



Interreg



EUROPEAN UNION

Danube Transnational Programme

IMPLEMENTATION MANUAL

Version 2.0

July 2017

A stream of cooperation





Programme co-funded by the European Union

Contents

1.	Introduction.....	9
2.	Contracting.....	10
2.1	Contracting Procedure	10
2.2	The subsidy contract.....	12
3.	Project implementation.....	13
3.1	Project management	13
3.1.1	Starting up the project.....	13
3.1.2	Project management.....	13
3.1.3	DTP Capitalisation Strategy and process	16
3.2	Information and communication management.....	19
3.2.1	Introduction	19
3.2.2	Requirements	20
3.3	Financial management	24
3.3.1	EC regulations.....	24
3.3.2	Control System in DTP	26
3.3.3	Eligibility of expenditure, compliance with EU policies and other rules.....	28
3.3.4	Procurement procedures.....	49
3.3.5	State aid rules	52
4	Monitoring project progress.....	53
4.1	Reporting	53
4.1.1	Reporting system and process	53
4.1.2	Reporting deadlines.....	55
4.1.3	Preparation of the Project Progress Report.....	56
4.1.4	Submission of Project Progress Reports	61
4.1.5	Completion and rejection of the Progress Report.....	62
4.1.6	Reimbursement of contribution from EU Funds	63
4.1.7	Financial progress and decommitment of the project.....	65
4.2	Monitoring visits by the MA/JS.....	66
5	Project changes	69
5.1	Minor changes.....	69

5.1.1	Administrative changes.....	70
5.1.2	Change of an Associated Strategic Partner.....	71
5.1.3	Minor changes in the content of the project.....	72
5.1.4	Budget reallocations within the flexibility limit.....	72
5.2	Major changes	75
5.2.1	Changes in the partnership.....	76
5.2.2	Changes in the content of the project.....	79
5.2.3	Budget changes.....	80
5.2.4	Revision of the spending forecast	82
5.2.5	Decommitment of the project.....	82
5.2.6	Prolongation of the project duration.....	83
5.2.7	Summary table of types of project changes and related procedures	84
6	Audit of the project.....	86
6.1	Audit and process.....	86
6.2	Irregularity and repayments of contribution from EU Funds.....	86
6.2.1	Handling of Irregularity.....	86
6.2.2	Repayment of contribution from EU funds	87
7	Project closure.....	88
7.1	Project closure	88
7.2	Retention of project documents	88
7.3	Sustainability of the project	90
7.4	Ownership of project results	90
8	Annexes	91

Table of Abbreviations

AF	Application Form
AfR	Application for Reimbursement
ASP	Associated Strategic Partner
CA	Certifying Authority
CP	Cooperation Programme
CPR	Common Provisions Regulation (EU) No 1303/2013
DTP	Danube Transnational Programme
EC	European Commission
eMS	Electronic Monitoring System
ENI	European Neighbourhood Instrument
ERDF	European Regional Development Fund
FLC	First Level Controller (named also Controller)
IPA	Instrument for Pre-Accession
JS	Joint Secretariat
JS PO	Project Officer of the Joint Secretariat
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
OLAF	European Anti-Fraud Office
PP	Project Partner
PPR	Project Progress Report
PR	Partner Report
PraG	Practical Guide to contract procedures for EU External actions

QAM Quality Assurance Management

SC Subsidy Contract

Glossary

Application for Reimbursement

The Application for Reimbursement (AfR) is a document prepared on the basis of a completed Project Progress Report, submitted by the Lead Partner to the MA/JS in order to claim the contribution from EU Funds (ERDF and/or IPA and/or ENI) for the project on the basis of verified expenditure, which needs the signature of the LP. Therefore, it is always submitted together with the Project Progress Report.

Applicants Manual

The purpose of the Applicants Manual is to provide stakeholders and potential project applicants with appropriate and high-quality information about the programme, the options and conditions for the development of their project ideas into full-fledged project proposals and the assessment and selection procedures for proposals.

FLC Certificate

It is a document issued by the Controller to the Project Partner containing the amount of validated expenditure for the concerned reporting period. By issuing this document, the Controller declares the legality and regularity of the expenditure according to EU, Programme and national rules.

Control Guidelines

The purpose of this document is to support the work of the Controllers to fulfil the verification of expenditure of the ERDF, IPA and ENI project partners in a harmonised way in each Danube Partner State, in accordance with the requirements set by the DTP.

Electronic Monitoring System (eMS)

The eMS is the electronic data exchange system used by the Danube Transnational Programme, developed by Interact, for management and monitoring of programme and project level implementation (including the first level control tasks).

Final Report

An additional section of the last Project Progress Report that needs to be filled in by the Lead Partner, with the support of the partnership, which summarises what the project has achieved.

Output factsheet

An output factsheet is summarising and presenting the main characteristics of an output (general feature, how and by whom to be used, what benefit it brings and how can be sustained) delivered by the project. For each delivered output the LP has to prepare a separate output factsheet according to the type of the output (learning interaction, strategy, tool, pilot action),

which is to be prepared on the template Annex 2.b and uploaded to the relevant Project Progress Report.

Partner Report

A tool to be used by the Project Partners (ERDF PPs, IPA PPs and ENI PPs) that has two major functions. On the one hand, each PP (including the Lead Partner) submits a Partner Report to declare its expenditure relevant for the reporting period for validation to the responsible Controller at national level. The Partner Report consists of Activity report and Financial report part. The financial part of this report serves as basis for the FLC Certificate that the Controller will issue. On the other hand, the PP provides via the Partner Report adequate information for the LP concerning the activity and financial progress of its project part, based on which the LP will prepare the regular Project Progress Report of the project. The Partner Report shall be prepared and submitted to the Controller in the eMS.

Project Progress Report

A monitoring tool of the programme that the Lead Partner shall prepare and submit regularly in eMS, in order to provide up-to-date information about the progress of the project implementation as well as justify those expenditure that are claimed in the Application for Reimbursement, submitted together with the Project Progress Report.

Quality Report

A Quality Report is validating and proving the quality of a delivered project output by the written opinion (positive and negative aspects) of the Quality Assurance Manager of the project, based on his/her assessment. The Quality Report is to be prepared separately for each single finalised output, based on the Annex 2.a template and uploaded to the Project Progress Report due for the period in which the related output is delivered.

1. Introduction

The purpose of the Implementation Manual, which together with the Applicants Manual form the Danube Programme Manual, is to provide detailed guidance for Lead Partners (and project partners) of the approved projects in the implementation phase from contracting to project closure, including reporting obligations, payment of the contribution from the EU Funds (ERDF/IPA/ENI) and other programme-related requirements set in the Subsidy Contract. The project implementation has to be executed according to the regulations and rules relevant for the financial instruments of the programme (ERDF, IPA, ENI). This Manual describes the implementation rules for the ERDF IPA and ENI partners of the programme, as well as the joint requirements for all partners. For specific problems related to particular operations, the Danube Joint Secretariat should be contacted for advice.

This Manual outlines the steps to be taken during the project implementation.

ATTENTION: Deadlines in the Implementation Manual always refer to calendar days!

2. Contracting

2.1 Contracting Procedure

Contracting is the procedure carried out in order to conclude a Subsidy Contract between the Lead Partner (LP) and the Ministry for National Economy of Hungary hosting the Managing Authority/Joint Secretariat (MA/JS) of the Danube Transnational Programme, for the implementation of a project approved by the decision of the Monitoring Committee (MC). The contracting starts after the final MC approval of the project application, i.e. after the direct approval (without conditions) or after the successful fulfilment of conditions.

Following the MA/JS notification about the final MC approval of the application, the LP has to submit the **following documents in original format** to the MA/JS **within 15 days from the date of receiving the MA/JS notification letter by email**:

1. *Statement on Project bank account:*

- (a) document officially issued and signed by the Bank of the LP proving that a **separate EUR bank account** has been opened for the project by the LP (**Annex 1/a**)

or

- (b) document officially issued and signed by the Bank of the LP proving that the **single EUR bank account** of the organisation is available for the project (**Annex 1/b**).

In this case, a separate sub-account or technical code or other technical arrangement allowing to identify, track and report all financial transfers and expenditure related to the project shall be used on the existing single EUR bank account.

2. *Proof of signature of the legal representative of the LP:* document proving the authorised signature of the person(s) entitled to sign the Subsidy Contract and the Application for Reimbursement. The document has to contain the original authorised signature of the legal representative(s) countersigned according to national rules, e.g. countersigned by a notary / legal department / private individual, etc.).
3. In case of changes in legal status of the LP, the documents proving the new legal status.
4. *Approved Application Form*

AF part 1 (PDF), Lead Partner Confirmation and Signature officially signed and stamped by the legal representative of the LP organisation and *part 2* (MS Excel tables) signed by the legal representative of the LP on each single page for the first call projects. Final approved Application Form generated by eMS and Lead Partners Confirmation and Signature officially signed and stamped by the legal representative of the LP organisation from the second call projects on.

5. *Original Declarations of co-financing* – one per each financing PP; officially signed and stamped by the legal representatives of the PPs
6. *Original State aid Declarations* - one per each financing PP; officially signed and stamped by the legal representatives of the PPs
7. *Original Declaration of International Organisations* – (if relevant) one per each respective financing PP; officially signed and stamped by the legal representatives of the PP(s)
8. *Original ASP Declarations* - (if relevant) one per each respective ASP; officially signed and stamped by the legal representatives of the ASP(s)
9. *Original Partnership Agreement* – officially signed by the LP and each financing PP

The Lead Partner has to submit the last version of the Partnership Agreement in accordance with the AF approved by the MC and signed by the entitled person on behalf of each project partner. Following the check of the submitted documents, the MA/JS will inform the LP in written form if any correction or further completion of these documents is necessary. The LP will be requested to submit **within 10 days** from the MA/JS communication the completed documents.

Once the LP submits all necessary documents, the MA/JS prepares the Subsidy Contract. The Subsidy Contract is to be signed first by the MA/JS on behalf of the Ministry for National Economy and will be sent to the LP for signing in two originals, out of which one original remains with the LP. The LP has to send back to the MA/JS the remaining one signed original **within 15 days** from the reception. The estimated timeframe of the contracting procedure is in general one month, depending on the time needed for the LP to send all necessary documents for contracting. In case the necessary documents for contracting are not provided within three months from date of receiving the MA/JS notification letter, the MA/JS notifies the MC, and on the basis of the MC decision, the MA/JS is entitled to withdraw from the contracting.

During the contracting procedure in eMS, the project handover procedure is carried out between the Applicant (which becomes LP) and the DTP JS. Once the project is handed over to the LP in eMS, the LP is expected to fill in and upload the necessary supporting documents in the *Supplementary information* section for which the “Factsheet - Access and first Steps in eMS” provides technical guidance for the LP.

2.2 The subsidy contract

The Subsidy Contract and its annexes establishes the legal framework for the implementation of the project, specifies the awarded amount of EU Funds (ERDF and, if relevant, IPA and ENI funds), the eligibility timeframe, the conditions for support, implementing arrangements (including reporting, validation and reimbursement), determines the rights and obligations of the LP and the MA/JS. The approved Application Form and the Partnership Agreement (and its amendments) are integral parts of the Subsidy Contract. The Subsidy Contract template can be downloaded from <http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation>

The general framework of the project implementation is regulated by the Subsidy Contract and the details are described in the different Chapters of this Manual, e.g. reporting and Application for Reimbursement, information and publicity requirements, audits, etc. The main rules on the modification of the Subsidy Contract are outlined in the Subsidy Contract, and regulated in detail in Chapter 5 - *Project changes*, of this Manual.

3. Project implementation

3.1 Project management

3.1.1 Starting up the project

The project implementation can start only after the final approval of the application by the Monitoring Committee (MC). Therefore, the expenditure related to the project implementation are eligible from the starting date of the project, which cannot be earlier than the date of the final approval of the application by the MC. The project implementation period, defined by its starting and end dates, are explicitly given in the Subsidy Contract.

3.1.2 Project management

Once the project implementation starts, project management and coordination has a crucial role to ensure successful implementation in order to achieve the project objectives. It is important that the partnership:

- Establishes sufficient and effective management structure and procedures;
- Ensures appropriate flow of information among the project partners within this management structure;
- Constantly monitors the progress of implementation in order to identify potential risks and deviations that might make necessary corrective interventions;
- Controls the quality of the work done and the deliverables, outputs produced;
- Keeps regular contact and communication with the programme management, the MA/JS on project, the NCPs, Controllers on partner level;
- Evaluates at the end the result, what is achieved, how much it is in line with the original objectives, what the conclusions and the possible follow-up measures can be.

Immediately after the project approval the partnership should set up the governance of the project, which in general consists in the following:

- Steering Committee (which is the decision making body inside the project). Detailed rules on the functioning of the SCOM are included in the Partnership Agreement.
- Project management team
- Quality management structure

The size of the **project management** team can vary from one project to the other, yet at least 4 key positions should be ensured for a proper implementation:

- A. **Project Manager** (PM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. PM is responsible for:
- being the contact person between the project and the JS
 - the overall management and coordination of the project implementation,
 - daily monitoring of project progress with the support of Work Package Leaders and Activity Leaders,
 - compilation of the content parts of the Project Progress Reports and timely

submission thereof, achievement of project objectives within the planned period of time and quality control of delivered outputs ,

- keeping close contact with the Joint Secretariat and the partners.

B. Financial Manager (FM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. An experienced financial manager is vital for the proper financial implementation of the project and for ensuring the timely reimbursement of funds. Therefore, in case the institution does not have the necessary expertise, then externalising these services is recommended. FM is responsible for:

- permanent monitoring of all financial aspects, including internal management of funds, expenditure, spending rates, budget shifts,
- financial reporting.

C. Communication Manager (CM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. CM is responsible for:

- developing and implementing project communication strategy,
- defining communication objectives, approaches, activities and key messages to be sent out,
- preparation of information materials and promotion items,
- preparation and distribution of newsletters and press releases to identified stakeholders.
- coordination of communication within the partnership by setting up internal communication rules and monitoring tools, updating the information on the project section in the DTP website etc.

D. The partnership should set up from the beginning an effective **quality assurance management**. The quality assurance of the project outputs is mandatory for all the projects approved in the framework of the Danube Transnational Programme. Without quality validation of the outputs, expenditure cannot be reimbursed. The quality management structure consists of experts responsible for proof reading, analysing and reviewing the project outputs from a qualitative point of view. The quality assurance management is led by an independent quality manager (who can be an internal staff member or externalised expert or the LP/ PP in charge of the task inside the project). The quality manager could be supported by a mixed team of (internal and/or external) experts, forming either a quality management board or being individually involved in specific thematic reviews. The programme requires that these experts are independent from the implementation team. The partnership should also agree on internal procedures for the quality management, including follow up of the funding during the checks and measures for correction of the deficiencies.

A quality assurance manager bears the responsibility for the information provided in the quality report. The quality assurance activity should always have a follow up, in the sense that the recommendations/ findings of the quality assurance manager should be implemented by the partnership and all these findings should be found in the quality report of the specific output.

Quality assurance manager is responsible for:

- reviewing all the project outputs and providing feed-back to the partnership;
- ensuring that his findings are included in the final outputs to be submitted to the JS;
- validation of the outputs before submission to the JS;
- informing the JS about any obstacles/ problems encountered during the process.

Project evaluation

At project level, the evaluation should offer a clear picture of the effectiveness, efficiency, impact, durability of the project results. Even though the evaluation is not mandatory at project level, the programme recommends that an evaluation of at least of the impact of the project at the level of the target groups should be done once during the project implementation. In general, the project can choose to implement different types of evaluation, such as:

- Operational type of evaluation which analyse the effectiveness of the project management and implementation in terms of: procedures, workflow, project governance.
- Evaluation of the project achievements in terms of objectives outputs and results.
- Evaluation of the impact of the project at the level of the target groups.

Many projects are planning the evaluation already in the AF, however it is not excluded that some implement this exercise only after the project is approved (this would require a minor project modification in case sufficient financial resources have been allocated in WP1). The important aspect is that the evaluation planning is flexible enough in order to adapt to the changing environment.

Cooperation with the EUSDR

Danube Transnational Programme finances projects which are undeniably bringing a strong contribution to the EUSDR, this being a requirement already in the preparation phase. Furthermore, it is expected that the approved projects are building a strong link with the EUSDR through the Priority Area Coordinators (PACs) throughout the project duration. Working closely with the PACs can prove to be a win-win situation since the projects can benefit from the professional networks developed around the PACs, while the EUSDR will have direct access to important results achieved by the projects. In this respect, PACs can be invited to participate in project meetings, projects events, peer-reviews etc. (PACs contacts can be found on the EUSDR website - <http://www.danube-region.eu/contact/priority-area-coordinators>). Through the capitalisation strategy, the programme will also try to facilitate a close cooperation between the projects and the EUSDR in order to maximise the impact.

3.1.3 DTP Capitalisation Strategy and process

Based on previous experience, capitalisation proved to be a very fruitful exercise if developed from the beginning of the programme and can bring added value both to the programme and the projects.

In this respect, capitalisation can be used both internally within the programme, but also externally for the purpose of cooperation and finding synergies with the other programmes.¹

The programme emphasises the importance of building upon past efforts and existing knowledge. To that end, capitalisation is a powerful tool to ensure the synergy building and networking that may lead to better utilisation and performance of results. This being the case, relevant and up-to-date knowledge, tools and partnerships which are appropriate for the development, implementation and dissemination of planned outputs and results should be gathered in order to build a solid ground for innovation and to avoid the duplication of efforts. Furthermore, this will allow for existing disparities between regions and uneven development of regions in the cooperation area to be effectively addressed. In this respect, the programme also invites partnerships to reach out to relevant stakeholders and professionals in order to ensure effective networking beyond the partnerships.

