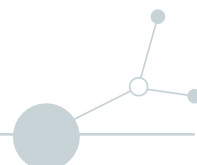




# Programme Manual

Interreg CENTRAL EUROPE 2021-2027



Version 3  
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## Abbreviations

AA	Audit Authority
CC	Cost Category
CE	Central Europe
CPR	Common Provisions Regulation; Regulation (EU) 2021/1060 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
EC	European Commission
ECA	European Court of Auditors
EGTC	European Grouping of Territorial Cooperation
EU	European Union
ERDF	European Regional Development Fund
ERDF Regulation	Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund
GBER	General Block Exemption Regulation - Regulation (EU) No 651/2014
GoA	Group of Auditors
IP	Interreg CENTRAL EUROPE programme document
Interreg Regulation	Regulation (EU) 2021/1059 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments
Jems	Joint electronic monitoring system
JS	Joint Secretariat
LA	Lead Applicant
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
NCP	National Contact Point
OLAF	European anti-fraud office (Office Européen de Lutte Anti-Fraude)
PP	Project Partner
SCO	Simplified Cost Option
SO	Specific Objective
ToR	Terms of Reference
VAT	Value Added Tax



# I. COMMON PROVISIONS

## I.1 Note to the Reader

This manual outlines the main rules, requirements and procedures for organisations that plan to apply for funding from the Interreg CENTRAL EUROPE (CE) Programme and for [beneficiaries](#) of selected projects. This manual therefore only describes elements of key importance.

More detailed information and guidance is provided in a variety of support measures, tools and templates, which are linked throughout the document. Please note that these support measures will be updated regularly, for latest information please refer to the [programme website](#).

## I.2 Programme Priorities and Structure

### I.2.1 Overview

The Interreg CE Programme is funded by the European Regional Development Fund (ERDF) under the European Territorial Cooperation goal of EU Cohesion Policy 2021-2027.



The programme area covers regions and cities from nine EU Member States: Austria, Croatia, Czech Republic, Germany, Hungary, Italy, Poland, Slovakia and Slovenia. In the current programme, the area was enlarged by Braunschweig region in Germany compared to the previous programme.

The list of all participating regions is available on the [programme website](#).



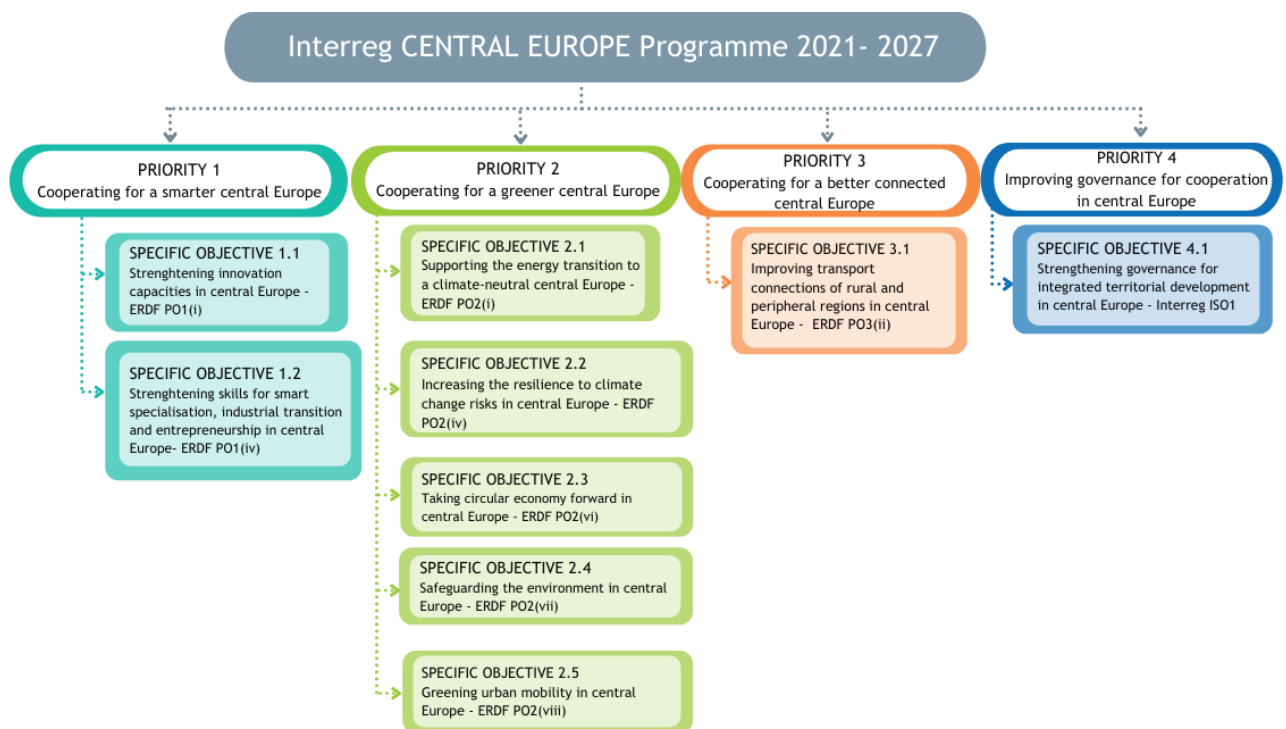
## 1.2.2 Programme Priorities and Specific Objectives

