Interreg
EUROPEAN UNION
Danube Transnational Programme

PROGRAMME MANUAL

Danube Strategy Point

A stream of cooperation

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A stream of cooperation

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Foreword

This manual outlines the framework for the implementation of the direct financial support offered by the DTP to the Danube Strategy Point, as defined under Specific Objective 4.2 of the DTP Cooperation Programme. The defined rules are based on the relevant European Regulations.

Abbreviations

AA	Audit Authority
AF	Application Form
CA	Certifying Authority
CP	Cooperation Programme
DSP	Danube Strategy Point
DTP	Danube Transnational Programme
EC	European Commission
eMS	Electronic Monitoring System
ENI	European Neighbourhood Instrument
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EUSDR	EU Strategy for Danube Region
GoA	Group of Auditors
IPA	Instrument for Pre-accession
JS	Joint Secretariat
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
NC	National Coordinator of EUSDR
NGO	Non-governmental organisation
NUTS	Nomenclature of Territorial Units for Statistics
PA	Priority Area
PAC	Priority Area Coordinator

PP	Project Partner
PRaG	Practical Guide to contract procedures for EU External actions
SG	Steering Group
SO	Specific Objective

Glossary

Programme Manual

The Programme Manual is part of the Application Pack intended to provide applicants detailed and specific information about the programme, project requirements, eligibility rules, application and assessment processes, project implementation principles and to guide them through the drafting of the project proposals.

Beneficiary

A beneficiary is an entity receiving EU funds for the implementation of a project.

Co-financing

In general terms, it refers to the situation when there are two financing sources for the same project or activity. In the EU programmes environment, usually there are two or more sources of financing. In case of Danube Transnational Programme, financing is provided from EU funds (ERDF, IPA II or ENI) and national co-financing: state contribution and/or own sources (can be public or private) of the project participant and/or other contribution (e.g. regional/local/other sources).

Cohesion Policy

Cohesion policy was enshrined in the Treaties with the adoption of the Single European Act (1986). It is built on the assumption that redistribution between richer and poorer regions in Europe is needed in order to balance out the effects of further economic, social and territorial integration.

Control system (centralised/ decentralised)

The Control system is set up by each Partner State in order to carry out verifications at national level with regard to the use of ERDF/IPA/ENI funds against established procedures in terms of delivery of products and services according to the approved Application Form, verification of the reality of claimed expenditure, ensuring compliance with the terms of the Commission decision on the programme, compliance with the national and EU rules on eligibility of expenditure, public procurement, state aid, protection of the environment and equal opportunities. The control system may be centralised, i.e. a central body is appointed by the respective country to carry out the control activities, or decentralised, i.e. the controlled project partner appoints its controller (however, in this case, limitations on the selection of the controller may be imposed by the Partner State).

Controller / First Level Controller (FLC)

The Controller is the private or public body or individual designated by the Partner States to carry out control activities with regard to the use of ERDF/IPA/ENI funds. FLC is used as a synonym for Controller.

Coordination

Coordination is the synchronisation and integration of activities, responsibilities, and command and control structures to ensure that resources are used most efficiently in pursuit of the specified objectives.

Durability

Durability of projects outputs and results refers to the long-lasting effect of the project achievements beyond project implementation timeframe.

Electronic Monitoring System (eMS)

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

Eligible costs

Eligible costs are the project-related costs reported by the beneficiaries which are in line with the applicable programme eligibility rules and which are reimbursed from ERDF, IPA II or ENI funds.

European Neighbourhood Instrument (ENI)

Effective from 2014 to 2020, the ENI is one of the instruments providing direct support for the European Union's external policies. It will support the European Neighbourhood Policy (ENP) and turn decisions taken on a political level into actions on the ground.

ERDF, IPA and ENI co-financing rate

ERDF, IPA and ENI co-financing rate is the 85 percentage applied to the eligible expenditure of each individual partner resulting in the amount of co-financing to be reimbursed.

European Regional Development Fund (ERDF)

The ERDF is one of the five Structural Funds and it is intended to help to reduce imbalances between regions of the EU. The Fund grants financial assistance for development projects in the EU regions. In terms of financial resources, the ERDF is by far the largest of the EU's Structural Funds.

Flat rate

Flat rate is a level of payment that is the same in all cases, calculated as percentage of a certain amount.

Intervention Logic

The intervention logic is the backbone of the project and the programme, demonstrating the link in terms of existing challenge/ need, objectives, expected results and outputs. The project intervention logic will have to show how the intended change will be achieved through planned activities.

Instrument for Pre-Accession (IPA)

The Instrument for Pre-accession Assistance II (IPA II) is the means by which the EU supports reforms in the 'enlargement countries' with financial and technical help. Prepared in partnership with the beneficiaries, IPA II sets a new framework for providing pre-accession assistance for the period 2014-2020. For the purpose of this Manual, the acronym IPA is used.

Lead partner (LP)

The Lead Partner is the project partner having full financial responsibility for the entire project and being responsible for the overall coordination of the project, including proper reporting of progress to the Joint Secretariat as also stipulated in the Subsidy Contract.

Macro-regional strategy

A macro-regional strategy means an integrated framework endorsed by the European Council, which may be supported by the ESI Funds among others, to address common challenges faced by a defined geographical area relating to Member States and third countries located in the same geographical area which thereby benefit from strengthened cooperation contributing to achievement of economic, social and territorial cohesion (according to Article 2(31) of the CPR).

Partner States

Partner States are the 14 countries included in the DTP and in the EUSDR.

Priority Area Coordinators (PACs)

Priority Area Coordinators (PACs) drive the day-to-day implementation of the EUSDR, on the basis of the work of the respective Steering Groups, which decide on the joint work within the Priority Area.

Project Partner

Project beneficiary, as referred to in Article 13 of Regulation (EU) No. 1299/2013, of EU funds (ERDF, IPA or ENI).

Programme Priorities

The Programme Priorities are the thematic areas around which the programme is structured.

Project Progress Report

The Project Progress Report is the report to be submitted by the LP to the JS at the end of each reporting period outlining performed activities within the period as well as associated eligible expenditure. It documents the progress of the project and serves as a basis for the reimbursement request.

Real costs

Real costs represent the expenditure actually incurred and paid (as opposed to lump sums or sums resulting from applying flat rates) and supported by invoices and other documents of equivalent probative value.

Reporting period

A reporting period generally covers a six-month period at the end of which the Lead Partner will have to submit a detailed Project Progress Report.

State contribution

The state contribution is the national public contribution representing a certain percentage of the eligible expenditure to be secured by the Partner States in accordance with national regulations.

Subsidy Contract

The Subsidy Contract is the contract signed between the MA/JS and the Lead Partner stipulating the provisions to be observed by both parties during the implementation of the project.

Target group

The target group consists of those individuals and/or organisations towards which the project aims are directed and which will therefore be directly or indirectly affected by the project activities and results. Even if target groups may not necessarily receive funds and be directly involved in the project implementation, they may exploit project outcomes for their own benefit.

PART I: DANUBE TRANSNATIONAL PROGRAMME

1. General Objectives

The Danube Transnational Programme (DTP) is a financing instrument with a specific scope and an independent decision making body. The DTP supports the policy integration in the Danube area in selected fields under the CPR/ ERDF Regulations. The strategic vision is "policy integration" in specific fields of action below the EU-level (not duplicating efforts in policy integration at the EU-level e.g. TEN-T) and above the national level. Transnational projects should influence national, regional and local policies (policy driver).

In order to achieve a higher degree of territorial integration of the very heterogeneous Danube region, the transnational cooperation programme will act as a policy driver aiming to tackle the common challenges and needs deriving from specific policy fields. Therefore, transnational cooperation is expected to deliver tangible results through the development and practical implementation of policy frameworks, tools and services. To this end, the programme looks to promote concrete pilot investments.

The programme supports the following priorities addressing transnational key challenges and opportunities in the Danube Region:

1. Innovative and socially responsible Danube Region
2. Environment and culture responsible Danube region
3. Better connected and energy responsible Danube region
4. Well governed Danube region

A detailed description of the actions to be funded under priorities 1-3 and 4.1 can be found in the Cooperation Programme.

In addition, in the 2014-2020 programming period, the Programme provides support to projects strengthening the implementation of EU Strategy for Danube Region (EUSDR, also Strategy). This support is provided within the framework of Priority 4, Specific Objective 4.2 "Support to the governance and implementation of the EUSDR". Under this Specific Objective the Programme provides co-financing for the following types of actions:

- Support to Priority Areas Coordinators aimed at increasing the effectiveness of coordination and strategy implementation in each of the Priority Areas of the EUSDR
- Seed Money Facility providing support for preparation of complex strategic transnational projects contributing to the EUSDR, to be further financed by different funding sources existing in the region.

- Establishment and support of the EUSDR Strategy Point aimed at facilitating the information flow between EUSDR actors, as well as strengthening the capacity of the PAC in implementing and communicating the Strategy.

2. EUSDR and Programme support to macro-regional cooperation

Since its adoption in June 2011, the EU Strategy for the Danube Region facilitates cooperation between EU and non-EU Member States in the Danube macro-region tackling common challenges. The Strategy seeks to create synergies and coordination between existing policies and initiatives taking place across the Danube Region.

The EUSDR is divided into 4 pillars and 12 Priority Areas. The EUSDR defines the examples of targets for each Priority Area. The EUSDR Action Plan defines the actions to be implemented by all priority areas and includes examples of projects for each priority area as well. The EUSDR Action Plan is a rolling document, subject to regular review, as appropriate.

Each Priority Area is managed by at least 2 **Priority Area Coordinators (PACs)**, which are ensuring the implementation of the EUSDR. Their work is transnational, inter-sectorial and inter-institutional. PACs also support the reporting and evaluation of the EUSDR – they identify progress related to the improvements that actions and projects deliver and to achievement of targets. They also regularly provide information/ reports on their work. In doing all their tasks, PACs work together with PA's Steering Groups, which are "the expert drivers of the day-to-day implementation", providing advice and assistance. Further to that, some Priority Areas created working groups, task forces, advisory bodies around sub-themes and tasks to support the work of the PACs and/or the steering groups.

The **National Coordinators (NCs)** are core strategic body within the governance structure. They have strategic coordination function within their national or regional government. The NCs coordinate and keep an overview of the participation of their country in the implementation of the EUSDR including all 12 Priority Areas. They also promote EUSDR and inform on national/ regional level the relevant stakeholders of key developments, on-going initiatives, including alignment of policies and funding.

The **Danube Strategy Point (DSP)** has been initially established in May 2015 and discontinued in end of September 2017. Its primary role is to support the EUSDR governance, implementation, communication, monitoring and evaluation. Through various activities in those areas, DSP also provides necessary information, feedback and suggestions for supporting the operational and political decision-making processes.