In order to encourage the capitalisation activities, the Danube Transnational Programme has designed a Capitalisation Strategy to streamline the process of creating synergies between projects and capitalising on results of present and previous initiatives.

The DTP Capitalisation Strategy aims to strengthen the links between projects working on similar topics (Thematic Poles), to enable projects to exploit and consolidate one another's achievements, and create a higher leverage effect. This will enhance the visibility and impact of both projects and programme. Furthermore, it will improve the results and performance of the projects.

Objectives

The main objectives of the Danube Transnational Programme Capitalisation Strategy are:

- To valorise and further build upon the knowledge resulting from projects working in a thematic field
- To fill knowledge-gaps by linking actors with complementary thematic specialisation, experiences, methodological approaches or geographical scope

¹ Cross-programme cooperation between different EU funded programmes - Art. 20, point 3 of the ETC regulation states that “for operations concerning technical assistance or promotional activities and capacity-building, expenditure may be incurred outside the Union part of the programme area” under certain conditions, laying the ground to start promoting cooperation between projects supported by different programmes and not only individual partners.

- To increase the visibility of the projects and the programme and to ensure their impact on the policy making process at local, regional, national and European levels
- To strengthen strategic thematic networks in the Programme area
- To encourage the wider take-up of project outcomes from outside the DTP Programme area
- To contribute to the EUSDR as the involvement and coordination with the Thematic Poles shall streamline the links with the EUSDR Priority Areas and thus increase real implementation and impact of results
- To contribute to the design and/or implementation of future transnational cooperation in the area

Target groups

- DTP projects working on similar or complementary topics
- Beneficiaries of DTP project outputs
- DTP stakeholders
- DTP Programme bodies
- EUSDR bodies and stakeholders
- Projects and stakeholders outside the programme area, relevant to the identified thematic poles

Activities

Possible capitalisation activities could include:

- Joint communication actions (e.g. newsletters, etc.)
- Sharing good practices and methodologies in order to identify solutions to common challenges
- Joint thematic meetings to exchange on projects' content and outputs
- Joint thematic studies, elaboration of policy recommendations, common policy guidelines
- Peer review or benchmarking of project outputs

- Exchange visits between projects, if this enables cross-fertilisation and/or take-up of results
- Joint dissemination activities such as joint (final) conferences addressing common stakeholders

The capitalisation activities have to be included in the project work plan in a coherent manner, according to the project structure and the expenditure included in the concerned Work Package.

Outcomes

DTP Capitalisation empowers involved projects to improve the quality and sustainability of outputs, strengthen their communication to common stakeholders, and enables the reinforcement of existing or forming of new cooperation networks and projects. In addition, DTP Capitalisation increases the knowledge of programming bodies about cooperation gaps, territorial needs and/or potentials in the programme area.

Implementation

To facilitate thematic exchange among projects, several Thematic Poles are defined by the critical mass of projects addressing each topic.

DTP projects are at the core of the Thematic Poles, they own the process of capitalisation and synergy-building. DTP JS supports this process in terms of communication and coordination, collecting the outcomes of each Thematic Pole and making sure it reaches programme bodies, stakeholders and other Interreg programmes.

For each of the identified poles, a pole leader will be nominated, responsible for coordinating the pole's activities and facilitating the flow of information within the pole, as well as to the DTP JS. The pole leader will be one of the LPs of the approved projects part of the pole. The involvement of Priority Area Coordinators (PAC) of the EU Strategy for the Danube Region (EUSDR) in this process is of the utmost importance, taking into consideration the fruitful results that the potential synergies to be found with the EUSDR would bring to the Thematic Pole.

Projects in each thematic pole participate in the capitalisation process according to their available resources. The DTP Capitalisation Strategy will be a work-in-progress process with the involvement of new projects after each call for proposals. However, even if the members of the thematic poles change, continuity in the joint activities and in the outcome achievement should be prioritised.

The work of the Thematic Poles will have to be reported by the involved partners through the Partner Report according to their involvement and by the Pole Leader through the Project Progress Report.

3.2 Information and communication management

3.2.1 Introduction

This chapter has been developed with the purpose of clarifying and streamlining the requirements in the field of information and communication to be fulfilled by the projects in the programming period 2014 – 2020.

In order to complement and strengthen the measures set up in the programme Communication Strategy, an important role will be played by the projects themselves. Communication activities are an important and integral part of the project implementation, and thus require a good planning and correctly link the project communication objectives to the specific project objectives. All activities foreseen in the project Communication Plan must be consistent with the other project activities and they should be a useful tool for the partnership to reach the main project goal(s) and for ultimately informing, in all the partner regions, about their results and achievements.

The rules and recommendations included in this chapter aim to help projects plan and implement their communication successfully. The Joint Secretariat (JS) will provide communication training and documents as support for this communication. Moreover, the JS supervises the appropriate implementation of the communication activities specified in the projects' communication plans, including minimum quality standards and the efficient use of the funds committed for communication purposes.

Legal Basis

The obligations of beneficiaries regarding information and communication measures for the public are included in: Annex XII, section 2.2 of EC Regulation 1303/2013 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0320:0469:EN:PDF>).

The regulation contains a set of general, compulsory measures, but each Programme can develop additional requirements, which will be inserted in the Subsidy Contract and the Partnership Agreement.

The Visual Identity Manual for DTP projects, the Communication Toolkit on how to implement the communication activities and the User Manual for project webpages provided by the DTP will be the basic documents to be used by the projects during the implementation of their communication activities, along with the Communication Plan to be developed by each project itself.

Communication: a shared responsibility

The responsibility for communicating about the Danube Transnational Programme is shared by the Programme management (which ensures general communication about the Programme)

and the beneficiaries, who are responsible for promoting the projects and their results. Communication at programme level is delivered by the Managing Authority (MA), the Joint Secretariat (JS), with the help of the National Contact Points. Communication at project level is the responsibility of the beneficiaries. All project partners must be involved in communicating the project results.

To ensure consistency, the LP should appoint a **communication manager**. The communication manager should be a qualified person in charge of the planning, coordination and implementation of the project's Communication Plan and distribution and involvement of all partners in communication activities. This person will be as well the liaison with the Joint Secretariat on project communication issues.

Transparency

Full transparency of the activities implemented by the projects and how the EU funds have been used must be guaranteed. The Managing Authority is responsible for the publication, electronically or otherwise of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. Beneficiaries shall be informed that acceptance of funding is also an acceptance of their inclusion in the published list of beneficiaries. The MA/JS and NCPs shall also be authorised to publish other information about the project, if considered relevant and / or to distribute / publish any project output/deliverable that is of relevance.

All information and communication measures provided by the beneficiary shall acknowledge and promote the EU support received from the Danube Transnational Programme by displaying the DTP logo along with the project acronym, **together with a reference to the Fund/s supporting the operation.**

3.2.2 Requirements

The requirements to be followed are included in the above-mentioned Regulation (EC) 1303/2013, the Subsidy Contract and the Partnership Agreement to be signed by the beneficiaries, as a means to enhance projects' communication and visibility and facilitate further the sharing of knowledge and experience and future collaboration among projects.

Project Communication Plan

The Communication Plan aims to coordinate the effective implementation of the communication activities and to support the achievement of project objectives. Therefore a Communication Plan must be developed by the projects once approved in order to have standardised project communication practices, and use them effectively throughout the whole project implementation.

The project's Communication Plan needs to be developed in close cooperation with the project coordinator and PPs. Communication is an essential element of a successful project, so all partners must be involved and committed in the communication activities. **The Communication Plan shall be submitted to the JS along with the first Project Progress Report.**

In developing the project Communication Plan, it is important to decide what communication tools and methods would be appropriate for specific project and communication objectives and for specific target groups.

It must include at least the following sections:

- **Project communication main goal and objectives:** What to achieve with the communication activities?
- **Target group(s):** The success of project communication depends on establishing and developing continuous relations with the key audience (target groups previously selected) during the whole project duration, engaging some of them to contribute to the project implementation and reaching all of them when informing about the project achievements
- **Main messages** of the project to be communicated through the communication activities and to be tailored for different target groups.
- **Tools and methods** to achieve the objectives: explanation of the foreseen communication activities, the **time plan** and which activities will be tailored to different target groups' needs
- **Evaluation measures:** Regularly checking whether – and to what extent - the activities are reaching the communication objectives, allowing revision and readjustment if necessary
- **Budget:** reasonable financial resources to be committed for the project communication activities

Project webpages within the programme website

The Danube Transnational Programme website will include and host one website per project. The integrated system of programme and project websites will facilitate the monitoring of project activities and it will save financial and human resources. No costs will be needed for creating and maintaining the project website since these services will be offered by the programme free of charge.

The Joint Secretariat will give projects access information (username and password) and guidance (a User manual) on how to produce and upload content to their webpages. The project webpages will have the same structure for all projects allowing some flexibility to create new sub-sections according to the projects' requests. All projects need to update their webpages

regularly with content designed to attract new visitors during the whole project implementation. The webpages should contain interesting project descriptions that would be meaningful to people unaware of Interreg, focusing, whenever possible, on the story, on the people and on the added value of the project actions.

The micro-sites will include:

- Pre-filled information fields with data from the AF: partnership, budget, etc.
- Dynamic information to be filled in manually by projects: project results, news and events, online newsletters, etc.

Projects might still develop a separate website for tools or products with a life reaching beyond the project (i.e. an online platform) and being a project output itself and not a simple communication tool. The development of such a separate website will be subject to approval by the Joint Secretariat and a specific justification will be required. In the event that this separate website is approved, the project will be required to follow the programme's corporate design.

Apart from the project's webpage, a **short description of the project**, including its aims and results and highlighting the financial support from the European Union, **must be included on each project partner's website**, where such a website exists.

Beyond the basic website, the programme encourages the projects to develop their presence online through social media and to use digital communication tools, when relevant to their communication objectives, target groups and the Communication Plan in general.

Logos and visual identity

The Regulation (EU) No 1303/2013 (Annex XII, Article 2.2) requires all beneficiaries to follow a number of rules regarding the use of the logo of the European Union and the respective fund. The logo must always be visible in a prominent place. The Danube Transnational Programme logo already respects all the programme requirements, and all approved projects are obliged to use it (already customised for each project) on all their communication materials, outputs and deliverables (both hard copy and electronic) as well as to display it in events.

In general, DTP projects are not allowed to develop their own project logo. Developing a logo is costly, it has a limited lifetime and so many logos bring confusion to the audience. For this reason and in order to limit costs, projects will share the programme's logo just adding the project acronym below in the colours of the priority each project belongs to. The DTP JS will provide the approved projects with their own logo in different formats.

A specific logo might exceptionally be considered for an output/result/brand with a lifetime going beyond the project if well justified in the AF and approved by the Joint Secretariat.

The DTP provides a **Visual Identity Manual for projects** with rules to be followed by all projects and non-binding related templates. This document is downloadable from the DTP

website (Documents for project implementation section). Non-compliance with the rules on branding could lead to negative effects including a potential decision on ineligibility of some costs decided by national controllers and other programme bodies. The JS will help the projects in fulfilling these rules and support them constantly in all their communication activities. Particular attention must be paid to the Annex of the Visual Identity Manual concerning the size rules of additional logos compared to the EU emblem.

Poster

Within six months after the approval of the project, each project partner has to place at least one poster with information about the project (minimum size A3), including the financial support from the EU, at a location visible to the public, such as the entrance area of a building (Regulation (EU) No 1303/2013, Annex XII Article 2.2 paragraph 2.b).

The poster needs to stay visible for the whole duration of the project. An editable template of a poster will be provided by the DTP JS but projects can create their own posters.

Events

At least two major events must be organised by the project to create awareness and disseminate the project results. A kick-off event should be organised, whenever possible, within four months after the beginning of the project implementation and a final dissemination event should be organised at the end of the implementation period.

To these events, not only project partners but key stakeholders/final beneficiaries/decision-makers should attend and the audience should be as wide as possible. Some tips for a better organisation of the events are included in the Communication Toolkit addressed to the approved projects. During the events, projects are encouraged to place the EU flag and ensure visibility of the programme logo.

Other activities/events can be organised by the project (i.e. targeted small events) or the partners can decide to participate in an activity organised by others if relevant for the project implementation. Projects are invited to participate, whenever requested, in other events organised by the programme with the purpose of presenting/discussing/developing/sharing project results and creating synergies with other projects and relevant organisations.

Projects are encouraged to think about the capitalisation opportunities and joint activities with other projects during the whole implementation. The DTP Capitalisation Strategy is aimed to promote synergies between projects on similar topics and increase the visibility and impact of their results.

Internal communication

The internal communication needs to support the smooth management of the project with measures to ensure fluent communication among partners and clear distribution of responsibilities according to the work plan. The LP should take responsibility for establishing tools and procedures that keep all partners engaged as well as constantly informed.

The success of the programme communication depends both on good project results and good cooperation between the projects and the MA/JS. The JS will be in contact with the appointed communication manager regularly, and it expects projects to actively participate in programme's communication initiatives by delivering content and photos for digital and print materials and involving the JS in major communication events.

3.3 Financial management

3.3.1 EC regulations

The Danube Transnational Programme is financed from ERDF IPA and ENI funding; therefore several EU Regulations shall be considered for the financial management of the programme. General regulations, as well as specific regulations relevant for the DTP, are collected in this section.

The following regulations shall be considered (not exhaustive list):

General regulatory framework on the financial management of EU funded programmes:

- Regulation (EU, Euratom) **No. 966/2012 (Financial regulation)** of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and the repealing Council Regulation (EC, Euratom) No 1605/2002
- Commission **Delegated Regulation (EU) No 1268/2012** of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council **on the financial rules applicable to the general budget of the Union**

General rules concerning the EU Funds:

- **Regulation (EU) No 1303/2013** of the European Parliament and the Council of 17 December 2013 laying down **common provisions on the European Regional Development Fund**, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (**Common Provisions Regulation**)

- **Regulation (EU) No 1301/2013** of the European Parliament and the Council of 17 December 2013 **on the European Regional Development Fund** and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 (**ERDF regulation**)
- **Regulation (EU) No 1299/2013** of the European Parliament and the Council of 17 December 2013 on **specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation goal (ETC regulation)**
- Commission **Delegated Regulation (EU) No 481/2014** of 4 March 2014 supplementing Regulation (EU) No. 1299/2013 of the European Parliament and the Council with regard to **specific rules on eligibility of expenditure for cooperation programmes (Delegated Act on Eligibility of expenditure)**
- **Regulation (EU) No 231/2014** of the European Parliament and of the Council of 11 March 2014, establishing an **Instrument for Pre-Accession Assistance (IPA II)**
- Commission **Implementing Regulation (EU) No 447/2014** of 2 May 2014 on **specific rules for implementing** Regulation (EU) No. 231/2014 of the European Parliament and the Council establishing an Instrument for Pre-Accession Assistance (**IPA II**)
- **Regulation (EU) No 232/2014** of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instruments (**ENI**)
- **Regulation (EU) No 236/2014** of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action (**Common Implementing Regulation for External Actions**)

The list of regulations is not exhaustive and the amendments of the above regulations shall be also considered.

Further rules to be considered:

- **Regulation (EU) No 910/2014** of the European Parliament and of the Council of 23 July 2014 on **electronic identification and trust services for electronic transactions** in the internal market and repealing Directive 1999/93/EC
- **Implementing acts** and **Delegated acts** adopted in accordance with the aforementioned regulations
- **Guidance** issued by the European Commission relevant for the project financial management and verification of expenditure

Control related Articles of the abovementioned regulations:

The following articles of the EC Regulations are regulating the **setting up the control system** and requirements for the **verification of expenditure**:

- **Article 23 (4)** of Regulation (EC) No. 1299/2013 (ETC Regulation) – setting up the control system
- **Article 125 (4)** of Regulation (EC) No. 1303/2013 (CPR) – verification of expenditure
- **Article 125 (5)** of Regulation (EC) No. 1303/2013 (CPR) – verification procedures

The EC regulations relevant for the **eligibility of expenditure** are the followings:

- **Article 3** of Regulation (EC) No. 1301/2013 (**ERDF Regulation**) – scope of support from the ERDF, i.e. specific provisions on the eligibility of activities
- **Articles 6** of Regulation (EC) No. 1303/2013 (**CPR**) – regulates the “applicable law”
- **Articles 65 to 71** of Regulation (EC) No. 1303/2013 (**CPR**) – specific provisions on eligibility of expenditure
- **Articles 18 to 20** of Regulation 1299/2013 (**ETC Regulation**) – specific provisions on eligibility of expenditure applicable to programmes of the European Territorial Cooperation goal
- Commission **Delegated Regulation** (EU) No 481/2014 – specific rules on eligibility of expenditure for cooperation programmes, with regard to the following **expenditure categories**: staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and service costs, and equipment expenditure

3.3.2 Control System in DTP

3.3.2.1 National Control System

According to Article 23 (4) of the Regulation EC No 1299/2013 (ETC Regulation) each Partner State shall set up a control system to validate the expenditure at national level. For this purpose each Partner State shall formally designate the Controller responsible for verifying the legality and regularity of the expenditure declared by each project partner participating in the project (the “Controller”).

The control system is **centralised in 9 Partner States** of the Danube Transnational Programme, including **Bosnia and Herzegovina, Croatia, Czech Republic, Hungary, Montenegro, Romania, Serbia, Slovakia and Slovenia**, and a **decentralised control system** is set up by **Austria, Bulgaria, Germany, Moldova and Ukraine**.

The designated controllers and the control requirements for each Partner State are available at the Programme’s website (www.interreg-danube.eu/relevant-documents/programme-main-documents).

3.3.2.2 Control procedure

The **Danube Control Guidelines** are developed at programme level, in order to ensure the common understanding of the rules and the requirements for control. The requirements on the verification of expenditure set by the DTP are described in the Danube Control Guidelines for the Controllers of the Partner States.

