



# **IMPLEMENTATION MANUAL**

## **for EUSDR Priority Area Coordinators**

**Version 4.0**

**October 2020**



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## Table of Abbreviations

AA	Audit Authority
AF	Application Form
AfR	Application for Reimbursement
AM	Applicants Manual
ASP	Associated Strategic Partner
CA	Certifying Authority
CP	Cooperation Programme
CPR	Common Provisions Regulation (EU) No 1303/2013
DR	Danube Region
DTP	Danube Transnational Programme
EC	European Commission
eMS	Electronic Monitoring System
ENI	European Neighbourhood Instrument
ERDF	European Regional Development Fund
FLC	First Level Control (named also Controller)
IPA	Instrument for Pre-Accession
JS	Joint Secretariat
JS FO	Financial Officer of the Joint Secretariat
JS PO	Project Officer of the Joint Secretariat
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
OLAF	European Anti-Fraud Office
PP	Project Partner
LP	Lead Partner

PPR	Project Progress Report
PR	Partner Report
PRAG	Practical Guide to contract procedures for EU External actions
SC	Subsidy Contract

## **Glossary**

### **Application for Reimbursement**

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

### **Applicants Manual**

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

### **Control Guidelines**

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

### **Electronic Monitoring System (eMS)**

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

### **FLC Certificate**

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

### **Final Report**

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

### **Output factsheet**

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

action, etc.), which is to be prepared on the template of Annex 2 uploaded to the relevant Project Progress Report.

### **Partner Report (PR)**

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

### **Project Progress Report (PPR)**

A monitoring tool of the programme that Lead Partner shall prepare and submit yearly in eMS in order to provide up-to-date information about the progress of the project implementation as well as justify those expenditures that are claimed in the Application for Reimbursement, submitted together with the Project Progress Report. The Project Progress Report can be submitted on an yearly basis or it can be submitted as interim report. In case of interim reports these consist only of Financial report and a short summary of activities.



## 1. Introduction

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

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

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

## 2. Contracting

### 2.1 Contracting Procedure

Contracting is the procedure carried out in order to conclude a Subsidy Contract between Lead Partner (LP) and the Ministry of Finance 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, 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 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 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 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 LP, the documents proving the new legal status.
- 4. *Approved Application Form*  
AF (PDF), Lead Partner Confirmation and Signature officially signed and stamped by the legal representative of 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 ASP Declarations* - (if relevant) one per each respective ASP; officially signed and stamped by the legal representatives of the ASP(s)
8. *Original Partnership Agreement* – officially signed by LP and each financing PP

Lead Partner has to submit the last version of the Partnership Agreement in accordance with the AF approved by the MC and signed by the entitled person on behalf of each project partner. Following the check of the submitted documents, the MA/JS will inform 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 of Finance 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.

## 2.2 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.

### **3. Project implementation**

#### **3.1 Project management**

##### **3.1.1 Starting up the project**

The project implementation starts on 1<sup>st</sup> of January 2017 the earliest but the expenditures can only be reimbursed after the final approval of the application by the Monitoring Committee (MC). Therefore, the expenditures 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.

##### **3.1.2 Project management**

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.

#### **3.2 Information and communication management**

##### **3.2.1 Introduction**

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

##### **Legal Basis**

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

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

### **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.

#### **3.2.2 Requirements**

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

### **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](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, PACs shall use the EUSDR Priority Area 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, PACs are 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**

Projects are invited to participate, whenever requested, in events organised by the programme with the purpose of presenting/discussing/developing/sharing project results and creating synergies with other projects and relevant organisations.

### **Website**

The PA 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.

## **3.3 Financial management**

### **3.3.1 Control System in DTP**

#### **3.3.1.1 National Control System**

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

The control system is **centralised in 9 Partner States** of the Danube Transnational Programme, including **Bosnia and Herzegovina, Croatia, Czech Republic, Hungary, Montenegro,**

Romania, Serbia, Slovakia and Slovenia, and a **decentralised control system** is set up by Austria, Bulgaria, Germany, Moldova and Ukraine.

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

#### **3.3.1.2 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 documentary evidence needed to prove project expenditure. Therefore, it can be used as self-assessment by LP / Project Partners before submitting the project expenditure to validation their Controllers.