For the funding period 2014-2020, the thematic priorities 1-3 and 4.1 of the Danube Transnational Programme have been very much aligned with the objectives of the Strategy to maximise the synergies and leverage effects on other financing sources in the programme areas. The Danube Transnational Programme offers support for the EUSDR implementation, for example by financing projects directly supporting the EUSDR (as per assessment criteria defined jointly by the Programme and the Strategy) and their preparation (Seed Money Facility). In addition, as mentioned above, in this period the Programme provides direct support to the coordination activities of macro-regional cooperation:

- Direct support for PACs,
- Seed Money Facility and
- Support for the establishment of a Danube Strategy Point.

3. Programme area

The programme area covers nine Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany with two lands Baden-Württemberg and Bavaria, Romania, Slovakia and Slovenia) and five non-EU Member States (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Republic of Serbia and Ukraine with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast), being composed of 69 NUTS2 regions.

Geographically, the DTP area overlaps with the territory addressed by the EU Strategy for the Danube Region, comprising also the Danube river basin and the mountainous areas (such as the Carpathians, the Balkans and part of the Alps). It is the most international river basin in the world. The area accounts for one fifth of the EU's territory and it is inhabited by approximately 114 million people. The variety of natural environment, the socio-economic differences and cultural diversity of the various parts of the area may be perceived as major challenges, but actually they represent important opportunities and unexploited potential.

Figure1. Programme area

4. Legal framework

The Danube Transnational Programme was developed taking into consideration the broad policy framework channelling the development efforts on macro-regional, national and regional levels.

Please note: The relevant documents listed below are provided on the DTP website. The list is not exhaustive and their amendments shall also be considered.

- Danube Transnational Cooperation Programme document adopted by the European Commission on 20 August 2015 and modified on 12 June 2017.
- Structural Funds Regulations:
  - Regulation (EU) No. 1303/2013 of the European Parliament and of 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 repealing Council Regulation (EC) No 1083/2006 (CRP)
  - Regulation (EU) No. 1301/2013 of the European Parliament and of 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
  - Regulation (EU) No. 1299/2013 of the European Parliament and of 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)
- IPA Regulations:
  - 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)
  - Regulation (EU) 447/2014 of the European Parliament and of the Council of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)
  - REGULATION (EU) No 236/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014, Common Implementing Regulation for External Actions

- ENI Regulation
    - Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI)
- EGTC Regulation:
    - Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings
        - Implementing acts and delegated acts adopted in accordance with the aforementioned Regulations,
        - Directives of the Commission, European Parliament and the Council on public procurement.

5. Management structure

The Danube Transnational Programme will use a shared management system to manage, coordinate and supervise its implementation, meaning that the Partner States and the Commission will be responsible for the management and control of the programme.

The **Monitoring Committee (MC)**, consisting of the representatives of each participating country, supervises the implementation of the DTP and selects the projects to be financed. Its overall task is to ensure the quality and effectiveness of the overall programme implementation process. To fulfil this task, the MC is going to be assisted by the Joint Secretariat (JS).

The **Managing Authority (MA)**, assisted by the **Joint Secretariat,** hosted by the Ministry for National Economy of Hungary, is responsible for the overall programme implementation by carrying out the functions laid down in Article 125 of the CPR as well as Article 23 of the ETC Regulation. The JS is the central contact point for potential project applicants and Lead Partners of selected/ running operations.

The **Certifying Authority (CA)** is responsible for drawing up and submitting certified statements of expenditure and applications for payment to the European Commission and receiving payments from the EC. The CA shall use the payments received from the EC to reimburse the Lead Partners, in accordance with Article 132 of the CPR.

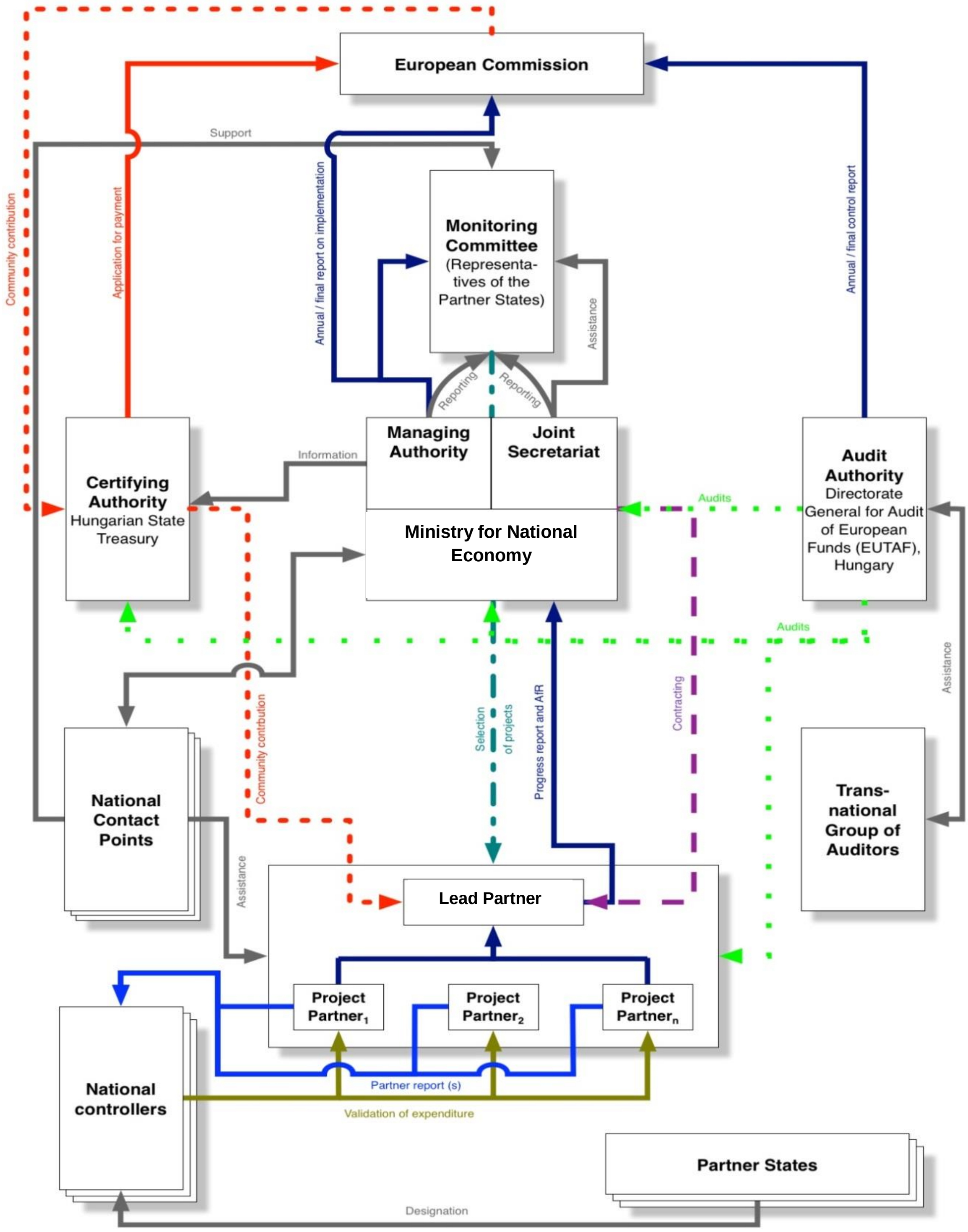
The **Audit Authority (AA)** is responsible for ensuring that audits are done in the framework of the management and control systems and are based on an appropriate sample of operations and on the annual accounts. The AA will be assisted by a Group of Auditors (GoA) comprising the representatives of responsible bodies of each Partner State.

National Contact Points (NCPs) are set up by each participating country to complement transnational activities of the MA and the JS and by involving stakeholders from the national level as well as to contribute to the national and transnational programme management and provide guidance and advice to potential applicants and project partners concerning the national rules on public procurement, national FLC requirements and eligibility of expenditure.

The **Lead Partner**, located in one of the DTP EU Member States, will be designated by the partners participating in a project to carry out the tasks laid down in Article 13 of the ETC Regulation. In particular, the LP shall assume responsibility for ensuring the implementation of the entire operation, including the arrangements for recovering amounts unduly paid.

The **Project Partner(s)** carry out activities planned in the approved Application Form (AF) and agreed in the Partnership Agreement. Among their tasks, they submit reports of project activities to payment claims; assume responsibility of any irregularity in the expenditure which it has declared, repaying the Lead Partner any amounts unduly paid in accordance of the Partnership Agreement signed between the Lead Partner and the respective project partner; carry out information and communication measures for the public about the project activities.

Controllers will be designated by each Partner State to ensure the compliance of expenditure incurred by the project partners with the EU and national rules, by carrying out verifications within the meaning of Article 23(4) of the ETC Regulation as well as Article 125(5) of the CPR, covering administrative, financial, technical and physical aspects of operations. Controllers shall be nominated in line with the national provisions of each Partner State. Each country participating in the DTP will be responsible for verifications carried out on its territory.


European Commission
Support
Community contribution
Application for payment
Annual / final report on implementation
Annual / final control report
Monitoring Committee (Representatives of the Partner States)
Assistance
Reporting
Reporting
Managing Authority
Joint Secretariat
Ministry for National Economy
Information
Certifying Authority Hungarian State Treasury
Audit Authority Directorate General for Audit of European Funds (EUTAF), Hungary
Audits
Audits
Assistance
Community contribution
Selection of projects
Progress report and AfR
Contracting
National Contact Points
Trans-national Group of Auditors
Assistance
Lead Partner
Project Partner1
Project Partner2
Project Partnern
National controllers
Partner report (s)
Validation of expenditure
Partner States
Designation

6. Horizontal principles

Sustainable Development

Sustainable Development is fundamental for the implementation of economic and social cohesion policies also governing the Danube Transnational Programme.

Sustainable development stands for meeting the needs of present generations without endangering the capacity of future generations to meet their own needs. When applying for funding under the DTP, applicants should account for the impact of their project on economic, ecological and social aspects within the targeted region.

Applicants have to specify any possible environmental impact of their project on the following aspects: water, soil, air and climate, population and human health, fauna, flora and biodiversity, natural heritage and landscape.

