

South East Europe (SEE) Programme Manual

**3rd Call for project proposals
1st Step**

**Version 3.1
April 2011**



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Glossary

Beneficiary

As indicated in art. 2 of the Reg. (EC) 1083/06, the beneficiary is an operator, body or firm, whether public or private, responsible for initiating and/or implementing operations. In the context of aid schemes under Article 87 of the Treaty, beneficiaries are public or private firms carrying out an individual action and receiving public aid. Within the current document beneficiary is any ERDF / IPA/ ENPI Partner.

Candidate countries

This status currently applies to Croatia, the Former Yugoslav Republic of Macedonia and Turkey.

Potential Candidate Countries

Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under UNSCR 1244/99, are potential candidates.

Control system

A system for validation of ERDF/ IPA expenditures at a national level (it is the Partner States responsibility to set it up).

Controllers

Private or public bodies responsible for the ERDF/ IPA control activities as designated by the Partner States.

De-commitment

In the SEE Programme 2007- 2013, if the entire ERDF budget commitment for the year N has not been paid to the final beneficiaries and certified by the 31st December of the third year following the year of the annual budget commitment (n+3), the unspent ERDF funds are decommitted by the European Commission from the Programme budget. This rule will be applied from 2008 until 2010 whilst from 2010 till 2013 the rule n+2 will be applied. In order to keep the programme financial performance on schedule, de-commitment may be applied to the approved projects that do not respect the spending forecast. Specific information can be found in section 4.1.13.

European Neighbourhood and Partnership Instrument (ENPI)

From 1 January 2007 onwards, as part of the reform of EC assistance instruments, the MEDA, TACIS and various other programmes have been replaced by a single instrument – the ENPI. The ENPI will provide grants for local development projects that target sustainable development and link to EU policies and standards in countries that are direct neighbours of the enlarged EU (except for candidate and potential candidate countries). This will involve both EU Member states and partner countries. Eligible countries covered by the ENPI that belong to the SEE Programme 2007 – 2013 are the Ukraine and the Republic of Moldova.

European Regional Development Fund (ERDF)

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

Grant Contract (for ENPI partners)

It is the contract regarding the relations between the Contracting Authority (South East Europe Managing Authority) and the ENPI Financial Lead Partner. It determines the rights and responsibilities of the ENPI Financial Lead Partner and the Contracting Authority, the scope of the activities to be carried out, terms of ENPI funding and the requirements for ENPI reporting and financial control.

Instruments for Pre-Accession Assistance (IPA)

IPA aims at providing targeted assistance to countries which are candidates and potential candidates for membership of the EU. IPA supersedes the previously existing pre-accession instruments, i.e. Phare, ISPA, SAPARD, the Turkey pre-accession instrument, and CARDS, thus uniting under a single legal basis all pre accession assistance. IPA countries participating in the SEE Programme 2007 – 2013 are: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

Partners

Any legal entity that commits itself to the implementation a project selected and approved under the SEE Programme 2007 – 2013.

Partners can be distinguished by budget responsibility between:

- **Financing Partners:** directly financed by the Programme and with full responsibility on its budget share;
- **Associated Strategic Partner (ASP):** fully integrated in the project partnership but with no responsibility of its – eventual – budget share that is managed by an ERDF “sponsoring” partner;
- **Observers.**

For further details on partners please check also paragraph 3.2 and section 3.2.5.

Partnership Agreement

The Partnership Agreement is a legal document signed by any project participant receiving funds from the Programme directly or indirectly (Financing Partners, 10% PP, EU Associated and EU Associated 20%), which contains a clear definition of the responsibilities among the partners and a framework for efficient project implementation and governance. The Partnership Agreement allows also the Lead Partner to extend the arrangements of the Subsidy Contract to the level of each partner. It is the responsibility of the partnership to define the contents of the Partnership Agreement as the Programme is providing only a template with the minimum mandatory requirements.

Project

The activity for which funding is being sought under a particular priority. Projects are also referred to as “operations”.

Subsidy Contract

It is the contract between the Joint Technical Secretariat (on behalf of the Managing Authority) and the ERDF Lead Partner. It determines the rights and responsibilities of the Lead Partner and the Managing Authority (MA), the scope of activities to be carried out, terms of ERDF/ IPA funding, and the requirements for ERDF/ IPA reporting and financial control.

Verification

This is the process of control for ERDF/ IPA project expenditures carried out by the national Controllers. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of operations as appropriate. Verification shall include the following procedures: administrative verification of each claim received by beneficiaries and on-the-spot verification.

Validation of expenditure

This is the result of verification.

List of acronyms

AA	Audit Authority
AF	Application Form
Aoi	Area of Intervention
ASP	Associated Strategic Partner
CADSES	Central European Adriatic Danubian South Eastern European Space
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-border cooperation
CfP	Call for Proposals
EAP	Environmental Action Plan
EC	European Commission
EDF	European Development Fund
EEC	European Economic Community
EIA	Environment Impact Assessment
ENPI	European Neighbourhood and Partnership Instrument
Eoi	Expression of Interest
ERA	European Research Area
ERDF	European Regional Development Fund
ESDP	European Spatial Development Perspective
ETC	European Territorial Cooperation
EU	European Union
GHG	Green House Gas
ICT	Information and Communication Technology
IPA	Instruments for Pre-Accession Assistance
ISPA	Instrument for Structural Policies for Pre-accession
JHA	Justice and Home Affairs
JTS	Joint Technical Secretariat
LA	Lead Applicant

LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
MoU	Memorandum of Understanding
MS	Member state
NC	National Coordination
OP	Operational Programme
PA	Partnership Agreement
PM	Programme Manual
PP	Project partner
PPP	Public Private Partnership
PRAG	Practical Guide to Contract Procedures for EC External Actions
R&D	Research and Development
R&TD	Research and Technology Development
SC	Subsidy Contract
SCP	SEE Contact Point
SEA	Strategic Environmental Assessment
SEE	South East Europe
SME	Small and Medium Enterprise
TA	Technical Assistance
TEN-T	Trans European Transport Network
TIA	Territorial Impact Assessment
ToR	Terms of Reference
UNSCR	United Nations Security Council Resolution
VAT	Value Added Tax

1 Purpose and content of the SEE Programme Manual

1.1 Purpose

This Programme Manual (PM) is aimed at providing further information on provisions laid down in the Operational Programme (OP), South East Europe Programme 2007 – 2013. The SEE Programme 2007 – 2013 was adopted by the European Commission on 21st December 2007 (Commission decision CCI 2007CB163OP069) and amended on 24th March 2011 for the integration of IPA funds.

The focus of the Programme Manual is to give guidance on all phases of project development and application while the implementation phase is tackled separately in the SEE Implementation Manual.

The SEE Transnational Cooperation Programme 2007 – 2013 is characterised by the integrated use of Structural Funds (ERDF), the Instrument for Pre-accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI – although not available for the 1st and 2nd Call for Proposals). As a consequence, development and application provisions for the projects have been, as far as possible, harmonised.

Whenever there are specific provisions set for the IPA / ENPI financed project partners these are reflected separately in the respective chapters of this manual. When there is no reference to IPA / ENPI this means that the requirements and procedures described under the respective chapter are the same for all project partners regardless of their source of financing.

The table of contents of the SEE PM follows the project cycle.

The manual starts with a brief introduction to the general Programme objectives and legal background. For more details on the objectives of the Programme as well as expected content of the projects please refer to the Operational Programme, chapters 1 – 5. The OP can be downloaded on the Programme website at www.southeast-europe.net. The main legal framework is referred to in paragraph 2.7 Legal framework of this manual.

Chapter 3 of the Programme Manual starts with requirements and good practises in building of a project as well as writing of project application.

Chapter 4 provides an overview on the costs that are considered eligible for the implementation of the projects.

Chapter 5 gives in-deep information about the ENPI sources use and participation

Chapters 6 and 7 explain the procedure of application and selection of projects for financing.

Please note that the present version of the manual includes the provisions and other elements which are mainly relevant for the 1st step of the 3rd call for proposals. The outlined rules and procedures (i.e. eligibility of partners, financial instruments, etc.) will be updated between the two steps.

1.2 What does the SEE Programme Manual not cover?

The SEE PM does not contain:

- the timeframe and other specific information on the call for proposals – these can be found in the **call for proposals announcement** and on the **Programme's website**;
- other specific information on the call for proposals (compulsory activities, outputs, specific partnership composition requirements etc) – these can be found in the **Terms of reference** developed for each theme;
- the templates used to fill in the detail of your project proposal in order to participate in a call and be assessed for funding – these are the **Expression of Interest (Eol)** and the **Application Form (AF)**;
- the practical information on how to fill in the documents for the calls for proposals (Eol and AF) – this piece of information can be found in the **Applicants' Guidelines**;
- information on the obligations and duties of ERDF Lead Partners and MA throughout the implementation of the project – can be found in the draft **Subsidy Contract**;
- information on the obligations and duties of each project partner throughout the implementation of the project – can be found in the draft **Partnership Agreement**;
- any further relevant information at a **national level** – can be provided by the SEE Contact Points (SCP).

All the above mentioned information/documents are available in the Application Pack for Eol and/or Application Pack for AF.

Information on the management and implementation of approved projects are available in the **SEE Implementation Manual** and in the **SEE Control Guidelines**.

2 General Programme's information

2.1 Understanding the scope and purpose of transnational cooperation in South East Europe

The global objective of the SEE Programme 2007 – 2013 is **the improvement of the territorial, economic and social integration process and contribution to cohesion, stability and competitiveness through the development of transnational partnerships and joint actions on matters of strategic importance.**

This global objective is supported by three specific objectives, which aim at:

- facilitating innovation, entrepreneurship, knowledge economy and information society by concrete cooperation action and visible results;
- improving the attractiveness of regions and cities, taking into account sustainable development, physical knowledge accessibility and environmental quality by integrated approaches and concrete cooperation action and visible result;
- fostering integration by supporting balanced capacities for transnational territorial cooperation at all levels.

The global and specific objectives of the SEE Programme 2007 – 2013 will be pursued through five Priority Axes (Innovation, Environment, Accessibility, Sustainable Growth Areas and Technical Assistance), which contribute differently to these objectives.

The SEE Programme 2007 – 2013 supports projects which have a clear transnational focus, high quality partnerships and with appropriate transferable outputs/outcomes.

Applicants should be aware that the evolution of the transnational cooperation from the Community Initiative (INTERREG) to the mainstream calls for an increase in the effectiveness of the operations that will be co-financed. Plain networking exercises or stand-alone feasibility studies (i.e. without a clear link to the financial instrument that will support the subject of the study) will be no longer be taken into consideration.

It is important that projects demonstrate a clear need for transnational support and that the problem to be tackled has a clear transnational impact. Operations supporting local, national or cross-border actions only are recommended to apply for other instruments.

2.2 Programme's strategic themes to be launched within the 3rd call for proposals

Detailed descriptions of each strategic theme complemented by compulsory and indicative activities to be developed and implemented in strategic projects and minimum requirements for the partnership are to be found in each Terms of Reference (ToR).

Each strategic theme was developed following a long process of consultation with the programme bodies, stakeholders and experts in the specific fields, resulting in 5 Terms of reference which detail the compulsory activities to be implemented in order to reach the expected outputs. A strategic project should be developed using all the compulsory activities described in the Terms of Reference. However this doesn't mean that the partnership cannot add further activities that complement and link the compulsory ones.

2.3 Role of the different management bodies of the Programme

Chapter 7 of the OP, outlines the roles of the transnational and national bodies responsible for the management and implementation of the SEE Programme 2007 – 2013, as follows: Monitoring Committee (MC) - chapter 7.1.1, Managing Authority (MA) -chapter 7.1.2, Certifying Authority (CA) – chapter 7.1.3, Audit Authority (AA) – chapter 7.1.4, Joint Technical Secretariat (JTS) – chapter 7.1.5, SEE Contact Points (SCP) – chapter 7.1.6, National Coordination – chapter 7.1.7.

2.4 Contacts at Programme level

In principle, the JTS gives support to potential partners of the SEE Operational Programme on all transnational issues relevant to both the application and implementation phases.

The JTS can be contacted at the following address:

SEE Joint Technical Secretariat

VÁTI Kht.

H-1016 Budapest, Hungary

Gellérthegy utca 30-32

Email: jts@southeast-europe.net

Phone: 0036 1 224 3180

Annex I contains a list of all National Contact Points for the SEE Programme (SCPs).

2.5 Programme area



Figure 1 SEE eligible area

The SEE cooperation area is defined by the Commissions Decision of 31 October 2006/769/EC (see Fig. 1).

