be ensured by the lead partner. Professional financial management at project level is also essential.
Each Lead Partner should therefore nominate a skilled **financial manager**, who is responsible for an adequate and orderly accounting practice and the proper management of the project budget, including ERDF co-financing. This means that the financial manager should ensure:

- a sound book-keeping system;
- proper documentation of payments and payment flows, a well-functioning audit trail;
- selection of first level controllers;
- compliance with EU and national legislation as well as programme rules about financial management, eligibility of costs and public procurement;
- a clear communication of the aforementioned rules and regulations to the project partners (e.g. through: project partner training, provision of information and regular updates, a close contact to the first level controllers, etc.);
- observance of the budget allocation;
- adherence to the project's spending plan, including the set-up of reliable cash flow forecasts and tight control of the incurred cash flows;
- timely preparation of the six-monthly financial progress reports.

The financial manager should work in close contact with the project co-ordinator and the first level controllers in order to establish effective project monitoring and financial systems. These systems should guarantee clearly identifiable costs and outputs of the project, proper and orderly payments and handling of the grant.
It is very important that project coordinator and financial manager are involved already in the development phase of the project.

Each project also has to comply with the EU requirements on information and communication and visibility of actions. Therefore, each project is recommended to nominate a **communication manager** responsible for implementation of information and communication measures (it could be e.g. the same person as project coordinator).

The tasks of the project co-ordinator, financial and information managers are crucial throughout the project duration and their importance should not be underestimated.

6.Eligibility of expenditure and accounting procedures

6.1.Financing

The maximum ERDF rate of contribution that can be granted at project level is 50 % of the project's total eligible expenditure. Some thresholds of percentage, maximum expenditure and maximum contribution are set for some of the budget lines and items of expenditure (see 6.2).
In principle all the expenses incurred by eligible partners, during the eligibility period, budgeted in the application form and in accordance with the following rules are eligible for funding.

6.2.Budget lines

In the application form the Lead partner and the project partners will be asked to break down the cost according to seven different budget lines.
The main precondition for eligibility of expenditure is compliance with the principles of **real cost, efficiency, economy and legality** of all actions.

The budget lines are the following:

1. Partner staff costs
2. Administration costs (direct and indirect)
3. External consultants and suppliers
4. Travel and accommodation
5. Equipment
6. Investment
7. Validation expenditure

In addition to the above, both when applying for funding and when reporting the costs, you will have to specify the Revenue of the project.

BL1 Partner staff costs

Under this budget line, the following costs are eligible:

- Personnel costs
- Unpaid voluntary work (as contribution in kind).

The conditions under which the above costs are eligible are described in the following paragraphs.

Personnel costs

Only the staff employed by the partner organisation AND working on the project is considered an eligible cost.
The cost for staff includes salaries, wages, employment taxes, social security, health insurance and pension contributions of the staff directly engaged in the project AND employed by the project partner institution on the basis of an employment/labour contract according to the law applicable in the country of the project partner location.

Unpaid voluntary work as contribution in kind

We define "**unpaid voluntary work"** as work done on a *voluntary* basis and for which the person *does not receive any remuneration* from the project partners or which is not part of his/her paid assignment within the organisation he/she is working for.
This work can be performed within the project on the basis of a written agreement between the project partner that is being lent this worker and the organisation that is still paying for his/her salary and is not taking part in the project.
There is a limit for budgeting and reporting the value of this work that has been done for the project. At project level the estimated cost for unpaid voluntary work can be reported only up to the amount of its individual partner contribution (match funding) to the project.

Example:

A worker getting the salary from institution A (which is not a project partner) is lent to institution B (project partner) in order to perform some work within the project, on the basis of a written agreement between institution A and B. At the project level the value of the work performed by this person can be reported under budget line 1 by institution B, on the basis of the hourly rate that the worker is paid for by institution A and on the basis of the time sheet recording hours worked on the project for institution B.
The maximum amount that can be reported by B under budget line 1 must not exceed
the value of the match funding at project level.

The estimation for the unpaid voluntary work under budget line 1 amounts to 100.000 EUR.
If this amount is higher than the match funding at project level => the amount of contribution in kind must be lowered!
If the amount of contribution in kind equals the match funding at project level => OK!
If the amount of contribution in kind is lower than the match funding at project level =>OK!

Additionally, this particular cost must match the following conditions in order to be eligible:

- must be essential to the project;
- must be based on a written agreement;
- must be proved by timesheets indicating the hours worked for the project;
- must be objectively evaluated by the first level controller. The hourly/daily rates for remuneration of equivalent work in the country/region of the project partner should provide the basis for this valuation;
- must be listed in each progress report stating the project partner who has reported unpaid voluntary work.

Please note that the cost of personnel hired under a contract other than a labour contract (e.g. service contract) should be included under BL 3.

Working time

Working time must be recorded by the staff working on the project on time sheets.
The time sheet must contain the following data:

- be filled in separately for each employee and worker involved in the project;
- contain information on a monthly basis about the hours worked for the project;
- state briefly the activities performed within the project;
- in the case of part-time employment for the project: the time sheet must indicate activities performed outside the project (e.g. “work for another EU financed project”, “statutory tasks” etc.);
- information about the total hours worked per month for the project and for all other tasks outside the project;
- be signed by the employee and his/her supervisor.

The calculation of the working time must be in line with the national applicable rules.

Employee working part-time for the project

The personnel costs for employees working part-time in the project have to be calculated based on an hourly rate and hours worked for the project.
The calculation of this hourly rate must comply with the national rules, be based on the real yearly/monthly salary before tax, and be based on the total days and hours worked.

Example
Monthly Salary before tax: 2,000.00 EUR

Hours worked for the project: 116
Hours worked outside the project: 60
Hours worked in total: 176
Hourly rate: 2,000 EUR/176= 11.36 EUR
Project related personnel costs: 116 x 11.36 EUR=1,318.18 EUR
Eligible costs: 1,318.18 EUR

Which documentation must be provided to the first level controller?

-The following documentation must be provided to the first level controller:

- payslips or other accounting documents where the personnel costs are clearly detectable;
- timesheets;
- employment/labour contracts.

-Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?

The following costs cannot be reported under this budget line:

- additional voluntary contributions to the health and social systems not based on an employment/labour contract or tariff agreement (e.g. additional voluntary contribution to the pension scheme or additional voluntary health insurance);
- additional unjustified payments or voluntary remuneration (e.g. extra bonuses not based on the employment/labour contract or tariff agreement etc.);
- unpaid voluntary work provided by persons employed by the project partner organisation (from which they receive a salary or other remuneration);
- direct or indirect (overhead) administration costs. Direct administration costs should be budgeted under the Budget Line 2.

BL2 Administration costs

Administration costs can be:

- Direct general costs AND
- Indirect general costs (overheads).

Administration costs have to fulfil the following criteria:

- they have to be eligible according to national rules and Structural funds regulations (in particular Regulations (EC) no. 1083/2006 Art. 56; no. 1080/2006 Art. 7; no.°1828/2006 Art. 48 to 53);
- They must be calculated on the basis of actual costs and capable of verification, i.e. they must be based on factual elements in the accounting system which can be verified by the first level controller;
- They must show a direct link to the operation's activities (necessary for project implementation);
- They must not have already been financed from other EU-funds;
- They must not have already been included in other budget lines or cost items.