### 1.2.2.1 Programme Strategy

The Interreg CE Programme envisions a united central Europe that cooperates to become smarter, greener and better connected together. Based on shared needs and a common identity, the programme aims for a trustful culture of cooperation beyond borders.

Its **mission** is to bring regions and cities together beyond borders to find fitting solutions for their citizens in a fair and equal way everywhere. It encourages and supports transnational cooperation to make regions more resilient to common challenges that know no borders and which cannot be solved alone. These challenges include among others economic transition processes, climate change, and the long-term socioeconomic consequences of the Covid-19 pandemic.

The programme is organised along four funding priorities that are further broken down into nine programme specific objectives (SOs).



The programme strategy was agreed by the participating Member States following thorough consultations with more than a thousand of relevant stakeholders. The complete partner involvement process is described in the founding document for the Interreg CE Programme (IP), which is available at the [programme website](#). This document also offers a detailed description of the challenges that affect central European regions, as well as of the above funding priorities and specific objectives.



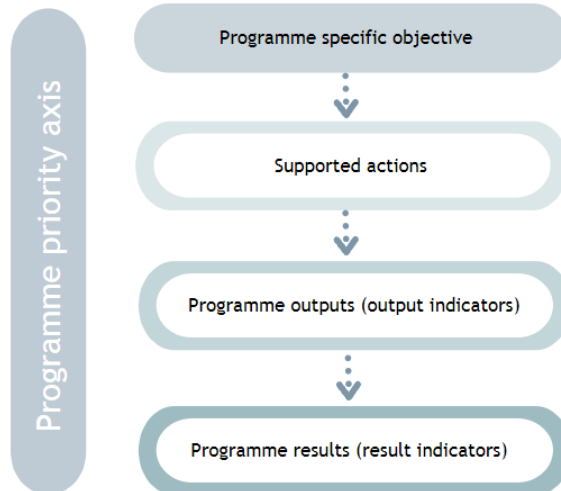
### 1.2.2.2 Programme Intervention Logic

The programme [intervention logic](#) demonstrates how supported actions and developed outputs address the territorial challenges and needs tackled by the programme. It also indicates how the programme will deliver its expected results.