The Danube Control Guidelines as well as the Annex "Eligibility of project expenditure" are available for downloading on the DTP website ([www.interreg-danube.eu/relevant-documents/programme-main-documents](http://www.interreg-danube.eu/relevant-documents/programme-main-documents)).

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

#### **3.3.1.3 FLC Certificate**

The Controller verifies the expenditure declared by each PP, as well as 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.

#### **3.3.1.4 Timeframe of verification**

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



Considering the timeframe needed for the preparation of the Partner Report at PP level and the preparation of the PPR and AfR by LP, the Controllers shall fulfil the verification of expenditure within **60 days**<sup>1</sup>.

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

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

### 3.3.2 Eligibility of expenditures

The sound financial management of the project is based also on the eligibility of expenditure.

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

<sup>1</sup> **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.”



Detailed rules on eligibility of expenditure during the project implementation period are laid down in the Annex of the Implementation Manual and the Control Guidelines (i.e. *Annex “Eligibility of project expenditure”*).

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

### **3.3.3 State aid rules**

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

## **4. Monitoring project progress**

### **4.1 Reporting**

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

While the Project Progress Report is prepared by 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 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 expenditures 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 3.3.2.4. of this Manual (more information on the validation procedure is provided in sections 3.3.2 and 4.1.4 of this manual).

#### **4.1.1 Reporting system and process**

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

First, Project Partners (including the LP) have to prepare and submit their Partner Reports (PR) through eMS to their designated Controller at national level. The *Guidelines for Partner Report* provides detailed guidance on how the PR is to be prepared and submitted in eMS. The Controller, after validation of the reported partner expenditure, issues the FLC Certificate to the Project Partner in eMS as well. Further information on the control process can be found in the

Control Guidelines (e.g. which supporting documents need to be provided for the verifications of expenditure by the FLC). LP has view-access to the PRs and the FLC Certificates of each PP, based on which 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 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 LP's bank account. LP is responsible for transferring the ERDF / IPA / ENI contributions to the PPs according to the approved AfR.

#### **4.1.2 Reporting deadlines**

LP has to submit the Project Progress Report, including the Application for Reimbursement (AfR), on a **six-month basis** starting from the month of the approval date 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 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 LPs have 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 LPs 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.

#### **4.1.3 Preparation of the Project Progress Report**

Considering that the **Project Progress Report reflects the activities implemented in a certain year**, it is important that 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 PR at the same level of quality. The *PAC Guidelines for Partner Report and the PAC Guidelines for Project Progress Report* besides the description of the technical details needed for

the preparation of the Partner Report, as well as Progress Report, clarify what LP and the PPs should focus on, when filling in the different parts of their respective reports from a content point of view. The AfR shall be prepared accordingly when the PPR is completed and finalised by LP.

The progress report also has to provide information on the results of the main coordination activities, for example, outcomes of the steering committee/coordination group, results of the cooperation with stakeholders, progress in achievements, policy aims, etc.

### **LP 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*

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, 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, 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 expenditures validated by the Controllers at national level in relation to the reported activities of the project, which are incurred and paid by LP and the ERDF / IPA/ ENI PPs during the reporting period. As a first step these expenditures of 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 LP, according to the following procedure.**

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

### **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 LP for the project after the verified expenditures. The AfR is shall be prepared when the PPR is completed and finalised. It has to be signed by 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 expenditures reported in the financial part of the PPR. The related FLC Certificates selected by 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, 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 (EC) No. 1299/2013, 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.

#### 4.1.4 Submission of Project Progress Reports

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

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

#### Documents to be submitted with the Project Progress Report

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

SECTION B – Work Packages	<p>Only for the finalised outputs:</p> <ul style="list-style-type: none"> <li>- Output factsheet;</li> <li>- Output evidence.</li> </ul> <p>All two above mentioned files have to be archived in a zip folder and uploaded in eMS.</p> <p>Only for the finalised deliverables:</p> <ul style="list-style-type: none"> <li>- Deliverable evidence</li> </ul>
SECTION E – Attachments	<ul style="list-style-type: none"> <li>- <b>Application for Reimbursement;</b></li> <li>- <b>Bank statement(s)</b> proving the transfer of the previous contributions to the partners;</li> <li>- <b>Additional information</b> template filled in;</li> <li>- <b>Annex 1</b></li> </ul>

#### 4.1.5 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 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 LP does not fulfil all the requested corrections, the MA/JS can ask a second completion. 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 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 LP was not able to appropriately fulfil its reporting obligations deriving from the Subsidy Contract, and the MA/JS is entitled to withdraw from the Subsidy Contract (Art. 13 (2) k of the Subsidy Contract) based on the prior decision of the Monitoring Committee.