Direct administration costs

All direct costs relevant to the project and related to the administration of the project can be included here.

Examples

- Costs for consumables (only if based on direct billing to the project);
- Direct office running costs and service charges (based on direct billing to the project);
- Financial charges and guarantee costs: charges for transnational financial transactions, bank charges for opening and administering the bank account(s) of the project;
- Fees for taking part in events relevant for the project;

- Promotion costs (articles, inserts in newspapers, press releases etc.)
- Gas, electricity, water and heating costs (only if based on direct billing to the project);
- Cleaning of the premises (only if based on direct billing to the project);;
- Maintenance of the premises (only if based on direct billing to the project);;
- Insurance related to building and equipment (only if based on direct billing to the project);;
- Phone and internet costs (only if based on direct billing to the project);;
- Postage (only if based on direct billing to the project);
- Photocopying (only if based on direct billing to the project).

These costs must be directly generated by the project and fulfil the following conditions

- they are essential to the project's implementation and would not have been incurred if the project had not been carried out;
- they are supported by invoices or other equivalent accounting documents directly attributable to the project or project staff.

The invoices must be addressed to the project partner and the project partner must mark it with the title and number of the project.
Other equivalent accounting documents (e.g. internal cost summary per cost centre) might also refer to the project staff, or carry any other detail that identifies them as directly linked to the project.

Indirect administration costs (overheads)

For some cost categories (i.e. electricity and heating and similar) it will not be possible for an organisation to calculate the direct administration costs, because the direct billing to the project will not be feasible.
In this case an organisation can calculate the indirect costs on the basis of the actual costs incurred by the whole organisation, by using a pro-rata calculation method to get to a share of indirect general cost attributable to the project.
The method for this pro-rata calculation must be duly justified, fair and equitable and documented. The allocation of the organisation's eligible indirect administration costs to the project must be done uniquely on the basis of the following ratio: "total number of people employed for the operation / total number of people employed by the organisation".
This ratio should be properly documented and periodically reviewed.
The method for the calculation of the overheads should remain the same during the duration of the project.

Examples

- Costs for consumables (only if a billing to the project is not possible);
- Direct office running costs and service charges (only if a billing to the project is not possible);
- Financial charges and guarantee costs: charges for transnational financial transactions, bank charges for opening and administering the bank account(s) of the project;
- Fees for taking part in events relevant for the project;
- Promotion costs (articles, inserts in newspapers, press releases etc.) (only if a billing to the project is not possible);
- Gas, electricity, water and heating costs (only if a billing to the project is not possible);
- Cleaning of the premises(only if a billing to the project is not possible);
- Maintenance of the premises(only if a billing to the project is not possible);
- Insurance related to building and equipment(only if a billing to the project is not possible);
- Phone and internet costs(only if a billing to the project is not possible);
- Postage (only if a billing to the project is not possible).

All similar costs when a direct billing to the project is not available.

Limits

Administration costs (the sum of direct and indirect general costs) cannot exceed 25% of the total staff costs reported in budget line 1.
This threshold must be taken in consideration both in the application phase and in the reporting phase. This threshold applies at partner and at project level.

Which documentation must be provided to the first level controller?
For the direct administration costs:
-Documents related to the respect of the public procurement rules;
-Invoices or other equivalent accounting documents directly attributable to the project or project staff.
-Any other document that the first level controller might require for checking compliance with national legislation.

For the indirect administration costs:
-Explanation of pro-rata calculation method for the overheads;
-List of the costs items that have been included in the calculation of the overheads.
-Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?
- Lump sums, overall estimations or unjustified calculations.
- Administration costs linked to services provided by external experts or to suppliers of goods and services must be included in the budget line External consultants and suppliers.

BL 3 External consultants and suppliers

Under this budget line the costs related to:
- external consultants
- suppliers of services and goods

are eligible.

These costs are eligible provided that the following conditions are fulfilled:
- the work is essential to the project;
- the costs are reasonable according to the standard rates in the country where the contracting project partner is located;
- in the case of consultants the daily fee cannot exceed 800 euro (excluding VAT);
- Community and national public procurement rules are complied with prior to contracting;
- Costs are budgeted in the application form;
- the basic principles of non-discrimination, transparency and objectivity have been respected;

Only costs budgeted in the application form can be reported in the progress reports.

Advance payments to consultants and suppliers of services/goods can be reported in the payment claim only after the (partial or full) delivery of the purchased services/goods. Partial delivery means that a part of the contracted services/goods has been delivered to the contracting project partner, for example a draft of the study or a part of it. Payment can only be given for costs that have already been paid by the project.

Examples
- external expert hired for project co-ordination/ financial management/ communication management;
- external researchers;
- external speakers for events;
- external IT and web consultants, e.g. creating and maintenance of a web page;

- external translators, interpreters;
- external company designing, editing, printing, distributing, etc. project brochures /leaflets /publications;
- suppliers of services or goods (e.g. maintenance of IT, catering for events, printing of brochures, premises...etc)

Which documentation must be provided to the first level controller?

- Evidence of compliance to public procurement rules at EU and national level;
- Contracts for external services together with the proper documentation attesting that the public procurement rules have been complied with;
- Invoices of the external consultants, experts, service/goods providers.
- Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?

- Contracting project partners for supplies of services or goods or expertise of any kind;
- Contracting another unit (internal) of the same project partner organisation (e.g. translator, IT expert performing any tasks for the project) for any service, supply or expertise (this value should be reported under budget line 1);
- Advance payments which are not based on an invoice or accounting document of equal value which is provided by the external supplier.

BL 4 Travel and accommodation

Under this budget line the following costs are eligible:

- Travel costs directly related to and essential for the effective delivery of the project and covering economy class travel on public transport. As a general rule the most economic way of transport must be used;
- Accommodation, provided that the cost is within the national limits;
- Subsistence allowances for project staff occurring from project work related travel. The subsistence allowances must not exceed the usual subsistence allowances of the public authorities of the project partner country and must comply with the rules applicable in that country. Despite of the project partner's legal status the subsistence allowances rates of the public authorities have to be followed. The total amount of accommodation and daily allowance costs cannot exceed the per diem rates set by the European Commission.
  http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm
  As a reference you have to take the Council Regulation No 337/2007 of 27 March 2007 amending Article 13 of Annex VII of the Staff regulations of the EC. For downloading the document, go to www.europa.eu.int

Examples:
-Business trips within the Programme area are eligible.
-Business trips within the European Community are eligible.
-Business trips outside the above mentioned areas and additional to those described in the application form approved by the Monitoring Committee are subject to a prior approval by the Joint Technical Secretariat.

Which documentation must be provided to the first level controller?

-The following documentation must be made available to the first level controller in the case of travel:

- agenda/programme of the meeting/event;
- travel report or equivalent memo;

- original tickets and all other original documentary evidence for the travel (i.e. boarding pass, invoices/other equivalent documents for accommodation, in the case of e-tickets without a standard flight ticket an e-mail with the booking number serves as a proof etc.)

-Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?

-Costs for travels outside the Programme and EU area which have not been approved by the JTS.
-Allowances exceeding the threshold set by the Commission document.