Projects submitted under any Priority Axis are strongly encouraged to incorporate activities for tackling environmental concerns and reducing their environmental and carbon footprint, for example by:

- Contributing to energy efficiency, renewable energy use and reduction of greenhouse gas (GHG) emissions
- Contributing to efficient water supply, waste-water treatment and water reuse
- Contributing of green public procurement in a systematic manner
- Contributing to efficient waste management, re-use and recycling
- Contributing to the development of green infrastructures including Natura 2000 sites
- Contributing to reduced transport and mobility-related air pollution
- Contributing to sustainable integrated urban development
- Contributing to enhanced awareness of adaptation to climate change and risk prevention
- Contributing to more employment opportunities, education, training and support services in the context of environment protection and sustainable development

Equal opportunities and non-discrimination

Projects must promote equal opportunities for everyone and prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the transnational cooperation projects. Additionally, projects must account for the particular needs of the various target groups prone to such discrimination and the requirements of ensuring accessibility for persons with disabilities.

Furthermore, when selecting service providers, suppliers or contractors, projects have to ensure equal opportunities for all interested parties and avoid limiting and discriminating with requirements or selection criteria. During project selection, each project will be subject to the verification of compliance with equal opportunities and non-discrimination principles defined in EU and national legislation.

Equality between men and women

The Danube Transnational Programme aims at promoting gender equality in line with the EU policies in this field. In the framework of their activities, projects have to ensure equal participation of men and women and gender mainstreaming and avoid generating discrimination of any kind.

7. Environmental sustainability

The total sets of greenhouse gas emissions caused by an organisation, event, product or person define their carbon footprint.

Changes in our lifestyles, attitudes and behaviours towards more environmentally sound choices will provide a contribution to reverse this situation.

The Danube Transnational Programme, covering a wide area of 14 countries and over 114 million of inhabitants that agreed to interact and work together for the next years, has a considerable potential carbon footprint. However, in line with Art 8 of Regulation (EU) No 1303/2013[1], the DTP would like to attempt to reduce any potential increase of carbon dioxide derived from the implementation of the DTP.

Experience of transnational programme implementation showed that two main factors, among others, directly contribute to increasing the carbon footprint of a programme: 1. excessive use of printed documents either for formal or informal use; and 2. extensive travels of the involved actors.

The actions planned to decrease the carbon footprint of the DTP are twofold. On one hand, a reduction of the printed paper needed for the implementation of the DTP and, on the other hand offsetting the CO_2 emitted during the travels of all actors involved in the DTP implementation.

Reduce – reuse – recycle principle

[1] *"The objectives of the ESI Funds shall be pursued in line with the principle of sustainable development and with the Union's promotion of the aim of preserving, protecting and improving the quality of the environment, as set out in Article 11 and Article 191(1) TFEU, taking into account the polluter pays principle.[…]"*

The first step towards a greener direction should be taken during the procuring process: whenever procuring for activities which will produce documents and publications in general, a clear request of using only recycled paper should be indicated in the related ToRs.

Considering the significant number of events planned and expected to be organised throughout the project duration, it is strongly recommended to avoid distributing paper copy of materials used during the events (e.g. agenda, printout of PPTs, discussion documents in general) and make appropriate use of the electronic support.

The DTP ensures a considerable reduction of request of paper documents from the projects in all steps of implementation.

- Application phase: application forms and all supporting documents will be requested in electronic format only. The signed paper version will be requested only for the signature of the subsidy contracts of approved proposals.
- Reporting phase: progress reports and certifications will be requested in electronic format only. Also the signed Applications for reimbursement will need to be sent only in electronic format. Copies of deliverables will be requested in electronic format only.

We encourage using best practice procedures that stress the reduction of the used paper, its reuse and the recycling through appropriate recycling bins.

Reduce:

- The circulation of printed documents should be reduced by using email wherever possible
- It is advised to always use both sides of paper. Printers and photocopiers should be set to copy double-sided as default

Reuse:

- Waste paper should be used and assembled into notepads
- It is advised to use designated containers to collect part-used waste paper. This can then be fed back through faxes/printers or used for rough working

Recycle:

- Confidential documents should be shred and sent for recycling
- All other used paper should be sent for recycling where possible

Carbon offset

According to a rough estimation that considered the experience of the past programming period, a minimum of 9,400 travels are expected during the Danube Transnational programme and project implementation. Therefore, it can be expected that travelling for programme/ project purposes will substantially increase the carbon footprint.

The DTP strongly suggests the project partners to previously assess the need for travel and to explore the alternative options, such as conference calls, online meetings, etc.

As often travels cannot be avoided, the DTP proposes to first trying to reduce the impact of the travel by combining events together (e.g. steering group meetings with working group meeting and stakeholders' event) and/ or by selecting the venue taking into consideration its accessibility (e.g. location easily reachable by train).

Another option that the DTP offers is the offsetting of the carbon emissions produced by the programme actors (programme bodies and project partners) when flying.

Carbon offsets are achieved through financial support of projects carried out by organisations that act as service providers of CO_2 compensation that reduce the emission of greenhouse gases in the short- or long-term.

Costs for compensating the CO_2 emissions are eligible for co-financing at programme level. Project actors are advised to read carefully the chapter on the eligibility of expenditure to make sure that programme rules are followed when purchasing carbon offsetting.

PART II: SUPPORT TO THE DANUBE STRATEGY POINT

1. Intervention logic

1.1 Objectives, results and outputs

The co-financing offered by the Programme is aimed at strengthening the implementation of the EUSDR through the establishment of a EUSDR Strategy Point to facilitate the information flow between key EUSDR actors.

The intervention logic of the DSP project is pre-set at programme level, according to the following definitions.

Main objective: To strengthen the implementation of the EUSDR through the establishment of a EUSDR Strategy Point to facilitate the information flow between key EUSDR actors.

Specific objectives:

- To enhance communication and visibility of EUSDR and support the EUSDR stakeholders (Presidency, PACs, NCs) in the implementation of the Strategy, by also increasing the capacity of the PACs and non-EU countries in implementing the strategy
- To strengthen the internal and external horizontal coordination of the EUSDR on cross-cutting issues between PAs and NCs or the embedding of existing financing instruments
- To support evidence-based decision making by supporting the development of the monitoring and evaluation framework of the Strategy

Result: should be defined by the applicants.

No.	Output indicator	Types of outputs to be recorded:
P07 (mandatory)	Number of documented learning interactions in finalised operations	The term "documented learning interactions" is defined as the process of acquiring/ enhancing the PA's knowledge and capacity for transnational cooperation through, capacity building, training, exchange of experience or any other type of learning processes. *<u>Example</u>: training (seminar) organised for PACs or non-EU countries on capacity building or exchange of best practices and enhanced cooperation.*
P31 (mandatory)	EUSDR Strategy Point implemented	*automatically calculated*

No.	Output indicator	Types of outputs to be recorded:
DSP01	EUSDR monitoring concept	In order to initiate the evaluation of the strategy as appropriate monitoring system and data collection for each PA (not only from the projects but also from EUROSTAT, UN, etc.) is necessary in order to serve the basis for evaluation. *Examples:* *EUSDR indicator system developed for each PA* *EUSDR targets/ actions monitoring and reporting system*
DSP02	EUSDR evaluation concept/plan	The evaluation of the strategy (which covers many topics and comprises of numerous stakeholders) needs to be planned on long term in cooperation with EC, NCs and PACs; therefore an appropriate evaluation plan that sets the objectives, necessary resources, time plan, data requirements, type of evaluations could serve as a starting point. It should be first realistically thought if the timeframe of DSP project implementation gives the possibility to perform a full evaluation or only if certain strategic aspects will be the subject of an impact evaluation. *Examples:* *EUSDR evaluation plan and timetable developed* *ToRs for EUSDR evaluation* *Pilot of the evaluation of a selected PA*

1.2 Activities, work plan and work packages

Activities proposed by the DSP should be organised in a Work Plan. The Work Plan is composed by 5 Work Packages. The maximum number of activities to be included in each WP is five. The work packages and activities to be included in each WP are pre-defined at Programme level and are listed below. However, not each bullet is to be considered an individual activity, but applicants are free to design a coherent and logic work plan by for e.g. merging different types of activities into one, but considering that all types of activities are mandatory. The Work Plan covers the entire period of implementation, out of which a more detailed work plan is expected for the first year and an outline for the following ones.

WP1: Management: covers the "conventional" daily management activities (e.g. allocation of staff, planned travels but only related to project management – e.g. meetings with MA/JS, financial management) as well as the support for the EUSDR bodies (Presidency, PACs, NCs). The latter covers the following types of tasks:

- Provide organisational and technical support for the EUSDR Presidency in terms of National Coordinator meetings and Priority Area Coordinator meetings.
- Provide support for the National Coordinators and Priority Area Coordinators in organising (support in event organisation, promotion and realisation) Steering Group meetings as well as any other EUSDR internal workshops/seminars based on needs.
- Provide the Presidency, PACs and NCs with up to date information regarding all EUSDR and PA projects, including projects and activities of the other macro regional strategies, as well as information regarding specific funding possibilities for the EUSDR PAs activities and meetings.
- Facilitate the involvement of all relevant stakeholders (including all relevant DGs) in the Steering Group and Priority Area Coordinator meetings and provide general organisational support where needed.

WP2: Communication comprises of a description of both internal (with the EUSDR bodies: e.g. NCs, PACs, Presidency) and external (e.g. regional/ international etc. bodies) communication and covers the following types of activities:

- Provide organisational, technical and financial support for the EUSDR Presidency in terms of the Annual Forum.
- Building stronger ties between the EUSDR and relevant Stakeholders (regional, national and international alike) by increasing the visibility of the EUSDR.
- Further develop and implement the existing communication plan (including visual identity and communication tools and communication guide) of the EUSDR that can be used in all internal and external communication.
- Content management and day to day management of the communication tools (all EUSDR webpages – hosting, maintenance and supportive services – e.g. previous yearly costs amounted to ca. 18,000 EUR, publications, brochures, social media, newsletter, information about the PACs, success stories, etc.).

- Maintain a general and up to date list of NCs, PACs, EUSDR Stakeholders, with names, organisations, contact details, planned yearly events and also present information on actual PA steering groups.
- Create a joint NC/PAC calendar/newsletter/project creation pool where all the planned activities and potential investors/project partners can be viewed by all stakeholders.

WP3: Coordination of EUSDR cross-cutting issues: between PACs and NCs or the embedding into financial instruments and platforms (e.g. EuroAccess) covers the following types of tasks:

- Ensure close contact with the Managing Authorities of the ESIF instruments and other European Funding instruments (such as EC directly managed funds) and institutions (e.g. EIB);
- Provide support for strategic project development by further developing/updating existing guidelines for identification and preparation of strategic EUSDR projects and further developing and establishing the framework to support the preparation of strategic EUSDR projects.
- Facilitate a regular exchange between PAs on content issues, thematic coordination and proactively stimulate exchanges between related PAs through thematic meetings, events, etc.