Partners from IPA countries can participate in projects using IPA funds, provided through the IPA cross-border cooperation component as per the Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-accession Assistance (IPA). They can not apply for nor manage ERDF funds.

Italian and Ukrainian¹ public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it (i.e. Ministries) are in effect assimilated, both in terms of rights and of obligations, to partners located in the SEE Programme area.

¹ Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

2.6 Financing

The total programme co-financing from ERDF amounts to 206 MEUR. The IPA contribution for the first three years (2007–2009) has been of 10.5 MEUR in total. No ENPI funds were available for the 1st and 2nd Call for proposals.

Following the integration of the IPA funds additional 16.5 MEUR are available for the IPA countries on a multi-country basis. In addition to the IPA funds, 2 MEUR from ENPI funds might be allocated for the involvement of partners from Ukraine and Moldova into the transnational partnerships.

Indicative budget to be allocated for the 3rd call for proposals:

- ERDF contribution – maximum 30 MEUR
- IPA contribution – maximum 8 MEUR
- ENPI contribution – maximum 1 MEUR. Furthermore the Lead Applicants must bear in mind that the minimum amount to be requested per ENPI project partner is 100.000 euro.

2.7 Legal Framework

The SEE Programme 2007 – 2013 has been designed under the territorial cooperation objective of the European Community, while integrating the objectives of the cross-border cooperation of the Instrument for Pre-accession Assistance (IPA CBC) and European Neighbourhood and Partnership Instrument (ENPI CBC). In practice this means that the programme combines financing instruments from the EU structural funds/European Regional Development Fund (ERDF), as well as the Instrument for Pre-accession Assistance (IPA) and the European Neighbourhood and Partnership Instrument (ENPI). The programme shall first and foremost be administered according to the ERDF structural funds rules. However, in most cases the IPA financed project partners are to follow the relevant provisions of the IPA regulations, i.e. the aforementioned Council Regulation (EC) 1085/2006 and the Commission Regulation (EC) 718/2007 of 12 June of 2007, implementing Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA²). The ENPI financed project partners are to follow the provisions of the ENPI regulations, i.e. REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006

2.7.1 Structural Funds/ European Regional Development Fund (ERDF)

For project partners from the EU member states the following regulations apply:

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 and its subsequent amendments and modifications. The “General Regulation” gives general rules and requirements for all structural fund programmes;

- Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 and its subsequent amendments and modifications. The “ERDF Regulation” lays down specific provisions concerning ERDF co-financed programmes and projects. It defines especially the contents and other provisions for the Objective 3/ Territorial Cooperation Programmes, such as the SEE Programme 2007 - 2013;
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and its subsequent amendments and modifications. The “Implementing Regulation” sets framework rules e.g. on information activities as well as audit and controls. It combines information for programme implementation which was scattered across several separate regulations in the previous programme period 2000 – 2006.

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

2.7.2 Instrument for Pre-accession Assistance (IPA)

For project partners from the IPA countries the following regulations apply:

- COUNCIL REGULATION (EC) No. 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA);
- COMMISSION REGULATION (EC) No. 718/2007 implementing Council Regulation (EC) No. 1085/2006 establishing an instrument for pre-accession assistance (IPA) and its subsequent amendments and modifications.³

IPA funds are provided for the participation of Project Partners from candidate and potential candidate countries (i.e. Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro and Serbia)

The main principle of the integration of IPA funds into the SEE program system is to provide the same possibilities and responsibilities to the Partners from the Member States and Partner States. The new system gives a possibility to fully integrate the external partners into the transnational partnerships, thus the whole project can be managed by one single contract under the responsibility of the Lead Partner. During the 2nd phase of the program implementation (“IPA integrated” phase), the lead partner of the project bears responsibility for the total Community contribution awarded to the project (i.e. ERDF and IPA contribution); these responsibilities are laid down in the single subsidy contract to be concluded between the MA/JTS and the lead partner.

³ Article 86(4) of this Regulation establishes the legal basis for managing IPA contribution on an integrated manner in the framework of the Programme, stipulating that detailed rules on integrated management shall be laid down in the programme document and in the financing agreements.

2.7.3 European Neighbourhood and Partnership Instrument (ENPI)

ENPI funds **are provided for the participation of project Partners from Ukraine and Republic of Moldova.**

For project partners from the ENPI countries the following regulation apply:

- REGULATION (EC) No 1638/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument⁴

2.7.4 Directive on public procurement

According to article 1 of Reg. (EC) 1083/2006 ERDF partners are required, during their procurements related to the projects financed by the SEE, to respect the relevant Community and national public procurement rules.

If the implementation of an Action requires procurement by the IPA/ ENPI partner, the procurement for IPA/ ENPI grants shall follow the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

2.7.5 Horizontal policies

In addition to the regulations mentioned in the previous section, there are several horizontal policies and principles that are promoted by all European Union financed programmes. These include e.g. sustainable development, equal opportunities, partnership, additionality and competition (see also chapter 4.3 of the SEE OP).

Sustainable development

Sustainable development means respecting the right of future generations to change the path of development, i.e. to further access resources that are difficult to renew or non renewable and to maintain the elementary natural preconditions for life. In addition to the environmental aspect, sustainable development also covers economical, social and cultural aspects of sustainability. It is thus closely linked to the general objective of the programme to make the SEE area a better place to invest, work and live in.

Environment nevertheless remains the most important aspect of sustainable development. In case it seems that a planned project might have significant adverse impact on the environment, an environmental impact assessment must be carried out in accordance with the national legislation before the project is implemented. In the AF applicants are asked to clarify whether the planned project activities might have influence, either neutral or positive, to the environment and to present how the project contributes to environmental objectives at EU, national and local level.

⁴ The ENPI Regulation is considered implementing the ENPI scheme described in 7.3.2.4 sub-chapter

Integrated territorial development

Actions under the transnational cooperation programmes support integrated territorial development (see Art. 3 (2c) of the Council Regulation (EC) No 1083/2006 and Art. 6 (2) of Regulation (EC) No 1080/2006). This means that the projects should take into account territorial conditions, such as infrastructure, resources, settlements, economic, social, ecologic and cultural conditions, as well as impacts on other sectors to the given territory in order to support balanced development. Policies adopted at regional, national (National Strategic Reference Frameworks, Operational Programmes under the Convergence and Competitiveness and Employment Objectives, etc.), SEE and European level, such as European Spatial Development Perspective (ESDP) and Territorial Agenda of the European Union adopted on 25th May 2007, TEN-T, Information Society 2010, ERA and R&D, Intelligent Energy for Europe, etc. should also be considered.

Equal opportunities

The Structural Fund programmes, including the SEE Programme 2007 – 2013, aim at ensuring equal opportunities between men and women.

Another objective from the equality point of view is to prevent all kinds of discrimination, e.g. based on sex, racial or ethnic origin, age or disability (see also Art. 16 of Council Regulation (EC) No 1083/2006).

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

Projects that build structures (e.g. men and women equally presented in project planning, decision-making or in the project target groups) or implement activities that aim at promoting equal opportunities will describe these activities in the application form and their results in the progress reports. Further information can be found in Annex 4 of the SEE Implementation Manual.

Partnership

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

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

Additionality

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

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

2.7.6 Competition

In order to ensure undistorted competition on the internal common market, the European Commission laid down a set of rules, called state aid rules, to cover those operations that are related to a transfer of State resources aiming at providing financial assistance, such as funds, loan guarantees, capital injections, etc.

"(...)any aid granted by a Member state or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, insofar as it affects trade between Member states, be incompatible with the common market."

According to art. 87 and 88 of the Treaty, as well as art. 54 of Regulation (EC) 1080/2006⁵ aid can only be granted to applications that comply with state aid rules. The following criteria of the Treaty must be met simultaneously in order to apply the regulation in case of activities that fall under this rule:

- shall be granted from State Resources;
- shall confer an advantage;
- shall be selective;
- shall have effect on trade and competition between Member states.

The most important state aid rules applicable in case of the present call are:

- Article 87. and 88 of **EC Treaty**
- **Commission Regulation (EC) No 1998/2006** on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379/5 15. 12. 2006);
- **Commission Regulation (EC) No 800/2008** on declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (General block exemption Regulation) (OJ L 214/3. 2008. 9.8.)
- **Commission Decision 2005/842/EC** on the application of Article 86 (2) of the EC Treaty to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (OJ L 312/67 29. 11. 2005.)

Compliance with the competition rules

The analysis on the State Aid compliance will be performed by the State Aid expert of the Managing Authority during the project evaluation and will be based on the examination of the Application Form

⁵ Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210 31. 07. 2006)

and the information provided by the partners (Lead Applicant and ERDF Project Partners) in the *"Declaration on the status in relation to the State Aid discipline"*.

Community rules on State aid limit the grant, which may be provided from public funding to assist projects involving public or private actors that do economic activities on the market.

Should project activities be State aid relevant, funding limitations deriving thereof will apply not only to private companies but also to those public equivalent bodies acting as undertakings in the project.

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

3 Strategic project generation

3.1 Project generation

The overall aim of the programme is to realise high quality; result orientated transnational projects of strategic character, relevant for the programme area.

As stated in the Operational Programme, the Monitoring Committee can also introduce *top-down* elements to project generation in order to achieve high-level transnational projects.

This is the case of the current 3rd Call whose main objectives are:

- a. **generate strategic projects in some key intervention area**, which:
 - a. **can not be generated by a conventional call for proposals** (and were identified by the MC – following also a stakeholders' consultation process – in the developed Terms of Reference part of this Call);
 - b. **are directly contributing to the implementation** of key European policy objectives;
 - c. **generate incisive technical/sectoral impacts** (integrated and interdisciplinary approaches) and create synergies with other projects/programmes/initiatives);
 - d. **are politically relevant and sustained**. In other words, they either engage with an issue which is evidently already the subject of public action or political debate; and they generate a certain level of public interest within society in general;
 - e. **are significant for the entire co-operation area**, or at least for large sections of it. Accordingly, the outcomes and effects attributable to a project will have to be relevant also to those areas which are not directly involved in the project, through i.e. sustained dissemination action, specific provisions for the uptake and sustainability of projects' outcomes, etc..
- b. **integrate fully the potential stakeholders of the Western Balkan countries** (as well as from Ukraine and Moldova) into relevant strategic projects by developing an integrated implementation model.

The 3rd call for proposals is launched with a suspension clause, meaning that no IPA / ENPI contribution will be reimbursed until the Financing Agreement concluded between the European Commission and the concerned SEE Partner State is signed

For the purpose of promoting the 3rd call for proposals "territorial marketing" activities are envisaged throughout SEE Partner States:

- transnational thematic workshops related to the strategic themes are organised in order to steer and inform potential applicants on specific programme needs;
- at national level, further information days and trainings can be organised by the SCPs.

Furthermore, the SEE Programme 2007 – 2013 provides useful tools and resources to potential applicants to assist with project generation. The programme website, www.southeast-europe.net, hosts a “Partner Search” section, where all potential applicants can upload their project ideas in order to search for project partners and to facilitate collaboration between similar project ideas.

Quality projects are generated and developed with the active contribution of partners and relevant stakeholders. This sharing and collaboration helps to prevent unilateral behaviour and mitigates the risks of operations being planned and drafted by the Lead Partner alone or even by an entity external to the project altogether.

A *top down* approach (project generation intensively supported and supervised by programme authorities and only selected pre-defined areas of intervention and types of institutions are eligible to apply) in project generation is therefore important, in order to strengthen and steer the integration process of the SEE territories and structures.

Partners with previous experience in the subject matter of the project as well as previous cooperation experience can add value to the development of a sound project.

A conceptually effective project should also contain sound financial planning that will carry the project through to implementation. To this end, the financial capacity of partners is another key criterion for successful project generation. In addition to that mentioned above, programmes which include new Member states such as the SEE Programme 2007 – 2013, need to effectively manage the transition from previous cooperation instruments to European Territorial Cooperation Programmes.

Importantly, the SEE Programme 2007 – 2013 strives towards generating projects with a deep and widespread impact along with strong political commitment.

Project format should be compliant with the classical principles of project cycle management. Clear objectives, activities (*“who does what” principle*) and results - in terms of quality and quantity - and the means to achieve these results have to be presented and described in the proposal.

3.2 Partners and partnerships

3.2.1 Eligibility of ERDF partners

According to Article 2 of Reg. (EC) 1083/2006, a wide range of actors such as public authorities, public equivalent bodies and any legal body governed by public or private law can be beneficiaries of ERDF and therefore are able to participate in the SEE Programme 2007 – 2013 as partners and receive direct financial support. For the purpose of the strategic call, each Terms of Reference developed at programme level, defines specific types of institutions that must be included in the partnership. However the general criteria defined below is applicable to all the potential partners.