BL5 Equipment

Under this budget line the following costs are eligible:

- depreciation of depreciable equipment (Commission Regulation (EC) No 1828/2006, Art.53);
- costs of equipment which is not depreciable (e.g. low-value asset)

The equipment can be either new or second-hand.

Costs of equipment is eligible provided that the item is:

- not financed from any other financial instrument (e.g. EU, international, national or
- regional);
- not already fully depreciated;
- not already included in another budget line;
- not purchased from another project partner/organisation different than a project partner;
- incurred during the eligible project duration;
- respecting the relevant public procurement rules.

Every co-financed piece of equipment and investment must comply with the information and publicity rules set by the Commission Regulation (EC) No 1828/2006 and by the Programme.

The only eligible costs under this budget line are the following (**exhaustive list**):

- IT equipment (PC, monitor, printer, incl. common software);
- special software;
- scanner;
- digital projector;
- digital / video camera;
- office furniture;
- exhibition equipment
- specialised equipment used for measuring;
- laboratory equipment;
- billboards, plaques, signs;
- minor capital equipment for increasing the positive environmental impact and innovating the -existing infrastructure;
- minor capital equipment which is likely to have a favourable impact on tourism;
- other specific equipment needed to carry out the project activities which does not fall within Budget line 6 **Investment**.

How to identify the cost?

For newly purchased equipment

- If the asset sinking plan (depreciation plan) is shorter or equal to the project duration, you can report the full costs of the item.
- If the asset sinking plan (depreciation plan) is longer than the project duration, you can just report the depreciation allowance corresponding to each progress report.

For equipment already in use in the organisation: in the progress report you can just report the depreciation allowance for the six-month period covered by the report.

Full use or partial use for project purposes
If the equipment (either new or old) is not exclusively used for the project purposes, only a share of the depreciation allowance can be attributed to the project. This share has to be calculated according to a justified and equitable method.

Second-hand equipment
The purchase costs of second-hand equipment is eligible provided that the following three conditions are fulfilled:

- the seller of the equipment must provide a declaration stating its origin, and confirm that at no point during the previous seven years it has been purchased with the aid of other financial instruments (EU, national or other grants);
- the price of the equipment must not exceed its market value and must be less than the cost of similar new equipment;
- the equipment must have the technical characteristics necessary for the project and complies with applicable norms and standards.

In the case the second- hand equipment can be depreciated according to the national rules, the depreciation and the reporting of the cost within the project will be subject to the conditions set above.

Resale of the equipment
The resale of an asset purchased for project implementation and during the project duration is possible only if approved by the SC of the Programme. The income will be considered as a revenue and projects will be asked to deduct this from the total costs declared to the Programme and transfer back to the Programme the corresponding ERDF.

Which documentation must be provided to the first level controller?
-Evidence of compliance to public procurement rules at EU and national level in the case of purchase of equipment.
-Evidence of the sinking plan (depreciation plan) adopted for each item.
-In the case of equipment only partially used by the project: the calculation method to attribute share of the depreciation allowance to the project.
-For second hand equipment: the documentation listed above under the paragraph “Second-hand equipment”.
-Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?
-Rent of equipment: leased equipment supported by regular invoices should be reported under budget line 3 ”External consultants and suppliers”, as a service supplied.

BL6 Investment

Under this budget line only the costs for:

- purchase of land
- purchase of real estate
- infrastructure work (i.e. hard infrastructure work for physical works and utilities in the public interest) is eligible.

Investments will be financed only if crucial for the achievement of the project's objectives and if they represent a benefit to the partnership and the involved territories. All eligible expenditure should be fully described in the approved application form section 2.2., sheet "BL 6"

Example
A cross border investment should be conceived as an investment which is part of the cooperation project and that it puts together all the territories In these terms, the partnership should describe the overall approach, costs and location of the investment(s) in the application form, section 2.2, sheet "BL6",

Limits
An investment can be made of the three components (purchase of land, purchase of real estate and infrastructure work) or of a combination of the three.

For this budget line the maximum ERDF is limited to 25% of total cost of the Investment or 500.000,00 euro (five hundred thousand) whichever is the lower.

For the purchase of land only, there is an additional limit: the COST of the land cannot be higher than 10% of the project's total eligible expenditure.
This limit can be higher than 10% only in the case where the project is targeting environment conservation. The SC will judge the request case by case.

These costs are eligible if there is a direct link to the purpose of the project and the planned investments (as described in the application form).
Every purchased item under this budget line must not have been contributed to by other EU financial instruments in the past.

Public procurement rules must be complied with.
The price must be in line with the market value. If not, just the market value certified by the first level controller will be considered as an eligible cost.

Which documentation must be provided to the first level controller?
-Evidence of compliance with public procurement rules at EU and national level: every document relating to the procurement contract procedure making it possible to judge compliance with the regulations in force and the eligibility of the expenditure with respect to the accepted project document.
-Certification released by a qualified independent evaluator (individual or body) stating that the price does not exceed the market value.
-Documents pertaining to the investment may be required such as feasibility studies, Environmental Impact Assessment, planning permission, and further information on the tender procedure.
-In the case of land and real estate purchase, it may be required to provide either a document explaining the direct link between the purchase and the objectives of the co-financed operation, or a certificate from an independent qualified evaluator or duly authorised official body confirming that the purchase price does not exceed the market value.
-In the case of building works, documents specifying the ownership of land and/or buildings where the works will be carried out may be required as well as proof of commitment to establish and maintain an inventory of all fixed assets acquired, built or improved under the ERDF grant.
-Any other document that the first level controller might require for checking compliance with national legislation.

Which costs are NOT eligible under this budget line?
- Equipment of any kind.
- All items that do not match with the description given above.

In case of doubt, please turn to the JTS for advise.

BL 7 Validation of expenditure

All costs for project first level controls are eligible costs, these costs are contributed with an ERDF grant rate of **100%.**
Depending on the Member State, the system will either be centralised or decentralised (see Programme Guidance on first level control). Both in centralised and decentralised systems the cost will be borne by the project partners.

In the case of a decentralised first level control system, the controller will have to be hired according to a contract, in compliance with public procurement rules at EU and national level.

If at the time of drafting the Application Form the partners are not aware yet of the system and of the possible fees for this service, they should include an estimation of the possible costs for the entire lifetime of the period. Considering that each six months you will have to report your expenditure to the JTS and that each progress report has to be validated by a first level controller, remember to reserve enough budgets for this budget line.

Should your project be selected for a second level audit (Regulation 1828/2006, At.16), you will be able to claim also the costs of additional first level controls under this budget line.

Which documentation must be provided to the first level controller?
In the case of decentralised first level control system:
-Evidence of compliance to public procurement rules at EU and national level;
-service contract;
-invoice released by the first level controller of a decentralised system.
In the case of a centralised first level control system:
-invoice/note or other equivalent probative document provided by the first level controllers in centralised systems.
-Any other document that the first level controller might require for checking compliance with national legislation.

Revenue

The Lead Partner must keep separate accounts for the project so that all expenditure (costs) and all revenue (receipts) can be posted and audited, and detailed summary reports drawn up. All revenue generated from sales, rentals, subscriptions, fees or other equivalent sources must be reported and must be deducted from the eligible costs.
A separate budget line for revenue is included in the application form and the payment claim.