WP4: Monitoring and evaluation of the strategy covers the following types of activities**:**

- Further development and implementation support of a EUSDR monitoring concept in close cooperation with the NCs, PACs, European Commission and appropriate experts.
- Further development and implementation support of a EUSDR evaluation concept in close cooperation with the NCs, PACs, European Commission and appropriate experts.
- Assistance for PACs in reporting upon their request
- Draft proposals for adapting the Strategy's measures, targets, actions and its administrative structure in cooperation with NCs, PACs and the European Commission according to the results of the evaluation, in case results are available before the project end date.

WP5: Capacity building towards the PACs and non-EU countries covers the following types of activities**:**

- Encourage the exchange of experiences between implementers and stakeholders of MRS and other relevant programmes, e.g. INTERACT and ESPON.

- Needs assessment, training and technical support for PACs and their activities (development of projects, project management, media relations, contact with project promoters, support the inclusion of civil society, promotion of multi-level governance).
- Enhancing capabilities for the implementation of the EUSDR in the non-EU countries, sharing best practices.
- Provide assistance for EUSDR non–EU countries involvement - promote project preparation and implementation and search for the best financing options.

Project intervention logic glossary

Term	Definition
Project main objective	Describes the strategic and long term change that the project seeks to achieve for the benefit of the target groups.
Project specific objective	Describes the specific and immediate effects of the project and it can be realistically achieved within the implementation period.
Project result	Constitutes the immediate advantage of carrying out the project, telling us about the benefit of using the project main outputs. It should indicate the change the project is aiming for.
Project output	It tells us what has actually been produced for the money given to the project. It can be captured by a programme output indicator, and directly contributes to the achievement of the project results.
Project work package	Represents a group of related project activities required to produce project main outputs.
Project activity	Describes specific task performed for which resources are used. It is a work package component which may or may not result in a deliverable or an output.
Project deliverable	Is a side-product or service of the project that contributes to the development of a project's main output.

Programme intervention logic terminology is explained in the relevant EC regulations and guidance papers.

2. Governance of the DSP

The Danube Strategy Point (DSP) is meant to support the EUSDR governance bodies (Presidency, PACs, NCs, EC) in smoothly implementing their tasks.

Notwithstanding the legal responsibilities of the Lead Partner and the partnership of the DSP project towards the related EU regulations, the DTP programme rules and the provisions of the subsidy contract signed with the Managing Authority, the DSP is included in the internal governance of the EUSDR.

The DSP responds directly to the National Coordinators, who are responsible for defining, approving and monitoring (including the modification of) the DSP yearly work plan, and cooperates in its daily tasks with the EUSDR Presidency and the European Commission. It will furthermore assist PACs in fulfilling their tasks as well as providing specific support upon request. Detailed internal procedures and deadlines for the implementation of DSP tasks affecting the EUSDR stakeholders are to be defined by the EUSDR stakeholders. In this respect, the DSP project has to comply with the following governance provisions:

- The DSP will be integrated in the existing governance as a service unit to all EUSDR bodies.
- No additional governing body, ruling the work of the DSP, shall be established (except for an internal steering committee among project partners, if deemed necessary)
- The work plan for the first year of the project is to be included by the applicant in the DSP application, following the provisions of this chapter, and also an outline of the work plan for the following years.
- The work plan for the subsequent years will have to be prepared by the DSP, taking into account contributions from the PACs, where appropriate. It should be approved by the NCs and then submitted to the DTP by each mid-October (the deadline will be set year by year by the EUSDR Presidency) for any potential project modification.
- The Project Progress Report submitted to the DTP on a six-month basis will serve also the NCs for monitoring the implementation of the work plan.
- The applicants shall define the organisational chart covering the tasks to be implemented with specific justification of the number of staff, adequate requirements and qualifications in line with the activities proposed and clear distribution of responsibilities and corresponding budget.
- The Lead Partner together with the project partners is responsible for the selection of the DSP entire team.
- The governance inside the partnership is regulated by the Partnership Agreement (if applicable), which should include the decision-making procedure and rules (e.g.

creation of a partner steering committee, tasks, chairmanship, internal meetings, decision-making, internal communication, etc.).

3. Organisation of the Annual Forum

Among the tasks of the DSP, the organisational, financial and technical support to the EUSDR Presidency for the EUSDR Annual Forum (in 2019, 2020 and 2021) is expected.

The financial support to the EUSDR Presidency is linked to some minimum requirements (eligibility of expenditure presented in PART III of this Manual) that have to be accepted in order to consider the costs eligible.

The Annual Forum is to be jointly organised by the EUSDR Presidency, DG REGIO of the European Commission and the MA/JS of the Danube Transnational Programme. Therefore, the topic, the agenda and the speakers of each Annual Forum will be agreed upon jointly by the three parties.

Financing the costs for the Annual Forum can take place through two options, which should both be included in the project proposal:

- **Financing the Annual Forum through the DSP own budget by way of a contract with the incumbent Presidency**. In order to simplify and clarify the tasks of the DSP and the EUSDR Presidency, a contract between the beneficiary institution of the DSP and the incumbent EUSDR Presidency is strongly recommended to be signed at the very latest by the month of February of the year of the Annual Forum. The contract shall set all duties, rights and rules of the contracting parties for the use of the allocated funds. In consideration of the type of activity (i.e. for the clear benefit of the EUSDR Presidency), the contract shall contain the provisions for the national co-financing to be provided to the DSP by the incumbent EUSDR Presidency as pre-financing, at the signature of the contract. Modalities of the payment of the co-financing and its balance after the financial report (e.g. 80% in advance and 20% after the financial report) need to be outlined in the contract. All activities, and linked costs, implemented by the DSP related to the Annual Forum shall be approved by the incumbent EUSDR Presidency and also be outlined in the contract. In case of contracting external services, the Terms of Reference for any related procurement shall be agreed with the EUSDR Presidency.

- **Allowing the institution of the incumbent EUSDR Presidency to be included as full partner for the sake of carrying out the specific task of organising the Annual Forum**. In this case, the budget for the given Annual Forum allocated to the DSP initial partnership, would be allocated to the incumbent EUSDR Presidency as new partner. This is to be considered as a major change of the project and follows the provisions of Part V, section 6.2 of this Manual. After the finalisation of the Annual Forum and submission of the final request for reimbursement, the partner can withdraw from the project. The procedure would start after the request for reimbursement is submitted to the JS.

A maximum budget of 235,000.00 EUR (199,750.00 EUR to be co-financed by the DTP, with 35,250.00 EUR of national co-financing - provided by the incumbent EUSDR Presidency either as full partner or as regulated in a specific contract) is eligible to be spent for the preparatory activities and for the actual event each year. This budget refers to: rooms' reservation, catering (the catering can cover lunch and coffee breaks, as well as dinner reception), event materials, travel and accommodation of speakers and guests, event website and communication materials, and overall event organisation.

4. Lead Partner principle

According to the Regulation (EU) No 1299/2013, Art 13, the "Lead Partner principle" applies to Danube Transnational Programme.

This means that the Lead Partner (LP) should be nominated by the partners from amongst themselves.

Therefore, applicants have to appoint a Lead Partner, who is responsible for the submission of the Application Form. In case of approval of the project, the LP takes over the full responsibility for reporting and communicating the project progress to the DTP MA/JS. The LP bears legal responsibility for the partnership and is also the link between the project and the MA/JS of the Programme.

According to Art. 13 of the Regulation (EU) No. 1299/2013, the LP shall:

- Lay down the arrangements with other beneficiaries in a Partnership Agreement comprising provisions that, *inter alia*, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid (a template is provided by the DTP).
- Assume responsibility for ensuring implementation of the entire operation.
- Ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries, and is in accordance with the document provided by the Managing Authority pursuant to Article 12(5) of the Regulation (EU) No. 1299/2013.
- Ensure that the expenditure presented by other beneficiaries has been verified by the responsible Controller where this verification is not carried out by the Managing Authority pursuant to Article 23(3) of the Regulation (EU) No. 1299/2013.

5. General rules for the eligibility of partners/ LPs

Eligible applicants are institutions having one of the following legal statuses:

- Local, regional, national public body/ body governed by public law (including EGTCs in the meaning of Article 2(16) of Regulation (EU) No 1303/2013)
- International organisation
- Private body (including private enterprise registered in a EU Member State of the Programme area)

A. Local, regional, national public bodies[2]/ bodies governed by public law (including EGTCs in the meaning of Article 2(16) of Regulation (EU) No 1303/2013)

Bodies governed by public law

Bodies governed by public law' as defined in Article 2(9) of 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 (OJ L 94, 28.3.2014).

The definition of a body governed by public law is the following according to Article 2(1) of DIRECTIVE 2014/24*:*

'bodies governed by public law' means bodies that have all of the following characteristics:

- *They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character (being not relevant the industrial and commercial character)*
- *They have legal personality; and*
- *They are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law; or are subject to management supervision by those authorities or bodies; or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law*

B. International organisations

International organisations (having legal personality) acting under the national law of any DTP Partner State or under international law, provided that, for the purpose of the project, they fulfil the EU, programme and national requirements in terms of control, validation of costs and audits, can be considered as eligible for funding. In particular, these organisations should express in written form (through a form of Declaration) that:

[2] E.g. ministries, municipalities, regions, etc.

- They agree to comply with applicable EU policies, including the respect of principles on public procurement
- They accept the national control requirements set in the framework of the Danube Transnational Programme
- They agree to accept the controls and audits by all bodies entitled to carry out such controls in the framework of the Programme, including the Managing Authority and Joint Secretariat, the Audit Authority and the European Court of Auditors as well as the relevant national authorities of the Member State in which the international organisation acting as project partner is located. Storage of all documents required for these controls must allow performing them in the geographical area covered by the Danube Transnational Programme
- They assume the final financial liability for all sums wrongly paid out

C. Private bodies

In the context of this programme, the concept of "private bodies" means all organisations which are founded by private law such as (but depending on the country) chambers of commerce, trade unions, non-governmental organisations, private enterprises[3]. They may receive funding if they fulfil the following criteria:

- They have legal personality
- They make available the results of the project to the general public
- They apply the principles of public procurement

ATTENTION: Private enterprises coming from non-EU countries of the programme area are not eligible for funding.

6. Geographic eligibility rules

The Programme covers 14 countries, 9 of them EU Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany-Baden Württemberg and Bavaria, Romania, Slovakia and Slovenia) and 5 non-member states (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Serbia and Ukraine with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast).

[3] In the context of the Danube Transnational Programme, private enterprises refers to any type of profit making body, including SMEs

Based on the geographical location, only **directly financed partners** receiving financial contribution directly from the Programme (ERDF, IPA or ENI) and bearing full responsibility for their budget are identified.