#### 4.1.6 Reimbursement of contribution from EU Funds

##### Lead Partner

The following procedure applies for the reimbursement of the contribution from EU Funds to Project Partners 1 :

1. The reimbursement of contribution from EU Funds to 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 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 LP (as indicated in the Subsidy Contract) where all financial transactions related to the project can be identified and tracked.

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

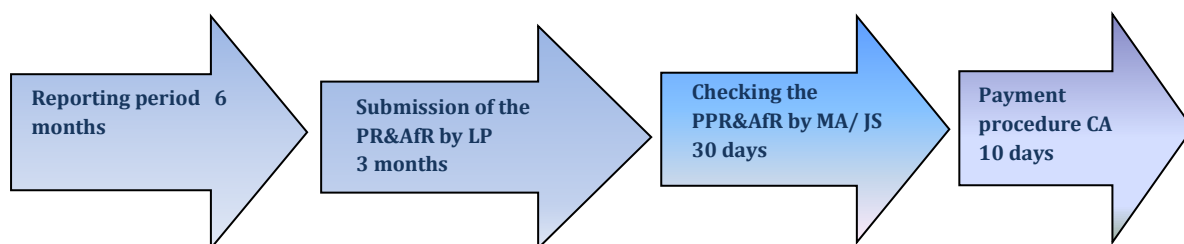


submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the last AfR to LP for the financial closure of the project by the MA/JS. In case LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

### Timeframe of reimbursement

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.

#### 4.1.7 Financial progress and decommitment of the project

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

In case of **MC decision on the decommitment of the project**, the MA/JS initiates the **modification of the Subsidy Contract** (detailed in section 5.2.5 on project changes of this Manual for the details of the Subsidy Contract modification). Through this process the

distribution of the decommitment on project partner level will be defined, taking into consideration the financial performance of the different partners.

In case 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 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%**.

## 5. Project changes

During the project lifecycle, due to unforeseen reasons some changes might be necessary in relation to the specific details of the project implementation defined in the Subsidy Contract, as well as in the approved AF and the Partnership Agreement that are integral parts of the Subsidy Contract. In all such cases, 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 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.

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

### 5.1 Minor changes

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

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
- Change of an Associated Strategic Partner
- Adjustment of the content/ minor adjustments in the work plan

- Budget reallocations within the flexibility limit

The minor change process is managed outside the eMS, using the DTP templates and supporting documents as defined along the type of minor changes below and once the process is concluded, at a certain stage, in agreement with the MA/JS PO, the LP enters the modified project data, except for minor budget reallocations between WPs and BLs, into eMS and uploads all documents related to the respective minor change.

### 5.1.1 Administrative changes

Administrative changes can be the following:

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

Changing the legal entity of 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 and confirmation from EC, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the previous one (predecessor), as well as it still fulfils the partner eligibility criteria of the DTP. In case these conditions are not ensured by the legal succession, this will be considered as partner change, which follows a different procedure (see section 5.2.1 of the Implementation Manual).