The FLC Checklist for projects, as standard template of the Control Guidelines, contains the eligibility rules and the documentary evidence needed to prove project expenditure. Therefore, it can be used as self-assessment by the Lead Partners / Project Partners before submitting the project expenditure to validation their Controllers.

The Danube Control Guidelines are available for downloading on the DTP website (www.interreg-danube.eu/relevant-documents/programme-main-documents).

The control costs are financed by national public sources in case of centralised control systems, except Croatia. Therefore, the verification of expenditure is ensured free for the project partners coming from these Partner States. In case of the decentralised systems and centralised system in Croatia, the control costs are planned to be paid by the PPs from their project budget.

3.3.2.3 FLC Certificate

The Controller verifies the expenditure declared by each PP, as well as the LP, on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU rules and relevant national rules.

Following the completion of the verification, **the Controller issues the FLC Certificate** in eMS. There is no requirement at programme level to issue the FLC Certificate on paper base in original version(s) (however, at national level it can be regulated differently).

The **FLC Certificate contains** detailed information on the administrative verifications and on-the-spot checks performed for the given reporting period, irregularities, and include the detailed list of invoices on the validated expenditure.

3.3.2.4 Timeframe of verification

Within the timeframe specified in Art. 23 of the ETC regulation, the Controllers shall verify the expenditure of the PPs in due time, in order to ensure the timely submission of the PPR and AfR at project level.

Considering the timeframe needed for the preparation of the Partner Report at PP level and the preparation of the PPR and AfR by the LP, the Controllers shall fulfil the verification of expenditure within **60 days**².

Verification process	Verification timeframe and indicative deadlines		
Preparation and submission of Partner Report by the Project Partner to the Controller from the end of each reporting period	15 days		
Verification of expenditure and issuing the FLC Certificate by the Controller		60 days	
Preparation and submission of the Project Progress Report and Application for Reimbursement for the whole project by the Lead Partner to the MA/JS			15 days

Please note: Controllers can set up different reporting deadlines for the Project Partners (instead of 15 days) in the national control guidelines, if any. In case less than 60 days are available for control, the project partner can submit the Partner Report, but risking that the validation cannot be fulfilled within the deadline of submission of the Project Progress Report and Application for Reimbursement.

3.3.3 Eligibility of expenditure, compliance with EU policies and other rules

The sound financial management of the project is based also on the eligibility of expenditure. The eligibility of expenditure will be verified by the Controllers for each PP at national level according to the requirements of the DTP and the relevant EU and national rules.

² **Cooperation Programme (CP) 5.3.8 Control System:** “In principle, each Partner State should ensure that the expenditure can be verified within a period of two months from the submission of the documents by the project partners allowing for timely submission of PRs by the LB within a three months period from the end of each reporting period.”

3.3.3.1 General eligibility criteria

The rules on eligibility of expenditure for the Danube Transnational Programme are developed based on the EC Delegated Regulation No. 481/2014, referred in the Applicants Manual as “Delegated Act” and in line with the EU Regulations listed in section 3.3.1 of this manual as well.

In principle, the same eligibility rules apply to ERDF, IPA and to ENI Funds due to the full integration of IPA and ENI Funds at programme level. In case of exceptions due to different rules for IPA or ENI, these are explicitly mentioned under the relevant sections.

In general, in order to be considered **eligible the expenditure have to fulfil all the following criteria:**

- All expenditure are related to the initiation and implementation of the project as approved by the Monitoring Committee, and essential for the achievement of the agreed project activities
- All expenditure must comply with the principle of efficiency, effectiveness and economy
- All expenditure must comply with the principle of real costs, with the exception of the costs calculated as flat rates and lump sums
- All expenditure are incurred and paid by the PP indicated in the AF during the eligibility period of the project
- All expenditure relate to activities that have not been 100% financed from other financial instruments
- All expenditure are supported by invoices or other documents with probative value directly attributable to a certain PP with the exception of the costs calculated as flat rates and lump sums
- All expenditure are in line with eligibility rules on EU, programme and national eligibility rules

Ineligible expenditure

- Fines, financial penalties and expenditure on legal disputes and litigation
- Costs of gifts, except those not exceeding 50 EUR per gift where related to promotion, communication, publicity or information
- Costs related to fluctuation of foreign exchange rate
- Interest on debt
- Purchase of land and existing buildings

- Value added tax except where it is non-recoverable under national VAT legislation
- Contributions in kind, as defined in Article 69(1) of regulation (EU) No. 1303/2013
- Project expenditure split among PPs (i.e. sharing of „common costs”)
- Second hand equipment

3.3.3.2 Eligibility in time

The rules for the eligibility period are set to Article 65 (2) of Regulation (EU) No 1303/2013. Within the Danube Transnational Programme, the eligible project period shall be set **between 1st January 2014 and 31st December 2022**.

The project period is defined in the Subsidy Contract, in accordance with the approved Application Form. In principle, the project starting date is defined after the final approval date of the project by the Monitoring Committee.

Eligible project expenditure shall be incurred and paid within the project period defined by the starting date and end date of the project according to the Subsidy Contract with the exception of:

- **Preparation costs if any**(see special eligibility rules in 3.3.3.4);
- **Control costs related to the last Project Progress Report and Application for Reimbursement** can be incurred after the end date of the project period, but it shall be paid within 60 days from the end date of the project at the latest;
- **Costs reported in the last reporting period** and incurred before the end date of the project shall be paid within 60 days from the end date of the project; the deadline for payments is indicated in the subsidy contract.

3.3.3.3 Eligibility of expenditure by budget lines

In accordance with the Delegated Act and the relevant EU regulations, specific rules on the eligibility of expenditure within the Danube Transnational Programme are established by budget lines for the five expenditure categories of the Delegated Act. In addition, based on the decision of the Partner States, the Danube Transnational Programme established an additional budget line “infrastructure and works” for the project activities where the expenditure is not covered by any of the expenditure categories of the Delegated Act.

Project expenditure are eligible under the following budget lines:

- 1) **Staff costs**
- 2) **Office and administrative expenditure**

- 3) **Travel and accommodation costs**
- 4) **External expertise and service costs**
- 5) **Equipment expenditure**
- 6) **Infrastructure and works**

1) **Staff costs**

The costs of the personnel employed by the beneficiary institution and executing tasks for the project management (project coordinator, project manager, assistant, financial manager, etc.) and/or tasks for the project content related activities are eligible to be reimbursed by the Programme.

Expenditure on staff costs shall be limited to the following:

a. **Salary payments** related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment/work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned;

b. Any **other costs directly linked to salary payments incurred and paid by the employer**, such as **employment taxes and social security** including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council provided that they are:

(i) Fixed in an employment document or by law;

(ii) In accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and

(iii) Not recoverable by the employer.

- The above rules apply to any other additional benefits incurred and paid by the employer over the monthly salary. Additional benefits must be directly linked to the salary payments and figure on the payslip. Ad-hoc regulations for additional benefits, ad-hoc salary increases or bonuses applicable only to the project are not eligible.
- Overtime is eligible only in case it is directly related to the project, it is foreseen in the employment document and it is in line with national legislation and the standard practice of the beneficiary, and on the basis of appropriate time registration system. In case of part time employment, overtime shall be proportionally allocated to the project.

Staff costs may be reimbursed in the Danube Transnational Programme either:

- a. On a **real cost basis** (proven by the employment document and payslips); or

- b. As a **flat rate up to 20% of direct costs** other than staff costs.

Each PP must choose one of these reimbursement options already in the AF, which **remains unchanged through the entire project period**.

a. Staff costs are reimbursed on real costs basis:

The staff can be allocated to **work full time** (100% of the working time is allocated to the project) **or part time** for the project.

Please note: Staff costs of **the part-time** employees have to be calculated using one of the following methods:

- a. Part-time with a fixed percentage of time worked per month on the operation, with no obligation to establish a separate working time registration system
- b. Part-time with a flexible number of hours worked per month; in line with a number of hours varying from one month to the other worked on the operation, based on a time registration system covering 100 % of the working time of the employee
- c. On an hourly basis

For part-time assignments with a fixed percentage of time worked per month:

- The percentage of time to be worked on the project shall be fixed in the employment document (work contract/job description/other equivalent document) by the employer for each project staff member. The percentage of time dedicated to the given project shall be mentioned in the documents where the other tasks / projects are referred, as well as the percentage of time to be allocated to other tasks/projects. Description of project-related tasks and responsibilities of the person working on the project shall be available and the time allocated to the project per work package shall be in line with the project related tasks.
- There is no obligation to establish a separate working time registration system.
- In case the percentage of time to be worked on the project is changed during the project duration, the related document shall be submitted to the Controller, as well as the documents justifying the necessity and plausibility of the changes.

For part-time assignments with a flexible number of hours worked per month:

- The reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:

(i) Dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours; or

(ii) Dividing the latest documented annual gross employment cost by 1,720 hours.

- The hourly rates calculated under points (i) and (ii) shall be multiplied by the number of hours actually worked on the operation.
- In case of use of annual gross employment cost method, the hourly rates would be set based on the latest available gross employment costs at the time of signature of the Subsidy Contract. The hourly rates would remain fixed for the project duration.
- Under method point (ii) the denominator of the formula for the calculation of the hourly rate (i.e. 1,720 hours) cannot be changed irrespective of contractual conditions applicable.
- Methods under points (i) and (ii) can be combined for the staff of the same partner according to the different contract provisions (e.g. newly hired staff, etc.)
- Time registration system covering 100 % of the working time of the employee shall be established.

For part time assignment on an hourly basis:

- Staff costs related to individuals who, according to the employment document, work on an hourly basis, costs shall be eligible applying the number of hours actually worked on the operation to the hourly rate agreed in the employment document based on a working time registration system.
- Time registration system covering 100 % of the working time of the employee shall be established.

ATTENTION: Staff costs of the employees of the institution involved in the project are to be considered cash contribution and not in-kind contribution! (In kind contribution means **unpaid voluntary work**, and the value of that work is determined by taking into account the verified time spent and the **rate of remuneration for equivalent work**. According to programme rules, **in kind contribution is not eligible**).

Examples for the calculation of staff costs:

Type	Calculation
Full time employment	<p>100% of the gross employment costs are allocated to the project</p> <p><u>Example:</u></p> <ul style="list-style-type: none"> ➤ <i>Project manager is assigned to work 100% on the project. This is clearly stated in the relevant employment document along with the role within the project and the relevant tasks.</i>

	<ul style="list-style-type: none"> ➤ <i>Project reporting is on 6 months basis.</i> ➤ <i>Gross employment cost of project manager is 3,500 EUR (including 2,660 EUR gross salary and 718 EUR social charges paid by the employer and 122 EUR other payments related to salary including taxes paid by the employer).</i> ➤ <i>During a particular month, project manager is working solely on project related tasks.</i> ➤ <i>At the end of the reporting period, relevant partner report is prepared by the project partner. In the partner report the expenditure are claimed for project manager in the amount of 21,000 EUR (6 * 3,500 EUR).</i> ➤ <i>No obligation to establish a separate working time registration system – no timesheet necessary</i>
<p>Part time employment</p>	<p>a. with a <u>fixed percentage of time worked per month</u></p> <p>The percentage set in the employment document (work contract/job description/other equivalent document) is multiplied by the monthly gross employment costs.</p> <p><u>Example:</u></p> <p><i>50% of working time is allocated to the project</i></p> <ul style="list-style-type: none"> ➤ <i>Financial manager is assigned to work 50% on the project. This is clearly stated in the relevant employment document along with the role within the project and the relevant tasks.</i> ➤ <i>Project reporting is on 6 months basis.</i> ➤ <i>Gross employment costs of financial manager is 3,500 EUR (including 2,660 EUR gross salary and 718 EUR social charges paid by the employer and 122 EUR other payments related to salary including taxes paid by the employer).</i> ➤ <i>During a particular month, financial manager is working 50% of her/his working time on project related tasks.</i> ➤ <i>At the end of the reporting period, relevant</i>

		<p>partner report is prepared by the project partner. In the partner report the expenditure are claimed for financial manager in the amount of 10,500 EUR = $6 \cdot (3500 \cdot 0,5)$.</p> <ul style="list-style-type: none"> ➤ No obligation to establish a separate working time registration system
	<p>b.(i) with a flexible number of hours worked per month <u>calculated with a monthly hourly rate</u></p>	<p>Number of hours worked in the project multiplied by the pre-calculated monthly hourly rate.</p> <p>Hourly rate = monthly gross employment cost/ monthly working time fixed in the employment document (expressed in hours).</p> <p><u>Example:</u></p> <ul style="list-style-type: none"> ➤ Monthly working hours according to the contract: 168 hours ➤ Gross employment costs for June: EUR 3,500.00 → hourly rate: $3500/168 = 20.83$ EUR ➤ Total number of hours worked for the project (June): 80h ➤ Total project costs: $80h \cdot 20.83$ EUR = 1,666.40 EUR ➤ Time registration system covering 100 % of the working time of the employee is established.
	<p>b.(ii) with a flexible number of hours worked per month <u>calculated with a yearly hourly rate</u></p>	<p>Number of hours worked in the project multiplied by the pre-calculated yearly hourly rate.</p> <p>Hourly rate = latest documented annual gross employment cost/ 1,720 hours<u>Example:</u></p> <ul style="list-style-type: none"> ➤ Gross annual employment costs documented: 42,000.00 EUR → hourly rate: $42.000/ 1,720.00 = 24.41$ EUR ➤ Total monthly hours worked for the project (June): 80h ➤ Total project costs (June): $80h \cdot 24.41 = 1,952.80$ EUR ➤ Time registration system covering 100 % of the

		<i>working time of the employee is established.</i>
	<i>c. with a flexible number of hours worked per month calculated <u>on a contracted hourly rate basis</u></i>	<p><i>Number of hours worked for the project multiplied by the hourly rate set in the employment document.</i></p> <p><i>Example:</i></p> <ul style="list-style-type: none"> ➤ <i>Hourly rate set in the employment document: 16 EUR</i> ➤ <i>Total number of hours worked for the project (June): 80h</i> ➤ <i>Total project costs: 80h*16 EUR=1,280 EUR + 345 EUR social charges paid by the employer = 1,625 EUR</i> ➤ <i>Time registration system covering 100 % of the working time of the employee is established.</i>

Please, note: Further information on the calculation of staff costs can be found in the Control Guidelines.

b. Staff costs are reimbursed on flat rate basis:

The flat rate for staff costs shall be applied at the level of the partner budget and **shall not exceed 20%** of the eligible direct costs other than the staff costs of the partner budget.

The eligible direct costs as basis of the calculation of the staff costs are the amounts to be reimbursed under the travel and accommodation costs, external expertise and service costs, equipment expenditure and infrastructure and works budget lines. The expenditure to be reported under office and administration is not considered as direct costs, therefore it shall not be included in the basis of calculation of the staff costs.

No further justification or supporting document is needed from the PPs to justify the staff costs declared.

Further eligibility rules:

- The flat rate defined in the approved Application Form shall be **automatically applied** by the given PP for reporting staff costs **in each reporting period**
- In case the flat rate method is applied for the reimbursement of staff costs, **no further staff costs incurred on real costs basis can be reported** under this budget line or under other budget lines

- In case staff costs are not eligible for financing for the given PP according to national eligibility rules, staff costs shall not be declared on flat rate basis to the project (i.e. the eligibility of expenditure does not depend on the form of reimbursement)

The flat rate approved in the AF shall be applied in case of budget changes of a PP affecting the amount of direct costs being basis of the calculation of the staff costs.

2) Office and administrative expenditure

Office and administrative costs related to the project implementation shall be declared on a flat rate basis of **15% of the eligible staff costs of the project (i.e. costs declared under “Budget line 1 Staff costs” no matter if the flat rate or real costs method is used for the staff costs)** in case PP decided to claim them in accordance with the approved Application Form.

No further justification or supporting document is needed from the PPs to justify the Office and administrative costs declared.

Office and administrative expenditure cannot be claimed as direct cost under other budget lines.

The following types of expenditure are included under this budget line (exhaustive list):

- Office rent
- Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
- Utilities (e.g. electricity, heating, water)
- Office supplies
- General accounting provided inside the beneficiary organisation
- Archives
- Maintenance, cleaning and repairs
- Security
- IT systems
- Communication (e.g. telephone, fax, internet, postal services, business cards)
- Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- Charges for transnational financial transactions

Example:

IT system support purchased by the project partner to support delivery of general project activities can be covered under this budget line.

Further eligibility rules:

- The **same flat rate** (15%) shall be automatically applied **for each reporting period**, by each PP. Office and administrative costs (15% flat rate) can be introduced, or deleted from a Project Partner budget by budget change, only before PPs of the project start preparing their Partner Report in eMS for the first reporting period. **In case staff costs are not declared for the relevant reporting period, the office and administrative expenditure shall not be declared**
- Office and administrative expenditure is eligible also in case the staff costs are declared on flat rate basis
- In case **staff costs are not eligible** for financing for the given project partner according to national eligibility rules, **office and administrative expenditure shall not be declared to the project** (i.e. the institution of the project partner financing the staff of the project shall finance the related office and administration expenditure as well)

The 15% flat rate shall be applied in case of budget changes affecting the amount of direct staff costs of a project partner's budget

3) Travel and accommodation costs

Project related travelling costs of the project staff employed by the beneficiary are eligible for financing under the travel and accommodation costs budget line PPs can choose from the following two options in accordance with the national/ internal rules:

Option A)

Eligible expenditure includes (exhaustive list):

- a. Travel costs:
 - Tickets: flight tickets (including the costs for carbon offsetting), bus, train, local transportation tickets, etc.
 - Travel and car insurance
 - Fuel, car mileage according to the rules relevant for the beneficiary's institution

- Toll
 - Parking fees (e.g. parking at the event, at the airport)
 - Taxi costs and car rental according to the criteria of “further eligibility rules” of this budget line
- b. Costs of meals
- c. Accommodation costs
- d. Visa costs
- e. Daily allowances

In case travel costs, meals, accommodation costs or visa costs or any of these are covered by the daily allowance, the actual incurred expenditure related to the cost covered by daily allowance shall not be reimbursed as an addition to the daily allowance.