The following types of partners are eligible:

- Public bodies
- Bodies governed by public law
- Bodies governed by private law

Legal entities not falling in one of the three categories are welcome to participate in projects additionally as *Observers* (see 3.2.2).

Public bodies

Public bodies are organizations which are founded and governed by public law. Their main purpose is to fulfil the needs of the public.

Bodies governed by public law

The definition of a body governed by public law is the following according to Article 1 of Directive 2004/18/EC:

A "body governed by public law" means any body:

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

What to do in case of uncertainty whether a legal entity is a “body governed by public law”?

In individual cases it might be difficult to ascertain whether a legal entity fulfils the criteria defining a “body governed by public law”. In this respect it can be helpful to first consult Annex XI of Commission Decision 2008/963/EC1 amending the Annex III to Directive 2004/18/EC. For all EU Member states participating in the SEE Programme 2007 – 2013, it sets out non-exhaustive lists of bodies and categories of bodies governed by public law which fulfil the criteria in question. Moreover, lawyers specialised in public procurement law, certified public accountants and national procurement authorities and national programme’s representatives could give advice. They will also be familiar with the national jurisdiction on the term “body governed by public law”. Contact details of SCPs are available at the programme’s website www.southeast-europe.net.

Considering the case-law of the European Court of Justice the following can be noted to interpret the three criteria of the term “body governed by public law” correctly on European level. In general, the European Court of Justice held that the term must be interpreted in functional terms and broadly.

<p>a 1)</p>	<p><i>established under public or private law for the specific purpose of meeting needs in the general interest</i></p>	<p>The term “needs in the general interest” is an autonomous concept of Community law. If a specific body is not listed in Annex XI of Commission Decision 2008/963/EC, its legal and factual situation must be determined in each individual case in order to assess whether or not it meets a need in the general interest.</p> <p>Needs in the general interest are generally needs which are satisfied otherwise than by the availability of goods and services in the marketplace and which, for reasons associated with the general interest, the State chooses to provide itself or over which it wishes to retain a decisive influence. Account must be taken of relevant legal and factual circumstances, such as those prevailing when the body concerned was formed and the conditions in which it carries on its activity. However, the existence or absence of needs in the general interest not having an industrial or commercial character must be appraised objectively, the legal form of the provisions in which those needs are mentioned being immaterial in that respect.</p> <p>A body which was not established to satisfy specific needs in the general interest not having an industrial or commercial character, but which has subsequently taken responsibility for such needs, which it has since satisfied, fulfils that condition provided that the assumption of responsibility for the satisfaction of those needs can be established objectively. Activities of the body in question linked to public policy can indicate that it meets needs in the general interest.</p> <p>The condition that the body must have been established for the “specific” purpose of meeting needs in the general interest, not having an industrial or commercial character, does not mean that it should be entrusted only with meeting such needs. It is immaterial that such an entity is free to carry out other activities provided that it continues to attend to the needs which it is specifically required to meet</p>
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a 2)	<i>(and) not having an industrial or commercial character</i>	<p>This criterion is intended to clarify the meaning of the term “needs in the general interest”. That means that within the category of needs in the general interest there is a sub-category of needs which are not of an industrial or commercial character.</p> <p>If a body operates in normal market conditions, aims to make a profit, and bears the losses associated with the exercise of its activity, it is unlikely that the needs it aims to meet are not of an industrial or commercial nature.</p> <p>The status of a body governed by public law is not dependent on the relative importance, within that body's activity, of the meeting of needs in the general interest not having an industrial or commercial character</p>
b)	<i>having legal personality</i>	<p>The question whether or not a body has legal personality is to be answered by national law. An entity's private law status does not constitute a criterion for precluding it from being classified as “body governed by public law” within the meaning of Directive 2004/18/EC</p>
c) 1	<i>financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law</i>	<p>Each of the alternative conditions set out in the “c” criterion (c1, c2, c3) reflects the close dependency of a body on the State, regional or local authorities or other bodies governed by public law. Whilst the way in which a particular body is financed may reveal whether it is closely dependent on another public authority, that criterion is not an absolute one. Not all payments made by a public authority have the effect of creating or reinforcing a specific relationship of subordination or dependency.</p> <p>Only payments which go to finance or support the activities of the body concerned without any specific consideration therefore may be described as public financing.</p> <p>The term “for the most part” means more than half. That necessarily implies that a body may also be financed in part in some other way without thereby losing its character as a body governed by public law. In order to determine correctly the percentage of public financing of a particular body account must be taken of all of its income, including that which results from a commercial activity.</p> <p>To decide whether a body is a “body governed by public law” the way in which it is financed must be calculated on the basis of the figures available at the beginning of the budgetary year, even if they are only provisional.</p>
c) 2	Or <i>subject to management supervision of those bodies</i>	<p>The criterion “management supervision” must give rise to the dependence on the public authorities' equivalent to the dependence which exists where one of the other alternative criteria (c1 or c3) is fulfilled. A mere review does not satisfy the criterion of management supervision. That criterion is, however, satisfied where the public authorities supervise not only the annual accounts of the body concerned but also its conduct from the point of view of proper accounting, regularity, economy, efficiency and expediency and where those public authorities are authorised to inspect the business premises and facilities of that body and to report the results of those inspections to other public authorities</p>

c) 3	<p><i>or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.</i></p>	
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Bodies governed by private law

In the context of this programme, “bodies governed by private law” means all organizations which are founded by private law such as chambers of commerce, trade unions or non-governmental organisations. They may receive ERDF/ IPA funding if they fulfil the following criteria:

- a) they are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- b) they have legal personality;
- d) they make available the results of the project to the general public;
- e) they apply the principles of public procurement.

In order to foster the participation of key stakeholders, infrastructure and transport operators can apply as partners within Strategic themes 3.1 and 3.2 – Intermodal solutions for the accessibility of the SEE programme area if *they are established for the specific purpose of meeting needs in the general interest* (being not relevant the industrial and commercial character); their eligibility shall however be confirmed at national level as stricter rules for funding might apply.

International organisations acting under international law are not eligible. However, international organisations acting under the national law of any SEE Partner State can be considered as eligible for ERDF/IPA/ ENPI funding if they fulfill the criteria foreseen for the bodies governed by public or private law.

Only legal entities listed in the Application Form eligible for funding may report their costs. In order to ensure a proper audit trail the JTS/MA needs to know which organisations receive programme funding and whether they are eligible according to the programme rules. Therefore, an “umbrella” type of partnership structure, where one partner collects funding and represents other partners without naming them is not possible.

3.2.2 Eligibility of the IPA Partners

In order to be eligible for IPA contribution, applicants **must**:

- be legal persons **and**
- be non profit making **and**
- be specific types of organisations such as:
 - o Associations: non-governmental organisations, trade unions, employer's associations, professional associations etc.
 - o Institutions: public sector operators, educational and research institutions,⁶ etc.
 - o Foundations;
 - o Chambers of commerce, chambers of crafts and trade, public employment service;
 - o Canton, municipalities/towns and the districts;
 - o Regional development agencies, business incubators, entrepreneurship centres, research and development institutes and other business support institutions
 - o International inter-governmental organisations; **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary; and
- have stable and sufficient sources of finance to ensure the continuity of their organisation throughout the lifespan of the project and whose financial resources are not exclusively made up of subsidies and grants from EU budget or EDF.

The applicant must be registered or accredited in one IPA country. The aforementioned means that the applicant's organisation in IPA country concerned should be established by or accredited under an instrument governed by the internal law of an IPA country participating in the SEE programme.

The activities shall be mainly carried out on the territory for which IPA funds are meant. In exceptional cases, expenditure incurred outside the programme area may be eligible, if the project could only achieve its objectives with that expenditure.

3.2.3 Eligibility of the ENPI Partners

See chapter 5 of this SEE PM

⁶ Private research and educational institutions are eligible to apply if they will not derive profit during implementation of the project. According to article 165 of the Commission Regulation (EC) no 2342/2002 (Implementing rules of the Financial Regulation), profit shall be defined as a surplus of receipts over the costs of the action in question when the request is made for final payment of a grant for an action. Lump-sums and flat-rate financing should be established in such a way as to exclude a priori a profit

3.2.4 Further eligibility rules in relation to partners for the 3rd Call

The same institution, having full legal personality, can be partner in maximum 2 projects. In this way applicants can concentrate on the most suitable project ideas. The purpose of the strategic call is to have a high impact on the entire eligible area of the programme; therefore the involvement of partners from most of the countries of the SEE area is expected. In case the above mentioned condition is not fulfilled, the concerned partner and JTS should agree on leaving the proposal/s exceeding the max number; alternatively. In case the above mentioned limits are not respected, the JTS should inform the MC proposing for replacing the concerned partner with another suitable institution.

The same institution, having full legal personality, can be Lead Partner in maximum one project. In order to give the possibility to the Lead Partner in maximizing the outcomes of a project, the same institution should concentrate only on one project in which to participate as lead partner. In case the same institution will be found as Lead Partner in more than one project, the JTS will ask the institution to choose only one project and propose an institution to replace it.

The limits will not be applied to the branches, departments, units of an institution that do not have legal personality and therefore cannot participate in projects as partners, but only through the "mother institution". In case of Universities and Public Administrations having various branches/offices/ departments with different thematic competences and responsibilities, the office/branch is considered a single applicant, not the whole institution.

3.2.5 Sort and role of partners

	Sort of Partner	Location	Does it have a separated budget?	ERDF/IPA budget lines	ENPI budget lines	Partner eligibility rules	
Financing Partners	LEAD PARTNER	Only EU part of the Programme area	Yes	All	No	Applicable (see section 3.2.1)	
	ERDF PARTNER (Project Partner)	Only EU part of the Programme area	Yes	All	No	Applicable (see section 3.2.1)	
	20% ERDF PARTNER (Project Partner)	Only EU outside the Programme area	Yes	All	No	Applicable (see section 3.2.1)	
	IPA PARTNER	Only Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia	Yes	All	No	Applicable (see chapter 3.2.2)	
	ENPI PARTNER	Only Ukraine and republic of Moldova	Yes	No	Yes	Applicable (see chapter 5.1)	
Associated Strategic Partners	EU ASP	Only EU Partners within the Programme area	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only TRAVEL and ACCOMODATION	No	Applicable as ERDF (see section 3.2.1)	
	ASPs	20% ASP	Only EU Partners outside the Programme area	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only TRAVEL and ACCOMODATION	No	Applicable as ERDF (see section 3.2.1)
		10% PP	Only Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Republic of Moldova, Ukraine	No (it's part of a "sponsoring" ERDF PARTNER budget)	Only EXTERNAL EXPERTISE and SERVICES; and TRAVEL and ACCOMODATION	No	Applicable as IPA (see chapter 3.2.1), in case of IPA Ps or ENPI (see chapter 5.1) in case of ENPI Ps
	OBSERVER	No limitation (e.g. international organisations, other bodies outside/ inside the programme area not fulfilling the eligibility rules of the programme)	No (Observers do not receive any financial support)	No	No	Not applicable	

Within the SEE Programme 2007 – 2013 three sorts of partners are identified:

- Financing partners: being directly financed by the Programme (by ERDF, IPA or ENPI) and bearing full responsibility for their budget;
- Associated Strategic Partners: being **not** directly financed by the Programme but – eventually – “sponsored” by an ERDF Partner that is bearing the responsibility for their participation to the project. Associated Strategic Partners (ASP) in the SEE is an organisation whose participation is considered as crucial for the added value given to the partnership. As an example, ASP can potentially be a Ministry, which does not want to apply and contribute financially because of administrative burdens and financial reasons but it is interested to participate to a project for ensuring the *political sustainability* of delivered outputs and results.

Among ASPs, the following can be further identified:

EU ASP (EU Associated Strategic Partner) are actors located in an EU country of the Programme area, not contributing financially to the project. EU ASPs can be only those bodies considered eligible following the rules defined in section 3.2.1. All expenditure incurred by these bodies shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible. Expenditure is limited to reimbursement of *travel and accommodation* costs related mainly to their participation in project meetings.

20% ASP (20% Associated Strategic Partner) are actors located in an EU country outside the Programme area, not contributing financially to the project. 20% ASPs can be only those bodies considered eligible following the rules defined in section 3.2.1. Expenditure incurred by these bodies shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible. Expenditure is limited to reimbursement of *travel and accommodation* costs related mainly to their participation in project meetings. Further information is available in section 4.1.8 c).