### Necessary documents and procedure

LPLPLPLPLPLPLType of modification	Action to be taken by LP
Change of the project management team	Informs the MA/JS PO about the change via email and updates the data in the eMS (Supplementary information/ Project Management)
Change of the contact details of the LP/ PP	Informs the MA/JS PO about the change via email
Change of: - PP/ LP legal representative	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides the <i>Proof of signature</i> in case of LP legal representative change (electronic + original)</li> <li>▪ Uploads the <i>Proof of Signature</i> in eMS (Supplementary information/ Bank Information)</li> </ul>
Change of: - LP bank account	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides Annex A1.a or A1.b <i>Bank account statement</i> (electronic + original)</li> <li>▪ Updates the data in the eMS and uploads the <i>Bank account statement</i> (Supplementary information/ Bank Information)</li> </ul>
Legal succession	Informs the MA/ JS PO about the change via email within

<p><i>The legal succession of the LP (Article 10 of the Subsidy Contract) or PP is considered an administrative change and not a partner change if, based on the relevant legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the predecessor, as well as it fulfils the partner eligibility criteria of the DTP.</i></p>	<p>10 days from the date the legal act stating the legal succession enters into force and provides the legal act (in original language – to be checked by the relevant NCP) proving that the new legal entity is the legal successor of the previous one, taking fully the duties and obligations of its predecessor. Additionally the EC confirmation is necessary that the new legal entity took over the PAC responsibilities.</p> <p>* In case the legal representative or the LP bank account changes as well, documents and procedure described above will additionally need to be submitted/ followed.</p> <p>* In case the legal succession is not confirmed by the relevant NCP, a partner change procedure will be followed.</p>
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### 5.1.2 Change of an Associated Strategic Partner

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

#### Necessary documents and procedure

Type of modification	Action to be taken by LP
ASP withdrawal/replacement Additional ASP	<ul style="list-style-type: none"> <li>Submits via email to MA/JS PO Annex B1_Change Log File, providing justification for withdrawal/ replacement or arguments for involving a new ASP</li> <li>Provides <i>ASP Declaration</i> in case of new ASP</li> <li>B2/B2.1_Minor Reallocation Tool if relevant, to indicate modified ASP allocations</li> </ul>

LPLP

### 5.1.3 Minor changes in the content of the project, including workplan

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

Minor changes cannot in any way:

- affect the project intervention logic (i.e. project main and specific objectives, outputs and result) and the transnational character of the project
- reducing the quantity, or change the nature, quality and use of the planned outputs
- decrease target values of indicators

**Necessary documents and procedure**

Type of modification	Action to be taken by LP
Minor adjustments of the project content	Submits via email to MA/JS PO Annex 5a_ <i>Change Log File</i> providing justification for the changes and Annex <i>Minor Reallocation Tool</i> , if applicable

**LPLP**

**5.1.4 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 5.2 of this Manual). The MA/JS provides a budget reallocation monitoring tool (downloadable from the [DTP website](#)) for the LP to be able to follow and monitor the planned and actual budget adjustments in comparison to the flexibility limits. When applying this flexibility, LP and the PPs have to consider the following restrictions:

- 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.
- 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 request for reimbursement. The proportions of the flat rate specified in the approved AF for budget lines “staff costs” and “office and administrative expenditures” 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% (on project level) 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 expenditures. 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 +ERDF, ERDF+IPA, or ERDF +ENI)**,

without approval of the MC or modification of the Subsidy Contract and the AF.

Such budget adjustments **do not need any previous confirmation, or approval from the DTP management bodies**. It is the responsibility of 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 PR as well

WP / BL budget reallocation on project level going beyond the 10% flexibility limit is considered as major change and would need previous MC decision.

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 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.

#### Flexibility limit calculation method

- The **10% limit** is considered cumulatively on **project level**
- The limit 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, or respectively to the total project budget (of the ERDF and if applicable IPA/ ENI partners) thus giving the proportion of the reallocated amount in %.

## 5.2 Major changes

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

Changes going beyond the scope and limits of minor changes, described in section 5.1 of this Manual are considered 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 MA/JS PO in case the project faces problems that would make necessary a major project change. In case the MA/JS PO acknowledges the necessity of a major change, asks the LP to fill in and submit Annex 5 *Request for project modification* template. The MA/JS PO checks the submitted request document and once the details of the request are clear, the LP shall fill in and submit the related project AF data modification in eMS, as well as submit the necessary supporting documents. In this phase, if necessary, completion rounds are foreseen.

The MA/JS PO notifies the LP about the MA/JS decision and, in case of approval, requests the original, signed versions of the applicable documents to be submitted by the LP **within 15 days**.

The 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.

When the signed Addendum arrives to the MA/JS, the project AF data modification will be approved by the MA/JS also in eMS concluding the major change process.