Option B)

Eligible expenditure includes:

- a. Travel costs:
- Tickets for travels: flight tickets (including the costs for carbon offsetting), bus, train etc... (excluding local travel within the place of mission)
 - Travel and car insurance
 - Fuel, car mileage according to the rules relevant for the beneficiary’s institution
 - Toll
 - Parking fees (e.g. parking at the event, at the airport)
 - Taxi costs and car rental according to the criteria of “further eligibility rules” of this budget line (excluding local travel within the place of mission).
- b. Per diems according to the EC-funded external aid contracts. In this context, per diems cover accommodation, meals, local travel within the place of mission and sundry expenses. The current per diem rates can be found on the EC website: http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm_en (the latest version should be considered)
- c. Visa costs

Further eligibility rules:

- Travel and accommodation costs must be clearly linked to the project: they must be justified by activities carried out within the project (e.g. participation in events, meetings organised by the project/project partners, meetings with the MA/JS, seminars, conferences organised by the Danube Transnational Programme or where it is relevant the participation of the project, etc.) and the related activities shall be relevant for the implementation of the project, e.g. participation at the meeting with PPs to prepare any activity, etc.
- The duration of the travel shall be clearly linked to the concerned event/meeting and shall not be longer than from the day before to the day after the concerned meeting, unless it is clearly justified and documented. Further overnights and related costs (e.g. extra hotel costs, extra daily allowances, additional staff costs) not justified shall not be eligible
- In principle, travelling costs of the “project staff” (as defined by the BL1 staff costs) are eligible
- In case staff costs of the partner’ institution cannot be charged to the project due to national legislation, but it is proved that these persons are directly contributing to the project implementation, their travelling costs are considered eligible as well (e.g. civil servants)
- Travel and accommodation costs must be definitely borne by the partner’s institution as beneficiary. Direct payment of costs by a staff member of the beneficiary must be supported by a proof of reimbursement from the employer before submitting the expenditure for validation to the Controller
- Travelling costs of the Associated Strategic Partners (ASPs) are eligible, where the invoice and/or the relevant accounting document is addressed to the “sponsoring” ERDF Partner and it is directly paid or reimbursed by the ERDF Partner before submitting the expenditure for validation to the Controller
- Travel and accommodation expenses of external experts and service providers shall be declared under the external expertise and services costs
- Project related travels within the programme area of the Danube Transnational Programme and within the EU territory are eligible costs (see also special eligibility rules in section 3.3.3.4 of this Manual)
- Daily allowances are eligible according to national legislation / internal rules of the partner’s organisation. In case neither national nor internal rules of the partner’s organisation are available, the daily allowances according to the Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 shall be applied. Hierarchy or rules (internal and/or national, EU) shall be kept. Daily allowances accounted for the project shall include the related social contributions/taxes according to the relevant national rules

- Daily allowances are eligible for ASPs under condition that the relevant internal rules for the sponsoring ERDF Partner's institution make possible such payment
- Daily rates for hotel accommodation costs are eligible according to national legislation / internal rules of the partner's organisation. In case neither national nor internal rules of the partner's organisation are available, the daily rates for the hotel accommodation costs according to the Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 shall be applied. Hierarchy of rules (internal and/or national, EU) shall be kept. Higher daily rates can be accepted in exceptional and duly justified cases, e.g. hotel available only for higher daily rate, due to the location of the event (e.g. Brussels)
- As a general rule, the most economical way of transport should be used. In principle, business-or first class tickets are not eligible. Business-or first class tickets can be accepted only in exceptional cases, if cost effectiveness and efficiency can be clearly proved with documented booking options
- Taxi costs are eligible, e.g. for travelling to/from the airport/train station, to/from the venue of the event/hotel, in case they are well justified (e.g. the only effective travel solution if public transportation is not available)
- Car rental is eligible in exceptional cases and in justified circumstances, e.g. the location of the event is not accessible by public transport, cancellation of travel by public transport not due to fault of the travelling person, costs effectiveness due to the number of travelling persons, etc.
- Furthermore, environmentally friendly means of transport should be chosen whenever possible (e.g. train over flight, public transport over taxi/car etc.)
- Costs for flight carbon offsetting are eligible provided that the costs are included in the same invoice of the flight. In case it is not included in the flight ticket, the PP can select the service provider of CO₂ compensation and the costs are eligible provided that the related invoice contains the following details: project acronym/code, name of the passenger, flight number/destination.³

4) External expertise and service costs

Expenditure on external expertise and service costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than the beneficiaries of the project, including ASPs:

- a. Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks)

³ Carbon offsets are achieved through financial support of projects carried out by organisations that act as service providers of CO₂ compensation that reduce the emission of greenhouse gases in the short- or long-term (see Part 6 section VII Environmental sustainability)

- b. Training
- c. Translations
- d. IT systems and website, modifications and updates⁴
- e. Promotion, communication, publicity or information linked to the project
- f. Financial management
- g. Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation)
- h. Participation in events (e.g. registration fees)
- i. Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- j. Intellectual property rights
- k. Verifications: Externalised control activities (FLC) for the verification of the project expenditure where it is relevant for the control system of the concerned Partner State
- l. The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee
- m. Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- n. Other specific expertise and services needed for the given project

Further eligibility rules:

- External expertise and services must be clearly and strictly linked to the project and be essential for its effective implementation
- In case of public procurement, the selection of the external experts shall comply in case of ERDF partners with the relevant national public procurement law in force, and in case of the IPA and ENI partners, with the provisions of the Financial Regulation (Chapter 3 of Title IV of Part Two) and the Delegated Regulation (Chapter 3 of Title II of Part Two) and the Financing Agreement concluded between the relevant Partner State, the European Commission and the Managing Authority
- In case the controller is appointed or designated at national level and its costs is paid by the project partner, the rules for the selection of the external experts shall not be applied as the project partner is not free to select a controller

⁴ The Danube Transnational Programme website will include and host one website per project

- Programme specific rules shall be applied for the procurements between 5,000 EUR (excluding VAT) and the national public procurement thresholds (detailed rules in section 3.3.4.) (applicable only for ERDF component of the DTP)
- Procurements shall comply with the principles of transparency, non-discrimination and equal treatment
- Project partners and their employees shall not be contracted by another project partner within the same project as an external expert or a subcontractor.
- Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers shall be declared under this budget line. In case only the travel and accommodation costs are reimbursed to the external expert (not receiving fee), the contract shall state that only travel costs and accommodation costs supported by invoices will be paid
- If applicable, the deliverables respect the information and publicity requirements of the DTP
- Gifts are eligible up to a maximum value of EUR 50 per item and they must be linked to promotion, communication, publicity or information activities included in the AF or approved by the MA/JS beforehand. Information and publicity requirements of the DTP shall be respected for the gifts as well
- Expenditure on external expertise and services shall not be split among the project partners, i.e. common costs are not allowed

5) Equipment expenditure

Purchase, rent or lease of equipment costs is eligible in case it is necessary for the project implementation and is foreseen in the approved Application Form.

The purchase, rent or lease of the following equipment is eligible under this budget line:

- a. Office equipment
- b. IT hardware and software
- c. Furniture and fittings
- d. Laboratory equipment
- e. Machines and instruments
- f. Tools or devices
- g. Vehicles

h. Other specific equipment needed for operations

Cost items accounted under the equipment budget line shall not be reimbursed under any other budget line.

Further eligibility rules:

- Equipment should be clearly and strictly linked to the project (features and functions are in line with the project needs) and exclusively used for the project implementation
- Only equipment listed in the approved AF are eligible for financing. In case of any change necessary to the equipment, it shall be preliminary approved by the JS PO (minor change), or approved by the Monitoring Committee (major change) according to the rules on project changes
- In case of public procurement, the selection of the suppliers shall comply in case of ERDF partners with the relevant national public procurement law in force, and in case of the IPA and ENI partners, with provisions of the Financial Regulation (Chapter 3 of Title IV of Part Two) and the Delegated Regulation (Chapter 3 of Title II of Part Two) and the Financing Agreement concluded between the relevant Partner State, the European Commission and the Managing Authority
- Programme specific rules shall be applied for the procurements between 5,000 EUR (excluding VAT) and the national public procurement thresholds (detailed rules in section 3.3.4.) (applicable only for ERDF component of the DTP)
- Procurements shall comply with the principles of transparency, non-discrimination and equal treatment
- Equipment expenditure shall not be split among the project partners, i.e. common costs are not allowed

Eligible costs of project equipment:

- As a general principle, for all project equipment (purchased before or during the project lifetime) **only depreciation costs should be allocated to the project**

Projects granted under the 2nd and further calls for proposals:

- **The full costs of the equipment should be allocated to the project**, if it is in line with national and institutional regulations. In case national or institutional regulation does not allow that project equipment is reimbursed in full, **only depreciation costs are eligible**
- For project equipment that was purchased before the project starting date, not fully depreciated before and used for the project purposes, **only depreciation costs for the relevant project period** should be allocated to the project. Furthermore, depreciation

costs of the equipment are eligible only if the acquisition of equipment is not financed from any other financial instrument (e.g. EU, national, international)

- The calculation of depreciation or equivalent division of shares of equipment should be done according to a justified and equitable method and be in line with the national or institutional regulations
- Depreciation costs of equipment should be allocated to the time period when the equipment was used for the project purposes

Example:

An equipment item was used from beginning of -January to end of -June. This would mean that the equipment was used throughout 6 months period. The price was EUR 4,000, with annual depreciation of EUR 1,200. By dividing this annual depreciation further by 12 months, the monthly depreciation would equal 100 EUR. In our example the project could report EUR 600 (=6 months x EUR 100).

- For equipment rented or leased for certain period during the project lifetime rental or leasing costs for the respective period are eligible
- If according to the national legislation the **equipment is not depreciable** (e.g. low-value asset), **the full costs of purchase, lease or rent could be allocated to the project.** Equipment under this category does not have to be used for project purposes after the end of the project. Moreover, after use the equipment does not have to remain in the ownership of the PP that had reported the related costs. (In case of the full cost of purchase is allocated to the project and the equipment in question is later sold, please see section 4.1.3 on project revenues).

Equipment which is part of an investment:

- In case **equipment is part of or fully represents an investment item** which was approved in the AF, **the full cost of the equipment is eligible.**

In general, equipment which is part of investment belongs to budget line Equipment.

- In case equipment belongs to this category, the following rules have to be observed:
 - The equipment must be a part of an investment output as specified in the application
 - The equipment should be solely used for the project purposes during the project life, the purpose and ownership of the equipment cannot be changed for at least 5 years after the final payment to the project.

6) Infrastructure and works

The DTP, as well as the other transnational cooperation programmes, is not intended as an investment programme. This is largely due to its limited budget and its cooperative nature.

For this reason, only small scale infrastructure is eligible where the transnational impact of the investment is demonstrated and the activity is approved in the Application Form.

Please note that the total investment expenditure can be divided among different budget lines. The budget line 'Infrastructure and works' should only cover costs related to investment having the nature of infrastructure or works and not included under any other budget line. In line with the EU Directive 2014/24/EU Art.2, the budget line should include execution or both design and execution of works as well as site preparation, delivery, handling installation, renovation.

Eligible investments:

- **Either** follow a transnational physical or functional link over the national border (e.g. transport corridors) which has been analysed from transnational point of view and has a clear impact over the national borders

or

- Create a transferable practical solution through a case study in one area, which is jointly evaluated by the project partners and transferred for testing in at least two other participating countries

Examples of possible investments :

- *Infrastructure investments in ports, railways, routes, inland waterways and road junctions improving the operability of a transnational transport corridor*
- *Information and visitor centres, located in different countries of the programme, presenting the Danube region natural heritage (not focused on a specific site or narrow area)*

Ineligible expenditure:

- Investments without transnational relevance
- Costs of purchase of land and buildings

Examples of investments that are not eligible under DTP:

- *Investments not driven by a transnational need jointly identified by the partnership but by the individual local/regional/national needs*

- *A selection of investments linked by the need of funding*
- *Pilot investments that are not jointly evaluated and transferred for testing in the partnership*

Further eligibility rules:

- In case of public procurement the selection of contractors of investments shall comply in case of ERDF partners with the relevant national public procurement law in force, and in case of the IPA and ENI partners, with the provisions of the Financial Regulation (Chapter 3 of Title IV of Part Two) and the Delegated Regulation (Chapter 3 of Title II of Part Two) and the Financing Agreement concluded between the relevant Partner State, the European Commission and the Managing Authority
- The programme specific rules set for the procurements between 5,000 EUR (excluding VAT) and the national public procurement thresholds (detailed rules in section 3.3.4) (applicable only for ERDF component of the DTP)
- The principles of transparency, non-discrimination and equal treatment
- Depending on the nature of investments and works: all compulsory requirements set by EU and national legislation, including the environmental requirements
- The purpose and ownership of the infrastructure cannot be changed for at least 5 years after the final payment to the project
- The contractor shall not be a partner in the project
- Expenditure on infrastructure and works shall not be split among the project partners, i.e. common costs are not allowed

3.3.3.4 Special eligibility rules

1) Preparation costs

Projects approved by the DTP Monitoring Committee are entitled to receive the reimbursement of the **preparation costs in a form of a lump-sum, except** for those projects that **already received financial support** for the project preparation under the EU Strategy for the Danube Region (EUSDR) **Seed Money Facility** or on any **other EU fund**.

As general principle, the DTP shall not finance the same costs which have been previously covered by other EU funds. Therefore, it shall be indicated in the Application Form if the project has received other EU financial support for the project preparation.

The amount of 17,500 EUR of preparation cost shall be declared by the LP under WP Preparation in the reporting period 0 in the eMS.

2) Expenditure of the Associated Strategic Partners

EU partners located inside or outside the programme eligible area, as well as non-EU partners **of the programme** can contribute to the project without separate budget as **Associated Strategic Partners (ASP) with the following conditions:**

- The need for the involvement of the ASP for the implementation of the project and the benefit for the DTP area has to be always demonstrated during the implementation of the project.
- In line with the rules set in Article 20(2) of Regulation (EU) No 1299/2013 EC Regulation, expenditure of the **EU partners located outside the Programme area and non-EU partners of the programme area** cannot exceed 20% of the ERDF PPs' budget in total.
- These costs have to be included in the budget “sponsoring” ERDF PP
- **Only travel and accommodation costs** of the ASPs related to project activities **are eligible** according to the eligibility rules for BL3 travel and accommodation costs in section 3.3.3.3.
- The **ASP is indirectly financed** from the project budget, therefore the **costs of the concerned ASP shall be paid or reimbursed by the “sponsoring” ERDF PP** and the costs shall be **traceable** from the **approved Application Form**.
- The expenditure shall be verified by the Controller of the “sponsoring” ERDF PP and has to be reported in the FLC Certificate as well.
- ASPs cannot be subcontracted by project partners as external experts.

3) 20% activities

Project activities co-financed by the ERDF shall be located in the part of the Programme area comprising European Union territory (EU part of the Programme area).

Nevertheless, project partners can, in justified cases, implement part of ERDF-financed activities (i.e. participating in events, organisation of seminars, events or workshops) in EU countries outside programme area and/ or non-EU countries within the programme area.

Special conditions and eligibility of expenditure:

- costs to be spent according to the 20% ERDF flexibility rule must be traceable from the approved Application Form;

- **costs shall be clearly planned in the budget of ERDF PP and shall be paid and validated by the ERDF PP under the budget line External expertise and service costs;**
- the need for the activities outside the EU part of the programme area for the implementation of the project and the achievements of its objectives has to be clearly demonstrated;
- the benefit of the programme area has to be always demonstrated, in the description of the project proposal and during the implementation.

Eligible expenditure:

- costs of the organisation of joint meetings in EU countries outside programme area and/ or non-EU countries within the programme area (e.g. organisation of a workshop in the Republic of Moldova, financed by an ERDF PP);
- costs for the implementation of specific activities of the project in EU countries outside programme area and/ or non-EU countries within the programme area (e.g. organisation and implementation of training activities in Montenegro financed, by an ERDF PP).

3.3.4 Procurement procedures

General principles

Public procurement is a process used by organisations and companies receiving public funds for choosing and contracting providers of goods, services and works by ensuring transparency and equal treatment of the potential providers. The public procurement procedures aim at a more efficient and transparent use of public funds as well as at increasing competitiveness. The main principles to be followed when procuring goods, services or works are the principles of transparency, non-discrimination and equal treatment. Compliance with the procurement requirements is vital for the projects, as it ensures the eligibility of the reported costs of the particular goods, services and works.

In the framework of the Danube Transnational Programme, all project partners implementing projects must comply with the relevant public procurement legislation, independently from their legal status. The rules are set at the following levels:

- 1) EU directives (Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and repealing Directive 2004/18/EC)
- 2) Financial Regulation (Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012)
- 3) National public procurement law of the Partner State of the project partner
- 4) Programme rules set by the Danube Transnational Programme

5) Institutional rules relevant for the project partner

In principle the rules set up at EU level in the Directive is subject to be implemented into the national legislation as the Directive does not have direct effect. The procurement rules at national level could be different due to the different types of procedure,, contract value, etc. Moreover, different rules apply for ERDF partners and for IPA and ENI partners.