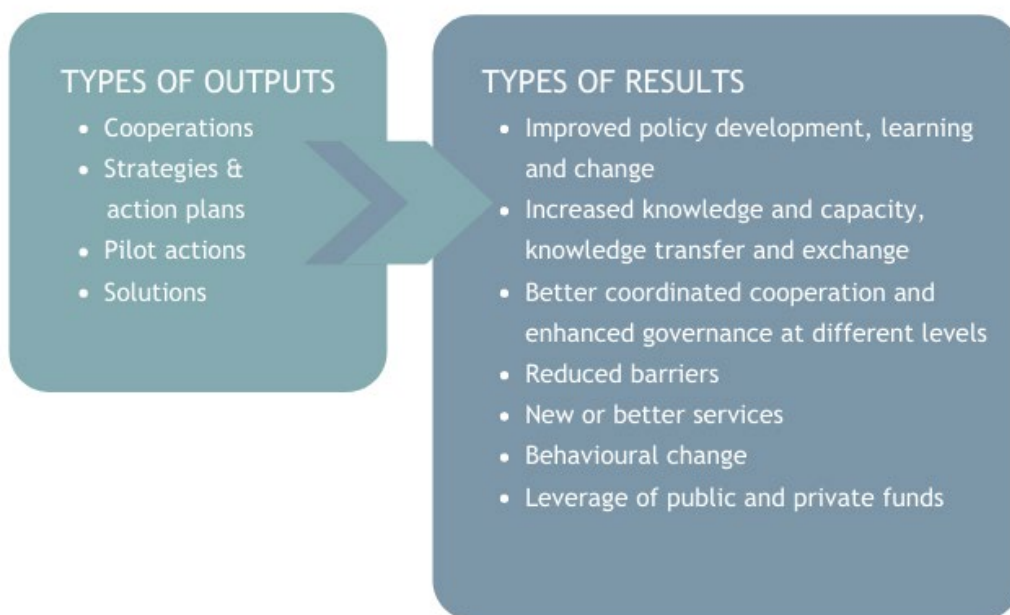
Programme outputs are clustered in four types:

- Cooperations;
- Strategies and action plans;
- Pilot actions;
- Solutions.

#### TERRITORIAL CHALLENGES AND NEEDS



These outputs are expected to lead to programme results, which are clustered themselves in the **types** below:







Programme outputs and results build on outputs and results achieved by the funded projects. Therefore, there has to be a clear coherence between the project and the programme intervention logic. In order to measure the achievement of programme outputs and results, project outputs and results are captured by means of corresponding **output and result indicators**. Please refer to chapters I.3.2, I.3.3, and I.3.4 for more information on how to set up the project intervention logic and the video tutorials available at the programme [YouTube Channel](#).

The **intervention logic for each programme specific objective** is described in detail in chapter 2 of the Interreg CE IP document, with an explanation of the specific territorial needs, thematic topics to be addressed by transnational cooperation actions and examples of actions as well as expected results.

### 1.2.3 Programme Budget and Co-Financing Rate

The ERDF programme budget is **EUR 224.623.802**, with following allocations to the four programme priorities:

Priority	ERDF (EUR <sup>1</sup> )
P1. Cooperating for a smarter central Europe	67.387.141
P2. Cooperating for a greener central Europe	112.311.901
P3. Cooperating for a better connected central Europe	22.462.380
P4. Improving governance for cooperation in central Europe	22.462.380
<b>Total</b>	<b>224.623.802</b>

The indicative allocation of funds to calls for proposals is defined in the respective Terms of Reference (ToR) of the related open call, available at the [programme website](#).

The ERDF co-financing rate is **80%** for all types of beneficiaries and regions. Beneficiaries have to ensure the needed contribution to finance their activities. For more information, please refer to chapter I.3.1.6.

### 1.2.4 Programme Governance and Management

The governance and management of the programme is shared between various bodies that, in compliance with the EU structural funds regulations, are in charge of managing, coordinating, supervising and controlling the implementation of the programme.

- **Monitoring Committee (MC)**

The MC steers the programme, verifies its sound implementation and approves the projects for funding. It is composed of representatives of the nine Member States participating in the programme.

- **Managing Authority (MA)**

The MA is responsible for the management and implementation of the programme in accordance with the principle of sound financial management and in line with the applicable EU regulations. The MA also

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<sup>1</sup>In accordance with Article 27 of the Interreg Regulation, 8% of the financial allocation of each priority is allocated to technical assistance and is identified as part of the financial allocation of each priority.



carries out the accounting function, i.e. it submits applications for payment to the European Commission and pays out ERDF co-financing to lead partners (LP).

- **Joint Secretariat (JS)**

The JS is established by the MA and assists the MA and the MC in carrying out their respective functions. The JS also undertakes the day-to-day implementation of the programme and provides guidance and support to project applicants and beneficiaries.

- **National Contact Points (NCP)**

The nine Member States participating in the Programme established NCPs representing the programme. In cooperation with the JS, NCPs provide information to potential applicants, advise and assist beneficiaries, communicate programme achievements and support programme management.