According to Article 55 of Regulation (EC) No 1083/2006, in the case of a revenue-generating project (= operation involving an investment in infrastructure the use of which is subject to charges borne directly by users, or any operation involving the sale or rent of land or building or any provision of services against payments), the current value of the net revenue from the investment must be estimated over a specific reference period.
Where it is not possible to estimate the revenue in advance, the revenue generated within 5 years following project closure must be reported (see specific section in the Section 2.2 of the application form).

Examples of revenue

- an investment in an infrastructure, the use of which is subject to charges directly borne by the users;
- the sale or rental of land or buildings;
- the provisions of services or goods in return for payment;
- actions relating to financial engineering.

Which documentation must be provided to the first level controller?
Any accounting document attesting the revenue that has been generated by the project partner (receipts, invoices, other equivalent probative document).

7.Other eligibility considerations

When projects prepare their budget, it is important to take into account the eligibility rules for ERDF funded expenditure defined in:

- Regulation (EC) No 1083/2006, Art. 56,
- Regulation (EC) No 1080/2006, Art. 7;
- Regulation (EC) No 1828/2006 Articles 48 to 53 and
- the rules laid out in this and other Programme Guidances.

In addition to what has been stated so far, the following eligibility rules also apply.

Contribution in kind
It is eligible if it matches the conditions reported under Art.51 of the Regulation (EC) No 1828/2006. The programme has limited the contribution in kind to provision of land, provision of real estate, unpaid voluntary work. Research and professional work is eligible provided that it is unpaid voluntary work,

Expenditure outside the eligible area
As a rule, projects are invited to invest in the territories of the eligible area of the Programme.
Expenditure incurred by project partners/Lead partner located in an adjacent area is eligible up to a maximum of 20% of the total eligible costs reported at Programme level.
This percentage will be monitored at Programme level.

As a general rule, it's not possible that a project incurs expenditure outside the adjacent and eligible area.

VAT
VAT does not constitute eligible expenditure unless it is genuinely and definitely borne by the partner and thus cannot be recovered. VAT which is recoverable by whatever means cannot be considered as eligible. In the application partners will be asked to provide a confirmation about their VAT status: if they are VAT payers (and cannot thus recover VAT by any means) or they are not VAT payers (and thus they can recover VAT). In reporting, first level controllers will have to confirm if the VAT has been really borne by the controlled project partner.

Financial Charges
Charges for crossborder financial transactions are eligible, but interest on debt is not eligible.
Bank charges for opening and administering the project account are eligible. The above costs can be reported under the budget line Administration costs (BL2).
ATTENTION: Interest on debt is not eligible. Fines, financial penalties foreign exchange losses are not eligible.

Revenue generation
If a project generates revenue for example through services, conference participation fees, sales of brochures or books, the generated net revenue must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed operation. The ERDF funding will be calculated on the basis of the total cost after deduction of the revenue.

Expenditure already supported by other EU or other national or regional subsidies

Expenditure which is already co-financed from another EU-funding source is not considered an eligible cost for this Programme.
If an item of expenditure is already fully supported by another national or regional subsidy, it is not considered eligible, as this would result in double-financing.

Fees for auditing
Legal consultancy fees, notarial fees, costs of technical and financial experts, and accountancy and audit costs are eligible, provided that they are directly linked to the co-financed operation and are necessary for its preparation or implementation, or, in the case of accounting and audit costs, if they relate to requirements imposed by the Programme Authorities.
Costs for consultancies can be reported under the budget line External consultants and suppliers.
Costs related to first level controls or to second level audits must be reported under budget line 7.

Guarantees
The costs of guarantees provided by a bank or other financial institution are eligible to the extent to which the guarantees are required by national, Community legislation or by the Programme.
These costs can be reported under the budget line Administration costs (BL2).

Exchange rate: use of the euro
Accounting of the Lead Partner must be undertaken in EURO, including in Member states not belonging to the EURO-zone.
Financial reporting from the Lead Partner to the JTS will have to be undertaken in euro.
In the case of partners located outside the EURO-zone:

- the amounts of expenditure incurred in national currency must be converted into euro;
- invoices reporting amounts in euro must be reported in the progress reports as such (conversions into national currency and back into euro is not allowed).

The amount must be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure was registered in the accounts of the project partner ([2]). This rate is published electronically by the European Commission each month under: http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en

In order to avoid 'rounding' differences, all expenditure in the financial report must be rounded to **two decimals after the comma**. This rule applies to all the expenditure budgeted (and also to the expenditure reported!).

8.Publicity and information rules

All projects must comply with the publicity and information requirements laid down in the Commission Regulation (EC) No 1828/2006 (Articles 8 and 9) and its Annex I. The Regulation can be downloaded from the Programme's Web site or directly from the www.europa.eu web site.
All promotion materials produced within the framework of the project (e.g. articles, reports, seminars and workshop programmes, Power Points, attendance lists, promotional items etc.) must carry the following:

1. Emblem of the EU (the flag) **AND**
2. Reference to the European Union **AND**
3. Reference to the contribution of the European Regional Development Fund **AND**
4. "Investing in your future" statement, which has been chosen by the Managing Authority to highlight the added value of the intervention of the European funds
   In addition to the requirements set by the Regulations, projects must implement also the Programme publicity requirements:
5. Programme Logo **AND**

[2] in compliance with Council Regulation (EC) No 1083/2006, Art.81

6. The wording "INTERREG IVA 2 Mers Seas Zeeën Cross-border Cooperation Programme 2007-2013" **AND**
7. The disclaimer sentence quoted in the Subsidy Contract.

How to fulfil the requirements?

"Investing in your future"
Cross-border Cooperation
Programme 2007-2013
Part-financed by the European
Union (European Regional
Development Fund)

This reference must be reproduced and clearly visible on all media produced by the project, e.g. websites, documents (reports, presentations, invitations etc.), publications, promotion materials (T-shirts, bags, cups, umbrellas etc.), press releases, newsletters, billboards, signs, commemorative plaques, vehicle panels etc.
For small promotional items only points 1 and 2 of the previous paragraph apply. For all the others, all the requirements must be met.

- Project-related websites must contain, in addition to the above mentioned measures, hyperlinks to other related Commission websites and websites of the Programme and related projects. Events: project has to display the EU & programme logo at all events (e.g. conferences, seminars, press conferences, briefings, trainings etc.).

- Every part-financed piece of equipment and/ or investment must comply with the information and publicity rules set in Commission Regulation (EC) No 1828/2006, in particular in Art. 8 and 9 and in Annex I and shall be marked with the label below, which must not be removed even after the finalisation of the project.

"Investing in your future"
Part-financed by the European
Union (European Regional
Development Fund)
Project title and number
Inventory number

- Projects that receive more than 500,000 EUR public funding for infrastructure or construction activities shall put up a billboard during the project implementation and, not later than six month after completion of the project, a permanent explanatory plaque. Both items should be visible and

of significant size and the above-mentioned reference to the EU co-financing should cover up at least 25% of the space (Commission Regulation (EC) 1828/2006, Art. 8 (2) and (4))

Use of the EU logo is also obligatory when using any other emblem. The EU emblem should be at least the same size as the other emblems being used.

The EU and the Programme logos are available for download on the Programme's website. A link to the official website of the European Union where different versions of the EU emblem can be downloaded is also provided there.