10% PP (10% Associated Strategic Partner, so called 10% Partner) are actors located in a candidate, potential candidate or neighbouring country inside the Programme area, not contributing financially to the project. 10% PPs can be only those bodies considered eligible following the rules defined in section 4.1.8, b). Expenditure incurred by these bodies shall be finally borne by any of the institutions acting as ERDF “sponsoring” partner in order to be considered as eligible. Further information is available in section 4.1.8 b). However, given the availability of IPA and ENPI funds for the 3rd call, 10% PPs must be involved only in duly justified case, otherwise, partners coming from non-EU countries within the Programme area should be involved as financing partners.

- Observers: are actors invited by the project beneficiaries to take part in the project in an observant role or with advisory capacity and do not contribute to the implementation of the projects in terms of financial contributions. ASP Observers can potentially be also actors not fulfilling the partners’ eligibility rules as set by the SEE Programme 2007 – 2013. The involvement of observers must follow the logic of the partnership (e.g. observers could be international organisations, actors located outside the programme area, or actors not

fulfilling the eligibility requirements of the programme, but bringing added value to the partnership).

Lead Partner principle

Starting with the 3rd call for proposals following the integration of IPA funds into the programme and project level financial implementation, the lead partner shall be responsible for the financial aspects of IPA funds as well.

A Lead Partner (LP) should be nominated by the partners from amongst themselves. The Subsidy Contract will be concluded between the JTS on behalf of the MA and the Lead Partner, being formally the final beneficiary of the ERDF and IPA funding and the only direct link between the project partnership and the programme.

According to Reg. (EC) 1080/2006, article 20, the LP assumes the following responsibilities:

- it shall lay down the arrangements for its relations with the Project Partners participating in the project in a Partnership Agreement comprising, inter alia, provisions guaranteeing the sound financial management of the ERDF and IPA funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- it shall be responsible for ensuring the implementation of the entire project;
- it shall ensure that the expenditure presented by the Project Partners has been incurred for the purpose of implementing the project and corresponds to the activities agreed between those Project Partners;
- it shall verify that the ERDF and IPA expenditure presented by the Project Partners participating in the project has been validated by the authorised national controllers;
- it shall be responsible for transferring the ERDF and the IPA contribution to the Project Partners;
- the LP is always responsible for securing repayment of the ERDF and IPA contribution unduly paid to the project. The LP is obliged to secure repayments from the ERDF and IPA PPs concerned and repay the amount specified by the Managing Authority before the due date.

The LP is the contact institution for the Joint Technical Secretariat on behalf of the partnership.

Based on the formal project approval by the Monitoring Committee the Joint Technical Secretariat (hosted by VÁTI) concludes the subsidy contract with the lead partner on behalf of the Managing Authority. For the projects implemented in the “IPA integrated phase”, one single subsidy contract is concluded per project, meaning that the Lead Partner signs the subsidy contract on behalf of the ERDF and IPA Partners as well. The ENPI partners will sign the separate grant contracts with the MA/JTS.

ENPI Grant Contracts will be concluded between the ENPI partners and the JTS/MA, therefore ENPI partners are responsible for the ENPI contribution awarded.

3.2.6 Composition of the strategic partnership

Each project must involve partners from at least 8 SEE Partner States (as financing partners or Associated Strategic Partners, or both). Furthermore, the maximum number of financing partners per country to be involved in a strategic project shall not exceed 3 financing partners.

Even if the general rule of the programme states that the project partners must be located in the SEE area, Italian and Ukraine⁷ national public authorities or public equivalent bodies – which are competent in their scope of action for certain parts of the eligible area but located outside of it (e.g., ministries) – are to all effects assimilated, both in terms of rights and of obligations, to institutions/bodies located in the SEE Programme area and can be future potential Applicants.

The responsibilities of the project partners are listed below:

- carrying out activities planned in the approved AF and agreed in the Partnership Agreement;
- assuming responsibility of any irregularity in the expenditure which it has declared repaying the lead partner any amounts unduly paid in accordance of the partnership agreement signed between the lead partner and the respective project partner;
- carrying out information and communication measures for the public about the project activities.

The special challenge of a strategic project, given the specific theme addressed by the project, is to integrate the relevant actors capable of contributing to the project. This may be a matter of involving a broad range of the various groups which exist within society nowadays.

A strategic partnership should be:

- **able to successfully implement the project.** Strategic projects should have a greater impact, especially taken into consideration the current economic crisis that affects all EU countries. The success of a strategic project shall be measured in terms of impact to the overall society, and this cannot be done without involvement of the right institutions. In order to effectively build upon this strength, all projects are expected to involve the partners most relevant to the achievement of envisioned outputs and results. The Project Partnership must be competent to develop, implement and disseminate jointly elaborated approaches and tools.
- **capable of setting in place and further implementing the policies/strategies/targeted actions described in the project concept in the concerned area(s) and sector(s).** Setting in place new strategies/ policies/ targeted actions requires a high political commitment. It is therefore vital that such a project should acquire relevance and attract attention beyond the circle of project and programme participants. Furthermore developing strategies/ policies requires a high level of practical knowledge (including knowledge of the real needs). However implementing a strategy/ policy is more difficult in practice than on paper, because it requires a high degree of adaptation to the “real life”. The capability and commitment of an institution to develop and further implement its own strategies/ policies can make a project’s results a success or a failure.

⁷ Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

- **capable and have proven resources and skills for spreading the project results at transnational/ national level and beyond the partnership**, thus ensuring the project results are being used beyond project closure.
- **capable of successfully achieving the expected results and ensuring their ownership**. The term 'owner' defines the stakeholders who are willing and capable of integrating the results in their day to day operations, thereby becoming the acting agents.

In order to successfully implement a transnational project, project partners should be involved already in the project drafting phase. Joint development of a project ensures a high level of commitment, facilitates communication between partners and lays the ground for future cooperation and networking. Furthermore, involvement of permanent staff of the participating organisations helps the network to keep operating after closing the actual project activities and ensures that the knowledge gained during the project implementation stays in the organisation.

3.2.7 National contribution

Under the SEE Programme 2007 – 2013, projects are co-financed by ERDF, IPA and ENPI. The co-financing rate per partner is 85% for ERDF and IPA partners and 90% for ENPI partners. The remaining budget (15%/ 10% respectively) has to be covered by national contribution, brought in by each project participant.

The ERDF and IPA PP's national contribution can be covered by state contribution and/or own public sources of the project participant and/or other public contribution (e.g. regional/local/other public sources). ***State contribution has to be indicated in the AF only in case the Partner State provides by automatic or by specific calls national public contribution at state level for the project selected by the Monitoring Committee, and therefore the amount covered by state contribution will be reimbursed to the project partner.***

Each Partner state applies a different system in providing state public contribution. Some apply an automatic procedure for granting the funds (e.g. Hungary, Italy, Romania) whilst others envisage specific calls (i.e. Slovenia). Others require the project partners to provide the co-financing themselves. An overview on the national co-financing system of the SEE Partner states is available on the Programme website. However, as more detailed information might be available at national level, SCPs should be contacted in order to clarify the position.

As the programme follows the "public costs" principle, private sector expenditure can not generate Community co-financing. In the case whereby ERDF and IPA private project participants join a partnership as Project Partners, they have to prove that their national contribution will be provided by public authorities only for the project purposes and that it is therefore ensured that the expenditure co-financed by the ERDF and IPA are financed only by public funds. The regular public funds provided to private bodies for their operation can not be considered as public contribution to the project.

For further information on how the Programme will ensure that each ERDF and IPA Partner has secured its own public co-financing please check chapter 7.

3.3 Eligibility of project activities

The 3rd call for proposals is a strategic one in the context of SEE Programme. In this respect a “*top-down*” approach was promoted and, following several consultations with SEE stakeholders, programme bodies and experts, 5 strategic themes were identified and translated into 5 Terms of reference. In this respect, **only the specific activities carried out for the achievement of the objectives defined in the ToRs are eligible.**

The three dimensions of transferability and sustainability of the project's results are an essential element of the SEE Programme 2007 – 2013 and should be considered at project level:

- *Financial sustainability*: securing one's own resources or other sources of revenue for covering future operating and maintenance costs after the completion of the project;
- *Institutional sustainability*: identification of the structures that will take over after the end of the project
- *Political sustainability*: the impact of the project on the political choices, leading to improved legislation, codes of conduct, methods, etc.

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

The **Terms of Reference** define:

- *Overall and specific objectives*;
- *Compulsory activities* – are mandatory for reaching the required outputs;
- *Indicative activities* – represent example of other activities that are not mandatory to be included in the project but could be considered by the partnership, either to complement the compulsory activities or to enrich them;
- *Outputs to be achieved*;
- *Eligibility requirements for the partners in relation to each TOR*;
- *Ideal composition of the partnership* - in terms of types of institutions to be involved

4 Eligibility of expenditures

4.1 General eligibility criteria

The rules for eligibility of expenditure at programme level are harmonised for ERDF and IPA due to integration of IPA funds to the Programme. In case different rules apply for the 2 funds, it is explicitly stated and highlighted in this chapter.

The rules for eligibility of expenditure for ENPI are described separately in Chapter 5 of this Manual.

4.1.1 Eligibility of Expenditure

Costs are generally eligible for funding if:

- they have been actually incurred and paid by the project beneficiaries, and they can be verified on the basis of original invoices or other accounting documents of equivalent nature;
- they are directly related to the project, necessary for the development starting and/or implementation of the project, and they are planned in the approved project budget;
- they have been incurred and paid within the eligibility period of the project, with exception of the preparation costs and costs related to the contracting and the Final progress report;
- they have been incurred in the eligible area of the SEE Programme 2007 – 2013 (see also section 4.1.3. and 4.1.8.);
- they are in compliance with the principles of efficiency, economy and expediency;
- they are in line with the relevant EC regulations and National legislation⁸.

In all cases, if there is national legislation regarding eligibility of expenditure, project beneficiaries have to follow the national legislation of their country as well. National legislation applies also whenever stricter than the corresponding EU legislation, and vice versa. The Project Partners are responsible in clarifying which relevant national legislations of their country they may have to apply when implementing the project.

4.1.2 Eligibility in time

All expenditures are eligible from the date of approval of the project by the Monitoring Committee (“*Second step*”, in case of a “*Two-step procedure*”) and within the eligibility period of the project.

The following rules apply for the eligibility period of the project:

- All project expenditure shall be **incurred and paid within the project period** defined by the starting date and end date of the project according to the approved Application Form, with the exception of:
- the Preparation costs (section 4.1.8.);

⁸ The relevant EC Regulations are listed in paragraph 3.4.9

- the expenditure between the approval date and the starting date of the project: restricted to the staff costs and travel costs of the Lead Partner related to conditions clearing and the travel costs of the Lead Partner related to the participation at the Lead Partner seminar;
- the costs related to the Final progress report: costs incurred in the last reporting period and control costs related to the Final progress report must be paid within 60 days from the project end date at the latest.

Expenditure incurred by IPA partners will be eligible according to the same rules under condition that the Financing Agreement is signed by the IPA Partner State of the given partner before the date of approval of the project by the Monitoring Committee. Otherwise, starting date of eligibility of expenditure for IPA Partners will be the date of signature of the Financing Agreement by the IPA Partner State of the given partner.

Since the programme must be finalised by the end of 2015, all activities within the projects must be completed before the end of 2014.

Projects must clearly indicate their intended duration when applying for funding.

The maximum duration of the projects within the 3rd call is 30 months.

When deciding the starting date of the project, partners should take into account the timeframe for the selection process and any potential delays in the start-up phase, even if the programme seeks for an early start of operations soon after approval.

4.1.3 Eligible area

As a general rule, eligible costs shall be incurred in the programme area defined by the SEE Operational Programme (see section 1.3).

An exception to the general rule is the case of those public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it (e.g., ministries). Italian and Ukrainian⁹ institutions falling under this definition are in effect assimilated, both in terms of rights and of obligations, to partners located in the SEE programme area.

In addition, travel and accommodation costs incurred within the EU but outside the programme area are considered eligible.

4.1.4 Ineligible expenditures ERDF

The following expenditure is considered as ineligible for ERDF funding. Please, keep in mind that this list is not exhaustive, as additional ineligible expenditures might be included at national level.