LPLPLPLPLPLP The finalised Addendum to the Subsidy Contract will be signed by the MA/JS and sent to LP. The Addendum should be signed also by 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 LP and the JS PO.

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

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

### 5.2.1 Changes in the partnership

The project partnership is the backbone of the project implementation; each project partner has its role and task in it. In case a partner is to be withdrawn, 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

- 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 new partner is confirmed by the EC (and the related EUSDR National Coordinator) as PAC.**
- 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.
- Expenditures 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 expenditures 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 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.  
Since the nomination of the PACs is decided inside the EUSDR and confirmed by the EC, it might be the case that an ERDF PAC is replaced by an IPA or ENI one and vice versa. In this case the budget of the former PAC cannot be transferred to the new one and a decision of the MC for allocation of additional IPA/ ENI or vice versa is needed.
- In case of changing 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 LP change. The withdrawing LP is fully responsible and liable for the whole project activities and deliverables until the date of the last signature out of the three signatories, from which date the new LP takes over the full responsibility and liability for the project.

## Necessary documents and procedure

Similar to the general project change process, 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, 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:

- EC confirmation on changing the PAC

- *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 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 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*

The decision of the MC is always necessary in the following cases:

- budget reallocation among ERDF partners, among IPA partners or among ENI partners from different countries due to the partnership change;
- extra budget allocation in case the replacing partner comes from a country receiving different type of funds as the withdrawal partner;
- change of LP;
- the partner change affects the general character, intervention logic (objectives, outputs and results) of the original project;

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

In case 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.

## 5.2.2 Changes in the content of the project

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

Normally, 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, 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 expenditures 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.
- 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.

### Necessary documents and procedure

The general project change procedure described in section 5.2 of this Manual is to be followed. In case the MC approve the change request, the following supporting documents are to be submitted electronically and in original by 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 LP organisation
- State aid Declaration(s) - signed document per each affected PP

### B. *Changes of the workplan for the following year*

By 31<sup>st</sup> October of the on-going year LP has to submit to the JS the workplan (Annex 10) for the following year.

### Principles:

- The workplan 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 workplan has to provide a detailed overview of the activities to be implemented, (indicative) location, role of the partners, target group involvement and deliverables planned.

### **Necessary documents and procedure**

The general project change procedure described in section 5.2 of this Manual is to be followed. In order for the MC to approve the change request, the following supporting documents are to be submitted electronically and in original by 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 LP organisation
- State aid Declaration(s) - signed document per each affected PP

### **5.2.3 Budget changes**

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

#### **5.2.3.1 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 MA/JS or the MC, as well as the modification of the Subsidy Contract.

#### **Principles**

Budget reallocations are possible only among ERDF partners or among IPA partners or among ENI 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 5.2.1 of this Manual.
- When one ERDF partner takes over the responsibility to finance the participation of an Associated Strategic Partner from another ERDF PP and the related budget part reallocated between the ERDF PPs.

The budget reallocation among ERDF partners or among IPA partners or among ENI 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**

LP should immediately contact the JS PO in case some project partners face financial problems and such change is planned. In case the project change is necessary, the general procedure described in section 5.2 of this Manual will be followed. For the respective budget change, the following supporting documents have to be submitted electronically and in original by 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 LP organisation
- LPnew Declaration(s) of co-financing of the affected partner(s) - signed document per each affected PP whose budget has been increased (if necessary)

Different to the 1<sup>st</sup> PAC CfP no budget change tool is applied for this type of major changes but the financial data are handled in eMS. Therefore LP is expected to submit in eMS a related project AF data modification to MA/JS

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 5.2.1 of this Manual.

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

### **5.2.3.2 Budget reallocation among work packages and budget lines**

When the budget reallocation(s) among work packages and / or budget lines reach 10% of the total project budget of ERDF, IPA and ENI partners (calculation method described in section 5.1.4.2 of this Manual), the approval of the MC is needed before proceeding with the project implementation according to the budget reallocations, and the modification of the Subsidy Contract should be requested.