- ERDF partners shall apply the relevant national public procurement rules, and the programme specific rules;
- In addition, in order to have harmonised procurement procedures at programme level, the Danube Transnational Programme is setting a threshold of 5,000 EUR (excluding VAT) to be applied in the ERDF Partner States of the Programme for the procurements below national thresholds. Above this amount and below the national public procurement threshold, the “bid-at-three” rule shall be applied by the ERDF PPs (unless national/institutional rules are stricter in which case they should be applied).
- Below this 5,000 EUR net amount, no specific rules are set at programme level, however, national rules, if any, shall be applied.

Summary of procurement procedures for ERDF Partners within the Danube Transnational Programme:

Thresholds	Rules to be applied	Procedure to be applied
Below 5,000 EUR (excluding VAT)	National rules (if any)	Procedure to be checked at national level (if any)
Between 5,000 EUR (excluding VAT) and national public procurement thresholds	Programme specific rules or national / institutional rules if stricter	Bid-at three rule or national/institutional rules if stricter
Between national and EU public procurement thresholds	National public procurement law	National level tenders
Above EU public procurement thresholds	National public procurement law	EU level tenders

“Bid-at-three” rule: when purchasing goods or services with a contract value between 5,000 EUR (excluding VAT) and the national thresholds the Danube Transnational Programme requires the implementation of a “bid-at-three” rule. This procedure is introduced at programme level to ensure transparent selection procedures, equal treatment and cost efficiency for goods and services below the national thresholds. The same programme level threshold is applied in each ERDF Partner State of the Programme.

Project partners shall **request at least three offers to be submitted** for all contracting amounts above 5,000 EUR (excluding VAT) and below the national and EU thresholds in case three comparable offers are not available from any other resources (e.g. price list from internet), **In case three offers are not received/ arrived, the activities undertaken to acquire the offers have to be documented.** It shall be ensured that prices for similar goods, services or works have been compared and the selection procedure is transparent, as well as the appropriate audit trail being followed. If at national/institutional level stricter rules have to be applied the national/institutional rules must be followed.

- IPA and ENI partners shall follow the provisions of the Financial Regulation (Chapter 3 of Title IV of Part Two) and the Delegated Regulation (Chapter 3 of Title II of Part Two) and the Financing Agreement concluded between the relevant Partner State, the European Commission and the Managing Authority.. The threshold specified in the Delegated Regulation must be followed

Further eligibility rules:

- For all cases of procurement, the **proper audit trail shall be ensured**. The selection and contracting procedure, as well as offers received from the tenderers, have to be well documented according to EU legislation, national and internal rules to ensure transparency of the process;
- **Framework contracts** can be eligible for the project's purposes, where goods and/or services have been already procured outside the project by the project partner's organisation according to the relevant public procurement rules;
- **"In-house" contracting** can be eligible under condition that the requirements set up at national level (the details probably described in the public procurement regulations as an exemption to apply public procurement) for in-house contracting are fulfilled and the costs are declared under the relevant budget line according to the rules on eligibility of expenditure, reporting and audit trail of the Programme are ensured as well. In case of in-house contracting, only the actual costs are eligible to be reimbursed, no profit margin can be charged by the company contracted with (e.g. subsidiary company). The Controllers have to check that the requirements set up at national level for in house contracting have been fulfilled.

Sub-contracting of project partners of the same project or any of the staff of the other project partners of the same project as an external expert or a subcontractor to carry out project activities within the same project **is not allowed** within the Danube Transnational Programme.

- **Risk of conflict of interest** shall be minimised during each procurement process:
 - Conflict of interest exists where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient.

- Each project partner is responsible to ensure that the appropriate measures are taken to minimise any risk of conflict of interest during the procurement process. Although the character of the conflict of interest is diverse depending on the parties, types of the relationships and interests involved the common matter to be ensured is transparency of the decision making process and fair treatment for all tenderers. The national level law regulating this question shall be taken into account as well.
- In case a conflict of interest is detected in the procurement procedure financial implications might be set (see Commission Decision C(2013) 9527 and the annexed 'Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement').

Examples:

Within the framework of projects with transnational relevance, usually at least a few cases of procurement would occur. Some examples of common procurement situations are listed below:

- *Procurement for development of studies or surveys for different purposes*
- *Procurement for development of IT platform necessary for the project*
- *Procurement of project management and/or communication expertise necessary for the project*
- *Procurement of equipment necessary for project implementation (office equipment or specialised hardware or software)*

3.3.5 State aid rules

In the Danube Transnational Programme, no state aid is granted and state aid regulations which determine exemptions will not be applied. All project partners are expected to be familiar with the relevant state aid rules to ensure that their activities do not constitute state aid.

4 Monitoring project progress

4.1 Reporting

Reporting is one of the tools used by the Programme to monitor on a regular basis or at certain stages of the project implementation, the physical and financial progress and performance of the project, its deliverables, outputs, achievements and contributions to the Programme objectives and output indicators. Reporting is also the basis for the reimbursement of the EU contribution part (ERDF and, if applicable, IPA and ENI) of the project expenditure to the Lead Partner and through the LP to the partners. Based on the contractual obligation, the LP has to regularly submit Project Progress Reports (PPR) and Application for Reimbursements (AfR), according to the deadlines set in the SC. In the Project Progress Report, the LP reports about the project progress proving that the implementation is in accordance with the approved AF and justifies the reported, validated expenditure in connection to the AfR of the contribution from EU Funds (ERDF, IPA and ENI).

While the Project Progress Report is prepared by the LP, each PP (ERDF, IPA and ENI) must contribute to the compilation of the Project Progress Reports by preparing and submitting their Partner Reports (PR). Project Partners provide adequate information for the LP concerning the activity and financial progress of their project part via the Partner Report in relation to a certain reporting period.

The Partner Report contains the financial data of the expenditure reported by the partner to be validated by the Controller at national level, based on which the Controller issues the FLC Certificate. The PP has to submit the Partner Report through the eMS to its designated or selected Controller by the deadline defined by the respective Controller in the national control guideline (if any) or, if the national control guidelines are not available, by the deadlines outlined in point 3.3.2.4. of this Manual (more information on the validation procedure is provided in sections 3.3.2 and 4.1.4 of this manual).

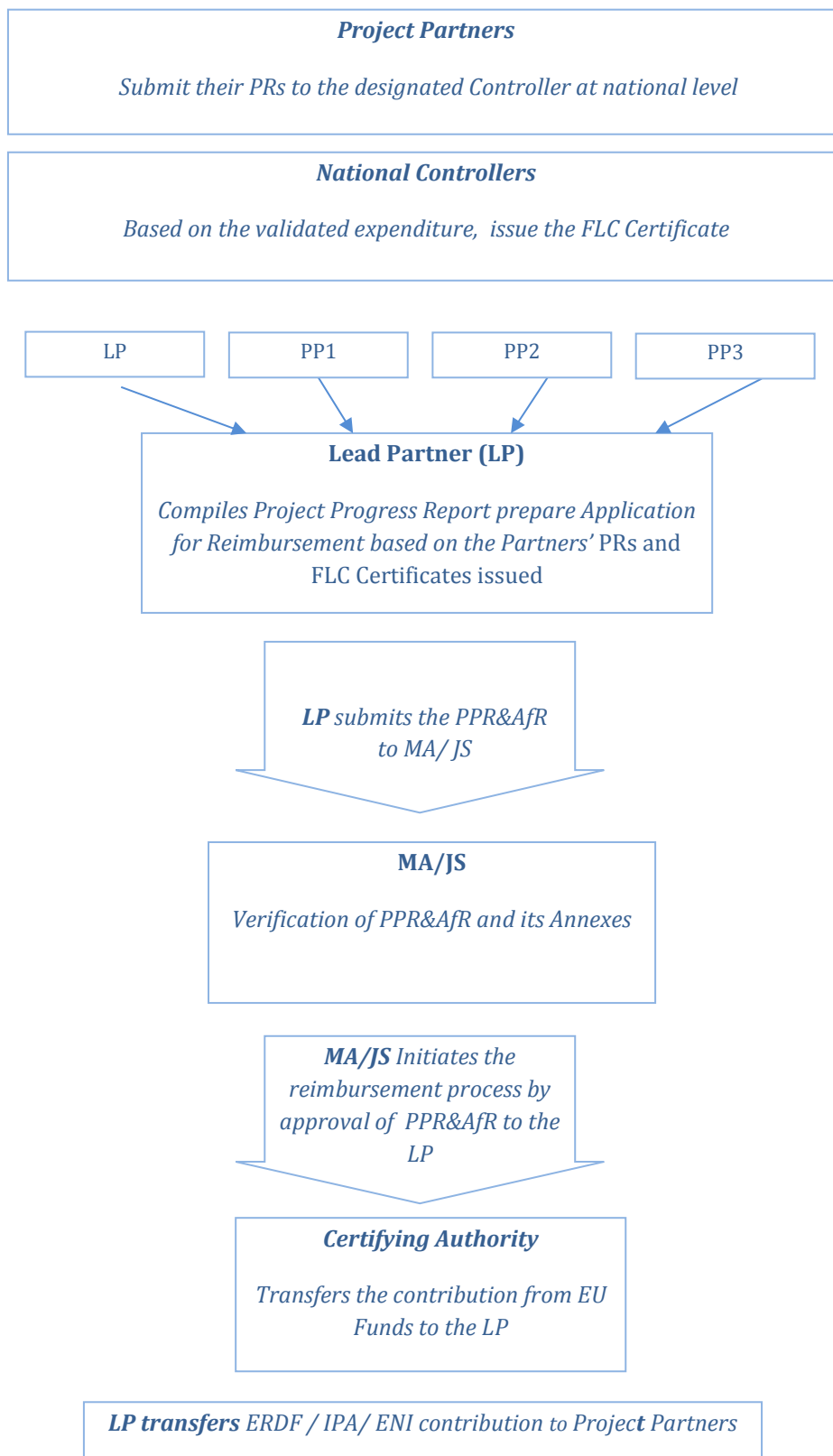
4.1.1 Reporting system and process

The whole reporting procedure is integrated into and managed through the electronic online information and monitoring system used by the DTP (Electronic Monitoring System, further referred as eMS). The DTP *Factsheet - Access and first Steps* provides guidance for the LP and each PP (ERDF, IPA and ENI) on how to access eMS.

First, Project Partners (including the LP) have to prepare and submit their Partner Reports (PR) through eMS to their designated Controller at national level. The *Guidelines for Partner Report* provides detailed guidance on how the PR is to be prepared and submitted in eMS. The Controller, after validation of the reported partner expenditure, issues the FLC Certificate to the Project Partner in eMS as well. Further information on the control process can be found in the Control Guidelines (e.g. which supporting documents need to be provided for the verifications of expenditure by the FLC). The LP has view-access to the PRs and the FLC Certificates of each PP,

based on which the LP compiles the Project Progress Report (PPR) in eMS, uploading the necessary supporting documents, including the scanned version of the Application for Reimbursement, (AfR) signed by the legal representative of the LP. The *Guidelines for Project Progress Report* provides detailed guidance on how the PPR is to be prepared and submitted in eMS. The MA/JS checks the submitted PPR (including the AfR), in all its parts and annexes and, after its verification, the MA/JS initiates through the Certifying Authority the reimbursement of the related EU contribution part (ERDF / IPA / ENI) to the LP's bank account. The LP is responsible for transferring the ERDF / IPA / ENI contributions to the PPs according to the approved AfR.

4.1.2 Reporting deadlines



The LP has to submit the Project Progress Report, including the AfR, **twice a year**, on a **six-month basis** starting from the month of the approval date of the project, except the first and the last reporting period, i.e. the first reporting period and the last reporting period may be shorter or longer than 6 months depending on the time plan of the project. The reporting periods are regulated in the Subsidy Contract.

The Project Progress Report & AfR have to be submitted by the LP to the JS **within 3 months from the end date of each reporting period**.

The deadlines for submission of PPR & AfR are defined explicitly in the Article 4 of the Subsidy Contract.

The first PPR & AfR have to cover the *preparation costs* of the project and the project expenditure incurred and paid within the first reporting period, as well as include the Project Communication Plan.

The PPR received after the deadlines may be rejected. In this case, the PPR can be submitted in the next reporting period.

As the LP can submit PPRs only on the basis of information received and expenditure validated on partner level, the deadline for submission of the PPR affects also the time schedule for preparing Partner Reports, validation of expenditure at partner level, and preparation of PPR by the LP. The LPs have to consider that generally about 2 months are needed for the Controllers to issue the FLC Certificate from the date of submission of a Partner Report. This means that considering this general 2 months and the timeframe to prepare and submit the Partner Report to the Controllers, less than a month will be available for LPs to finalise the PPR for the whole project. It is to be considered that the financial part is included in the PPR by the LP by simply ticking the FLC Certificate, issued by the Controller, listed in the PPR.

4.1.3 Preparation of the Project Progress Report

Considering that the **reimbursement of the EU contribution part of the reported expenditure** will be processed and initiated by the MA/JS **only in case** the related PPR and the AfR are approved by the MA/JS, it is important that the LP describes the progress of the project implementation in sufficient details and quality in each PPR and the Project Partners help the LP in this by preparing their Partner Report at the same level of quality. The *Guidelines for Partner Report and the Guidelines for Project Progress Report* clarify what the LP and the PPs should focus on, when filling in the different parts of their respective reports, besides the description of the technical details needed for the preparation of the the Partner Report, as well as Project Progress Report. The AfR shall be prepared accordingly when the PPR is completed and finalised by the LP.

4.1.3.1 Parts of the Project Progress Report

The Project Progress Report (and the Partner Report as well) is divided into Activity report and Financial report parts.

Activity part of the Partner and the Project Progress Report

The activity part of the Project Progress Report (PPR) is based on the Partner Report (PR), therefore the activity part of the PR follows mainly the structure of the PPR. In the activity part of the PR, PPs are expected to describe what has been achieved in the partner level project implementation, how it is progressing, how the target groups are reached, what activities were carried out, which related deliverables and outputs delivered. which ones shall be uploaded to the PR in case of completion while draft versions can also be uploaded for FLC purposes.

Based on the activity report prepared by PPs, in the activity part of the Project Progress Report, the LP should give a comprehensive account of the general progress of the whole project: what has been achieved and delivered, what is the progress towards reaching the specific objectives of the project, which target groups and how were reached and involved by the partnership; what were the contributions to the horizontal principles, as well as if there is any kind of deviation from the original plans. Detailed description is needed concerning which activities have been carried out and by which PPs within the different work packages and what is the status of progress in relation to the activities, deliverables and outputs of these work packages in comparison to the initially envisaged targets. In PPR, deliverables and outputs are to be uploaded only when completed. The specific descriptions of the activities and outputs should at the same time justify the reported expenditure of the different project partners that are claimed in the connected AfR. The *Additional information* (Annex 2.c) document is also to be filled in and uploaded to the PPR, describing how the partnership developed, how the implementation meets the original time plan and spending forecast; how it contributed to EUSDR and, if relevant, to social innovation; as well as (in case relevant) the progress of the investment parts of the project.

Reporting about project outputs

In the activity part of the PPRs, the LP is expected to present regularly the progress in: achieving the project outputs, implementing the activities and reaching the deliverables, including the progress towards reaching the related target values.

In addition to this, when a certain project output is finalised and achieved in a period, the **Quality Report**, as well as **Output factsheet(s)** are to be enclosed to the due PPR.

Quality Report

It is the responsibility of the independent Quality Assurance Manager (QAM) assigned by the project to ensure that the outputs delivered by the project partnership meet sufficient quality.

Accordingly, the QAM is expected to prepare a Quality Report to be submitted with the PPR of the respective period in relation to each project output finalised in a certain reporting period. In case no output has been delivered in the respective period, no quality report has to be submitted. The QAM is expected to proofread, analyse and peer-review project outputs from the qualitative point of view, assessing and validating the quality of the final output by giving its written opinion (positive and negative aspects) in the Quality Report. For the validation of the quality of a final output, external qualified experts can also be involved. The Quality Report template is provided by the DTP (Annex 2.a of this Manual) and the specific quality report is to be signed by the QAM of the project.

Output factsheet

The LP has to present each finalised output of the project in an Output factsheet for which the relevant template is provided by the DTP (Annex 2.b of this Manual). The description is expected to be non-technical, easy to understand also by someone not being expert in the specific field and also sufficient for communicating to the general public what the project has achieved. The following aspects of an output are to be described in the factsheet:

- General description of the output
- How the output contributes to programme and project objectives, output indicator and results
- How (by which activities) and by whom (key contributors) the output has been achieved
- How the output can be used and by whom (target group), what is the benefit and the impact for these target groups and the target area / Danube Region
- How the sustainability of the output can be ensured and where and to whom it is going to be transferred
- pictures, technical documentation, if applicable

Final Report

After the finalisation of the project implementation, within the last Project Progress Report, the LP must prepare the Final Report (FR) as well, for which an additional part can be opened up in eMS.

Beyond the periodical focus of the Project Progress Report, in the Final Report, the LP has to provide a comprehensive overview of the project achievements, its contribution to programme and project objectives, the outputs delivered, how the relevant target groups were involved and how they will use these outputs; the measures ensuring durability and transferability of the outputs. The report shall also give account of the expected impact, as well as its potentials for capitalisation; the added value of cooperating on transnational level and the lessons learnt. The Final Report is focusing mainly on the qualitative aspects of the implemented project.

Financial part of the Project Progress Report

The **financial report** part of the PPR presents the expenditure validated by the Controllers at national level in relation to the reported activities of the project, which are incurred and paid by the LP and the ERDF / IPA / ENI PPs during the reporting period. As a first step, these expenditure of the LP and the ERDF / IPA / ENI PPs have to be verified by the controllers at national level.