- interest on debt (*Article 7 of Regulation (EC) No 1080/2006*);

⁹ Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

- decommissioning of nuclear power stations (*Article 7 of Regulation (EC) No 1080/2006*);
- recoverable Value Added Tax (*Article 7 of Regulation (EC) No 1080/2006*);
- expenditures on housing (*Article 7 of Regulation (EC) No 1080/2006*);
- fines, financial penalties and expenditure on legal disputes (*Article 49 of Regulation (EC) No 1828/2006*);
- any forms of double financing of expenditures: expenditure which is already supported by a Community, or other international or national grant;
- unpaid partial amounts of invoices (e.g. discounts, rebates, etc.);
- subcontracting which adds to the cost of execution of the project without adding proportionate value to it;
- subcontracts with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the project unless such payment is justified by the final beneficiary by reference to the actual value of the work or services provided;
- any expenditures invoiced further to third parties and not born by the LP or its partners;
- expenditures not directly associated with the Lead Partner or its partners;
- any costs incurred before or beyond the eligible period of the project, except preparation costs and costs related to the contracting and the Final Progress Report, see 4.1.4 for details);
- any costs of services, procurements or investments not directly related to the project and not approved in the Application Form;
- costs of settlement of interest payable, cost of credit overdrawn;
- currency exchange commissions and losses;
- commissions and dividends, profit payments;
- purchase of business shares;
- leasing;
- fringe benefits, rewards, redundancy payments;
- items for entertainment e.g. entrance fees, gifts, flowers, decoration materials, etc, if not necessary for the implementation of the project's activities.
- In kind contributions
- Second hand equipment
- Purchase of land

4.1.4 Ineligible expenditures IPA

The following expenditure shall not be eligible for IPA contribution under this programme:

- interest on debt;
- taxes, including value added taxes with the followings:
 - o **value added taxes are eligibly only if the following conditions are fulfilled:**
 - they are not recoverable by any means
 - it is established that they are borne by the final beneficiary; and
 - they are clearly identified in the project proposal
- fines, financial penalties and expenses of litigation;
- customs and import duties, or any other charges;
- purchase, rent or leasing of land and existing buildings;
- second hand equipment;
- bank charges, costs of guarantees and similar charges except those listed as eligible under 4.1.7;
- conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- contributions in kind¹⁰
- any forms of double financing of expenditures: expenditure which is already supported by a Community, or other international or national grant;
- any cost incurred prior to the signature of the Financing Agreement with the IPA Partner State of the given Partner

4.1.5 Eligibility of expenditures by budget line

Project expenditures are eligible under the following budget lines for ERDF and IPA Financing Partners. ENPI project expenditure – for projects invited to the 2nd step of application - must be presented in standard external aid budget tables that are part of the Application Form.

- 1. Staff costs**
- 2. Overheads**
- 3. Travel and accommodation costs**
- 4. External expertise and services**
- 5. Equipment**
- 6. Small scale investments**

¹⁰ The costs of staff assigned to the project are considered as cash contribution.

7. Financial charges and guarantee costs

1. Staff costs

The costs of the personnel executing tasks for the project management (project coordinator, project manager, assistant, financial manager, etc.) and/or tasks for the project activities are eligible under the following conditions:

- members of the project team should be directly employed by the project beneficiaries' organisation on the basis of a regular work contract or any similar type of contract according to the national rules between themselves as employees and the project beneficiaries' organisation as employer.
- contribution of civil servants as "employees" of a partner organisation can be considered under budget line "staff costs", if such contribution is allowed by the national legislation and its contractual basis for the appointment to the project is in accordance with national eligibility rules of the Member State/Partner State where the project partner organisation is located.
- the employee could work full-time or part-time for the project. In instances where the beneficiary's organisation does not have the adequate professionals to perform the tasks related to the project, they can employ/contract external experts for these tasks. These costs shall be budgeted under the cost category "*external expertise and services*".
- staff costs shall be calculated in hourly rates according to the following rules:
 - o only monthly gross salaries based on payslips or other documentation of similar status can be taken into consideration. This means that staff costs must be calculated on the basis of the real and actual salary of the project staff stated in its regular work contract/ similar type of contract according to the national rules/ designation order of civil servant), including the related social charges;
 - o As exception, only the 13th-14th month's extra salaries included in the regular working contract or in national legislation are eligible *if* these are proportionally allocated to the project in a transparent way *and are considered eligible according to national eligibility rules*;
 - o social contribution charges shall be calculated according to the national legislation concerned. No additional charges besides the social contribution charge can be included in the hourly rate;
 - o fringe benefits, rewards/ bonuses over the monthly salaries are not eligible in order to exclude ad-hoc additional payments over the monthly salaries and additional payments not related to project specific tasks.
 - o Overtime is eligible only in case it is directly related to the project and it is contracted and proportionally allocated to the project.

2. Overheads

Overhead costs declared on the basis of real costs

The overhead costs shall be declared only on the basis of real costs (justified with all the supporting documents) up to the limitation of 20% of the staff costs. The same limit has to be applied at project partner level.

In this case, each item declared as overhead cost has to be directly related to the project and justified by receipted invoices or accounting documents having an equivalent probative value.

Eligible costs for this method are the followings:

- Office rental fee, electricity, heating, water and other services related to the maintenance of the office (e.g. cleaning);
- Phone, fax, internet, postal costs, courier;
- Stationery, printing, copying;
- Indirect staff costs or services supporting directly the project implementation and proportionally allocated to the project: administrative staff, book-keeping/accounting, salary administration, IT support.

It is also possible to allocate an invoice partially to the project in case it is demonstrated that a part of the expenditure is directly related to the project. In this case the method for distributing the cost to the project has to be presented for each type of expenditure to the Controller (e.g. the ratio of the number of people working for the project / number of people working in the organisation or department).

The method for declaring overhead costs might be changed between the 1st and 2nd step of the call for proposals or at the latest before the approval date of the projects. For that reason, the JTS may ask for budget reduction before contracting in case the "simplified costs option"¹¹ with lower programme level flat rate will be available for the Programme.

3. Travel and accommodation costs

Project related travel and accommodation costs, subsistence allowances/per diems are eligible costs under the following conditions:

- only travelling costs of the "project staff"¹² – as defined by the budget line 1. – are eligible. In case the "employees" of the partner's organisation are civil servants and due to national legislation their staff costs can not be charged to the project, but it is proved that these persons are directly contributing to the project implementation, their travelling costs are considered eligible as well;
- travelling costs of the *Associated Strategic Partners* (EU ASP, 20% ASP and 10% PP) are eligible, where the invoice is addressed to the ERDF "sponsoring" Partner and it is directly paid

¹¹ Overhead costs can be automatically declared using the flat rate defined at programme level without further justification or supporting documents.

¹² Travel costs of external experts are eligible in case it is clearly indicated in the service contract that the expert is entitled to be reimbursed for the travel costs. These costs shall be budgeted under the *external expertise and services* budget line

or reimbursed by the ERDF “sponsoring” Partner before submitting the expenditure for validation to the Controller;

- travels within the programme area and within the EU territory are eligible costs (see also section 4.1.6 for further details);
- as a general rule the most economical way of transport should be used. Exceptions from this principle must be duly justified in each case;
- *per diems* / travelling allowances are eligible only for ERDF/ IPA PPs “project staff” according to the national rules of the partner’s organisation. *Per diems* accounted for in the project include social contributions according to the relevant national rules;
- accommodation costs can be accepted without reservation if they are in the middle price range. Higher price ranges must be duly justified in each case.

4. External expertise and services

Services directly related to the project and ordered from an external party are eligible for the cost categories listed below, under the following conditions:

- the work of the external expert is essential to the project;
- rates charged by the external expert are reasonable and are in relation to level of experience and expertise;
- the selection of the external experts shall comply:
 - ERDF Partners: with the relevant National Public Procurement Law in force
 - IPA Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm
- project partners cannot be contracted as an external expert or a subcontractor;
- where allowed by national rules, additional contracts of external expertise nature signed with own staff of the partner institution must strictly apply transparent selection and, where applicable, public procurement procedures. The same person already charged under staff costs can not be contracted under external expertise;
- If applicable, the deliverables respect the information and publicity requirements of the SEE Programme 2007 – 2013 (see Annex 3 SEE Visual Identity Guidelines of the SEE Implementation Manual).

a) External expertise

- a. professional expertise (e.g. studies, researches, etc.);
- b. experts for project management, assistant, financial manager, etc (in circumstances whereby the Lead Partner or the partner’s organisation does not have the adequate

professionals to perform the tasks related to the project or for shared activities as specified in section 3.4.5);

- c. costs of technical, financial and other special experts if they are directly linked to the project and are necessary for its implementation;
- d. control costs of the project according to national eligibility rules and the specific requirements of the control system at national level.

b) Organisation of meetings and events

- a. expenses for organisation of conferences, seminars, meetings, workshops, project events directly related to the project and traceable from the approved Application Form;
- b. documentation of the participants (participant list) shall be provided in each cases of “catering expenses”;
- c. renting of premises and equipment for events;
- d. fees for experts/speakers invited to project event. *In case an external expert can not receive a fee for participating in a project event as speaker (e.g. public administration), the contract/agreement with the external expert shall state that only travel costs and accommodation costs supported by invoices will be paid.*
- e. interpretation at events;
- f. printing of materials directly related to events, etc.

c) Promotion costs

- a. costs of brochures and leaflets;
- b. press releases, inserts in newspapers;
- c. newsletters;
- d. the design and maintenance of web page for the project;
- e. other publication costs related to the project but not linked to specific events or seminars; etc.

d) Other services

Other services concerning costs not linked to specific budget lines, but necessary for the implementation of the project. Examples of eligible costs:

- translations of project documents not linked to specific budget lines;
- reproduction of project documents not linked to specific budget lines, etc;

5. Equipment

Purchase of equipment is eligible under the following conditions:

- equipment is necessary for the project implementation and is foreseen in the approved Application Form;
- equipment should be exclusively used for the project implementation;
- suppliers should be selected:
 - o ERDF Partners: with the relevant National Public Procurement Law in force
 - o IPA Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm
- the full purchase price is only eligible in case the total economic life and depreciation period are shorter than or equal to the project duration.
- In case the total economic life of the equipment is longer than the project duration, either the purchase price shall be proportionally reduced for the project period:

$$\frac{\text{project period}}{\text{total economic life of the equipment}} \times \text{total purchase price}$$

or the depreciation costs shall be declared according to the relevant national rules.

The following costs can be eligible:

- special equipment necessary for the project implementation and foreseen in the Application Form (“content related equipment”), like laboratory equipment and special measurement equipment including transportation and installation costs of these equipments;
- office equipment (e.g. computers, laptops, office furniture, etc.) related to the project management can be eligible in duly justified cases and only if clearly indicated in the approved Application Form.

Depreciation costs:

According to art. 53 of Regulation (EC) 1828/2006, the depreciation expenditure of depreciable assets directly used for a project, and incurred during the period of its co-financing, shall be eligible, provided that the acquisition of the assets is not declared as eligible expenditure.

The invoice shall be submitted to and checked by the designated controller of the project partner and shall be validated appropriately in order to avoid double financing. The relevant national rules for the depreciation of assets shall be applied and the calculation of depreciation costs shall be submitted to the controllers to verify the eligible depreciation cost.

6. Small scale investments

The SEE Programme 2007 – 2013, as well as the other transnational cooperation programmes, is not intended as an investment programme. This is largely due to its limited budget and its cooperative nature.

For this reason only small scale investments are eligible where the transnational impact of the investment is demonstrated and the activity is approved in the Application Form. **Costs of purchase of land are not eligible** for financing from ERDF and IPA funds within the project.

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

EXAMPLES:

- technical infrastructure improving innovation performance of a transnational network for development of entrepreneurship and research;
- technical infrastructure improving the diffusion of knowledge across the SEE;
- infrastructure and technical investments in ports, railway routes, inland waterways and road junctions improving the operability of a transnational transport corridor, etc.

or

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

EXAMPLES:

- new broadly applicable technologies for the development of entrepreneurship;
- ICT solutions unlocking accessibility of peripheral areas; solutions reducing land-based river pollution;
- solutions for efficient production and using of bio-mass;
- solutions for energy saving in buildings;
- technical solutions increasing the share of public transportation.

The programme does not finance investments that do not have transnational relevance.

Examples of investments that **are not** eligible under SEE Programme:

- investments not related to each other but driven by the individual local/regional/national needs;
- a selection of investments linked by the need of funding;
- pilot investments that are not jointly evaluated and transferred for testing.

The contractors of investments should be selected

- o ERDF Partners: with the relevant National Public Procurement Law in force

- IPA Partners: with the provisions of Annex IV to the PRAG standard grant contract. The external aid rules for public procurement are also available on the Internet address http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

The contractor cannot be a partner in the project.