- **National Controllers**

Each Member State has a control system in charge of verifying that co-financed products and services were delivered. National controllers also check the compliance of projects with applicable laws as well as programme rules and requirements. For further information on national control requirements please see chapter III.3.1.

- **Audit Authority (AA) and Group of Auditors (GoA)**

The AA carries out system audits and audits on projects in order to provide independent assurance to the European Commission that the programme management and control system functions effectively and that expenditure submitted to the European Commission is legal and regular. The AA is assisted by the GoA, comprising of representatives of bodies responsible for audits in each programme Member State. For further information on audits please see chapter III.3.3.

Contacts to and further information on all programme bodies are available at the [programme website](#).

## 1.2.5 Joint Electronic Monitoring System (Jems)

### 1.2.5.1 General Information

The Interreg CE Joint Electronic Monitoring System (Jems) is a customised version of the common monitoring system developed by the Interact Programme<sup>2</sup>, which is used by a large community of Interreg programmes.

Jems is an online system conceived to cover the full project and programme life-cycle in one monitoring tool that allows to reduce the need for additional paper processes to a minimum. Furthermore, the concept of “one single entry point” of data is followed, avoiding multiple manual entry of the same data, through automatic transfer of data to different sections in the system. Users can fill in online forms (e.g. application, reporting, assessment) and upload or download files.

### 1.2.5.2 Technical Requirements

The Interreg CE Jems is available at <https://jems.interreg-central.eu>. It can be accessed via standard web browsers like Google Chrome, Microsoft Edge, Safari or Mozilla Firefox (recent versions). For working in Jems, it is recommended to use a PC or notebook rather than mobile devices.

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<sup>2</sup> For more information on the Interact Jems initiative, please visit this page: [www.interact-eu.net/#o=jems](http://www.interact-eu.net/#o=jems).



### 1.2.5.3 Access and Support

Upon registration in Jems (<https://jems.interreg-central.eu>) users have access to the system as applicant users. Once a project is approved and contracted, the LP user will be assigned to the project, who in turn assigns the partner users to the project partners. Specific access rights as needed by e.g. programme bodies, controllers, external experts or auditors will be given by the system administrator through assignment of the respective role.

A helpdesk for technical support specifically dedicated to Jems can be reached via email ([jems@interreg-central.eu](mailto:jems@interreg-central.eu)). The “?” icon in the Jems top menu bar also provides the help contact details.

Further guidance on the different sections and features is available through the Jems helpdesk function (“?” button in the menu) at [jems.interreg-central.eu](https://jems.interreg-central.eu).

## 1.3 Key Project Characteristics

The programme supports transnational projects promoted by partnerships composed of public and private organisations that want to work together and cooperate beyond borders on solutions for common challenges of central European regions.

An Interreg CE project should implement cooperation actions which include the development and implementation of strategies, action plans, tools, training, pilot actions and related solutions. Project activities should lead to the output types as defined at programme level, notably: cooperations, strategies and action plans, pilot actions (including pilot investments), solutions (see chapter 1.2.2.2 on the programme intervention logic).

A project should demonstrate the translation of [outputs](#) into concrete, visible and sustainable [results](#) that lead to an improvement of the initial situation.

This chapter presents the general requirements and main features applicable to all projects funded by the Interreg CE Programme. It also describes how the intervention logic should be set up at the project level.

Please note that specific restrictions on the projects to be funded might be set up in the respective calls for proposals. This might concern the project thematic focus, the size of the partnership, the budget size, the project duration, etc. Information on this is available in the respective **Terms of Reference of the call for proposals to which your project belongs to**, available at the [programme website](#).

### 1.3.1 Basic Project Features

#### 1.3.1.1 Partnership

##### Eligibility of Partners

The following organisations are eligible for funding in the Interreg CE Programme:

- National, regional and local public bodies<sup>3</sup>;
- Private institutions, including private companies, having legal personality;
- International organisations acting under the national law of an EU Member State or (with restrictions) under international law (see below).

<sup>3</sup> Including “Public equivalent bodies”, i.e. bodies governed by public law as defined in Article 2(1) of Directive 2014/24/EU on public procurement fall under this category, as well as EGTCs as defined in Regulation (EU) 1082/2006.



