



Interreg



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Danube Transnational Programme



IMPLEMENTATION 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.

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 of Finance of Hungary 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 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.

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

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.

1.1 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 found 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 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.

The FLC Checklist for projects is a standard template of the Danube Control Guidelines contains the documentary evidence needed to validate project expenditure. Therefore, it can be used as self-assessment tool by the LP/Project Partners before submitting the project expenditure to the Controllers for verification.

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).

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 need to be planned in the project budget and paid by the PPs respectively.

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, as well as on irregularities, and includes the detailed list of invoices on the validated expenditure.

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**¹.

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 validation by the Controller, the submission deadline of the Project Progress Report and Application for Reimbursement might be missed jeopardizing the due reimbursement of expenditure to the project.

¹ **Cooperation Programme (CP) 5.3.8 Control System:** “In principle, each Partner State should ensure that the expenditure can be verified within a period of two months from the submission of the documents by the project partners allowing for timely submission of PRs by the LB within a three months period from the end of each reporting period.”

3.3.1 Eligibility of expenditure

The sound financial management of the project is based on the eligibility of expenditure. The rules on eligibility of expenditure for the Danube Transnational Programme are developed in accordance with Commission Delegated Regulation (EU) No. 481/2014 and in line with other applicable EU Regulations. Detailed rules on the eligibility of expenditure are laid down in the Annex ("Eligibility of project expenditure") of the Implementation Manual and the Control Guidelines.

The following sections are different for the implementation of the DSP project:

3.1. General eligibility criteria

2. Ineligible expenditure

- Second hand equipment –not applicable

3.2. Eligibility in time

- a. Preparation costs – not eligible

3.3. Eligibility of expenditure by budget lines

- 6) Infrastructure and works – not eligible

3.4. Special eligibility rules

- 3.4.1. Preparation costs – not eligible

3.3.5. Equipment expenditure

The eligibility rules for the projects granted under the 2nd call for proposals shall be applied.

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 contains the financial data of the expenditure reported by the project partner that needs to be validated by the Controller at national level in order to issue 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. 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 read-only 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 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 reporting periods and 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 depends on 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. As a consequence, 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

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**. Therefore 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 adequate quality level. 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).

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 based on the validated expenditure of the PPs. 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 verified 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	<p>Only for the finalised outputs:</p> <ul style="list-style-type: none"> - Output factsheet; - Output evidence. <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"> - Deliverable evidence
SECTION E – Attachments	<ul style="list-style-type: none"> - Application for Reimbursement; - Bank statement(s) proving the transfer of the previous contributions to the partners; - Additional information template filled in; - 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 along with the subsequent 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 reimbursement of contribution from EU Funds will be transferred by the Certifying Authority after the verification process of the MA/JS.
3. 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.
4. 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.

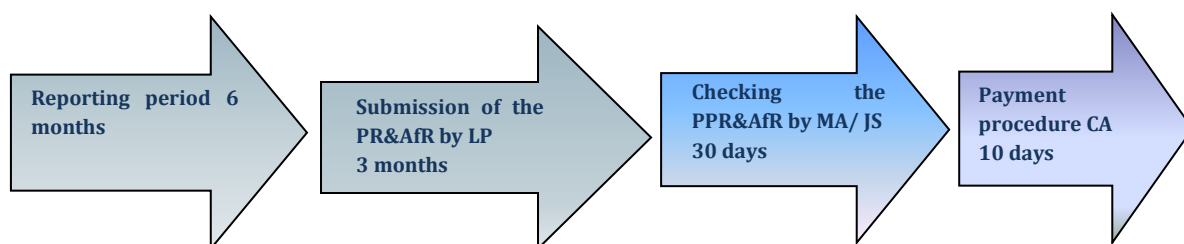
The LP **is responsible to transfer the contribution from EU Funds** to each project partner according to the approved AfR as soon as possible but **at the latest within the deadline given in the Partnership Agreement**. No deduction, retention or any other specific charges can be made by the LP concerning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

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

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

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

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	<ul style="list-style-type: none"> In case of minor content changes – previous JS confirmation; 	Significant content change always needs MC decision
Budget reallocation among Project Partners	–	<ul style="list-style-type: none"> Budget reallocation among ERDF / among IPA/ among ENI PPs from different countries decided by MC
Budget reallocation among WP / BL	<ul style="list-style-type: none"> Until cumulated amount of reallocation(s) remain below 5% PP budget – without previous JS PO confirmation; Cumulated amount of reallocation(s) of a PP exceed 5% PP budget, but cumulated amount of reallocation(s) on project level remains below 10% – previous JS PO confirmation; To be reported in due Project Progress Report 	<ul style="list-style-type: none"> In case cumulated amount of reallocation(s) exceed 10% on project level Need MC decision Can be requested only once
Project prolongation	–	<ul style="list-style-type: none"> Need MC decision Can be requested only once
Administrative changes	<ul style="list-style-type: none"> 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.
7. The MA/JS also has the right to recover the amounts specified in the request for repayment by deducting them from the AfR submitted by the LP. In case of **compensation**, the MA/JS informs the LP on the **amount deducted from the AfR** concerned (including PP and PPR concerned).

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 ²	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

² 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
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9. Annexes

Annex Eligibility of project expenditure

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
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