Only validated expenditure can be reported by the project partners to the Lead Partner, according to the following procedure:

Each Project Partner, as well as the LP, has to report and submit, in relation to the activities reported in the Partner Report its expenditure incurred and paid, relevant for a reporting period for validation to the designated Controller in its Partner State. **Each project partner – including the LP – is responsible separately for having its expenditure validated by the designated Controller in its Partner State.**

Project partners can submit maximum 2 Partner Reports of different reporting periods (one current and one previous which is delayed) to the Controller for validation for the same reporting deadline set in the Subsidy Contract for the LP. In this case, two FLC Certificates will be issued by the controller and will be included in one Project Progress Report. Project periods shall not be merged by the project partners/Controllers.

The **Controller verifies the expenditure** submitted by the Project Partner on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU and programme rules and relevant national rules. After verification, the Controller **issues the FLC Certificate** to the Project Partner (see Annex 8.3 of Danube Control Guidelines - standard form of the FLC Certificate) in eMS.

Currency exchange

Expenditure incurred by project partners in a currency other than the euro shall be converted into euro by using **the monthly accounting exchange rate of the European Commission** (http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm) in the month during which **expenditure was submitted for verification to the controller.**

The date of submission of expenditure for verification to the controller is the day on which the project partner submitted for the first time the Partner Report to the Controller through the eMS. This means that an expenditure incurred and paid in reporting period 1 is submitted by the Project Partner only in reporting period 2 to the Controller, therefore the exchange rate relevant

for reporting period 2 shall be applied. The eMS is automatically calculating the costs reported in currencies other than EUR.

This method shall be **applicable to all project partners**.

This ensures that the expenditure authorised and reimbursed by the Certifying Authority are converted into Euro according to the same method.

Revenues

Revenues represent cash inflows directly paid by the users for the goods and services developed by the project.

As a general rule, the eligible expenditure of a project shall be reduced according to the net revenue generated by the project both during project implementation as well as three years after project completion.

Net revenues⁵ are understood as revenues (as defined above) minus any operation costs and replacement costs of short-life equipment incurred during the corresponding period. It is to be noted that operating cost-savings generated by the project shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies⁶.

In the application phase, project partners had to calculate the expected net revenues in accordance with the method described under Articles 15 to 19 of the Delegated Regulation (EU) No 480/2014.

Revenues generated

➤ in the project implementation phase

Project partners are responsible for keeping account of all the revenues and to have the required documentation available (e.g. for control purposes). The net revenues must be stated in the partner reports and must be deducted from the eligible expenditure. Project partners have to provide their Controller with information on the net revenues generated in the reporting period and to support this with the accounting or equivalent documents.

➤ after the project closure

If a project expects to have any revenues within three years after the project closure the respective net revenues have to be reported to the MA/JS and have to be deducted from the final application for payment of the Programme submitted to the European Commission.

⁵ In accordance with Articles 61 and 65(8) of Regulation (EU) 1303/2013

⁶http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/implementation_operations_net_revenues.pdf

Application for Reimbursement

The **Application for Reimbursement** is the basis for requesting the reimbursement of the contribution from the EU Funds (ERDF / IPA / ENI) by the LP for the project after the verified expenditure. The AfR shall be prepared when the PPR is completed and finalised. It has to be signed by the LP, then scanned and uploaded to the PPR before it is submitted to the MA/JS.

The data of the AfR is based on the validated expenditure reported in the financial part of the PPR. The related FLC Certificates selected by the LP in eMS will be automatically enclosed to the PPR.

In case the FLC Certificates and PRs are not available from each project partner for a given reporting period, the LP shall submit the AfR on the basis of the FLC Certificates available for the reporting deadline. The expenditure of the project partners not validated for the given reporting period within the reporting deadline shall be requested in the earliest possible next AfR to the reporting period concerned.

Before submitting the AfR, in compliance with the Article 13(2) c and d) of the Regulation (EC) No. 1299/2013, the LP shall verify the followings:

- the expenditure declared by the Project Partners participating in the Project has been incurred only for the purpose of implementing the project and corresponds to the activities agreed among those Project Partners in the frame of the approved Application Form;
- the expenditure declared by the Project Partners and included in the present AfR had been validated by the designated controllers at national level;
- The expenditure declared in the AfR concerned has not been included in any other previous AfR;
- The information included in the AfR, the related PPR and its Annexes are true and correct.

Language of reporting

The language of reporting is **English**: the Partner Report, the Project Progress Report, including all additional parts (i.e. Quality Report, Additional information, Final Report), the AfR and the FLC Certificate shall be prepared in English.

4.1.4 Submission of Project Progress Reports

The PPR (incl. annexes) has to be submitted in the eMS to the MA/JS. The submitted PPR has to be fully completed.

Modification of a submitted PPR is possible only in case the MA/JS requires it.

Documents to be submitted with the Project Progress Report

In order to prove the progress of the project, the following documents have to be submitted, only in electronic / scanned version, with the PPR (certain documents are to be submitted only in given implementation stages, specifically indicated):

SECTION B – Work Packages	<p>Only for the finalised outputs:</p> <ul style="list-style-type: none"> ➤ Output factsheet ➤ Output quality report ➤ Output evidence <p>All three above mentioned files have to be archived in a single zip folder and uploaded in eMS.</p> <p>Only for the finalised deliverables:</p> <ul style="list-style-type: none"> ➤ Deliverable evidence
SECTION E – Attachments	<ul style="list-style-type: none"> ➤ Application for Reimbursement; ➤ Bank statement(s) proving the transfer of the previous contributions to the partners ➤ Additional information template filled in ➤ Project Communication Plan (with the first Project Progress Report)

4.1.5 Completion and rejection of the Progress Report

When the JS detects some inconsistencies or insufficient information in the reporting or in the AfR document(s), the JS requests the completion of the PPR and AfR from the LP and the re-submission before the given deadline.

Completion of the Project Progress Report and Application for Reimbursement

- a) In case the PPR has to be completed or additional clarifications or missing documents have to be submitted, and the FLC Certificates do not need correction, the completed PPR should be re-submitted within **maximum 10 days** (shorter deadlines might be given according to the urgency or the type of completion) after the notice sent by the MA/JS.

If the LP does not fulfil all the requested corrections, or something different from the first completion has not be completed the MA/JS can ask a second completion. The LP has another **maximum 5 days** after receiving the notice of the JS to correct the mistakes of the PPR and to re-submit it.

- b) In case the PPR and AfR have to be completed so that one or more FLC Certificates also need to be reissued, the corrected PPR and AfR, including the corrective version(s) of the FLC Certificate should be resubmitted to the JS within **maximum 20 days** from the e-mail notification to the LP by the MA/JS. In case it is not possible to reissue the FLC Certificate by the designated controller within the given deadline, or the reissued and resubmitted FLC Certificate is still not acceptable by the MA/JS, the related costs of the given partner(s) shall be deducted from the amount of the AfR. In this case, the corrective (re-issued) FLC Certificate can be submitted in the earliest possible next AfR.

Rejection of the Project Progress Report and the Application for Reimbursement

After the second unsuccessful completion, the PPR and AfR might be rejected, in case it is still not possible to gain appropriate information from the PPR as a whole on the followings:

- the activities carried out by the project partnership in the given period;
- the progress of the project implementation and the status of achievement of project objectives, the quality of the outputs delivered and deliverables in the given period;
- clear and justifiable relation of the reported activities, deliverables and outputs to the validated and reported expenditure of the partners, etc.

In case a PPR is rejected due to reasons listed above, the amount requested in the related AfR will not be paid to the LP and the MA/JS is entitled to apply a proportional reduction to costs related to project management up to 25% based on the prior decision of the Monitoring Committee.

A rejected PPR and AfR can be resubmitted only once more. In such a serious case, when the resubmitted PPR and AfR that have already been rejected in the previous period still do not meet the Programme requirements, the MA/JS has to finally reject the PPR and AfR of the project, the EU contribution (ERDF / IPA / ENI) part of the expenditure reported in the rejected PPR will not be reimbursed and there will be no more possibility for further corrections. This would also mean that the LP was not able to appropriately fulfil its reporting obligations deriving from the Subsidy Contract, and the MA/JS is entitled to withdraw from the Subsidy Contract (Art. 13 (2) k of the Subsidy Contract) based on the prior decision of the Monitoring Committee.

4.1.6 Reimbursement of contribution from EU Funds

Lead Partners

The following procedure applies for the reimbursement of the contribution from EU Funds to the Lead Partners:

1. The reimbursement of contribution from EU Funds to the LP will be initiated only after

the MA/JS verifies and accepts the PPR and the AfR.

2. The AfR for ERDF / IPA / ENI contributions cannot be approved by the MA/JS separately by type of funds.
3. The reimbursement of contribution from EU Funds will be transferred by the Certifying Authority after the verification process of the MA/JS.
4. In case the ERDF/ IPA / ENI balance of the DTP bank account handled by the Certifying Authority does not cover the total amount of contribution to be reimbursed, the Certifying Authority will temporarily suspend the reimbursement process until the transfer of the relevant contribution from the EC to the DTP bank account. In this case, the MA/JS notifies the LPs of the projects concerned on the suspension and the estimated timeframe.
5. In case the different funds are not available in full on the DTP bank account, the ERDF / IPA / ENI contributions might be transferred separately by the Certifying Authority.
6. Reimbursement of contribution from EU Funds will be executed on the EUR project bank account of the LP (as indicated in the Subsidy Contract) where all financial transactions related to the project can be identified and tracked.

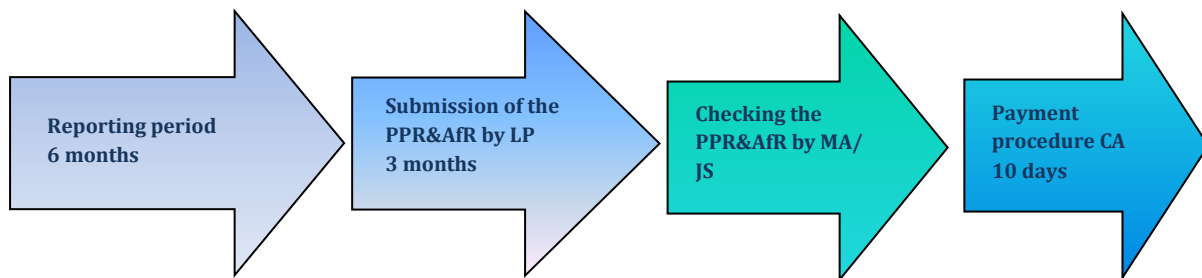
The **LP is responsible to transfer the contribution from EU Funds** to each project partner according to the approved AfR as soon as possible but **at the latest within the deadline given in the Partnership Agreement**. No deduction, retention or any other specific charges can be made by LP concerning the approved amount when transferring the contribution and no legal dispute between the LP and the PP concerned could be subject to any compensation from the approved amount to be transferred by the LP to the PP.

Bank statements proving the transfers of contribution from EU Funds to each project partner within the timeframe set in the Partnership Agreement have **to be submitted to the MA/JS with the following PPR and AfR**. In case of the last AfR, the proof of transfers shall be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the last AfR to the LP for the financial closure of the project by the MA/JS. In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

Timeframe of reimbursement

The LP and the project partners have to consider the timeframe of the reimbursement of Funds when preparing the time plan of their project activities.

The following flowchart **presents the procedures described in the previous sections with the indicative timeframes**.



It should be also taken into consideration that the timeframe for the checking of the PPR by the MA/JS is prolonged with the time needed for the completions by the LP.

The MA/JS needs in general 30 days for the verification of the PPR at the time of the first submission. In case the content part or the financial part of the PPR is requested to be completed, additional 15 days for rechecking the completed PPR and AfR by the MA/JS should be calculated. After approval of the PPR and AfR by the MA/JS, the Certifying Authority initiates the transfer of the contributions from the EU Funds to the LP generally within 10 days.

4.1.7 Financial progress and decommitment of the project

The LP has to ensure that each PP strictly follows its spending forecast according to the approved AF.

The Partnership has the possibility to deviate from the spending forecasts laid down in the Subsidy Contract taking into consideration that in case of underspending compared to the original spending forecasts, the MA/JS is entitled to decommit the project by reducing the original project budget and the corresponding contribution from EU Funds.

In case the LP does not report validated eligible expenditure according to the approved spending forecast, the MA/JS will assess the level of underspending and the reasons for lower financial performance and, in such a case, the MA/JS is entitled to initiate the decommitment of the projects, which deviated negatively from the spending forecasts.

In case of MC decision on the decommitment of the project, the MA/JS initiates the modification of the Subsidy Contract (detailed in section 5.2.5 on project changes of this Manual for the details of the Subsidy Contract modification). Through this process the distribution of the decommitment on project partner level will be defined, taking into consideration the financial performance of the different partners.

In case the LP submits the Project Progress Report and the Application for Reimbursement or the project modification request with unjustified delays, or more than two completions of the same PPR and AfR are attributable to the LP, on the basis of the decision of the Monitoring Committee, the MA/JS is entitled to apply a proportional reduction to costs related to project management up to 25%.

4.2 Monitoring visits by the MA/JS

The major source of information for the MA/JS in monitoring the project implementation and progress is the PPR. Further to that, in order to have more direct contact between the programme management bodies and the partnership of the individual projects and to get a closer, more real view on the project implementation, the work being carried out, the progress and the achievements, the MA/JS visits contracted projects at least once during the implementation period, in the framework of the First-year review process, and in case it is considered to be necessary, additional visits might be needed based on the project financial and technical performance.

First-year review

All projects approved in the framework of the Danube Transnational Programme must undergo the first-year review, which aims at understanding the progress of the project in terms of objectives, outputs and result achievement, as well as in terms of financial spending.

Before the first year review, no major project modification concerning the budget and activities is allowed.

The first-year review is based on:

- The project first Project Progress Report
- The Summary of project implementation (Annex 4) which is a template to be filled in by the LP before the meeting, highlighting the actual progress of the project in terms of implemented activities, achieved outputs, current financial spending per work packages and budget lines, deviation from the spending forecast and proposal for a new financial forecast by the end of the project. The LP should attach to the summary the monitoring templates used at project level, internal procedures, list of public procurements already initiated/ finalised. The completed summary has to be submitted to the MA/JS 21 days before the review meeting.
- First year review meeting is to be organised preferably together with a Steering Committee meeting, as the presence of all PPs is important, in coordination with the JS PO. A flexibility of two months is given to the process (month 12 to month 14).

The review and the meeting focus on the progress of the activities, their timely implementation and the related spent and validated costs, the progress towards the project objectives and output targets, management and communication of the project, potential risks, problems, delays and their possible solutions, a realistic forecast for the rest of the implementation. It is to be based on a constructive dialogue between the programme management and the project partnership to get direct feedback on both sides about the status and perspectives of the project.

Based on the above, the first year review has a preventive scope, in the sense of gathering information on the rules and procedures, cooperation inside the partnership and reviewing the objectives, activities, outputs and spending.

Based on the review, the JS informs the project partnership about the outcome (as well as the MC and NCPs, if relevant), and may identify recommendations, including concrete measures and actions, in case necessary summarised in the form of *First Year Review recommendations* (annex 5) to be sent to the LP. The LP is obliged to inform the MA/JS about the fulfilment of the recommendations by filling in the respective part of the *First Year Review recommendations* and sending it to the MA/JS on a regular basis, agreed between the MA/JS and the LP, based on the character of the recommendations. In case of delays and poor financial performance, the programme might decide the project decommitment.

The first year review meeting should be organised well in advance by the LP, in coordination with the JS PO, to be informed about the venue at least two months before the planned Steering Committee meeting. The JS will draft the agenda of the first year review meeting which shall contain at least the following: a general presentation of the status of the project by the LP (progress, delays, difficulties in implementation, etc.), presentations of the WP leaders/ PPs on specific issues, discussions, JS follow up and next steps.

Monitoring Visits

Beyond the first-year review meeting, in case the content and financial performance of a project makes it necessary, additional monitoring visits of the project, or meeting between the JS and the project management can be held at the premises of the LP/PP, at an event organised by the LP/PP (e.g. project Steering Committee meeting, etc.), or at the premises of the MA/JS, where the main objective of a monitoring visit can be fulfilled. Compared to the first year review, the monitoring visit has an advisory role as the main goal is to solve issues and problems encountered during implementation. The JS will inform the LP at least one month in advance about the upcoming monitoring visit, including the necessary documents to be submitted. The procedure for the monitoring visits will follow the same approach as the first year review:

- The Project Progress Reports submitted up to date
- The Summary of project implementation (Annex 4) is to be filled in by the LP before the meeting, highlighting the actual progress of the project in terms of implemented activities, achieved outputs, current financial spending per work packages and budget lines, deviation from the spending forecast and justification. The LP should attach to the Summary the list of public procurements already initiated/ finalised, spending per partner, relevant decisions taken by the partnership and other documents that might be requested by the JS on a case by case basis. The completed Summary has to be submitted to the JS 21 days before the monitoring visit.

The purpose of the monitoring visit is to maximise the impact of the programme; to ensure the proper use of the funds; to support, advice, assist and assess the partnership. The monitoring visit is not considered as an audit, but it contains checking criteria related to the implementation of the project. After the monitoring visit, the JS will draft the *Monitoring Visit recommendations* report to be sent to the LP and shared with all the partners. The LP has to report about the fulfilment of the recommendations similarly as in case of the First Year Review process.

Moreover, the MA/JS can propose specific actions, including withdrawal from the Subsidy Contract in case the project implementation is significantly different from the objectives indicated in the Subsidy Contract or irregularity is suspected.

5 Project changes

During the project lifecycle, due to unforeseen reasons, some changes might be necessary in relation to the specific details of the project implementation defined in the Subsidy Contract, as well as in the approved AF and the Partnership Agreement that are integral parts of the Subsidy Contract. In all such cases, the LP has to immediately contact the MA/JS to inform about the situation and the planned modification. The MA/JS, based on the type of modification, in accordance with the procedures described in the following sections, will inform the LP about the procedure to be followed and the necessary documents to be submitted.