7. Composition of the partnership

The ETC regulation in its Art 12(2) establishes that operations shall involve beneficiaries from at least two participating countries, where at least one of which shall be from a Member State. Art. 12(3) further specifies that an EGTC or other legal body established under the laws of one of the participating countries may be the sole beneficiary of an operation provided that it is set up by public authorities or bodies from at least two participating countries.

In case of Art 12(2), a project has to involve at least two financing project partners from two different countries of the Programme area: the LP and at least another Project Partner. The LP has to be located on the territory of an EU Member State of the Programme area. Private enterprises are not eligible as Lead Partners.

The responsibilities of the Project Partners are listed below:

- Carrying out the activities planned in the approved Application Form (AF) and agreed in the Partnership Agreement
- Submitting reports on the progress of project activities and associated reimbursement claims
- Assuming responsibility for any irregularity in the declared expenditure, repaying the LP any amounts unduly paid in accordance with the Partnership Agreement signed between the LP and the other project partner.

In case of Art 12(3), a single institution legally established as EGTC under the law of a DTP country and including another DTP country, or a legal body established under the laws of one DTP country set up by public authorities or bodies from at least two DTP countries (e.g. intergovernmental organisation) can apply as sole beneficiaries for a project meant to host the DSP structure.

8. Financial capacity of Project Partners and national co-financing

The Programme works based on the reimbursement principle. This means that Project Partners have to pre-finance their activities and the amounts paid are reimbursed after the submission and evaluation of the Project Progress Reports.

Under the Danube Transnational Programme, projects are co-financed by ERDF, IPA and ENI. The co-financing rate per partner is up to 85% for ERDF, IPA and for ENI partners. The remaining budget (15%) can be covered by state contribution (where applicable) and/or own sources (can be public or private) of the project partner and/or other contribution (e.g. regional/local/other sources).

In case of the Annual Forum, the remaining budget (15%) will be covered by the incumbent EUSDR Presidency either as a full member or as regulated in a special contract.

In case of all other activities the remaining budget (15%) can be covered by state contribution (where applicable) and/or own sources (either public or private) of the project partner and/or other contribution (e.g. regional/local/other sources).

Please note: State contribution has to be indicated in the AF only in case the Partner State provides - national public contribution at state level for the projects selected by the Monitoring Committee, and therefore the amount is covered in total or partially by the state.

Each Partner State applies a different system in providing state co-financing. An overview on the national co-financing system of the Danube Partner States is available on the Programme website (http://www.interreg-danube.eu/relevant-documents/programme-main-documents). However, as more detailed information might be available at national level, Partner States, through the DTP NCP, should be contacted for further clarifications.

9. Duration of project

The maximum project duration (implementation of project activities) is **till December 2021**.

Costs reported in the last reporting period and control costs related to the Final Progress Report have to be paid within 60 calendar days from the project end date at the latest.

PART III: ELIGIBILITY OF EXPENDITURE

1. Legal background and hierarchy of rules

In the framework of Danube Transnational programme there are three levels of rules that govern the eligibility of expenditure.

- **EU 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 programme, are collected in this section.

The following regulations shall be considered (not exhaustive list and the amendments of the below regulations shall be also considered):

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)

- REGULATION (EU) No 232/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014 establishing a European Neighbourhood Instrument (ENI)

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 (EU) No. 1299/2013 (ETC Regulation) – setting up the control system

- Article 125 (4) of Regulation (EU) No. 1303/2013 (CPR) –verification of expenditure
- Article 125 (5) of Regulation (EU) No. 1303/2013 (CPR) – verification procedures

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

- Article 3 of Regulation (EU) No. 1301/2013 (ERDF Regulation) – scope of support from the ERDF, i.e. specific provisions on the eligibility of activities
- Articles 6 of Regulation (EU) No. 1303/2013 (CPR) – regulates the "applicable law"
- Articles 65 to 71 of Regulation (EU) No. 1303/2013 (CPR) – specific provisions on eligibility of expenditure
- Articles 18 to 20 of Regulation (EU) No 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

- ➢ Programme rules on eligibility of expenditure outlined in this part of the DSP Programme Manual[4].
- ➢ Danube Control Guidelines defining the rules and requirements for control and providing information on the audit trail to be provided
- ➢ National (including specific institutional) rules which apply for matters not covered by the EU regulations and programme rules.

Please note: The eligibility rules laid down in this Programme Manual cannot be overruled by national legislation or institutional rules.

2. General eligibility rules

The rules on eligibility of expenditure for the Danube Transnational Programme are developed based on the Commission Delegated Regulation No. 481/2014, referred in the present DSP

[4] According to Article 18(2) of the ETC Regulation, "the participating Member States in the monitoring committee, shall establish additional rules on eligibility of expenditure for the cooperation programme as a whole"

Programme Manual as “Delegated Act” and in line with the EU Regulations listed in the previous section.

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

a. General provisions

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
- All expenditure are incurred and paid by the project partner indicated in the application form during the eligibility period of the project
- All expenditure relate to activities that have not been financed from other financial instruments
- All expenditure are supported by invoices or other documents with probative value directly attributable to a certain project partner with the exception of the costs calculated as flat rates
- All expenditure are in line with eligibility rules on EU, programme and national eligibility rules

b. 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 project partners (i.e. sharing of „common costs")

c. 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 shall be defined in the approved Application Form as a project start date and end date.

Eligible project expenditure shall be <u>incurred and paid within the project period</u> defined by the start date and end date of the project according to the approved Application Form with the exception of:

1) **Control costs related to the last progress report and application for reimbursement** can be incurred after the end date of the project period, but it shall be paid within 60 calendar days from the end date of the project at the latest;
2) **Expenditure reported in the last reporting period** shall be paid within 60 calendar days from the end date of the project; the deadline for payments will be explicitly specified in the subsidy contract.

As a general rule, the Partner Report has to cover the expenditure incurred in the eligible project period and paid until the end date of the given reporting period and the costs calculated as flat rate related to the given reporting period respectively.

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 for DSP support within the Danube Transnational Programme are established by budget lines for the five expenditure categories of the Delegated Act.

Project expenditure is eligible under the following budget lines:

I. Staff costs
II. Office and administrative expenditure
III. Travel and accommodation costs
IV. External expertise and service costs
V. Equipment expenditure

I. 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 (e.g. coordination and support to the priority area coordinator, etc.) 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. Salary modifications during the project implementation are eligible in case they are well justified (e.g. an increase in the complexity of the implemented activities, additional tasks for the project team, external factors such as economic growth or inflation etc.)

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 project partner must choose one of these reimbursement options already in the Application Form which will remain 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.

- The hourly rates shall be in line with the actual gross employment costs (monthly/annual), therefore the hourly rates shall not be fixed for the entire project duration.
- 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	**100% of the gross employment costs** are allocated to the project ***Example:*** ➢ 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. ➢ Project reporting is on 6 months basis. ➢ 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

<table>
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<td>employer).

➢ During a particular month, project manager is working solely on project related tasks.

➢ 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).

➢ No obligation to establish a separate working time registration system – no timesheet necessary</td>
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<tr>
<td rowspan="2">Part time employment</td>
<td>a. with a <u>fixed percentage of time worked per month</u></td>
<td>The percentage set in the employment document (work contract/job description/other equivalent document) is multiplied by the monthly gross employment costs.

<u>Example:</u>

50% of working time is allocated to the project

• 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.

• Project reporting is on 6 months basis.

• 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).

• During a particular month, financial manager is working 50% of her/his working time on project related tasks.

• 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 financial manager in the amount of 10,500 EUR = 6*(3500*0,5).

• No obligation to establish a separate working time registration system</td>
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<td>b.(i) with a flexible number of hours worked per month <u>calculated with a monthly hourly rate</u></td>
<td>Number of hours worked in the project multiplied by the pre-calculated monthly hourly rate.

hourly rate = monthly gross employment cost/ monthly working time fixed in the employment document (expressed</td>
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</table>

		in hours). ***Example:*** • *monthly working hours according to the contract: 176 hours* • *gross employment costs for June: EUR 3,500.00 → hourly rate: 3500/176 = 19.88 EUR* • *total number of hours worked for the project (June): 80h* • *total project costs: 80h* 19.88 EUR = 1,590.40 EUR* ➢ time registration system covering 100 % of the working time of the employee is established.
	b.(ii) with a flexible number of hours worked per month <u>calculated with a yearly hourly rate</u>	*Number of hours worked in the project multiplied by the pre-calculated yearly hourly rate.* ***hourly rate = latest documented annual gross employment cost/ 1,720 hours*** ***Example:*** • *gross annual employment costs of the previous year: 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*24.41 = 1,952.80 EUR* ➢ time registration system covering 100 % of the working time of the employee is established.
	c. with a flexible number of hours worked per month calculated <u>on a contracted hourly rate basis</u>	*Number of hours worked for the project multiplied by the hourly rate set in the employment document.* ***Example:*** • *hourly rate set in the employment document: 16 EUR* • *total number of hours worked for the project (June): 80h* • *total project costs: 80h*16 EUR=1,280 EUR + 345 EUR social charges paid by the employer = 1,625 EUR* ➢ time registration system covering 100 % of

		the working time of the employee is established.

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 **cannot 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 planned under the travel and accommodation costs, external expertise and service costs and equipment. The expenditure planned under office and administration is not considered as direct costs, therefore it cannot be included in the basis of calculation of the staff costs.

No further justification or supporting document is needed from the project partners 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 project partner 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 project partner according to national eligibility rules, staff costs cannot 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 Application Form shall be applied in case of budget changes of a project partner affecting the amount of direct costs being basis of the calculation of the staff costs.

II. Office and administration expenditure

Office and administration 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 project partners decided to claim them in accordance with the approved Application Form.

No further justification or supporting document is needed from the project partners to justify the Office and administration 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):

a. Office rent

b. Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)

c. Utilities (e.g. electricity, heating, water)

d. Office supplies

e. General accounting provided inside the beneficiary organisation

f. Archives

g. Maintenance, cleaning and repairs

h. Security

i. IT systems

j. Communication (e.g. telephone, fax, internet, postal services, business cards)

k. Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened

l. Charges for transnational financial transactions

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

<u>Further eligibility rules:</u>

- The **same flat rate** (15%) shall be automatically applied **for each reporting period**, by each project partner. **In case staff costs are not declared for the relevant reporting period, the office and administration expenditure cannot be declared**
- Office and administration 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 cannot 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.

III. 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, according to the following rules:

Eligible expenditure includes (exhaustive list):

OPTION 1:

1) 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
2) Costs of meals
3) Accommodation costs
4) Visa costs
5) Daily allowances

In case travel costs, meals, accommodation costs and 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.