For ENPI partners small scale investments are not eligible.

7. Financial charges and guarantee costs

Financial charges and guarantee costs are eligible costs according to article 49 of Regulation (EC) 1828/2006 and Article 89 of 718/2007. The following charges and costs shall be eligible for a contribution from the ERDF and IPA:

- charges for transnational financial transactions;
- bank charges for opening and administering the account or accounts where the implementation of a project requires a separate account or accounts to be opened;
- the cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by national or Community legislation;
- legal consultancy fees, notarial fees if they are directly linked to the project and are necessary for its implementation.

These costs are normally related to the project's management and coordination and shall be planned in the project budget accordingly.

As opening of a separate bank account for the project is requested by the SEE Programme 2007 – 2013 only for the Lead partners, the following costs are mainly relevant for the Lead partners:

- bank charges for opening and administering the separate bank account opened for the project;
- charges for transnational financial transactions i.e. transfer of ERDF and IPA contribution to Project partners.

In case the Partnership Agreement or national rules requires the opening of separate bank account, these costs are also eligible for Project Partners.

In case of public bodies or bodies governed by public law where according to specific national/internal rules of the organisation it is not possible to open a separate EUR bank account or sub-account, only the bank charges incurred to identify, track and report all financial transfers and expenditure related to the project on the LP's single EUR bank account are eligible.

Any other types of financial charges are ineligible.

4.1.6 Special eligibility rules

Special eligibility rules apply additionally to the general rules for project expenditures for the preparation costs, the expenditures incurred outside the EU territory but within the Programme area or by EU Partners outside the Programme area.

a) Preparation costs

Costs that have been incurred for the preparation of the project are eligible costs in accordance with the following conditions:

- preparation costs can only be eligible if they were incurred:
 - o For ERDF Partners on or after the 1st of January 2007 and before the approval date of the Application Form (“*Second step*” in case of “*Two Step*” procedure) by the Monitoring Committee;
 - o For IPA Partners on or after the date of signature of the Financing Agreement by the IPA Partner State of the given partner and before the approval date of the Application Form (“*Second step*” in case of “*Two Step*” procedure) by the Monitoring Committee. (In order to be assured of eligibility of preparation costs, the IPA Partner should consult the respective Southeast Contact Point if the Financing Agreement has been signed).

Preparation costs shall be paid before the end date of the first reporting period;

- preparation costs should show direct connection to the approved project and should be included in the approved Application Form;
- costs for the preparation of the approved project cannot exceed **2%** of the total eligible expenditures of the project or 40.000 EUR whichever is reached earlier.

Eligible costs for preparation are costs under the budget lines staff costs, travel and accommodation costs and external expertise and services, as follows:

- external expertise costs and/ or staff costs for the preparation of the application documents;
- joint meetings for the preparation of the project;
- travels directly related to the joint meetings, including participation at the Lead Applicant’s seminar;
- preparatory studies, analysis and researches for activities to be carried on within the project.

Overheads, equipments, small scale investments, and financial charges and guarantee costs are not eligible under preparation costs.

b) Expenditures according to the “10% ERDF flexibility rule”

Reg. (EC) 1080/2006, article 21, commas 3 and 4, states:

ERDF Regulation Article 21

3. In the context of cross border, transnational and interregional co-operation, the ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the operational programme concerned, where they are for the benefit of the regions of the Community.
4. Member states shall ensure the legality and regularity of these expenditures. The managing authority shall confirm the selection of operations outside the eligible areas as referred to under paragraphs 1, 2 and 3.

As a general rule, the “10% ERDF flexibility” rule is available for all projects and is limited to 10% of the ERDF budget of the project.

Given the availability of IPA and ENPI funds for the 3rd call, the “10% ERDF flexibility” rule shall be used only in specific cases and justified in the Application Form.

According to the aforementioned article, under the 10% ERDF flexibility rule expenditure incurred in implementing project activities can be financed. Activities implemented outside the EU but within the programme area by the ERDF Partners or for the involvement of the 10 % Associated Strategic Partners, so called 10% Partners are eligible as follows:

- a) ERDF LP or ERDF PP: in case of expenditure incurred for the implementation of specific activities of the project in countries outside the EU but part of the programme area¹³;
- b) 10% Partners: for the implementation of specific activities of the project for the involvement of the 10% Associated Strategic Partner in countries outside the EU but part of the programme area, in case the given partner is not financed by IPA/ ENPI funds within the same project. The 10% Partner is not financed directly by ERDF funds.

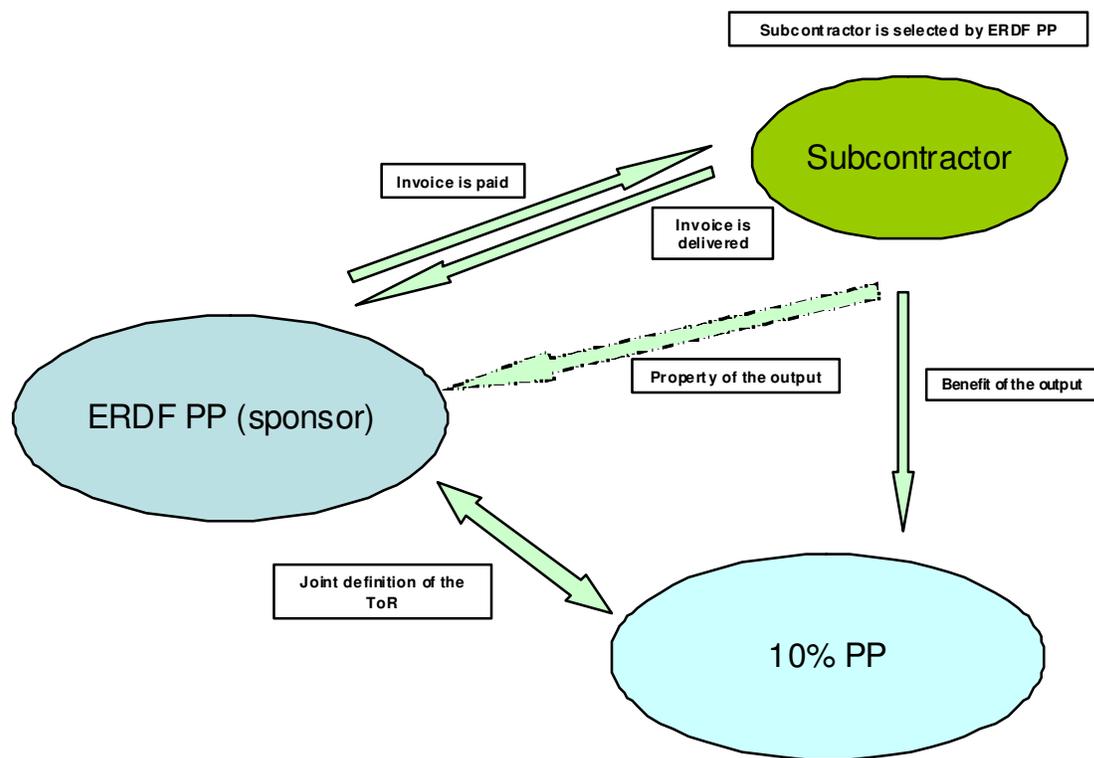
Special conditions and eligible expenditures under the 10% ERDF flexibility rule:

- costs to be spent according to the 10% ERDF flexibility rule must be traceable from the approved Application Form;
- **costs shall be clearly planned in the budget of the ERDF LP or ERDF PP and shall be paid and validated by the ERDF LP or ERDF PP;**
- the need for the activities outside the EU or the involvement of 10% Associated Strategic Partner for the implementation of the project and the achievements of its objectives has to be clearly demonstrated;
- the benefit of the EU territory has to be always demonstrated, in the description of the project proposal and during the implementation.

¹³ Travel and accommodation costs can be considered eligible also outside the EU and outside the Programme area if clearly indicated in the Application Form and fulfil all the mentioned special conditions.

In case of the 10% Associated Strategic Partner some further conditions apply:

- under the 10% ERDF flexibility rule, each ERDF LP or ERDF PP can sponsor the participation of non EU PPs of the programme area;
- all non EU PPs of the programme area, not financed by IPA/ENPI funds of the SEE Programme for the same project can benefit from the 10% ERDF flexibility rule;
- costs shall be included in the budget of the ERDF LP or ERDF PP that provides the co-financing and is responsible for the validation of these costs;
- only expenditure related to cost categories *travel and accommodation* and *external expertise and services* are allowed;
- the overall financial responsibility lies within the ERDF "sponsoring" LP/PP; it is its responsibility to regulate the obligations of the "sponsoring" ERDF LP/PP that has to provide the needed co-financing and to account and validate the costs incurred;
- responsibility of the ERDF "sponsoring" LP/PP and the non EU "sponsored" PP towards the project and the programme are detailed in the Partnership Agreement;
- when subcontracting the procedure shall follow the rules of the ERDF "sponsoring" LP/PP but contents of the Terms of Reference should be agreed with the non EU "sponsored" PP. Controller of the ERDF "sponsoring" LP/PP shall be informed in advance;
- eligible expenditures are only those supported by an invoice clearly addressed to the "sponsoring" ERDF LP/PP;
- the ownership of the outputs such as products delivered by the external expertise and services shall remain at the property of the responsible ERDF "sponsoring" LP/PP.



Eligible expenditures:

- travel and accommodation costs of the 10% Partners within or outside the Programme area (i.e. participation of Serbian PP to project meetings in Austria);
- costs of the organisation of joint meetings in non-EU countries within the programme area (i.e. organisation of a workshop in the Ukraine);
- costs for the implementation of specific activities of the project in non EU countries within the programme area (i.e. organisation and implementation of training activities in Montenegro).

c) Expenditure according to the 20% ERDF flexibility rule

Reg. (EC) 1080/2006, article 21, commas 2 states:

ERDF Regulation Article 21
Special conditions governing the location of operations

2. *In the context of transnational co-operation and in duly justified cases, the ERDF may finance expenditure incurred by partners located outside the area participating in operations up to a limit of 20% of the amount of its contribution to the operational programme concerned, where such expenditure is for the benefit of the regions in the co-operation objective area.*

EU partners located outside the programme area can be involved in the projects, and financed by ERDF in two different ways, depending on the project structure:

- involvement of the partner as *Financing Partner (20% ERDF Partner)* with separate budget and related financial responsibility;
- involvement of the partner as strategic partner in the form of *20 % Associated Strategic Partner (so called 20% ASP)*, without separate budget but significant strategic role within the project.

The sum of the 20% ERDF partners' budgets and the amounts planned for the 20% ASP can not exceed the 20% of the ERDF project partners' budget.

(1) Financing Partner: 20% ERDF Partner

- The partner from the EU territory but outside the programme area participates directly to the project with a separate budget.
- The involvement of 20% partners is restricted to the neighbouring regions of the SEE Programme area
- The same eligibility rules apply for the 20% ERDF partners as for the ERDF partners located in the Programme area.
- The same budget lines are eligible for the 20% ERDF partners.
- National public contribution (state contribution, other public or own public contribution) has to be provided by the 20% ERDF partner. Co-financing statement is requested in the application phase, as for all ERDF partners of the SEE programme 2007 – 2013.
- The expenditure of the 20% ERDF partner is verified by its controller outside the SEE Programme area.
- An official bilateral Agreement ("*MoU*") has to be concluded between the Member state of the 20% ERDF partner and the SEE Programme 2007 – 2013, containing the same responsibilities as for the MSs of the SEE Programme 2007 – 2013.

- The designated controller of the MS shall appoint the controller to the project partner, which has to be communicated to the JTS.
- Coordination of audits out of the Programme area should be also regulated by the Agreement.

Conditions for the involvement of 20% ERDF Partner

1. Condition of the participation of the 20% ERDF Partner is that an Agreement (“*MoU*”) is concluded between the Member State where the partner is located and the programme management bodies (MA, CA, AA). This Agreement shall ensure that the MS’s control and audit procedures and the related legal system meet the requirements set up by SEE Programme 2007 – 2013. The MoU will be concluded between the MA and the respective national authorities after approval of the project.
2. Involvement in the project of ERDF Partners located outside the Programme area but within the EU territory is possible only in specific and well justified cases, where such expenditure is for the benefit of the regions of the Programme area. The involvement of the 20% partner should be driven by geographic and thematic reasons and the mutual benefit must be clearly outlined. This benefit should be clearly demonstrated and justified. Applicants will also need to demonstrate that the project cannot be implemented without the involvement of the 20% ERDF Partner due to geographical or thematic reasons.