Should any of the above conditions not be met by any of the project partners, this would imply a **recovery** of the funds unduly paid. The recovery will be applied in percentage to the aid given, according to the table reported in the "Guidelines for determining financial corrections to be made to expenditure co-financed by the Structural Funds or the Cohesion Fund for non-compliance with the rules on public procurement", available on the web site of the Programme.
It is strongly advised that each project designs a communication plan in order to ensure proper dissemination of information to other potentially interested authorities in Europe and the general public.

9.Accounting and filing reporting documents

The partners must ensure that all accounting documentation related to the project is available and filed separately, even if this leads to a dual treatment of accounts (for example if it is necessary to file accounting documents centrally).
It is the Lead Partner's responsibility to ensure an adequate audit trail which implies that the Lead Partner has an overview of:

- who paid,
- what was paid,
- when it was paid,
- who verified,
- where the related documents are stored.

The Lead Partner must ensure that all partners store the documents related to the project in a safe and orderly manner at least until 2025, if not longer, in the case where there are national rules that require a longer archiving period. The documents are archived either as originals or as certified copies on commonly used data media (in compliance with national regulations). If deemed appropriate, the Lead Partner may ask for copies of accountancy documents from the partners.

Accounting documents

The following list gives an overview of the documents that should be available for financial control and audit purposes and retained at least until 2025:

- Approved Application Form;
- Subsidy Contract;
- Partnership Agreement;
- Relevant project correspondence (financial and contractual) ;
- Progress Reports;
- Documents attesting the first level controllers' validations on partners' expenditure;
- List of declared expenditure;
- Bank account statements proving the reception and the transfer of Programme funds;
- Invoices/receipts;
- Bank account statements/proof of payment for each invoice;
- Staff costs: calculation of hourly rates, information on actual annual working hours, labour contracts, payroll documents and time sheets of personnel working for the project;
- List of subcontracts and copies of all contracts with external experts and/or service providers;

- Calculation of administrative costs, proof and records of costs included in overheads;
- Documents relating to public procurement, information and publicity;
- Public procurement note, terms of reference, offers/quotes, order form, contract;
- Proof for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participants' lists, travel tickets, etc.;
- Records of assets, physical availability of equipment purchased in the context of the project;
- For travel: boarding cards, travel tickets and all documents reported in the description of the budget line *Travel and accommodation,*
- For investments: all technical documentation related to authorisations received and ownership.

It must be possible to clearly identify which expenditure has been allocated and reported in the context of the project and to ensure that expenditure is not reported twice (in two different budget lines, reporting periods, projects/funding schemes).

This clear identification must be ensured by complying to the following compulsory requirements:

- The opening of a specific bank account (or a sub-account) for the project payments;
- The introduction of project specific cost-accounting codes to record project costs by budget line, activity and payment date/reporting period in the accounting system;
- The recording of the costs in expenditure lists by budget line, activity and reporting period;
- Noting the allocation (project title and project number) directly on the invoices/equivalent documents.

Expenditure can only be reported if the following principles are fulfilled:

- The calculation is based on actual costs;
- The costs are definitely borne by the partner and would not have arisen without the project;
- The expenditure has actually been paid out. Expenditure is considered to be paid when the amount is debited from a partner's bank account. The payment is usually proven by the bank statements. The date when the invoice was issued, recorded or booked in the accounting system does **not** count as payment date.
- The expenditure is directly linked to the project. Costs related to activities that are not described in the Application Form are generally ineligible.

10.Project evaluation

All submitted project proposals undergo an assessment procedure following a standardised process. In order to ensure equal treatment of all projects, evaluation is carried out on the basis of information provided in the application form. No additional clarifications will be requested during the evaluation process.

Project evaluation is composed of:

- Checking the formal requirements to ensure the admissibility of the proposal according to the admissibility criteria (JTS eligibility check);
- Evaluation of the content of the proposal according to the quality assessment criteria (MS and JTS quality check);
- Strategic assessment (SC).

Eligibility check, quality check and strategic assessment compose the selection criteria. The procedures for carrying out the relevant evaluations are
presented below.

10.1.Eligibility check

Upon submission and registration of project proposals, the Joint Technical Secretariat checks their compliance with the formal eligibility criteria. The criteria consist of minimum technical requirements which are unconditionally applicable to all proposals submitted.

The purpose of the admissibility check is to:

- verify that the proposal fulfils minimum requirements of the programme regarding application of the cross border cooperation;
- avoid further assessment of inadmissible applications;
- ensure equal treatment of all proposals to be selected for funding.

The following formal aspects will be verified:

1.	The electronic and paper version of the application form are identical
2.	Application is complete
3.	Application shows no error messages
4.	Application is received no later than the specified deadline
5.	Application is submitted in all the official **LANGUAGES** of the project partners
6.	Paper application consists of 1 original (signed and stamped), two copies and compulsory annexes
7.	The project complies with the minimum requirements regarding the partnership
8.	The budget is in line with the Programme requirements
9.	The partners are all eligible according to the criteria listed in this paper

Each eligibility criteria will score with a “Yes” or a “No”.
After the deadline for project submission, a list of all the partners will be sent to the national authorities. The compliance of the legal status of each partner with the programme eligibility rules (criteria n.9) is checked by the national authorities members (if necessary additional documents are directly requested from the lead applicant). In case the legal status of the lead applicant organisation does not comply with the requirements of the programme, the project proposal is regarded as inadmissible and will not be considered for funding.
In case the legal status of a project partner organisation or the source of a project partner’s contribution does not comply with the formal requirements of the programme, exclusion or replacement of the respective partner may be considered at the time of decisin making.

In the case of micro, small and medium enterprises, the de minimis declared situation will be also checked and confirmed by national authorities.

Only projects having successfully passed the eligibility check will be subject to the quality evaluation.

Ineligible projects at this stage are informed only after the SC has taken a formal decision on the rejection.

10.2.Quality Check

Quality assessment is carried out by the Member States and Joint Technical Secretariat according to the quality assessment criteria. The purpose of the quality check is to provide the SC with sufficient information on the quality of each proposal to facilitate the decision making process.

10.3.Strategic assessment

SC carry out the strategic assessment of submitted project proposals which is followed by the funding decisions. The strategic assessment is based on the results of the quality assessment. In addition, also the analysis of the existing portfolio of approved projects, the availability of funds under each priority and the fulfilment of result indicators set for the programme are taken into account.
At the time of approval the SC may make certain recommendations which should be
addressed by the applicant together with the first project progress report at the latest.
The SC has three options in decision-making:
1. To approve the project application;

2. To refer back the project application to a future call (with recommendations for improvement);
3. To reject the project application.

10.4.The project has been rejected or referred back: what is next?

The LP can appeal the rejection of the application, though the procedure might be long and complex to follow. The procedure will be outlined in the rejection letter. In the case of rejection/refer back, the Lead Partner can ask for the results of the quality and the strategic assessment and could re-submit an improved application in a future call.

10.5 The project has been approved: what is next?

The project receives a letter from the JTS stating the project has been approved by the Steering Committee and with a copy of the subsidy contract.
What are the next steps?