Further eligibility rules applicable to this option:

- 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 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. 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)

- 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)

OPTION 2:

1) Travel costs:

   - Tickets: 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

2) 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)

3) Visa costs

Further general eligibility rules applicable in both OPTION 1 and OPTION 2:

- 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 etc.) and the related activities shall be relevant for the implementation of the project

- The duration of the travel shall be clearly linked to the concerned event/meeting and cannot 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.
- Travel and accommodation expenses of external experts and service providers shall be declared under the external expertise and services costs
- Project related travels outside of the Union part of the programme area – such as non-EU countries or regions which are part of the programme area, EU countries or regions outside the programme area, and non-EU countries or regions outside the programme area – are eligible costs, however, travels outside the programme area are subject to approval from DTP side
- 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
- 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, it is recommended to use environmentally friendly means of transport (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 project partner can select the service provider of CO_2 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.[5]

IV. 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:

- Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks)
- Training
- Translations
- IT systems and website, modifications and updates
- Promotion, communication, publicity or information linked to the project
- Financial management
- Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation)
- Participation in events (e.g. registration fees)
- Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- Intellectual property rights
- Verifications: Externalised control activities for the verification of the project expenditure where it is relevant for the control system of the concerned Partner State
- The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee
- Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- Other specific expertise and services needed for the project

[5] Carbon offsets are achieved through financial support of projects carried out by organisations that act as service providers of CO_2 compensation that reduce the emission of greenhouse gases in the short- or long-term (see Part 1 Point 8 Environmental sustainability)

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 (detailed rules in section IV)
- 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
- Programme specific rules shall be applied for the procurements between 5,000 EUR (excluding VAT) and the national public procurement thresholds (detailed rules in chapter 4)
- Procurements shall comply with the principles of transparency, non-discrimination and equal treatment
- Project partners cannot be contracted as an external expert or a subcontractor in the same project
- 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 or any other supporting document shall state that only travel costs and accommodation costs supported by invoices will be paid
- The stakeholders' travel and accommodation cost not provisioned in the Application Form needs approval from the MA/JS
- 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 Application Form 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 cannot be split among the project partners, i.e. common costs are not allowed

V. Equipment

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.

<u>Eligible costs of project equipment:</u>

- As a general principle, for all project equipment purchased during the project lifetime **the full costs of the equipment should be allocated to the project**, if in line with national and institutional regulations

- **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 of the case when only depreciation costs are eligible:
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 project partner 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 Revenues of this Manual).

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:

- 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)
- Financial Regulation (Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012)
- National public procurement law of the Partner State of the project partner

- Programme rules set by the Danube Transnational Programme
- Institutional rules relevant for the project partner

In principle, procurement rules are different depending on the subject of the procurement, contract value, etc. Moreover, different rules apply for ERDF partners and for IPA and ENI partners.

a. ERDF partners shall apply the EU and national public procurement rules, and the programme specific rules;

b. 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.

c. 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 project partners** (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.

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** for all contracting amounts above 5,000 EUR (excluding VAT) and below the national and EU thresholds**. If it is not possible to obtain three offers**, **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.

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 by the public procurement regulations at national level 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 project partners** 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:

i. 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.

ii. 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.

- Special attention should be paid in cases where project staff is also involved in external companies participating in the tenders organised by the respective project partner. However, in all cases measures need to be carefully analysed to minimise any possible risks of conflict of interest. For specific requirements the national legislation should be consulted. 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')

Example:

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
- Procurement of project management and/or communication expertise necessary for the project

5. State aid rules

Danube Transnational Programme does not finance state aid relevant activities 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.

6. Use of Euro and exchange rate

The method for the conversion of expenditure incurred in another currency than the Euro is the following:

Please note: 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/inforeuro/inforeuro_en.cfm) in the month during which expenditure was submitted for verification to the controller.** This method shall be applicable to all project partners. The conversion shall be verified by the controller in the Partner State in which the respective project partner is located.

The following rules shall be applied for the conversion:

- The **date of submission** of expenditure for verification to the controller is the day in which the project partner **submitted for the first time** the Partner Report **online** through the eMS to the Controller. Further submissions due to completion and/or clarification to the Partner Report, date of submission of documents to the Controller and date of on-the-spot checks by the Controllers shall not be considered
- The date of online submission is registered through the eMS, which can be traced at any time in the system
- The same rule applies to **all project partners** and not only to beneficiaries located outside the euro-zone

7. Revenues

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

Please note: 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 revenues[6] are understood as revenues (as defined above) minus any operation costs and replacement costs of short-life equipment incurred during the corresponding period. Please note that operating cost-savings generated by the project shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies.

In case of revenue-generating projects, applicants have to calculate the expected net revenues following the method described under Articles 15 to 19 of the Commission Delegated Regulation (EU) No 480/2014.

Treatment of revenues:

- Application phase

Expected net revenues are to be indicated in the Application Form by the applicants. Applicants shall not indicate expected net revenues in the Application Form if the specific project output generating net revenue is state aid relevant.

- 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 revenues, if not deducted at the application phase, must be stated in the partner reports and must be deducted from the eligible expenditure, i.e. the certified eligible expenditure cannot include any revenues. Project partners have to provide their Controller with information on the 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 JS and have to be deducted from the final application for payment of the Programme submitted to the European Commission.

8. Visibility rules

For the purpose of project dissemination, projects organise different types of events and produce publications, documents and promotional materials for which the visual identity of the programme has to be respected, including the Visual Identity Manual.

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 Danube Transnational Programme logo already respects all these requirements, and all approved projects are obliged to use it on all their communication materials, deliverables and outputs (both hard copy and electronic) as well as to display it in events.

[6] In accordance with Articles 61 and 65(8) of Regulation (EU) No 1303/2013

In addition to displaying information on the Programme and EU support as described above, for the purpose of promoting the Strategy, the DSP shall use the EUSDR/DSP logos in all their written and audio-visual communication materials, deliverables and outputs. In order to respect the Commission Implementation Regulation (EU) No. 821/2014, the DSP is requested to include an additional EU emblem of at least the same size in height or width as the EUSDR logo.

However, the Danube Transnational Programme must always be visible in a prominent place and of a comparable size to other logos used.

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. The production costs of the poster need to be budgeted.

PART IV: APPLICATION AND ASSESSMENT

1. Application

The AF is to be submitted electronically through the DTP website. The deadline for submission will be set in the Call announcement. Please, consider that all Applicants must submit the Partnership Agreement (if applicable), the Declaration of support signed by at least 3 NCs, the Co-financing and State Aid Declarations, while International Organisation Declaration are to be submitted only if applicable. All the templates for the declarations, including the call announcement will be available on the Programme website before opening of the call.

The assessment of the DSP call is done in two parts:

- In a first part (see PART 1 - MA/ JS assessment questions), the MA/JS is assessing the quality of the projects against the programme requirements regarding result orientation, durability and value for money. Only the projects receiving at least 60% in the MA/JS assessment are going to be assessed by the MC in PART 2 MC assessment questions.

- In the second phase (see PART 2 - MC Assessment questions), the MC members are assessing the projects passing the 60% threshold in the MA/JS assessment from a strategic point of view basing, in a first instance, on the Application Form and Guidelines for Applicants (in order to answer the questions of the assessment grid which are based on the Application Form).

- After finalising the assessment and agreeing on the scores for each applicant, a structured interview with the applicants will be conducted. The following three topics will be asked to be detailed by each applicant (giving 30 minutes to answer in total):

    1. How will the heterogeneous working procedures and objectives of PAs and PACs will be included in the work of the DSP? In which areas can support be expected?

    2. How is the independence of the DSP towards the hosting body ensured (balancing with the political ownership) in the implementation of the tasks?

    3. Please, describe how the internal (team, hosting institution, etc.) and external (e.g. DTP, EUSDR, MS, EC) risks and challenges in performing the tasks will be addressed.

Further questions strictly linked to the above listed questions might be asked to the participants.

- After finalisation of the assessment of the MC the final score for the application will be calculated by weighting 50% the MA/JS score and 50% the MC score (automatically calculated in the assessment grid).

The same procedure and questions will be applied for every applicant.

Following the assessment, the applicant might be requested to fulfil some conditions and/ or consider some recommendations with regard to their proposal. Applicants are informed about the result of the assessment through electronic communication.

2. Assessment

The submitted proposals will go through the eligibility and quality check, the first performed by the JS and the NCP, the second performed by the JS and the MC.

The **eligibility criteria** aim at confirming that the proposal has arrived within the set deadline and that the Application Form is complete and compliant with the requirements. Eligibility criteria are to be answered with YES or NO.

In case of missing documents or signatures in the Annexes to the AF, the LP will be awarded five working days from the JS notification for the submission/ completion of the documents.

The following table lists all eligibility criteria:

No	Eligibility criteria	Description
1	The AF has been submitted within the set deadline (date and time)	The AF (both word and excel) has been submitted within the date and time set in the Call announcement.
2	The AF including signed LP confirmation has been submitted through the DTP website	The AF (both word and excel) has been submitted through the programme website.
3	The AF is compiled in English	The AF is compiled in English, as the official language of the DTP.
4	Partnership is composed by minimum two financing partners from at least two DTP participating countries of which at least one (LP) is located in a Member State or by an EGTC or other legal body established under the laws of one of the participating countries provided that it is set up by public authorities or bodies from at least two participating	Partnership complies with the requirements for the partnership: minimum two financing partners from at least two DTP participating countries of which at least one (LP) is located in a Member State or an EGTC or other legal body established under the laws of one of the participating countries provided that it is set up by public authorities or bodies from at least two participating countries.
5	Lead Applicant is an eligible beneficiary	The Lead Applicant fulfils the requirement set in the Applicants Manual.

6	At least 3 joint cooperation levels are indicated	According to Art. 12(4) of Reg. (EU) No. 1299/2013, among the four levels of cooperation (joint development, joint implementation, joint staffing and joint financing) beneficiaries shall cooperate in the development and implementation of projects and in either the staffing or the financing of projects, or in both.
7	Partnership Agreement (if applicable)[7]	All partners have signed the Partnership Agreement.
8	The Declaration of support has been signed by at least three NCs from three different countries.	Al least three Declarations of support from the NCs have been signed by three different NCs from three different countries and submitted through the eMS.
9	Financed partners (ERDF/IPA/ENI) are eligible	The ERDF/IPA/ENI financed partners fulfil the requirements set in the Applicants Manual for DSP support.
10	Completeness of submitted ERDF/IPA/ENI partner documents	The documents (Declaration of co-financing, State Aid declaration, Declaration for International organisations, if applicable) are filled in and signed by the partners.

The purpose of the **quality criteria** is to assess the quality of the eligible project proposals.

Each criterion is assessed on the basis of sub-criteria with each being scored from 0 (not present/missing) to 5 (very good). The score of the main question is an average of the scores of the related guiding questions.