### **Necessary documents and procedure**

LP should immediately contact the JS PO when in the phase of planning the budget reallocation(s) among work packages or budget lines it is foreseen that the respective

reallocation limit is going to be reached at project level - possibly before the PPs would start spending according to the modified budget. In case the JS PO considers the change procedure justified, the general procedure described in section 5.2 of this Manual will be followed. For the modification of the Subsidy Contract, 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 LP organisation
- Different to the 1<sup>st</sup> PAC CFP no budget change tool is applied for this type of major changes but the financial data are handled in eMS. Therefore LP is expected to submit in eMS a related project AF data modification to MA/JS

#### 5.2.4 Revision of the spending forecast

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

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

#### 5.2.5 Decommitment of the project

In case the DTP is affected by decommitment of EU Funds, or in case the financial performance of a project has serious problems – based on the decision of the Monitoring Committee – the MA/JS is entitled to decommit the project by reducing the original project budget and the corresponding ERDF contribution and / or IPA/ 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) indicating the data modifications of the AF and its budget are to be submitted by LP within 15 days. The rest of the project change and Subsidy Contract modification procedure follow the general procedure described in section 5.2. for the modification of the Subsidy Contract, 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 LP organisation

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 LP and the JS PO.

## 5.2.6 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 MA/JS or MC approval and Addendum to Subsidy Contract
<b>Partnership change</b>		Always need MA/JS, or MC decision
<b>Project content change</b>	<ul style="list-style-type: none"> <li>In case of minor content changes – previous JS confirmation;</li> <li></li> </ul>	Significant content change always needs MC decision
<b>Budget reallocation among Project Partners</b>	–	<ul style="list-style-type: none"> <li>Budget reallocation among ERDF / among IPA/ among ENI PPs from different countries decided by MC</li> <li>Other cases need MA/JS decision;</li> </ul>
<b>Budget reallocation among WP / BL</b>	<ul style="list-style-type: none"> <li>Cumulated amount of reallocation(s) on project level remains below 10% – without previous JS confirmation;</li> <li>To be reported in due Project Progress Report</li> </ul>	<ul style="list-style-type: none"> <li>In case cumulated amount of reallocation(s) exceed 10% on project level</li> <li>Need MC decision</li> </ul>
<b>Administrative changes</b>	<ul style="list-style-type: none"> <li>JS to be informed</li> </ul>	–

## 6 Audit of the project

### 6.2 Audit and process

As it is defined in the Subsidy Contract, 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 LP or by the PPs.

The audit of the selected projects will take place at the premises of LP and selected PPs. 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 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, LP has to make available all documents required, provide necessary information and give access to its business premises.

## 6.3 Irregularity and repayments of contribution from EU Funds

### 6.3.1 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 LP in each case.**

When the **irregularity** reported by the Partner State **affects the whole project**, the Monitoring Committee is also entitled to make a decision about the irregularity. The **decision can be the withdrawal from the subsidy contract, reduction of the contribution from EU Funds to the project financing under the Danube Transnational Programme.**



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

## 7 Project closure

### 7.2 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 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 LP for the closure of the project by the MA/JS.** In case this obligation of LP is fulfilled the project is considered closed and Lead Partner is informed about the closure.

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

### 7.3 Retention of project documents

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 31<sup>st</sup> December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform 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	Project Partner1	Project Partner
1.	Approved Application Form	original	copy (of original signed by LP)
2.	Partnership Agreement (and its amendments)	original	original
3.	Subsidy Contract	original	copy
4.	Addendum to the Subsidy Contract	original	copy
5.	Project Progress Reports and Final Report (including quality reports)	only electronic version	only electronic version
6.	Applications for Reimbursement	only electronic version	only electronic version
7.	Partner Reports	only electronic version	only electronic version
8.	FLC Certificate	only electronic version/original <sup>2</sup>	only electronic version/ original <sup>8</sup>
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 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	only LP's on the spot check documentation in	only PP's on the spot check documentation

<sup>2</sup> and <sup>8</sup> Depending on national requirement

	premises of the project partner concerned)	original	in original
14.	If relevant, documentation of monitoring visits of the MA/JS	original	copy
15.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports in copy	PP's audit report in original

## 7.4 Ownership of project results

Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in 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 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. Workplan
11. Lead Partner confirmation and signature sheet