1. Send back a signed copy of the Subsidy contract to the JTS as soon as possible.
2. Draft a communication plan according to the Guidance on the drafting of a project communication plan.
3. Contact all the partners and ask them to sign the Partnership Agreement.
4. Submit to the JTS the first progress report (validated by the first level controllers!) with all the costs incurred so far.
5. Register for the LP seminar: projects are invited by the JTS to a Lead Partner seminar. The JTS organises Lead Partner seminars in order to provide with practical information related to the implementation and management the projects. During this seminar, the project coordinators, financial managers as well as first level controllers get further information especially on monitoring and reporting procedures, on first level controls and on payments. **The registration to this seminar is compulsory for all the projects approved!** (Seminars are of course free of charge, and all costs incurred can be claimed in the progress reports!).

The reimbursement of costs reported in the first progress report will take place only when the JTS receives a copy of the Partnership Agreement, signed by all the partners.

The communication plan will have to be submitted to the JTS with the second progress report at the latest.

11.Contracting with project

Within two weeks following the SC meeting, the Lead Partner is informed about the decision, and will receive a copy of the Subsidy contract. The LP is responsible for communicating the SC decision to the project partners.
In case where there are some minor corrections in the project set-up (e.g. correction of arithmetical errors or ineligible costs items detected during the check), the LP will not receive a copy of the contract, but will be asked to submit a new signed application form. Once the JTS receives, checks and evaluates positively the corrections in this new version, a copy of the subsidy contract is sent.

12.Guidance on reporting of the costs

The Lead Partner is responsible for the project management including monitoring of and reporting on the project's progress. In order to ensure effective and efficient management of the project, the LP should set up a proper system for monitoring of achievements of milestones and outputs as well as of spending within the project. It is the responsibility of the LP to follow up and assess the quality of project partners' achievements and to have an overview of the overall progress of the project.
According to the grant contract concluded between the LP and the Managing Authority (MA) one of the LP's obligations is to regularly report on the progress of the project to the Joint Technical Secretariat (JTS).

The subsidy contract and application form are the basis for monitoring progress and achievements of the project. The reporting to the JTS is done through progress reports to be submitted twice a year in six-monthly reporting periods (exception of the first and last progress report, see below).

12.1.Progress report

The progress report is a document which consists of an Activity Report that provides information on the achievement of a project's results and outputs, and Financial Report which provides information on a project's expenditure.
The information provided in the progress report allows both the Lead Partner and the Joint Technical Secretariat to examine the progress of the project. The progress report should include information on the main challenges and deviations/delays occurred during the reporting period, if any.
Both parts of the progress report that are submitted by the Lead Partner have to be validated in its content by the first level controller of the lead partner. For more details about the validation of the expenditure on the Lead Partner and project partner levels including the first level control requirements please refer to the Programme Guidance on the first level controls.

12.2.Reporting periods

The project work plan and expenditure in the application form are planned on a six-monthly basis. There are two reporting periods per year for each project and consequently two reporting deadlines. The reporting periods and deadlines for submission of the progress reports are set in the subsidy contract. The deadline for submission of the progress report to the JTS is two months after the end of the reporting period. This deadline can be extended to an additional month in justified cases.

The reporting periods are the following:
1st Reporting Period: 1st January year n– 30th June year n Reporting deadline: 1st September year n

2nd Reporting period: 1st July year n-31st December year n Reporting deadline: 1st March year n+1

However, the Lead Partner should organise the reporting procedures and control deadlines within the partnership as efficiently as possible aiming at submitting their progress reports to the Joint Technical Secretariat prior to the deadlines.
The JTS will observe the principle "first come, first served", so progress reports arriving first will also be given priority in the payment stage.

The first and the last progress report might cover a longer reporting period.

The Lead Partner submits the progress report to the JTS every six months (or more the case of the first and last reports) according to the reporting deadlines set in the subsidy contract. The progress report will have to be submitted both in paper and an electronic version.

12.3.Tools for reporting

Templates for the progress report that are pre-filled by the Joint Technical Secretariat will be delivered to the Lead Partner before the end of each reporting period: the JTS will regularly provide the LP with the pre-filled progress report template that is valid for the given reporting period. The pre-filled report includes the description of activities and the budget as planned in the approved application form.
The progress report template can be used by the Lead Partner to collect information from all partners, which is strongly recommended by the JTS.
A toolkit for project management will also be available for the use of projects (e.g. templates for event agendas and minutes, time sheets, participants list, travel reports etc.)

12.4.Processing of the Progress Report

The reporting procedure can be summarised as follows:

1. Each partner sends a report to the Lead Partner within the deadlines agreed with the Lead Partner and ensures that its part of the reported activities and expenditure has been independently validated by a first level controller in compliance with the country specific requirements.
2. On the basis of the individual report, the Lead Partner compiles the joint progress report for the whole partnership.
3. The Lead Partner's first level controller performs the checks on Lead Partner's activities and expenditure.
4. The Lead Partner's first level controller verifies that the information provided by the partners has been controlled and validated by a first level controller in compliance with the country specific control requirements.
5. The Lead Partner's first level controller verifies that the partners' information has been accurately reflected in the joint progress report.
6. For the audit trail the Lead Partner retains copies of the inputs to the progress report received from the partners.
7. The Lead Partner submits the progress report to the JTS.
8. As a general rule, the incoming progress reports are processed by the JTS in the order of their arrival date. The JTS monitors all components of the progress report, such as the description of activities, the report on achievement of the planned activities, results and outputs, expenditure, declarations of validations and controllers' reports/checklists. The achievement of the planned results outputs are monitored in relation of the content of the application form. If the information delivered in the progress report is insufficient, the JTS will ask for further information or clarification from the lead partner ([3]).
9. Once all points have been clarified, the progress report is approved by the JTS and sent to the Managing Authority.
10. The Managing authority verifies the report. If there is a positive outcome, the report is sent to the Certifying Authority. If not, the report is sent back to the JTS with a request for more clarifications.
11. The Certifying Authority receives the progress report: prior to the transfer of payments the Certifying Authority will carry out own checks to satisfy itself that the final beneficiary is entitled to receive the requested co-financing, that the data of the payment claim and the payment order match, and that the cumulated amounts claimed do not exceed the project partner's budget or the total project budget. If the Certifying Authority does not object to the progress report, it effects the payment to the lead partner.
12. The Lead Partner is informed about the payment by means of a payment notification
    Letter (e-mailed). The payment arrives on the Lead Partner project account in one to two weeks. The Lead Partner is then responsible for internal allocation or further disbursement of grants to the project partners. The Lead Partner should ensure that ERDF co-financing is forwarded to project partners in time and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce these amounts for the project partners.

[3] Please note that as a general rule, LP should always keep copy of what has been sent to the JTS.

13.Rules for the reporting of the expenditure

Project expenditure must comply with the principle of real costs.
This means that only costs incurred (i.e. paid) by an eligible project partner, accounted for and proved by delivery of works, services or supplies within the eligible period can be considered an eligible project cost.

In duly justified cases it is possible to report costs which do not relate to the given reporting period provided that:

- these costs are eligible;
- the costs were paid during an eligible project phase;
- the costs were not reported and reimbursed during the previous progress reports or from any other EU, international, national or regional financial instrument.

For the first call, the costs incurred from 1/1/2007 to the date of the signature of the subsidy contract can be reported and reimbursed only after the subsidy contract has been signed and only if they were budgeted in the application form.