Depending on the impact of the changes on the project, there is a different procedure for minor and major project changes. **Minor changes** are possible within certain flexibility range to be implemented and need normally only the confirmation of the JS PO. **Major changes always need the approval of the MA/JS or MC** and always concluded by the modification of the Subsidy Contract.

The project change process in general is managed outside the eMS and once the change process is concluded by a Programme level confirmation (in case of minor changes)/ decision and with signing the Addendum to the Subsidy Contract (in case of major changes), the modified project data is to be entered by the LP into eMS (after consultation with the JS PO), uploading also all the documents of the respective project change. Modified project data of both major and minor changes are to be updated in eMS, except for the project budget in case of minor budget reallocations between Work Packages / Budget Lines (below 5% / 10% flexibility limit).

A modification requested by a project can be implemented and the related expenditure will be eligible only after it is approved by the responsible programme body (the exceptional case of a new project partner entering the partnership is described in section 5.2.1 of this Manual). Project changes will be accepted only in well justified cases.

The following project changes **can be requested only once**:

- budget reallocation among work packages and budget lines above the 10% limit
- prolongation of the project duration

The **last request for modification** of the Subsidy Contract can be submitted to the MA/JS not later than **three months before the end date of the project**.

5.1 Minor changes

Minor changes have more an administrative and technical character and do not have significant impact on the project implementation, its intervention logic (objectives, outputs, results), its transnational character, or on activities which have State aid relevance.

Minor changes need in most cases the previous confirmation of the JS PO, but do not need the approval of the MA/JS, or MC and the Subsidy Contract is not to be modified. The modified

project data of most minor changes are to be updated by the LP in eMS, except for the project budget in case of minor budget reallocations between Work Packages / Budget Lines (below 5% / 10% flexibility limit). This data update is to be carried out, when possible, based on the previous agreement of the LP and the JS PO. The *Guidelines for Managing Project Data Modification in eMS in Connection to Project Changes* document provide detailed instruction for this step.

Minor changes can be:

- Administrative changes
- Change of an ASP (without budgetary consequences)
- Minor adjustment of the content
- Budget reallocations within the flexibility limit

5.1.1 Administrative changes

Administrative changes can be the following:

- Change of contact details (of LP, PP, ASP)
- Change of Legal Representative/Contact Person (of LP, PP, ASP)
- Change of bank account of the LP
- Legal succession of the LP, or PP(s)

The legal succession of the LP (Article 10 of the Subsidy Contract), or PP is considered as an administrative change and not as a partner change if, based on the legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the previous one (predecessor), as well as it still fulfils the partner eligibility criteria of the DTP. In case these conditions are not ensured by the legal succession, this will be considered as partner change, which follows a different procedure (see section 5.2.1 of the Implementation Manual).

Necessary documents and procedure

The LP has to inform the JS PO about the administrative changes as soon as possible.

Change of bank account of the LP is possible at any time through the “Supplementary information” section of the eMS, uploading also the necessary supporting documents:

- new Statement on Project bank account (if relevant)

For all other administrative changes the LP has to fill in the *Change-log file for minor changes* (Annex 6 a) indicating the data to be modified in comparison the latest approved AF and submit together with the necessary supporting documents (if relevant):

- new Proof of signature of the legal representative of the LP (if relevant)

In case a legal succession of the LP / PP organisation is foreseen, in order to clarify in time whether the change is to be considered as an administrative or partner change, the LP should submit to the JS PO the following documents **within 10 days** from the date the related legal act enters into force:

- The specific act or other document justifying the legal succession in original language – (to be checked by the relevant NCP);
- Proof of signature of the new legal representative of the LP (only in case of LP)

The JS PO, in cooperation with the relevant NCP, examines the terms of legal succession and the eligibility of the new legal entity. In case the legal succession can be considered as administrative change, the JS PO confirms the change by email.

The modified project data is to be updated in eMS, when possible.

5.1.2 Change of an Associated Strategic Partner

In case an Associated Strategic Partner, sponsored by an ERDF Partner, is to be replaced by a new ASP, or withdrawn without substitution, or an additional, new ASP joins the partnership, such change can be considered as minor change. It is however not a minor change if, due to this change, there is also change of the sponsoring ERDF partner, including budget reallocation between the affected ERDF PPs. Such change is considered as major change and the related rules and procedures are regulated in section 5.2.3.1 of this Manual.

Necessary documents and procedure

The LP should communicate and justify as soon as possible to the JS PO, if an ASP is to be changed or added, fill in the *Change-log file for minor changes* (Annex 6. a) and submit together with the necessary supporting documents (if relevant).

- ASP Declaration - the signed document per each new ASP

The JS PO will check and confirm the minor character of the modification, or inform the LP in case a major change is to be requested. The JS PO confirms the change by email after receiving the original ASP Declaration (if relevant).

The modified project data is to be updated in eMS, when possible.

5.1.3 Minor changes in the content of the project

Minor adjustments in the work plan that do not affect the strategic approach of the project and do not risk the full completion of the project by the end date, need only the **previous confirmation of the JS PO**.

Minor adjustments can refer among others to:

- timing of activities, deliverables, or outputs;
- location of certain activities (e.g. project meetings, events);
- format of certain activities, deliverables (e.g. adjusting scope, merging);
- increasing the quantity of the outputs, deliverables
- changing equipment to be used for the same purpose, ensuring the same quality of the activity
- additional activities as part of the capitalisation work of the thematic poles

Minor changes cannot in any way:

- affect the project intervention logic (i.e. project main and specific objectives, outputs and result) and the transnational character of the project
- reducing the quantity, or quality, or changing its nature, and use of the planned outputs and investments (technical/professional equipment and/or infrastructure and works)
- decreasing target values of indicators

Necessary documents and procedure

Before the change is implemented, the LP should communicate and justify such minor changes to the JS PO by indicating the modified project data of the AF in the *Change-log file for minor changes* (Annex 6. a), including supporting documents, if necessary.. The JS PO will check and confirm the minor change by email, or inform the LP in case a major change is to be requested.

The modified project data is to be updated in eMS, when possible.

5.1.4 Budget reallocations within the flexibility limit

Adaptation of the project budget to the actual needs of the project implementation is possible with certain flexibility at different levels and within different limits. Budget flexibility refers **only to reallocations among work packages or budget lines separately**, but cannot be referred to budget reallocations among project partners or cannot be connected to any major change of the partnership, or the content of the project (see section 5.2 of this Manual). The MA/JS provides a budget reallocation monitoring tool (downloadable from the [DTP website](#)) for the LP to be able to

follow and monitor the planned and actual budget adjustments in comparison to the flexibility limits.

When applying this flexibility, the LP and the PPs have to consider the following restrictions:

- Reallocations among work packages cannot result that proportion of WP1+WP2 budget would go beyond 35% of the total budget.
- Reallocating budget among the different work packages and / or budget lines cannot alter the general character (objectives, outputs and result) of the approved project and cannot result that the affected work package would lose its relevance.
- Certain budget lines cannot be reduced to the extent that it would alter the relevance of the involved project partner (i.e. extreme reduction of BL staff costs), or affect core deliverables (i.e. considerably reducing the costs of BL equipment, or the BL infrastructure and works), but only in an exceptional, well justified case.
- Office and administrative costs (15% flat rate) can be introduced, or deleted from a Project Partner budget by budget change, only before PPs of the project start preparing their Partner Report in eMS for the first reporting period. The proportions of the flat rate specified in the approved AF for budget lines “staff costs” and “office and administrative expenditure” of the ERDF / IPA / ENI PP (if and which is relevant) cannot be modified by any type of budget reallocations.
- The budget reallocation below 10% won't modify the project/partners budget of the latest approved version of the Subsidy Contract, or the project budget data in eMS, but provide flexibility in reporting project expenditure.

5.1.4.1 WP / BL project budget reallocation below 5% flexibility limit

Each Project Partner has the flexibility to reallocate its budget parts among work packages or among budget lines (calculated separately) **up to 5% of their total partner budget amount**.

Such budget adjustments **do not need any previous confirmation, or approval from the DTP JS PO**. It is the responsibility of the respective Project Partner and especially of the LP to monitor the level of reallocations (using the budget reallocation monitoring tool), to take into consideration the restrictions listed above, as well as to report such minor budget changes in the following due Partner Report and the respective PPR as well.

5.1.4.2 WP / BL project budget reallocation below 10% flexibility limit

On overall project level, there is flexibility to reallocate budget parts among work packages, or among budget lines (calculated separately) **up to 10% of the total project budget amount**

(ERDF+IPA+ENI), without approval of the MC or modification of the Subsidy Contract and the AF.

In case certain Project Partner's WP / BL budget reallocations would go beyond the 5% flexibility limit based on their partner budget level, provided that on overall project level the respective WP / BL reallocations remain below the 10% limit, the LP is expected to contact the JS PO and submit any such reallocation request in the *Change-log file for minor changes* (Annex 6. a), including justification for the budget change, enclosing the related budget reallocation monitoring tool. The expenditure connected to such budget reallocation and the related activities can be eligible and will be possible to be reported only after the **JS PO confirms** the change request by email. WP / BL budget reallocation on project level going beyond the 10% flexibility limit is considered as major change and would need previous MC decision.

Flexibility limit calculation method

- The **5% limit** is considered cumulatively on **project partner level**
- The **10% limit** is considered cumulatively on **project level**
- The limits refer **separately** to reallocations **among work packages** and to reallocations **among budget lines**
- The **division of expenditure** among work packages and budget lines, defined in the **latest approved version of the Application Form**, is the **reference basis**.
- First the **difference between the cumulated real costs** (validated and reported) of a WP / BL **and the budget of the same WP / BL in the latest approved version of the AF** is calculated.
- Then the **positive (+) differences** are summed up and **compared** to the total partner budget, or respectively to the total project budget (of the ERDF and if applicable IPA partners) thus giving the proportion of the reallocated amount in %.

The LP has the responsibility to monitor in advance at partner and project level the plans of all partners on budget reallocations among WPs or BLs to make sure that – when costs will be reported – the 5% / 10% limit is respected, or being able to initiate in time the request for appropriate project modification. Otherwise, the reporting and payment process will suffer delays.

At the same time, it is the **responsibility of each PP to timely inform the LP whenever they intend to reallocate budget among WPs or BLs**, and enable the LP to get the confirmation of the JS PO for the related minor budget reallocation, to avoid running the risk of delayed

reimbursement of their costs for exceeding the limit of the 5% / 10% reallocation, or some of them being finally not approved.

5.2 Major changes

Major changes are considered to be substantial deviations from the approved AF. They are considered as exceptional cases, which need the previous decision of the MC or MA/JS, based on thorough justification of the project partnership. In case such change is approved by the MC or MA/JS, the Subsidy Contract and the AF of the project in eMS is to be modified accordingly.

Changes going beyond the scope and limits of minor changes, described in section 5.1 of this Manual are considered as major changes and related to:

- Partnership
- Content of the project
- Budget of the project
- Duration of the project

Major project changes can be requested only:

- after the first-year review of the project implementation (according to the project duration), except for partnership changes..
- 3 months before the project end date the latest.

General process of a major project change:

The LP should immediately contact the JS PO in case the project faces problems that would make necessary a project change. In case the MA/JS considers the change as a major one, the LP has to fill in the *Request for project modification* (annex 7), describing in detail the modification, including thorough justification, as well as indicating in the Change-log file for major changes (Annex 6. b) the relevant parts and project data of the project Application Form to be modified and submit to the MA/JS **within 15 days** from the date the JS PO acknowledge the necessity of the project change. Additionally, if relevant, the LP has to send the electronic version of the supporting documents specified under the different type of major changes, which are related to the respective change.

The JS PO checks the request and in case further information is requested, or the documentation is not complete, the LP will be requested to provide the **completion within 10 days** from the JS PO communication. In relation to one major project change, maximum three completion rounds of the Change-log file and the relevant supporting documents within the maximum timeframe of 2 months is allowed for the LP, otherwise the JS PO might not recommend for approval of the project change to the respective programme management body (MA/JS, or MC).

The Change-log file for major changes (Annex 6. b) with the revised AF data and the annexed documents together with the *Request for project modification* will be evaluated by the JS PO and together with the recommendation of the JS PO, will be put forward for decision to the MA/JS or the MC, depending on the type of project change.

Following the decision, the JS PO notifies the LP about the result of the MA/JS or MC decision and, in case of approval, requests the original, signed versions of all the necessary supporting documents to be submitted by the LP **within 15 days**.

The finalised Addendum to the Subsidy Contract will be signed by the MA/JS and sent to the LP. The Addendum should be signed also by the LP and one original shall be sent back to the MA/JS **within 15 days** from its reception.

The project AF data modification in eMS will be carried out, when possible, based on the previous agreement of the LP and the JS PO.

The expenditure related to the modified project part can usually be eligible from the date of the MA/JS or MC approval (for specific rules in case of new PP entering the partnership see section 5.2.1). The related costs can be validated only after the amendment of the Subsidy Contract is signed by each contracting parties.

Procedures of different types of major project changes might differ from the general one outlined in this section, which are always defined in the related sections.

5.2.1 Changes in the partnership

The project partnership is the backbone of the project implementation; each project partner has its role and task in it. Therefore, it is important that the partnership tries to explore all solutions in order to avoid partner changes. If, despite all efforts of the partnership, a partner is to be withdrawn, or debarred from the project, the LP is obliged to inform immediately the JS PO in written form and such change always needs the approval of the MA/JS or MC, as well as the modification of the Subsidy Contract and the AF.

Principles

The LP has to assure that, following the change(s) in the partnership, the project still fulfils the minimum requirements for the transnational partnership of the DTP and does not alter the general character and the intervention logic (objectives, outputs and results) of the original project.

The partner leaving a project will remain fully responsible and liable for all activities that were carried out and outputs that were delivered by them until the date of withdrawal and be financially responsible for the activities completed including the responsibility for repayment of the amount unduly paid. Expenditure of the withdrawing partner are eligible if they are incurred

and paid until the date of withdrawal, indicated also in the related Addendum of the Subsidy Contract, and can be validated and must be reported by the LP until the reporting deadline of the reporting period, following the period in which the MA/JS or MC approved the partner's withdrawal.

In case a withdrawing ERDF / IPA / ENI partner is replaced, the new ERDF / IPA / ENI partner shall comply with all partner eligibility criteria of the DTP. The new partner shall have equal relevance for the partnership as the one leaving, and bearing sufficient economic and organisational capacity to be able to complete its duties and responsibilities within the project. The expenditure related to the activities and outputs of the new partner can be eligible already from the date of new PP entry, based on the *Declaration of commitment to join the partnership* (Annex 9), signed by the new partner and the LP and indicated also in the related Addendum of the Subsidy Contract - provided that the MA/JS or MC approves the new project partner. The costs of the new project partner can be validated only after the amendment of the Subsidy Contract is signed by each contracting parties.

As a general rule, the withdrawn partner can be replaced only by another partner who is similar in terms of competences / responsibilities and located within the same country as the withdrawing one. In specific and justified cases, the activities of the given partner (including the remaining budget) can be taken over by a new partner located in another country of the Programme area (ERDF PP can be replaced only by a new ERDF PP and IPA PP by IPA PP), except for ENI MD PPs and ENI UA PPs, having separate funding sources, or distributed among the partners. In this last case, ERDF funds can be distributed only among the remaining ERDF partners, while IPA funds among the remaining IPA partners, ENI MD funds among remaining ENI MD PPs and ENI UA funds among remaining ENI UA PPs.

In case an ERDF / IPA / ENI partner is withdrawn and, due to the circumstances, the activities and deliverables of the withdrawn ERDF / IPA / ENI partner cannot at all, or just partly be taken over by either a new ERDF / IPA / ENI partner, or other ERDF / IPA / ENI partners of the original partnership, new activities and deliverables can be introduced, if the new activities and deliverables guarantee equivalent value, as well as contributing to the objectives, outputs and results of the project. As a consequence, the total budget of the project is reduced by the budget part that is not used by the withdrawn ERDF / IPA / ENI partner, or by the budget part related to those original activities and deliverables that the new partnership is not able to implement, unless replaced with equally valuable activities.

In case of changing the LP, the new LP shall be an ERDF partner, bearing appropriate competences and capacities for this role. Instead of an addendum to the original Subsidy Contract, a new, tripartite (withdrawing LP, new LP and DTP MA/JS) Subsidy Contract is settling the LP change. The withdrawing LP is fully responsible and liable for the whole project activities and deliverables until the date of the last signature out of the three signatories, from which date the new LP takes over the full responsibility and liability for the project.

Necessary documents and procedure

Similar to the general project change process, the LP shall immediately contact the JS PO in case the project faces partnership problem and such change is planned. The JS PO involves the NCP of the country of the withdrawing PP / LP in order to support the LP solving the partnership problem, if necessary.

In case the replacement of a PP / LP, is foreseen, the LP and the partnership shall find an appropriate new PP / LP **within 15 days** from the MA/JS communication on the conditions of the modification, which can be extended with another 15 days in case the search is not successful.

Once it is decided how the partnership change is planned to be solved, the LP fills in and submits the *Request of project modification* (Annex 7) according to the general project change process description.