International Organisations acting under international law are considered as eligible partners only when the following two conditions are met:

- Participation in the project through an operative seat located in one of the CE regions; and
- Explicit acceptance of all requirements deriving from the EU Treaty and the regulations applicable in the framework of the Interreg CE Programme.

A project proposal with international organisations acting under international law in the partnership must include an ad-hoc declaration signed by these institutions. For reasons of legal security additional legal information or the signature of direct bilateral agreements between the MA and these institutions may be requested prior to granting the funds.

An institution (or an institution controlled by it or dependent on it) which has taken any discriminatory measures or is otherwise disrespecting the fundamental rights<sup>4</sup> is not eligible as a lead or project partner.

### Lead Partner Eligibility and Requirements

In compliance with the “[lead partner](#) principle”<sup>5</sup> each project partnership shall appoint one organisation acting as LP. **The LP takes full financial and legal responsibility for the implementation of the entire project.**

All eligible organisations located in the programme area, including “assimilated partners” (see below), can take the LP role, with the exception of international organisations acting under international law.

Private institutions acting as lead partners must comply with minimum criteria of financial capacity that are described in chapter II.4.2. Proposals submitted by private lead applicants that do not meet the necessary financial capacity criteria **will be rejected**. Private lead applicants should therefore carefully check their financial capacity against the programme criteria before submitting an application.

Please note that newly established legal entities, which cannot provide the required documents listed in chapter II.2.1.4, are not eligible to apply as lead applicants. However, such organisations may participate as project partners if they can ensure the fulfilment of legal, financial, administrative and operational capacity requirements listed in the partner declaration to be submitted to the programme when applying for funding.

Responsibilities of the LP are laid down in detail in the subsidy contract signed with the programme MA. In turn, the LP concludes a partnership agreement with all project partners. More information about the contracting of selected project proposals can be found in chapter II.5. Models of the subsidy contract and the partnership agreement are available at the [programme website](#).

### Transnationality and Size of Partnership

As a minimum requirement the partnership must involve:

- At least three financing partners;
- From at least three countries; and
- At least two of the financing partners located in Interreg CE regions.

<sup>4</sup> Charter of Fundamental Rights of the European Union and in compliance with Article 9 of Regulation (EU) 2021/1060.

<sup>5</sup> As provided for in Article 26 of Regulation (EU) 2021/1059.



A European Grouping of Territorial Cooperation (EGTC) is eligible as sole beneficiary provided that the above-mentioned minimum requirements are complied with. However, to be eligible as sole beneficiary, an EGTC must be established in one of the Interreg CE Member States.

The size of the partnership should reflect the scope of the project and remain manageable. Therefore, very large partnerships should be avoided. Further information on the recommended size of partnerships can be found in the Terms of Reference (ToR) of each call for proposals, available at the [programme website](#).

### Geographical Eligibility of Partners

As a general principle, the Interreg CE Programme supports cooperation between partners located in the programme area. The geographic location of an EGTC is considered to be in the country where it is registered and its costs shall be verified according to the control systems established in that Member State.

Organisations from outside the programme area can also participate in projects - but only in exceptional cases, i.e. when they qualify as:

- **Assimilated partners**, i.e. German and Italian national public authorities and bodies that are located outside the programme area, which:
  - Are competent in their scope of action for certain parts of the eligible area (e.g. ministries); and
  - Carry out activities that are beneficial for the regions in the programme area.
- **EU partners from outside the programme area** but inside the European Union. The following restrictions apply:
  - Their participation must bring clear added value and expertise to the implementation of a project and has to be beneficial for the programme area.
  - They cannot take the LP role.
  - Should activities to be carried out by these partners be considered as State aid relevant, the participation of these partners will finally not be allowed (see also chapter I.4.4.3 in this respect).
  - The legal status of these partners has to be confirmed by the competent national authorities of the respective Member State outside the programme area. The process to obtain such confirmation will be coordinated by the MA/JS. However, the confirmation has to be granted within 45 calendar days counted from the date of the MC funding decision for the call (see chapter II.4.3).
  - Their participation in a project will be subject to the condition that the respective Member State signs an agreement with the MA on the acceptance of all management, control and audit responsibilities as well as of liabilities in case of irregularities. If this agreement is not signed within 12 months from the date of the MC decision for funding, the concerned partner will be excluded from the project. In addition, the agreement shall be accompanied by a description of the national control system for the verification of expenditure incurred and paid by beneficiaries located in the respective Member State. The MA/JS will contact the relevant national authorities immediately after the MC decision for funding projects with partners located in EU regions outside the programme area.
- **Third country partners**, i.e. organisations located in countries outside the EU, can participate as associated partners but **cannot receive ERDF** funding from the Interreg CE Programme.