Score		**Description**
0	**None**	The information requested is missing (either not filled it in or not provided in the text). The information is provided but reflects the inexistence of a requirement.
1	**Very poor**	The information provided is considered as not relevant or inadequate
2	**Poor**	The information provided lacks relevant quality and contains strong weaknesses
3	**Fair**	The overall information provided is adequate, however some aspects are not clearly or sufficiently detailed
4	**Good**	The information provided is adequate with sufficiently outlined details

[7] In case of EGTC or other legal body established under the laws of one of the participating countries set up by public authorities or bodies from at least two participating countries, the partnership agreement is not requested.

5	Very Good	The information provided is outstanding in its details, clearness and coherence

The sub-criteria are defined using a set of questions to be answered by the assessors. Due to the complex requirements of transnational projects, these questions cannot be answered with yes or no. The assessor must assess to what extent and to which level of quality the proposal answers the questions and then, the assessor gives an appropriate score for each guiding question.

In case of the DSP call, the assessment is performed both by the MA/JS and also by the MC including direct interviews with the applicants reaching 60% score after the MA/JS assessment. The assessment of the MA/JS is focused on analysing if the proposal is in line with the programme requirements in terms of result oriented approach, is durable and offers value for money. The MC assessment is focused on the strategic elements of the call (e.g. governance, DSP implementation, etc.). The MC assessment comprises of the analysis of certain parts of the Application Form together with the interviews to be held with the applicants exceeding 60% threshold.

PART 1 - MA/ JS assessment questions:

Assessment main questions	Guiding questions	Score
Is the project intervention logic coherent?	To what extent are the status quo and needs/ challenges and opportunities of the Strategy, in terms of communication, coordination, monitoring and evaluation and capacity building, understood and clearly described by the Applicant?	Up to 5 points
	To what extend is the DSP project intervention logic contributing to the programme intervention logic (in terms of links between objective(s)/ outputs/ result?	
	To what extent the needs and challenges, objectives, activities, outputs and result have been clearly and logically linked?	
	To what extent are the proposed project outputs and result well defined, realistic and well quantified?	
	To what extent are the activities logically linked, described in detail (how, where, when and by whom they will be undertaken)?	
How is the applicant ensuring the durability of its outputs/results and horizontal principles, in line with	To what extent is the target group clearly identified, realistically quantified and involved throughout the project implementation?	Up to 5 points
	To what extent does the proposal take into consideration the capitalisation of outputs and results of the previous DSP, (i.e. what outputs and results will be used and how they will be integrated in	

the definition of its target group?	the day-to-day work)?	
	To what extent the project ensures the synergies with on-going initiatives, other macro-regional strategies, programmes and brings added value to them?	
	To what extent is the durability of the project outputs clearly ensured?	
	To what extent does the project prove to make a positive contribution to the programme's horizontal principles?	
Is the project budget coherent, realistic and representing value for money?	To what extent is the budget of WPs and BL realistic and coherent with the planned activities?	Up to 5 points
	To what extent is the timetable realistic and the applicant proved to have resources for the implementation?	
	To what extent is the overall budget demonstrating value for money compared to the type and complexity of the proposed activities?	

PART 2 - MC Assessment questions:

Assessment main questions	Guiding questions	Score
Governance of the DSP project	To what extent is the day to day communication with the EUSDR Presidency and EC clearly described and understood by the applicant?	Up to 5 points
	To what extent is the communication and support to the PACs clearly described by the applicant?	
	To what extent is working procedure with the NCs clearly understood and explained by the applicant?	
	INTERVIEW assessment **How will the heterogeneous working procedures and objectives of PAs and PACs be included in the work of the DSP? In which areas can support be expected?**	
DSP implementation	To what extent the Applicant clearly describes and understands how the two options offered by the programme for the organisation of the Annual Forum could be implemented in practice?	Up to 5 points

	INTERVIEW assessment **How will the independence of the DSP towards the hosting body be ensured (balancing with the political ownership) in the implementation of the tasks?**	
DSP staffing	To what extent the applicant describes the proposed positions within the DSP and these are clearly linked with the proposed activities?	Up to 5 points
	To what extent the applicant sets in place a clear and transparent selection procedure for the DSP staff? (*this question should be answered only in case new staff is proposed to be hired*) ***and/ or*** To what extent the applicant describes clearly the internal human resources available for the implementation of the project? (*this question should be answered only in case the applicant proposes to use existing staff*)	
	INTERVIEW assessment ***Please, describe how the internal (team, hosting institution, etc.) and external (e.g. DTP, EUSDR, MS, EC) risks and challenges in performing the tasks will be addressed.***	

The total score consists of the score given by the MA/ JS and the MC, each of them weighting 50%.

The proposal receiving the highest score will be considered for financing provided that the total score is not less than 60%.

Applicants will be informed about the results of the assessment within 10 days from the official approval of the assessment from the Monitoring Committee.

3. Support for the development of applications

The DTP shall assist and support applicants throughout the development of project proposals and submission of the AF.

During the **project proposal development phase and when the call is open**, the Joint Secretariat (JS) shall:

- Organise a meeting to disseminate information on application procedures and rules of the programme

- Provide consultations in written form

Throughout the application process, the DTP shall ensure full transparency and non-discriminatory access to the same information to interested parties, regardless of their location.

PART V: PROJECT IMPLEMENTATION

1. Contracting

1.1 Contracting procedure

Contracting is the procedure carried out in order to conclude a Subsidy Contract between the LP and the Ministry for National Economy hosting the Managing Authority/Joint Secretariat (MA/JS) of the Danube Transnational Programme, for the implementation of a project approved by 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 30 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 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 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 (PDF), LP Confirmation and Signature officially signed and stamped by the legal representative of the LP organisation.

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 Partnership Agreement* – officially signed by the LP and each financing PP

The LP 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 LP in written form if any correction or further completion of these documents is necessary. LP will be requested to submit preferably **within 10 days** from the MA/JS communication the completed documents.

Once 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 LP for signing in two originals, out of which one original remains with LP. 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 LP to send all necessary documents for contracting. In case the necessary documents for contracting are not provided within three months from the 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 LP in eMS, 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.

1.2 The subsidy contract

The Subsidy Contract and its annexes establish the legal framework for the implementation of the project, specify the awarded amount of EU Funds (ERDF, IPA and ENI funds), the eligibility timeframe, the conditions for support, implementing arrangements (including reporting, validation and reimbursement), determine the rights and obligations of 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.

2. Project implementation

The expenditure related to the project implementation are eligible from the starting date of the project. The project implementation period, defined by its starting and end dates, are explicitly given in the Subsidy Contract.

Once the project implementation starts, project management and coordination has a crucial role to ensure a 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.

In general, it is advised that each project partner nominates at least one person in charge of the reporting towards the programme. LP should nominate also the contact person in charge of ensuring the smooth information flow between the project and the JS.

3. Information and communication management

Legal Basis

The obligations of beneficiaries regarding information and communication measures for the public are included in: Annex XII, section 2.2 of Regulation (EU) No 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.

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 together with a reference to the Fund supporting the operation.

3.1 Requirements

The requirements to be followed are included in the above-mentioned Regulation (EU) No 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.

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. All approved projects are obliged to use as well the Danube Transnational Programme logo on all their communication materials, outputs and deliverables (both hard copy and electronic) as well as to display it in events (more information on the use of the DTP logo can be find in Annex 8 and more information on the use of the EU emblem can be found in: http://europa.eu/about-eu/basic-information/symbols/flag/index_en.htm)

In addition to displaying information on the Programme and EU support, for the purpose of promoting the Strategy, the DSP shall use the EUSDR logo in all their written and audio-visual communication materials, deliverables and outputs. In order to respect the Commission Implementation Regulation (EU) No. 821/2014, the DSP is requested to include an additional EU emblem of at least the same size in height or width as the EUSDR logo (see more details in Annex 9).

The Danube Transnational Programme logo must be always visible in a prominent place and of a comparable size to other logos used.

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 DTP JS will help the projects in fulfilling these rules and support them constantly in all their communication activities.

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

The project is invited to participate, whenever requested, in events organised by the programme.

Website

The DSP website should highlight the financial support from the programme and European Union with the inclusion of the compulsory logos (Annex 9), as well as a reference to the Fund/s supporting the project. The same rule applies for printed and digital publications, documents and presentations.

4. Financial management

4.1 Control System in DTP

4.1.1 National Control System

According to Article 23 (4) of the Regulation (EU) 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).

4.1.2 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 LP/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.

4.1.3 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 co-financed products and services, the soundness of the declared expenditure, 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 basis 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.

4.1.4 Timeframe of verification

During the timeframe of three months, 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**[8].

Verification process	Verification timeframe and indicative deadlines		
Preparation and submission of +Partner Report by all **Project Partners** 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 **LP** 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.

[8] **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."

5. 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 contribution) of the project expenditure to the LP and through the LP to the partners. Based on the contractual obligation, the LP has to regularly submit Project Progress Reports (PPR) including the 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). The Project Progress Report contains both the description of the implemented activities in the framework of the DTP financing, as well as the information necessary for the EC and EUSDR bodies to assess the progress in implementing the actions and achieving the set objectives.

While the Project Progress Report is prepared by the LP, each PP (ERDF, IPA and ENI) must contribute to the compilation of the PPRs 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 at the same time 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 Controller by the deadline defined by the respective Controller in the national control guideline or, if the national control guidelines are not available, by the deadlines outlined in point 4.1.4 of this Manual (more information on the validation procedure is provided in sections 4.1 and 5.3.2 of this manual).

5.1 Reporting system and process

The whole reporting procedure is integrated into and managed through the eMS, an electronic online information and monitoring system used by the DTP. 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.

5.2 Reporting deadlines

The LP has to submit the Project Progress Report, including the Application for Reimbursement (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 and Application for Reimbursement have to be submitted by the LP to the MA/JS **within 3 months from the end date of each reporting period**.

The deadlines for submission of Project Progress Report and AfR are defined explicitly in the Article 4 of the Subsidy Contract.

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 PPR 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 PR, validation of expenditure at partner level, and preparation of PPR by the LP. The LP has to consider that generally about two months are needed for the Controllers to issue the FLC Certificate from the date of submission of a PR. This means that considering this general two months and the timeframe to prepare and submit the Partner Report to the Controllers, less than a month will be available for the LP to finalise the Project Progress Report 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.

5.3 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.

Furthermore, the Project Progress Report to be submitted to the MA/JS will contain the EUSDR-relevant information needed by the EC and EUSDR bodies.