(2) Associated Strategic Partner: 20% ASP

The expenditure of the 20% *Associated Strategic Partners* from EU Member states outside of the Programme area is eligible under the following conditions:

- Involvement in the project of ERDF partners located outside the Programme area but within the EU Territory is possible, where such it is for the benefit of the regions of the Programme area. This benefit should be clearly demonstrated and justified. In principle the involvement of the 20% ASP is possible if the project cannot be implemented without involvement of the concerned partner due to geographical or thematic reasons. Cost and benefit of the involvement should be balanced.
- The 20% ASP from the EU territory but outside the programme area contributes to the project without separate budget.
- The expenditure of the 20% ASP is included in the project budget of one ERDF “sponsoring partner” from the SEE Programme area.
- Only travel and accommodation costs are eligible.
- The project expenditure is verified by the controller of the “sponsoring” ERDF partner. The expenditure of the 20% ASP has to be distinguished under the 20% ERDF flexibility rule and summarized for each reporting period by the Lead Partners in the progress report.

4.1.7 EC regulations relevant for the eligibility of expenditures – ERDF

Article 56 of Regulation (EC) No 1083/2006

Article 7 of Regulation (EC) No 1080/2006

Article 48-53 of Regulation (EC) No 1828/2006

Article 13 of Regulation (EC) No 1080/2006

The following EC regulations should also be applied during the verification of expenditures:

Article 2 (5) Regulation (EC) No 1083/2006, and Directive 2004/18/EC (Public procurement)

Article 54 Regulation (EC) No 1083/2006, (State Aid)

Article 9 Regulation (EC) No 1828/2006, (Publicity)

Article 48 (2) Regulation (EC, Euratom) No 1605/2002, (Sound financial management)

Article 16 Regulation (EC) No 1083/2006, (Equality between men and women and non-discrimination)

Article 17 Regulation (EC) No 1083/2006, (Sustainable development)

Article 54 Regulation (EC) No 1083/2006, (Double financing)

Article 55 Regulation (EC) No 1083/2006, (Generation of revenue)

Article 24 (d) Regulation (EC) No 1828/2006, (Legality and regularity of expenditure paid outside the Community)

All expenditure has to be in line with the EC regulations and the relevant national rules and legislation. Please note that the list of regulations is not exhaustive and rules and regulations may be amended during the programme implementation period.

4.1.8 EC regulations relevant for the eligibility of expenditures – IPA

Article 34 of Regulation (EC) No 718/2007

Article 89 of Regulation (EC) No 718/2007

4.1.9 Decommitment Rule

According to the Structural Funds Regulation, programmes may have funds decommitted by the European Commission in case where the allocations set in the financial tables of the Operational Programme are not translated into effective requests for payment within the set timeframe¹⁴. Should this loss of funds result from operations lagging behind their payment targets (based on the spending forecast included in the final version of the approved Application Form), the programme will be obliged to reduce the budget of these projects. Further details on the financial progress and decommitment of the projects are provided in the 5.3 section of the SEE Implementation Manual.

In order to avoid losing funds both at the project and at the programme level, it is important that:

- applicants carefully prepare a realistic spending forecast;
- approved operations are ready to start implementation quickly after approval;
- financial aspects are effectively monitored during implementation;
- partners ensure regular, timely and full reporting.

4.2 Information and publicity requirements for projects

In order to complement and strengthen the measures set up in the programme's general Communication Plan, an important role will be played by the projects themselves. Newsworthy stories about projects need to reach a wide range of media and stakeholders, including representatives from all levels of government, as well as the public. In order to achieve efficient communication, commitment from all projects is necessary.

Project beneficiaries are asked to follow the Information and Publicity Measures for the beneficiaries of ERDF funds mentioned in article 7, 8 and 9 of the Regulation (EC) No 1828/2006. Projects shall inform the public about the assistance obtained from the ERDF and ensure that those who take part in the operation have been informed of the funding source. These requirements will be further explained in seminars for Lead Partners of approved projects, and backed up by information on the programme website.

The regulations require that appropriate information and publicity (I&P) measures at a project and programme level are enacted, as laid down in section 7.4 "Information and publicity" in the Operational Programme.

Projects will be encouraged and supported by the JTS in setting up their own communication plans and delivering their own publicity activities, in order to be able to act as true ambassadors of the programme throughout the region and contribute to the strengthening of management and knowledge within each project.

Projects should ensure that information is tailored to the needs of their specific target groups. Communication measures envisaged at project level should take into account the nature, the size

¹⁴ For the allocations of the years 2008 to 2010 n+3 rule, being 'n' the year of commitment, and for the allocations of the years 2011 to 2013, the n+2 rule applies.

and the capacity of the relevant project. Project teams are advised to appoint a member to be in charge of communication and information activities which should assist in giving more impetus to their communication measures. Projects are recommended to unite their forces and collaborate whenever it is possible in organising their communication activities and thereby benefit from economies of scale. Each Programme can set its own information and publicity requirements, in addition to the ones included in the Regulation (EC) no. 1828/2006. These additional requirements are included in the Subsidy Contract (SC) and in the Partnership Agreement (PA). They are not meant as an additional burden for the projects, but as a means to enhance projects communication, visibility and value. Good communication will work for the benefit of all the parties involved. This will help the promotion of important results and outcomes, which will facilitate further the sharing of knowledge and experience and future collaboration between projects. Thus, the LP shall develop and implement a communication plan which includes the realisation of at least the following mandatory outputs:

- creation and use a project logo;
- setting up of a project website (whereby the respective activities shall start before the submission of the first progress report) and keeping it online for a period of at least two years after project closure;
- publication and dissemination of at least one brochure presenting the project results;
- organisation of a public final event.

More information about information and publicity at both programme and project level is available in the SEE Implementation Manual (Chapter 6 and Annex 3) as well as in the Communication Plan of the SEE Programme 2007 – 2013.

5 Relevant information concerning ENPI participation

The SEE Programme 2007 – 2013 is the most complex territorial cooperation programme in Europe. The SEE is an ERDF Programme but most countries benefiting from IPA funds (Albania, Bosnia and Herzegovina, Croatia, former Yugoslav Republic of Macedonia, Montenegro and Serbia) and ENPI funds (the Republic of Moldova, Ukraine) were invited to participate. Their involvement confirms the EU political commitment to support these countries on their way to the EU. The Programme applies ERDF rules for EU Member States and thus helps the IPA and ENPI countries to get acquainted with structural funds' rules which will be applicable upon their accession to the EU.

The Programme is challenging for all parties – project partners, management structure of the Programme, National Authorities and EC structures. The evaluation and selection is done according to ERDF rules, based on a Call for Proposals – Application Pack for the implementation of the programme, prepared by the SEE JTS

To be eligible for financing by ENPI, joint operations shall include beneficiaries from both Member States and ENPI countries. Applications for joint operations shall identify a Lead Partner located in a Member State for the part of the joint operation taking place on the EU side with ERDF funds and overall project coordination, and a Financial Lead Partner in each of the participating neighbouring country for the part of the joint operation taking place on the ENPI side with ENPI funds. Applications must clearly distinguish between activities – and their costs – taking place on the EU side with ERDF funds, activities in Partner states with IPA funds and those taking place on the neighbouring countries with ENPI funds.

All applications will be submitted to the JTS which will carry out the assessment of project proposals and the Monitoring Committee is responsible for selecting joint operations in accordance with Structural Funds rules.

The Lead Partner (ERDF) will submit the application form for the whole project including ENPI Partners and activities, but the LP will sign the subsidy contract with the JTS on behalf of the MA and will act as a direct contact between the project and the joint management bodies of the programme only with regard to the ERDF and IPA funds. **ENPI Grant Contracts will be concluded between the ENPI partners and the JTS/MA, therefore ENPI partners are responsible for the ENPI contribution awarded.**

Relation between the ERDF LP and the ENPI partners should be established by a partnership agreement where the responsibilities regarding to the transnational project co-ordination system and reporting will be defined.

Additionally to the direct reporting obligations according to the ENPI grant contract towards the JTS/MA the ENPI partners will have additional obligation – to report to the LP about the project activities.

Where appropriate, the relevant rules and templates of the Practical Guide to contract procedures for EC external actions (PRAG) apply to contracts awarded to ENPI partners.

5.1 Eligibility of ENPI Partners

- (1) In order to be eligible for a grant, applicants **must**:
 - a) be legal persons;

- b) be non-profit making;
- c) be organisations such as: non-governmental organisations, public sector operators, local/ regional authorities, etc.;
- d) be nationals of Ukraine¹⁵ or Republic of Moldova;
- e) be directly responsible for preparation and management of the action, with their partners, not acting as intermediaries;
- f) have stable and sufficient resources of finance to ensure the continuity of their organisation through out project implementation a,d play a part in financing it;
- g) (2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions (available from the following Internet address: http://ec.europa.eu/europeaid/work/procedures/index_en.htm)

1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
2. they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata; (i.e. against which no appeal is possible);
3. they have been guilty of grave professional misconduct proven by any means which the Contracting Authority can justify;
4. they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Contracting Authority or those of the country where the contract is to be performed;
5. they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the Communities' financial interests;
6. they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation.

The cases referred to in point (5) applicable are the following:

- a. cases of fraud as referred to in Article 1 of the Convention on the protection of the European Communities' financial interests drawn up by the Council Act of 26 July 1995;
- b. cases of corruption as referred to in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member states of the European Union, drawn up by the Council Act of 26 May 1997;

¹⁵ Ukrainian public authorities or bodies governed by public law which are competent in their scope of action for certain parts of the eligible area but which are located outside of it are eligible provided that the Financing Agreement concluded between the European Commission and the Ukrainian Government explicitly stipulates it.

- c. cases of participation in a criminal organization, as defined in Article 2(1) of Joint Action 98/733/JHA of the Council;
- d. cases of money laundering as defined in Article 1 of Council Directive 91/308/EEC.
- e. registered and located in the Ukraine or Republic of Moldova

5.2 Public Procurement

If the implementation of an Action requires procurement by the ENPI partner, the procurement for ENPI grants shall follow the provisions of Annex IV to the PRAG standard grant contract.

The external aid rules for public procurement are also available on the Internet address http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

Furthermore the ENPI Partner should take note of the provision contained in Article 1 (General Obligations) of the General Conditions applicable to European Union-financed grant contracts for external actions (Annex II to the PRAG standard grant contract), which reads: *“The Beneficiary [...] may subcontract a limited portion of the Action. The bulk of the Action must, however, be undertaken by the Beneficiary and, where applicable, his partners.”*

5.3 National contribution

The Community co-financing rate for ENPI grant contracts will be **90%**, meaning that the grant will not exceed 90 % of the total eligible costs of the action. The remaining **10%** must be financed by national contribution: the applicant's or partners' own resources, or from public sources other than the European Community budget.

As the programme follows the "public costs" principle, private sector expenditure can not generate Community co-financing. In the case whereby ENPI private project participants join a partnership as Project Partners, they have to prove that their national contribution will be provided by public authorities only for the project purposes and that it is therefore ensured that the expenditure co-financed by the ENPI are financed only by public funds. The regular public funds provided to private bodies for their operation can not be considered as public contribution to the project.

5.4 Eligibility of expenditure

In order to be eligible the costs must comply with the provision of art.14 of the general Conditions to the Standard Grant Contract. Consequently the following criteria should be met:

- a. They are incurred during the implementation of the action with the exception of the costs related to the final report, expenditure verification and evaluation of the action, whatever the time of actual disbursement by the beneficiary and/ or its partners. Procedures to award subcontractors for goods/ services/ works used/provided/delivered during the implementation period, may have been initiated but contracts may not be concluded by the Beneficiary or its partners before the start of implementation period of the action, provided the provisions of Annex IV of the grant contract “Procurement by grant beneficiaries in the context of European Community external actions” were respected.
- b. Must be indicated in the estimated overall budget of the action.

- c. Must be necessary for the implementation of the action which is the subject of the grant.
- d. They are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary.
- e. Must be reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Eligible direct costs:

- the costs of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary, as the case, unless it is justified that it is essential in order to carry out the action.

- travel and subsistence costs for staff and other persons taking part in the Action, provided that they do not exceed those normally born by the Beneficiary, as the case may be. Any flat rate of the reimbursement of the subsistence costs must not exceed the rates set out in Annex III, which correspond to the scale published by the European Commission at the time of signing the contract.

Purchase or rental costs of equipments and supplies specifically for the purposes of the Action, and costs of services provided that they correspond to the market rates.