Additionally, the electronic version of the following supporting documents is to be enclosed:

- *Declaration of withdrawal from the partnership* issued by the partner leaving the project (Annex 8 of this Manual - the document signed by the affected PP and countersigned by the LP), or the written decision of the project steering committee debaring the partner, including the date of withdrawal (approved by all PPs in form of a Steering Committee decision document (SCOM meeting minutes)/debarment, or email of closure of the related written procedure);
- *Declaration of commitment to join the partnership* issued by the new partner, including the exact date of new PP entry - (Annex 9 of this Manual) document signed by the new PP and countersigned by the LP;
- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF), officially signed and stamped by the legal representative of the LP organisation
- New Declaration(s) of co-financing of the affected partner(s) - signed document per each affected PP (if necessary)
- State aid Declaration(s) of the new partner(s) - signed document per each new PP
- Declaration of International Organisations – (if relevant) - signed document per each new PP
- Addendum to the Partnership Agreement

While in general the MA/JS will decide about the partner change, the decision of the MC is necessary in the following cases:

- budget reallocation among ERDF partners, among IPA partners, or among ENI partners from different countries due to the partnership change;

- change of the Lead Partner;
- the partner change affects the general character, intervention logic (objectives, outputs and results) of the original project.

In case of approval, the MA/JS requests the submission of the original, signed versions of all the above-listed documents **within 15 days**:

In case the LP is replaced, a new Subsidy Contract is prepared defining the rights and responsibilities of the withdrawing LP and the new LP, which will be signed by the MA/JS and sent to the withdrawing LP. The new Subsidy Contract should be signed by the withdrawing LP **within 15 days** from its reception and forwarded to the new LP, who after signing also the Subsidy Contract sends it back to the MA/JS **within 15 days** from its reception.

The related project AF data modification in eMS will be carried out, when possible, based on the previous agreement of the LP and the JS PO.

5.2.2 Changes in the content of the project

Normally the LP and the whole project partnership has to assure that the focus of the project, including its intervention logic is kept and all objectives, outputs and result defined in the AF will be achieved and delivered.

Significant modification of the project content that would affect its focus, having impact on the project objectives, or results, or modify the quantitative (decreasing), or qualitative aspects of certain outputs, defined in the approved AF are considered to be major changes affecting the basis of the original approval of the project. Modifying activities that due to the actual modification turn to be State aid relevant is not possible. In all such cases, the LP is obliged to inform immediately the MA/JS in written form and such changes always need the approval of the MC.

Principles

The new modified activities and the related expenditure are eligible from the date of the MC approval. These costs can be validated only after the amendment of the Subsidy Contract is signed by each contracting parties.

If following the change, the originally approved activities or outputs cannot be delivered anymore, or replaced by justified new activities or deliverables that guarantee equivalent value and quality for the whole project, the budget part related to the non-delivered activities, outputs will be proportionally reduced for the affected partners.

The LP and the project partnership should also consider Article 13 2. j) of the Subsidy Contract regarding the right of the MA to withdraw from the contract and reclaim the ERDF / IPA / ENI contribution.

Necessary documents and procedure

The general project change procedure described in section 5.2 of this Manual is to be followed. In case the MC approve the change request, the following supporting documents are to be submitted electronically and in original by the LP for the Addendum to the Subsidy Contract:

- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF) officially signed and stamped by the legal representative of the LP organisation
- State aid Declaration(s) - signed document per each affected PP

5.2.3 Budget changes

According to the type and scale of budget changes different procedures are applied. Although procedures are similar, changes affecting ERDF / IPA / ENI MD / ENI UA funds are considered usually separately in a certain change.

5.2.3.1 Budget reallocation among ERDF or among IPA or among ENI MD, or among ENI UA project partners

Reallocation of the budget among ERDF partners or among IPA or among ENI MD, or among ENI UA partners is affecting the financial balance of the partnership. Therefore, such a modification always needs the approval of the MA/JS or the MC, as well as the modification of the Subsidy Contract.

Principles

Budget reallocations are possible only among ERDF partners or among IPA partners or among ENI MD PPs, or among ENI UA PPs respectively (funds of different sources cannot be mixed), and only in the following cases:

- In justified case (without partnership change), if not affecting the main objectives, results and outputs of the project (otherwise section 5.2.2. must be followed).
- Due to changes in the partnership (distributing activities and related budget among the project partners) – following the procedure outlined in section 5.2.1 of this Manual.

- When one ERDF partner takes over the responsibility to finance the participation of an Associated Strategic Partner from another ERDF PP and the related budget part reallocated between the ERDF PPs.

The budget reallocation among ERDF partners or among IPA partners or among ENI MD PPs, or among ENI UA PPs must not risk the transnational character of the project and cannot result that any of the affected partners will not be able to deliver its contribution to the planned project outputs as the consequence of the modification.

In case following the budget reallocation among project partners, one or more of the originally planned activities or outputs will not be delivered or replaced by justified new activities or outputs that guarantee equivalent value for the whole project, the total budget of the project will be proportionally reduced.

Necessary documents and procedure

The LP should immediately contact the JS PO in case some project partners face financial problems and such change is planned. In case the project change is necessary, the general procedure described in section 5.2 of this Manual will be followed. For the respective budget change, the following supporting documents have to be submitted electronically and in original by the LP for the revision of the Subsidy Contract:

- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF officially signed and stamped by the legal representative of the LP organisation)
- Project budget change tool officially signed and stamped by the legal representative of the LP organisation
- new Declaration(s) of co-financing of the affected partner(s) - signed document per each affected PP whose budget has been increased (if necessary)

When the budget reallocation among PPs is a consequence of changes in the partnership, the procedure to be followed is described in chapter 5.2.1 of this Manual.

Budget reallocation among ERDF partners and among IPA partners from different countries has to be decided by the MC, while all other changes will be decided by the MA/JS.

5.2.3.2 Budget reallocation among work packages and budget lines

When the budget reallocation(s) among work packages and / or budget lines reach 10% of the total project budget of ERDF IPA and ENI partners (calculation method described in section 5.1.4.2 of this Manual), the approval of the MC is needed before proceeding with the project implementation according to the budget reallocations, and the modification of the Subsidy Contract should be requested. Project change related to reallocation(s) exceeding the limit can be requested only once, separately for work package, and for budget line reallocations as well,

during the whole project period. Following such modification of the Subsidy Contract and the AF, reallocations within the flexibility limits, as it is outlined in section 5.1.4 of this Manual, would still be possible.

Necessary documents and procedure

The LP should immediately contact the JS PO when in the phase of planning the budget reallocation(s) among work packages or budget lines it is foreseen that the respective reallocation limit is going to be reached at project level - possibly before the PPs would start spending according to the modified budget. In case the JS PO considers the change procedure justified, the general procedure described in section 5.2 of this Manual will be followed. For the modification of the Subsidy Contract, the LP has to submit electronically and in original the following supporting documents:

- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF) officially signed and stamped by the legal representative of the LP organisation
- Project budget change tool officially signed and stamped by the legal representative of the LP organisation

5.2.4 Revision of the spending forecast

The spending forecast is to reflect how much the project and its PPs are following the originally foreseen spending flow of the implementation of their project. Therefore, **the project spending forecast is fixed in the Subsidy Contract and can be modified only in connection to substantial project changes listed in the Subsidy Contract and detailed in this Manual that affect the project budget.**

The revision of the spending forecast is to be made in accordance with the respective procedure of the project change that has the effect on the spending forecast.

5.2.5 Decommitment of the project

In case the DTP is affected by decommitment of EU Funds, or in case the financial performance of a project has serious problems – based on the decision of the Monitoring Committee – the MA/JS is entitled to decommit the project by reducing the original project budget and the corresponding ERDF contribution and / or IPA contribution and/or ENI contribution (see also 4.1.9 of this Manual for further details).

Necessary documents and procedure

In case of MC decision on the decommitment of the project, the Change-log file for major changes (Annex 6. b) and the budget reallocation tool indicating the data modifications of the AF and its budget are to be submitted by the LP within 15 days. The rest of the project change and Subsidy Contract modification procedure follow the general procedure described in section 5.2. for the modification of the Subsidy Contract, the LP has to submit electronically and in original the following supporting documents:

- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF) officially signed and stamped by the legal representative of the LP organisation
- Project budget change tool officially signed and stamped by the legal representative of the LP organisation

The LP should provide the affected project partners the copy of the Addendum to the Subsidy Contract.

The related project AF data modification in eMS will be carried out, when possible, based on the previous agreement of the LP and the JS PO.

5.2.6 Prolongation of the project duration

Prolongation of the project duration can be requested **only once**. Prolongation of the project duration up to 3 months is to be decided by the MA/JS and prolongation between 3-6 months needs the approval of the MC. Such request can be submitted to the MA/JS not later than **3 months before the end date of the project**. The prolongation of the project duration **cannot exceed more than 6 months**.

The prolongation of the project duration means the extension of the eligibility time and, if relevant, the revision of the spending forecast of the project.

When requesting the prolongation of the project duration, the LPs have to take into consideration that according to the DTP eligibility rules, all activities within the projects must be **completed before 31.12.2022**.

Necessary documents and procedure

The LP should immediately contact the JS PO in case the project implementation is in such delay that the prolongation of the project duration might be necessary. If the JS PO considers that the request is justified, the general project change procedure described in section 5.2 of this Manual will be followed. For the modification of the Subsidy Contract, the LP has to submit electronically and in original the following supporting documents:

- Change-log file for major changes (Annex 6. b), including the Lead Partner Confirmation and Signature sheet (of the AF) officially signed and stamped by the legal representative of the LP organisation
- Project budget change tool officially signed and stamped by the legal representative of the LP organisation (in case of modification of the spending forecast)

5.2.7 Summary table of types of project changes and related procedures

Type of project change	Procedure	
	Minor changes Previous confirmation of JS PO; No addendum to Subsidy Contract	Major changes MA/JS or MC approval and Addendum to Subsidy Contract
Partnership change	-	Always need MA/JS, or MC decision
Project content change	<ul style="list-style-type: none"> • In case of minor content changes – previous JS PO confirmation; • 	Significant content change always needs MC decision
Budget reallocation among Project Partners	-	<ul style="list-style-type: none"> • Budget reallocation among ERDF / among IPA PPs from different countries decided by MC • Other cases need MA/JS decision;
Budget reallocation among WP / BL	<ul style="list-style-type: none"> • Until cumulated amount of reallocation(s) remain below 5% PP budget – without previous JS PO confirmation; • Cumulated amount of reallocation(s) of a PP exceed 5% PP budget, but cumulated amount of reallocation(s) on project level remains below 	<ul style="list-style-type: none"> • In case cumulated amount of reallocation(s) exceed 10% on project level • Need MC decision • Can be requested only once

	10% – previous JS PO confirmation; <ul style="list-style-type: none"> To be reported in due Project Progress Report 	
Project duration prolongation	-	<ul style="list-style-type: none"> Need MA/JS, or MC decision; Can be requested only once
Administrative changes	<ul style="list-style-type: none"> JS PO to be informed 	-

6 Audit of the project

6.1 Audit and process

As it is defined in the Subsidy Contract, the LP is obliged to guarantee fulfilment of the audit of the projects in relation to all other PPs of the project, to be carried out by any of such responsible auditing bodies of the EU, the auditing bodies of the participating Partner States as well as the Audit Authority, MA/JS and Certifying Authority of the Danube Transnational Programme. The aim of these audits is to check the proper use of funds by the LP or by the PPs.

The audit of the selected projects will take place at the premises of the LP and selected PPs. The LP and the PPs concerned will be notified in due time by the relevant authorities about any audit to be carried out on their reported expenditure.

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority include in general sample checking of the validated and reported expenditure against the supporting documents and other relevant information at the premises of the LP and / or PPs in order to verify the accuracy and validity of the related FLC Certificate(s), checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing, the LP has to make available all documents required, provide necessary information and give access to its business premises.

6.2 Irregularity and repayments of contribution from EU Funds

6.2.1 Handling of Irregularity

An “irregularity” is to be considered as any infringement of a provision of EU law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

The body which suspected the irregularity (Controller, MA/JS, Audit Authority, etc.) reports it to the responsible body for handling of irregularities (if any) at the given Partner State whose territory the project partner concerned is located.

The **detection** of the irregularity and the **decision on the sanction is made at national level** by the responsible body (if any) at Partner State level, and **then reported to the European Commission (OLAF report) and to the MA/JS (OLAF report / Summary report)**.

In case the **irregularity affects partly the project** (one project partner) and the **decision on sanction** by the responsible body of the Partner State **is the recovery of the contribution** from EU Funds unduly paid, the **MA/JS initiates the recovery procedure from the LP in each case**.

When the **irregularity** reported by the Partner State **affects the whole project**, the Monitoring Committee is also entitled to make a decision about the irregularity. The **decision can be the**

withdrawal from the subsidy contract, reduction of the contribution from EU Funds to the project financing under the Danube Transnational Programme.

6.2.2 Repayment of contribution from EU funds

1. In case of repayment, the **MA/JS sends a request for repayment** on the amount of EU Funds unduly paid to the LP.
2. The LP is obliged to secure repayments from the ERDF/ IPA / ENI PP(s) concerned and repay the amount specified by the MA/JS before the due date. However, according to **Article 122(2) of EC Regulation No. 1303/2013 the MA/JS may decide not to recover an amount unduly paid** if the amount of contribution from the EU Funds – considered by Funds (ERDF/IPA) – **does not exceed 250 EUR.**
3. Based on the request for repayment of the MA/JS, the **LP has to ask the ERDF PP(s) and/or IPA PP(s) and/or ENI PPs concerned to repay the amount of EU Funds to the LP's project bank account in due time**, considering the deadline given by the MA/JS for the repayment. The LP has to transfer this amount to the DTP bank account specified in the request for repayment of the MA/JS.
4. If a project partner commits an irregularity and the **Lead Partner cannot recover** the contribution from EU Funds unduly paid to a project partner on the basis of the partnership agreement existing among them, the LP **shall inform the MA/JS in written form within the deadline for the repayment.**
5. The **repayment by the LP is due within two months** from the receipt date of the request for repayment. The due date for the repayment will be explicitly given in the request for repayment. The receipt date of the request for repayment shall be the date of sending the email, regardless of the date of receiving any official letter in hardcopy version.
6. The MA/JS has the right to impose **interest on late payment** on the amount paid back by the LP belatedly. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the calendar day following the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.
7. The MA/JS also has the right to recover the amounts specified in the request for repayment by deducting them from the AfR submitted by the LP. In case of **compensation**, the MA/JS informs the LP on the **amount deducted from the AfR** concerned (including PP and PPR concerned).

7 Project closure

7.1 Project closure

In case the project is completed and the final Project Progress Report, together with the Final Report section is accepted by the MA/JS, the project closure of the project will be initiated by the MA/JS.

Project closing and final payment cannot be initiated in case other processes related to the project **are not closed such as audit report, irregularity and recovery procedures**. In those cases, the final payment to the Project is suspended until the closing of other processes.

After the final payment to the LP, the proof of transfers to the PPs shall be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the last AfR to the LP for the closure of the project by the MA/JS. In case this obligation of the LP is fulfilled the project is considered closed and the LP is informed about the closure.

In case the LP does not submit the proof of transfers of the EU Funds to the Project Partners within the deadline, an irregularity procedure could be initiated by the MA/JS.

7.2 Retention of project documents

The LP and all other PPs of the project are obliged to retain for audit purposes all files, documents and data about the project for a two year period from 31st December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two year period.

The following documents have to be retained as the project's audit trail.

No.	Document	Lead Partner	Project Partner
1.	Approved Application Form	original	copy (of original signed by LP)
2.	Partnership Agreement (and its amendments)	original	original
3.	Subsidy Contract	original	copy
4.	Addendum to the Subsidy Contract	original	copy
5.	Project Progress Reports and Final Report (including quality reports)	only electronic version	only electronic version
6.	Applications for Reimbursement	only electronic version	only electronic version
7.	Partner Reports	only electronic version	only electronic version
8.	FLC Certificate	only electronic version/ only LP's FLC Certificate in original ⁷ ;	only electronic version/original ¹¹
9.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)	only the LP's invoices in original	only PP's invoices in original
10.	All supporting documents related to project expenditure (e.g. payslips, bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned	only the supporting documents of the LP in original	only the supporting documents of the PP in original
11.	All project deliverables and outputs (materials produced during the project period including project communication related documents and materials)	all project deliverables and outputs in original	only the project deliverables and outputs of the PP in original
12.	Quality Reports	copy	Not relevant
13.	Output factsheets	copy	Not relevant

⁷ and ¹¹ depending on national requirements

14.	If relevant, documentation related to on the spot checks of the Controllers (to be retained at the premises of the project partner concerned)	only LP's on the spot check documentation in original	only PP's on the spot check documentation in original
15.	If relevant, documentation of monitoring visits of the MA/JS	original	copy
16.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports in copy	PP's audit report in original

7.3 Sustainability of the project

According to Article 71 of the Regulation EC 1303/2013, the project comprising investment in infrastructure or productive investment shall repay the contribution from the ESI Funds if within five years of the final payment to the beneficiary or within the period of time set out in State aid rules, where applicable, it is subject to any of the following:

- a) a cessation or relocation of the productive activity outside the programme area;
- b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

Any infringement of provisions shall constitute an irregularity leading to recovery of amounts unduly paid.

7.4 Ownership of project results

Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs to the extent allowed by the national regulation of the LP/PP.

Concerning the use of the outputs and results of the project, the LP shall guarantee a widespread publicity of such outputs and results and to make them available to the public in line with the relevant national law.

The MA/JS as well as the National Authorities of the Partner States of the programme – including National Contact Points – reserves the right to use the outputs and results of the project for information and communication actions related to the programme.

8 Annexes

1. a Statement on project bank account (separate bank account)
1. b Statement on project bank account (single bank account)
2. a Quality Report
2. b Output Factsheet
2. c Additional Information (for PR & PPR)
3. Application for Reimbursement (AfR)
4. Summary of project implementation
5. FYR and MV recommendations
6. a Change-log file for minor changes
6. b Change-log file for major changes (with investment specification)
7. Request of project modification
8. Declaration of Withdrawal from the partnership
9. Declaration of Commitment to join the partnership