5.3.1 Reporting on activities and reporting on finances

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

Activity part of the Partner Report 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 PPR, 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 and the status of the related deliverables/ outputs, which ones shall be uploaded 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 PPR, 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 document* to be uploaded in the Attachments section of the respective PPR, provides complementary information not covered by the eMS scheme, offering a concise overview of the progress of the project (Section A), including the contribution to EUSDR, the amounts of previous Applications for Reimbursement (Section B) and the current Application for Reimbursement. The PPR and the *Additional Information document* will be forwarded to the EUSDR Presidency and to the EC, once received by the MA/JS.

Reporting about project outputs

In the activity part of the PPR, 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.

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 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 result, as well as how the output contributes to the targets set for the Priority Area concerned;
- 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

Final Report

After the finalisation of the project implementation, as additional section of the last PPR, the LP must prepare the final report part (FR) as well for which an additional part can be opened up in eMS.

Beyond the periodical focus of the PR, in the Final Report, the LP has to provide a comprehensive overview of the project achievements, its contribution to programme/EUSDR 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 and the lessons learnt etc. 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 LP, 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.**

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 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).

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/inforeuro/inforeuro_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 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.

Application for Reimbursement

The **Application for Reimbursement** is the basis for requesting the reimbursement of the contribution from the EU Funds (ERDF, IPA and 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 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.

Before submitting the AfR, in compliance with the Article 13(2) c and d) of the Regulation (EU) 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 present AfR 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. Additional information,), the AfR and the FLC Certificate shall be prepared in English.

5.3.2 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	Only for the finalised outputs: - Output factsheet; - Output evidence. All two above mentioned files have to be archived in a zip folder and uploaded in eMS. Only for the finalised deliverables:

	- Deliverable evidence
SECTION E – Attachments	- Application for Reimbursement; - Bank statement(s) proving the transfer of the previous contributions to the partners; - Additional information template filled in; - Annex 1

5.3.3 Completion and rejection of the Project Progress Report

When the JS detects some inconsistencies or insufficient information in the activity report 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 PR 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, 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 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 don't 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.

5.3.4 Reimbursement of contribution from EU Funds

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

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 Application for Reimbursement for ERDF, IPA and 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 LP 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 and 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.

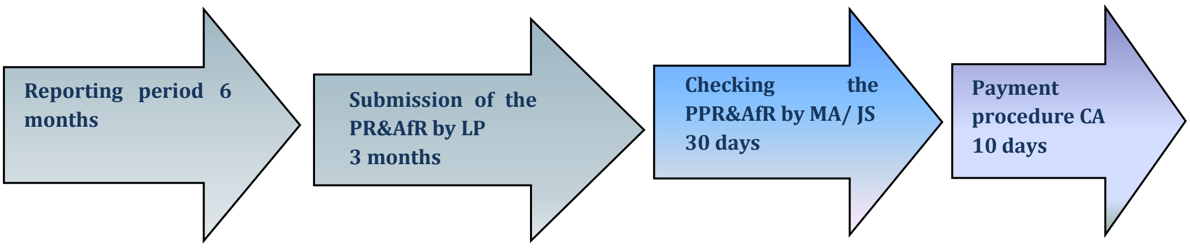
The LP **is responsible to transfer the contribution from EU Funds** to each project partner according to the approved AfR as soon as possible but **at the latest within the deadline given in the Partnership Agreement**. No deduction, retention or any other specific charges can be made by the LP concerning 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&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 LP generally within 10 days.

5.3.5 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 considering 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 6 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%**.

6. 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 change will have to be approved by the NCs prior to a MC decision.

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 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 6.2.1 of this chapter). Project changes will be accepted only in well justified cases.

6.1 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.

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.

Minor changes can be:

- Administrative changes
- Adjustment of the content/ minor adjustments in the work plan
- Budget reallocations within the flexibility limit

6.1.1 Administrative changes

Administrative changes can be the following:

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

Changing the legal entity of the LP (Article 10 of the Subsidy Contract), or PP due to a legal succession 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 6.2.1 of this chapter).

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 5 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 the 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, based on the previous agreement with the JS PO.

6.1.2 Minor changes in the content of the project, including work plan

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

<u>Minor changes cannot in any way</u>:

- 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 change the nature, quality and use of the planned outputs
- decrease 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 in the modified project data the AF in the *Change-log file for minor changes* (Annex 5.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 based on the previous agreement with the JS PO.

6.1.3 Budget reallocation 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 6.2 of this chapter). 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.

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.

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 r**esponsibility 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

6.2 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, based on thorough justification of the project partnership. The change will have to be approved by the NCs prior to a MC decision. In case such change is approved by the MC, 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 6.1 of this chapter are considered major changes and related to:

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

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 5), describing in detail the modification, including thorough justification, as well as indicating in the Change-log file for major changes (Annex 5. b) the relevant parts and project data of the project Application 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.
- The Change-log file for major changes (Annex 5. 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 MC, depending on the type of project change.
- Following the decision, the JS PO notifies the LP about the result of the 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 MC approval (for specific rules in case of new PP entering the partnership see section 6.2.1). 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.

6.2.1 Changes in the partnership

The project partnership is the backbone of the project implementation; each project partner has its role and task in it. In case a partner is to be withdrawn, the LP is obliged to inform immediately the JS PO in written form and such change always needs the approval of the 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.
- In case a withdrawing ERDF, IPA or ENI partner will be replaced, the new ERDF, IPA or ENI partner shall comply with all partner eligibility criteria of the DTP.
- 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 4), signed by the new partner and the LP and indicated also in the related Addendum of the Subsidy Contract - provided that the 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.
- 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.

- The change will have to be approved by the NCs prior to a MC decision.

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.

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 5) 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 3 of this Manual - the document signed by the affected PP and countersigned by the LP);
- *Declaration of commitment to join the partnership* issued by the new partner, including the exact date of new PP entry - (Annex 4 of this Manual) document signed by the new PP and countersigned by the LP;
- Change-log file for major changes (Annex 5. b), including the Lead Partner Confirmation and Signature sheet (of the AF), officially signed and stamped by the legal representative of 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 (if relevant)
- *Declaration of International Organisations* – (if relevant) - signed document per each new PP
- *Amendment to the Partnership Agreement*

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 LP and the JS PO.

6.2.2 Changes in the content of the project

A. Changes in the activities of the on-going year

Normally, the LP and the whole project partnership have 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. In all such cases, the LP is obliged to inform immediately the MA/JS in written form bearing in mind that such changes always need the approval of the Monitoring Committee.

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 the Article 13 2. j) of the Subsidy Contract regarding the right of the MA to withdraw from the contract and reclaim the ERDF, IPA or ENI contribution.
- The change will have to be approved by the NCs prior to a MC decision.

Necessary documents and procedure

The general project change procedure described in section 6.2 of this chapter is to be followed. In case the MC approves 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 5. 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

B. Changes of the work plan for the following year

By the 15th November of the on-going year, the LP has to submit to the JS the work plan (Annex 10) for the following year.

Principles:

- The work plan does not have a negative impact on the outputs and result of the project. Nevertheless, an improvement of the intervention logic is expected (e.g. richer portfolio of outputs);
- The work plan has to provide a detailed overview of the activities to be implemented, (indicative) location, role of the partners, target group involvement and deliverables planned.
- The work plan has to be approved by the EUSDR NCs prior to the MC decision.

Necessary documents and procedure

The general project change procedure described in section 6.2 of this chapter is to be followed in case a modification of the Subsidy Contract is necessary. In order for the MC to 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 5. 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

6.2.3 Budget changes

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

Budget reallocation among ERDF or among IPA or among ENI project partners

Reallocation of the budget among ERDF partners or among IPA partners or among ENI partners is affecting the financial balance of the partnership. Therefore, such a modification always needs the approval of 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 partners 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.
- Due to changes in the partnership (distributing activities and related budget among the project partners) – following the procedure outlined in section 6.2.1 of this chapter.
- The change will have to be approved by the NCs prior to a MC decision.

The budget reallocation among ERDF partners or among IPA partners or among ENI partners 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 6.2 of this chapter 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 5. 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 (case b), the procedure to be followed is described in chapter 6.2.1 of this chapter.

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 6.1.3 of this chapter), 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.

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 6.2 of this chapter 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 5. 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

6.2.4 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.

6.2.5 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/ ENI contribution.

Necessary documents and procedure

In case of MC decision on the decommitment of the project, the Change-log file for major changes (Annex 5. 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 6.2 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 5. 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.

6.2.6 Prolongation of the project duration

Prolongation of the project duration can be requested **only once.** Prolongation of the project duration 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. The change will have to be approved by the NCs prior to a MC decision.

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 6.2 of this chapter 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)

6.2.7 Summary table of types of project changes and related procedures

Type of project change	**Procedure**	
	Minor changes **Previous confirmation of JS PO** **No change of Subsidy Contract**	**Major changes** **MC approval and** **Addendum to Subsidy Contract**
Partnership change		Always need MC decision
Project content change	• In case of minor content changes – previous JS confirmation;	Significant content change always needs MC decision
Budget reallocation among Project Partners	–	• Budget reallocation among ERDF / among IPA/ among ENI PPs from different countries decided by MC
Budget reallocation among WP / BL	• 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 10% – previous JS PO confirmation; • To be reported in due Project Progress Report	• In case cumulated amount of reallocation(s) exceed 10% on project level • Need MC decision • Can be requested **only once**
Project prolongation	–	• Need MC decision • Can be requested only once
Administrative changes	• JS to be informed	–

7. Audit of the project

7.1 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.

7.2 Irregularity and repayments of contribution from EU Funds

7.2.1 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 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 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. The MA/JS would consequently inform the EC and EUSDR Presidency.

7.2.2 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 Regulation (EU) 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/ ENI) – 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/ ENI PP(s) 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 LP 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.

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).

8. 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 Application for Reimbursement 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.

8.1 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 LP and PPs to the extent allowed by the national regulation of LP/PP.

Concerning the use of the outputs and results of the project, 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.

8.2 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 the 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/original[9]	only electronic version/ original[8]
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 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.	Output factsheets	copy	Not relevant
13.	If relevant, documentation related to on the spot checks of the Controllers (to be retained at the premises of the project partner concerned)	only the LP's on the spot check documentation in original	only PP's on the spot check documentation in original
14.	If relevant, documentation of monitoring visits of the MA/JS	original	copy

[9] and [8] Depending on national requirement

15.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports in copy	PP's audit report in original

9. Annexes

1. a Statement on project bank account (separate bank account)

1. b Statement on project bank account (single bank account)

2. Output Factsheet

3. Declaration of Withdrawal from the partnership

4. Declaration of Commitment to join the partnership

5. Request of project modification

5. a Change-log file for minor changes

5.b Change-log file for major changes

6. Partner Report (PR)

7. Project Progress Report (PPR) and Application for Reimbursement (AfR)

8. Danube Transnational Programme logo specifications

9. The use of the three logos

10. Work plan

11. LP confirmation and signature sheet