13.1.Principles of economy, efficiency and effectiveness

The project's budget has to be used in accordance with the principles of economy, efficiency and effectiveness (Council Regulation (EC, Euratom) No 1605/2002, Art. 27).
The principle of economy requires that the resources used by the institution for the pursuit of its activities should be made available in due time, in appropriate quantity and quality and at the best price.
The principle of efficiency is concerned with the best relationship between resources employed and results achieved.
The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

13.2.Budget limits

The reported expenditure must not exceed:

- the approved total project budget;
- the approved budget of each project partner;
- the given flexibility of each total budget line and of each activity.

In addition to the flexibility of budget lines and activities projects may in well justified cases apply for budget reallocation.

13.3.Payments to the projects

In general, the reimbursement principle is applied. This means that the programme co-financing will be paid only after the project's request for payment has been approved by
the Joint Technical Secretariat, the Managing Authority and the Certifying Authority (see procedure and diagram above).
The JTS, MA and CA will ensure checking and payment of the progress report in a reasonable time. However, the Lead Partner and the project partners should be aware that there may be a couple of months between the finalization of a reporting period and the arrival of funds on the lead partner's account. This fact should be considered in the project's liquidity planning.

13.4.Final payment to the project: 5% retention

The final payment amounting to 5% of the Programme funds will only be transferred to the Certifying Authority after the final certified statement of expenditure actually paid, the Final Programme Implementation Report, and the closure declaration of the Audit Authority are approved by the Commission (Articles 79(1) and 89(1) of Regulation 1083/2006).

As a result, the last 5% of the project's approved ERDF request might be transferred to the Lead Partner only after the Certifying Authority receives the payment of final balance for the programme (expected for 2018).
The 5%-rule will not be put into practice as long as the sum of ERDF co-financing requested by finalised projects during their entire duration is lower than 95 % of the cumulative total ERDF co-financing approved for these projects.
If the 5%-rule has to be implemented, the Joint Technical Secretariat will inform all projects concerned in due time.

14.Changes in the project set-up

Budget reallocations
Budget reallocations are allowed within the limits set by the budget flexibility rule.
If the budget reallocation is planning exceeds the thresholds set by this flexibility rule, a formal request must be sent to the JTS prior to the reallocation.

14.1.Budget flexibility rule (minor changes)

The budget flexibility rule allows the project to make within certain limits an adjustment of the project budget. Under the flexibility rule the project may adjust the total budgets of all budget lines and activities as long as the cumulative amount of the reallocated sum (a sum of all adjustments done from the beginning of the project) does not exceed **15%** of the total budget per activity or total budget line, as contracted in the subsidy contract.
These changes should be introduced no more than once a year and in any cases at latest 6 months before the closure of the project.
Please note that within the budget flexibility rule it is not possible to change the budget for Investments (BL6) and that it is not possible to change the budget and ERDF request for the project partners.

The changes performed under the budget flexibility rule must be reported to the Joint Technical Secretariat together with the respective progress report and are subject to clarifications that usually take place in the course of the monitoring. As long as no critical deviations from the original action plan are detected and the respective progress report is clarified and paid out, such changes are regarded as approved.
Projects exceeding the 15**%** threshold will be required to submit a request for a major change.

14.2.Budget reallocations (major changes)

Apart from the changes allowed by the budget flexibility rule, the Lead Partner must submit an official request regarding all other changes beforehand to the JTS.
Three kind of changes in the project can be identified:

- change in the activities (content) and time plan (end date);
- partnership change;
- project budget change (partner's total costs, ERDF request, match-funding, modification of original budget contracted per budget line, or per activity).

All the above changes in the project must be communicated to the programme authorities (JTS/MA and SC) and must be approved by these bodies.
A template for the request is available on the programme website.

If accepted, an addendum shall be drawn up by the programme's Managing Authority.
A maximum of two major financial reallocations are allowed per project.
The major changes should be introduced at latest 6 months before the closure of the project.

Type of change	Decision making body	Procedure
Any change in the project work plan that has an impact on achievement of the project results	SC in a written procedure if the change considerably affects delivery of the project results MA/JTS if the change does not considerably affect the project and delivery of its results	1) Upon request from the LP. The MA/JTS carries out an assessment, based on which it makes recommendations to the SC. The MA/JTS launches a written procedure through which the SC decides on approval of the change. JTS informs the LP about the outcome. 2) Upon request from the LP. The MA/JTS carries out an assessment and makes a decision if needed in consultation with the respective SC member(s). JTS informs the LP about the outcome.
Change of the partner's name, legal status, change of hosting organisation etc.	Respective member of SC (from the same country as the partner)	LP informs the MA/JTS in an official letter[4] accompanied with the statement from the legal successor. The MA/JTS sends a notification to the respective SC member and asks for approval. After receiving the written confirmation from the respective SC member, the JTS approves the change and communicates it back to the LP.
Prolongation of the project duration	MA/JTS	Upon request from the LP submitted at the latest two months before the end of implementation phase. The MA/JTS carries out an assessment and takes a decision. JTS informs the LP about the outcome.

Discontinuation of a project partner's (PP) financial contribution to the project			
a	New PP takes over the tasks and budget	SC in a written procedure	Upon prior request from the LP. The MA/JTS carries out an assessment, based on which it makes recommendations to the SC. The MA/JTS launches a written procedure through which the SC decides on approval of the change. JTS informs the LP about the outcome.
b	Existing PP takes over the tasks and budget	MA/JTS after written confirmation[2] from the respective SC members (from countries where the	Upon prior request from the LP. The MA/JTS carries out an assessment and sends it to the respective SC members asking for the written confirmation. It also informs the SC members of the MS where the dropping-out partner comes

[4] *The letter and statement templates will be developed by JTS.*

		'taking over' partners are located) and after informing the SC member from the country of the dropping out partner.	from. Only after receipt of the written confirmation from the respective SC member the JTS approves the change. JTS informs the LP about the outcome.
c	No substitution among PPs/ No changes in the project plan and budget	SC in a written procedure if the change considerably affects delivery of the project results MA/JTS if the change does not considerably affect the project.	1) Upon request from the LP. The MA/JTS carries out an assessment, based on which it makes recommendations to the SC. The MA/JTS launches a written procedure through which the SC decides on approval of the change. JTS informs the LP about the outcome. 2) Upon request from the LP. The MA/JTS carries out an assessment and makes a decision if needed in consultation with the respective SC member(s). JTS informs the LP about the outcome.

Budget reallocation between PPs **(major change)**	MA/JTS after written confirmation from the respective SC members from those MS where the PPs are located.	Upon prior request from the LP. The MA/JTS carries out an assessment and sends it to the respective SC members asking for written confirmation. Only after receipt of the written confirmation the JTS approves the change. JTS informs the LP about the outcome.
Budget reallocation above the limits set by the flexibility rule (PPs total costs, ERDF request, Match-funding, contracted total budget of BL, contracted total budget of Activity) **(major change)**	SC in a written procedure.	Upon prior request from the LP. The MA/JTS carries out an assessment and sends it to the respective SC members asking for written confirmation. Only after receipt of the written confirmation the JTS approves the change. JTS informs the LP about the outcome.