- costs of consumables;

- sub-contracting expenditure;

- costs deriving directly from the requirements of the contract dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance etc.), including financial services costs (in particular the costs of transfers and financial guarantees).

- Expenditures verification costs should be in line with the normal market rates for this type of services.

- Eligible indirect costs (administrative overheads): indirect costs may be eligible for a flat-rate funding fixed at not more than 7% of the total eligible direct costs.

Contributions in kind are not considered actual expenditure and are not eligible costs. The contributions in kind shall not be treated as co-financing by the Beneficiaries. The cost of staff assigned to the Action is considered cash contribution.

Ineligible expenditure:

The following costs are not eligible:

- debts and provisions for losses or debts;

- interest owed;

- items already financed in another framework;

- purchase of land or buildings;

- small scale investments;
- exchange-rate losses;
- taxes, including VAT (unless the Beneficiary cannot reclaim them and the applicable regulations do not forbid coverage of taxes;
- loans to third parties;
- fines and penalties;
- Contingency reserve
- any cost incurred prior to the signature of the Financing Agreement with the ENPI Partner State of the given Partner.

6 Development and application

6.1 Targeted call for “strategic projects”

“Two Step” procedure

The targeted call for “strategic projects”, according to paragraph 7.2 of the Operational Programme, can follow one or two step application procedure. In case of “*Two step*” procedures, two are the relevant phases:

- “*First Step*” is the submission of the Expression of Interest (Eol);
- “*Second Step*” is the submission of the completed Application Form (AF).

In the “*First Step*”, applicants are requested to submit an Eol based on a reduced form. The Eol presents the objectives of the project, the anticipated budget, the type of activities, their location and the cooperation area covered as well as the planned outputs and results and the structure of the partnership. An overview of the budget has to be provided as well.

Together with the Eol, applicants are requested to fill and submit electronically the “*Statement on Pre-financing and Co-financing*” in which all the Partners will have to declare that:

- they are aware on the Programme rules around reimbursement and non existence of advance payment;
- confirming the availability of own resources for co-financing and pre-financing the activities;
- confirming the commitment to take part in the consortium in case of invitation to the second step.

The lack of this side declaration will not be considered a reason for rejecting the proposal or the single partners during the “eligibility” check but will constitute one of the elements while qualitatively assessing the partnership.

Once filled in completely and accurately, the Eol can be uploaded onto the dedicated section of the website together with the needed attachments.

Only electronic submission is allowed and only the **first version** submitted will be taken in to account; any further version of the same project proposal will not be considered as valid and will not be assessed. Once the e-version of the document is submitted no changes are possible.

Once the deadline for submission has expired, the technical assessment of the Eol is carried out by the JTS as indicated in chapter 7. The assessment results are then presented to the MC who decides which Eol is to be invited to submit a full application.

In specific cases, the applicants are provided with comments on their proposal and furthermore might be asked to amend their proposal (e.g. extending the partnership, merging with other project proposals, changing the geographical scope of the project, etc.). Applicants of rejected proposals are informed about the rejection, however the reasons for rejection will be provided upon request.

By way of general guidance, the programme recommends that project proposals are already at an advanced stage on Eol submission: project partners already contacted and involved and the overall structure well defined. Only project proposals matching a certain readiness, quality level and

responding to the selection criteria can be invited to enter the 2nd step of the application procedure. As meetings are inevitable tools for project preparation, costs of such preparatory events are eligible in case of approval. For details on eligible preparatory costs please check section 4.1.6 a).

At the opening of the “Second Step”, the invited Applicant will be in the position to log into the Front Office of the IMIS 2007-2013 Monitoring and Information System. Applicants’ Guidelines with detailed technical information for the use of the system will be part of the Application Pack.

The applicant shall submit some specific documents, both in the electronic and paper version.

Further information on the second step will be available on the SEE PM version 3.2.

7 Assessment and selection

7.1 The selection procedures and selection criteria

This paragraph illustrates clearly and transparently the project selection system. This system is made public in order to make all stakeholders and project partners aware of the selection procedures and criteria before preparing their applications. Hence they can develop high quality proposals and assist the programme to reach its aims of realising high quality, result-oriented transnational projects relevant to the programme area.

Regulation (EC) 1080/2006, article 19 provides a basic set of project selection criteria for all ERDF funded territorial cooperation programmes. The SEE Operational Programme further specifies project implementation principles (section 4.2) and project development and selection standards (section 7.2). Hence the present SEE PM project selection criteria follow the same logic and visualise to the applicant the principles they should take into account when developing their project idea.

7.2 The selection process within the “*Two steps*” procedure

7.2.1. The “*First Step*”

The aim of the “*First Step*” is to allow the Programme bodies and applicants to focus on the quality of the “partnership” and “contents” of the project proposals, reducing to the minimum the administrative burdens necessary for participating to the call. The overall procedure is based on a sense of trust toward the Lead Applicant who is submitting the project proposal as most of the verification on the documents is left to the “*Second Step*”.

In course of the selection process, during the “*First Step*”, two different sets of criteria are applied to come to the decision of approving an application:

- the **eligibility criteria**;
- the **quality criteria**.

The **eligibility check** is aimed at confirming that a submitted proposal has been uploaded within the set deadline and that the minimum requirements for proposals have met (e.g. the structure of the transnational partnership, the compliance with the Terms of Reference developed for the 3rd call, etc.). At this stage, eligibility criteria can be answered with a “Yes” or “No” and are not open to interpretation. Proposals, which do not fulfil the eligibility criteria, are not progressed to the next check phase.

The eligibility check is carried out by the JTS that is supported by the SCPs for the verification of the eligibility of the Lead Applicant.

Eligibility

	Eligibility check	How to assess? Method	Consequence on failure	Who is checking
1	Timely submission	Electronic version submitted by the deadline	Rejection of the proposal	JTS
2	The project includes all the mandatory activities as described in ToRs	The project addresses all the mandatory activities established by the ToRs	Rejection of the proposal	JTS
3	Lead Applicant is eligible	Lead Applicant is eligible according to the eligibility rules set out in the OP and the SEE PM. Its eligibility is confirmed at national level (SCP)	Rejection of the proposal	SCP/JTS
4	Project fulfils minimum requirements for transnational strategic partnerships	Partners are located in at least 8 different SEE Countries	Rejection of the proposal	JTS
		Maximum 3 financing partners per country		
5	Is the composition of the partnership eligible as described in the ToRs	The partnership does fulfil the eligibility requirements indicated in the ToRs (section 5.1)	Rejection of the proposal	JTS
6	The specific partnership requirements regarding the limitation of number of projects to participate in as LP/PP are respected	The same institution ¹⁶ can be included as financing partner in maximum two project proposals	Condition for the partnership (substitution of the PP)	
		The same institution ¹⁷ can be Lead Applicant in maximum one project proposal		

The **quality check** forms the basis for an assessment of the application with the aim of bringing the projects into a certain ranking for selection. Quality criteria are supplementary grouped into two categories: 1) Quality of the transnational partnership and 2) Quality of the content.

Each criteria group (“Partnership” and “Content”) is assessed on basis of sub-criteria with each being scored from 0 (not present / missing) to 5 (very good).

Score	Significance
0	None
1	Very poor
2	Poor
3	Fair
4	Good
5	Very Good

¹⁶ In case of Universities and Public Administrations having various branches/offices/ departments with different thematic competences and responsibilities, the office/branch is considered a single applicant

¹⁷ Same as 1

The quality assessment will consist in assessing the quality of the partnership and the quality of the content. The assessment of the partnership will concentrate on the involvement of the main stakeholders and policy makers and their capability of ensuring the transferability of the project results. The quality of the content will be focused on two main aspects: assessing the capability of the strategic project overcomes thinking in terms of national level, and concentrates of South East Europe area as a whole; assessing how well the project includes mandatory activities and guarantees the achievement of outputs and results indicated by the ToRs. The relevance and integration of additional outputs and results proposed by the partnership will also form an integral part of the quality assessment.

In the following tables the sub-criteria to assess “*partnership*” and “*content*” are illustrated. The sub-criteria are defined using a set of questions to be answered by the assessor. Due to the complex requirements of transnational projects, these questions can not be answered with a “yes” or “no” response, as in the phase on eligibility check. The assessor must assess to what extent the questions are applicable to the specific proposal and if they are satisfactorily answered by the applicant and then give an overall assessment score.

Quality

Sub-criteria	Questions with related guiding questions	Score
PARTNERSHIP		
1.1 Composition of transnational partnership	Is the partnership composition well justified and able to contribute in a balanced manner to the implementation of the transnational strategic project?	5 points
	Are types of territories/regions represented by the Partners meaningful in respect to the project topic?	
	Is the size of the partnership appropriate for the project topic and for implementing the activities and achieving the objectives?	
	Is the partnership balanced and not overly dominated by one partner/ country (in terms of number of partners and budget)?	
	Is the partnership (financing partners) capable of setting in place and further implementing the policies/strategies/targeted actions described in the ToR in the concerned area(s) and sector(s)?	
	Is the partnership committed to pre-finance the project activities and to actively contribute in the project implementation?	
1.2 Quality of transnational co-operation	Do project partners have the sufficient institutional and technical capacity to achieve the projects aims?	5 points
	Are key actors involved in the partnership and addressed in a meaningful way as requested in the ToRs for each priority axis?	
	Is the partnership representing the appropriate vertical and horizontal linkages in relation to the project topic?	
	Is the partners' role well explained and in line with their competences?	
	Are all partners involved in the transnational activities of the project in a balanced way?	
	Maximum total score	10 points

Sub-criteria	Questions with related guiding questions	Score
CONTENTS		
2.1 Project's contribution to the overall objectives of the call for proposals	Is there a clear understanding of the objectives of each strategic theme as defined in the respective Terms of reference?	5 points
	Has the project a clear transnational dimension and transnational impact (no mere addition of local actions)?	
	Is there a clear understanding regarding the long term impact of the project once achieving the objectives?	
	Do the objectives of the project fully correspond to or represent a development/specification of the objectives of the ToR?	
	Is there clear evidence that the objectives defined represent priorities for the territories involved?	
2.2 Quality of work plan and description of activities	Is the project's conceptual approach and work plan well designed and realistic?	5 points
	Is the methodology proposed for achieving the objectives coherent?	
	Are the main milestones in project implementation clearly identified?	
	Has the present situation (status quo) related to the project context and Partners been thoroughly described and is the proposal addressing this situation? (status quo, should include analysis of the present with a consideration of relevant linked past activities along with planned future activities)?	
	Are the described activities detailed (how, where, when and by whom they will be undertaken)?	

2.3 Concreteness and usability of the projects deliverables	Are the projects deliverables clearly defined and are the assumptions on their use realistic?	5 points
	Are the project results clearly identified?	
	Are the outputs and results foreseen in line with the defined objectives and outlined methodology?	
	Are the main stakeholders and users of the project results clearly identified?	
	Does the project show adequate and realistic provisions for the uptake of deliverables from the target groups/stakeholders?	
2.4 Value for money	Does the amount of the grant being requested represent value for money?	5 points
	Is the budget logically distributed between work packages?	
	Is the budget reasonable compared to the number of partners involved?	
	Are the partner's budgets coherent with the role of partners in each WP?	
2.5 Synergies with other policies, programmes and projects	Are there synergies and / or complementarities with other territorial cooperation projects or other EU funded policies and programmes?	5 points
	Does the proposal have synergies with ongoing projects (if relevant) carried out under this or other EU-funded policies and programmes, or other national programmes?	
	Does the project make reasonable provisions for interaction with relevant actors, institutions and/ or existing networks to ensure the coordination of activities with other topic related projects and initiatives and to allow the highest visibility to the project and Programme?	
	Is the capitalization of results specific and relevant or the innovative character of the project in relation to past project clearly explained, avoiding risk of duplication of existing work?	
	Maximum total score	25 points

The overall score will be calculated as an average of the score related to the quality of partnership and quality of contents.

The decision of the Monitoring Committee is twofold:

- a) **invitation to the second step:** the proposal is considered matching a certain readiness and quality level and responding to the selection criteria. If the proposal is considered worth to be further developed under specific recommendations, these are included in the notification letter to the Lead Applicant;
- b) **rejection:** the proposal is considered not matching a certain readiness and quality level and responding to the selection criteria.

Applicants are informed of the results of each criteria check after the endorsement by the MC of the JTS findings.

7.2.2 The “Second Step”

Information on the second step will be available in the version 3.2 of the SEE PM

Annex 1: SEE Contact Points

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