Budget reallocation between the BLs and Activities within limits of the budget flexibility rule **(minor change)**	MA/JTS.	The project sees the need and jointly decides on necessary adjustments. The LP informs the MA/JTS about the change in the respective progress report (PR). As long as no critical deviations from the original action plan are detected and the respective progress report is clarified and paid out, such changes are regarded as approved. This minor change can be introduced maximum once in a year, and in any case at latest 6

		months before the closure of the project. This change cannot concern the BL 6 Investments.

15.Project Closure

15.1.Keeping records

All accounting documents (bookkeeping) and supporting documents (e.g. Subsidy Contract, application form, service contracts, public procurement documentation, rental agreements/contracts, important communication with Programme Authorities and JTS), documents related to the expenditure, controls, audits, and audit trail have to be identified and must be retrievable and accessible.

These documents must be grouped together, archived and preserved at the LP premises until 31st December 2025 for Programme purposes. The accounting and supporting documents related to the PPs must be kept at the PPs' premises for an equal period of time. The LP must also preserve copies of all supporting documents which have been submitted by PPs so that they can be shown in the case of controls or audits.

The documents can be kept either in the form of originals or in versions certified to be in conformity with the original on commonly accepted data carriers (5).The procedure for the certification of the conformity of these documents held on data carriers with the original documents must be in line with the provisions set by the national authorities and must ensure that the versions held comply with the national legal requirements and can be relied on for audit and control purposes.

In the case of retaining the documents electronically internationally accepted security standards must be met (6).

Representatives of the MA, JTS, Certifying authority, Audit Authority, Group of Auditors, intermediate bodies, auditing bodies of the Member states, authorized officials of the Community and their authorized representatives, European Commission and the European Court of Auditors (7) are entitled to examine the project and to access all relevant documentation and accounts of the project.

15.2.Expenditure already supported by other EU or other national or regional subsidies

During the period running from the 1st January 2007 and the 31st December 2015 the project may receive funding under only one Operational Programme at a time and moreover, projects must not receive any financial assistance from any other Community financial instrument (e.g. Framework Programme for Research and Development, other INTERREG funding, other Structural Funds funding)(8).

In this sense, projects will be asked to declare to the JTS:

- In the Application Form, other sources of funding have applied for (should this apply);
- In each progress report, other sources of funding that have been received to cover the total expenditure of the project.

15.3.Ownership

Any substantial modification of the project within five years from the project completion must be avoided (9). Moreover, the project must not undergo any substantial change:

-affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and

-resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

[5] As defined in Commission Regulation (EC) No 1828/2006 Article 19(4).
[6] Commission Regulation (EC) No 1828/2006 Article 19(6).
[7] Commission Regulation (EC) No 1828/2006 Article 19(2).
[8] Council Regulation (EC) No 1083/2006, Art.54 (3) and (5).
[9] Council Regulation (EC) No 1083/2006 Article 57 (1)

The partnership agreement must clearly state the ownership of outputs. Conditions set by these documents must be kept for five years from the project completion.
With the final progress report, the Lead Partner will be asked to submit to the JTS a declaration where he/she will guarantee the fulfilment of the above conditions by the whole partnership for a period of five years after the project closure.
Should any of the above conditions be met by any of the project partners, this would imply a recovery of the funds unduly paid (10).

15.4.Revenue generation

Revenues might be generated from any activity (e.g. sales, rent or any other provision of services against payment). A project can be revenue-generating, though the generated revenues must be deducted from the total expenditure before submitting the reimbursement claim. The Programme financing will be thus calculated on the total expenditure cleared from any revenue created during the reporting period (11).
Additionally, projects are requested to give evidence of the revenue that might be generated within five years from the closure of the project. The revenue generated within five years from the completion of the project must be communicated to the JTS. The revenue generated will have to be deducted from the total expenditure declared by the project and the correspondent amount of funding will have to be timely repaid to the Certifying Authority(12).
With the final progress report, the Lead Partner will be asked to submit to the JTS a declaration where he/she will guarantee the fulfilment of the above conditions by the whole partnership for a period of five years after the project closure.

[10] Council Regulation (EC) No 1083/2006, Articles 98 to 102.
[11] Council Regulation (EC) No 1083/2006, Art.55 (1) to (2).
[12] Council Regulation (EC) No 1083/2006, Art.55 (3).

Annex 1

NATIONAL RULES

BELGIUM FLANDERS

State Aids: EU state aid rules are directly applicable
Environment rules: Milieuwetgeving Vlaanderen http://navigator.emis.vito.be;
Milieueffectrapportering Vlaanderen http://www.mervlaanderen.be/front.cgi?s_id=30;
Decreet Ruimtelijke Ordenin http://www2.vlaanderen.be/ruimtelijk/Nwetgeving/wetgeving.htm
Equal opportunities: Gelijke Kansen Vlaanderen http://www.gelijkekansen.be/wetgeving.html

ENGLAND

State Aids: In state aid the Treaty articles 87-89 have direct effect. Guidance on state aid can be found on the website of the Department of Business, Enterprise and Regulatory Reform
http://www.berr.gov.uk/bbf/index.html
Environment rules: law n.Environmental Impact assessment (EIA): The Town and County Planning (Environmental Impact Assessment) (Amendment) Regulations 2006 (SI 3295).
Equal opportunities: law Race Relations Act 1976 (As amended), Sex Discrimination Act 1975 (As Amended), Disability Discrimination Act 1995 (As Amended) Equality Act 2006.

FRANCE

State Aids: circular of Prime Minister n. 5132/SG of 26 January 2006; DIACT vade-mecum on community competition rules in relation to private enterprise aids (updated until 31 December 2004).
Environment code: Ordonnance n.200-914 of 18 September 2000 (for the legislative part) and decree n. 2005-935 of 2 August 2005 (for the regulatory aspects).
Equal opportunities: law n. 2006-396 of 31 March 2006 for equal opportunities.

THE NETHERLANDS

State Aids: The EU-Treaty works directly in Dutch legislation.
Environment rules: Wet milieubeheer; Wet Ruimtelijke Ordening
Equal opportunities: Artikel 1 Consitutional Law (non-discrimination) and EU-Treaty.

Annex 2
INELIGIBLE COSTS

Ineligible costs are:

- Debtors interests on the structure current account,
- Exchange rate loss (or gain),
- The sites purchase for an amount superior to 10% of the total eligible expenditure of the operation concerned,
- The demolition of nuclear power stations,
- Costs for project and/investments in their final stage or already completed at the time when the application is submitted (the operations financed may not be completed before the start of the project's eligibility period),
- The expenditure of housing function,
- Any lump-sum expenditure without documentary proof,
- Public procurement: the deduction of non-paid guarantees at the moment of the payments winding-down are not eligible,
- Contributions in kind different than those listed in the Guidance,
- Costs incurred before 1 January 2007,
- Fuel costs.

ACRONYMS LIST

AA Audit Authority
AF Application Form
BL Budget Line
CA Certifying Authority
EIA Environmental impact assessment
ERDF European Regional Development Fund
FAQ Frequently asked questions
FLC First level controller
GoA Group of auditors
JTS Joint Technical Secretariat
LP Lead Partner
MA Managing Authority
MC Monitoring Committee
MS Member States
OP Operational Programme
PM Programme Manual
PP Project Partners
SLA Second Level Auditing