## Associated Partners

Institutions willing to be involved in the project without financially contributing are considered as associated partners.

Associated partners are usually key stakeholders of the project, whose involvement can improve the planning and development of project outputs and results. They can help to sustain and mainstream project results and generate multiplier and leverage effects.

Information on the involvement of associated partners should be provided in the relevant sections of the application form.

### 1.3.1.2 Location of Activities

As a basic principle, the Interreg CE Programme supports project activities that are implemented in the programme area. Exceptions to this principle may be granted for EU partners from outside the CE programme area and for assimilated partners in duly justified cases.

In such cases, the following requirements must be met by the concerned activities:

- They are for the benefit of the regions of the programme area;
- They are essential for the implementation of the project;
- They are explicitly foreseen in the application form or, if not, have been previously authorised by the MA/JS.

### 1.3.1.3 Cooperation Criteria

Cooperation has to be at the heart of each project. In order to be eligible, projects must contribute to **at least three out of the following four cooperation criteria**.

- **Joint development (compulsory)** - i.e. partners have to be involved in an integrated way in developing ideas, priorities and actions in the project development process.
- **Joint implementation (compulsory)** - i.e. project activities must be carried out by partners in a cooperative way that ensures clear content-based links and be coordinated by the lead partner.
- **Joint financing (compulsory)** - i.e. the joint project budget shall be organised in line with activities carried out by each project partner. The LP is responsible for the administration and reporting towards the programme bodies as well as the distribution of the funds to the partners.
- **Joint staffing** - i.e. the project should not duplicate functions within the partnership. In particular, project management functions should be appointed only once at project level.

### 1.3.1.4 Project Size and Funding

The average financial size of projects should be in line with provisions included in the call-specific ToR. In exceptional cases, smaller or larger projects can be supported.

Partners should always ensure that the financial size of the project truly reflects the activities foreseen in the work plan and that it is based on the principles of sound financial management.



### 1.3.1.5 Project Duration

The duration of projects should be in line with requirements set in the call-specific ToR. Shorter or longer implementation periods may be accepted if the project scope and planned activities justify this. However, a project cannot last longer than **42 months** and have an end date after **31 December 2028**.

### 1.3.1.6 Co-Financing

Interreg CE projects receive a maximum co-financing rate of 80% from the ERDF for their activities. The ERDF co-financing to partners might be reduced if State aid is granted under the *de minimis* regime within the project (see chapter 1.4.4.3 in this respect).

Necessary co-financing not covered by the ERDF (i.e. “match funding”) shall be guaranteed by each partner by means of national contribution through either:

- **Public contribution.** It may be provided through own resources of partners with a public legal status. Alternatively, public contribution can take the form of ad-hoc co-financing schemes set up at the national, regional or local level for the participation in Interreg projects (match funding). It is important to note that restrictions might apply to partners receiving State aid within the project, in case they intend to receive public contributions through ad-hoc schemes (see chapter 1.4.4.3 in this respect). Co-financing of international organisations also falls under the category of public contributions.
- **Private contribution.** It consists of own resources of partners with a private legal status.

Beneficiaries should bear in mind that the absence of advance payments from the programme, and the time gap between incurring the expenditure and having it reimbursed, may lead to cashflow issues. This might be particularly relevant for private companies and small organisations.

## 1.3.2 The Project Intervention Logic in a Nutshell

Like the programme, projects have to follow a clear [intervention logic](#) that reflects the current context (e.g. a particular territorial challenge or need), its underlying causes and the change which the project seeks to achieve in the involved regions by implementing the planned activities.

Coherence of the project intervention logic with the programme intervention logic of the targeted programme SO and the related programme results is a pre-condition for a project to be approved and funded (see chapter 1.2.2.2).

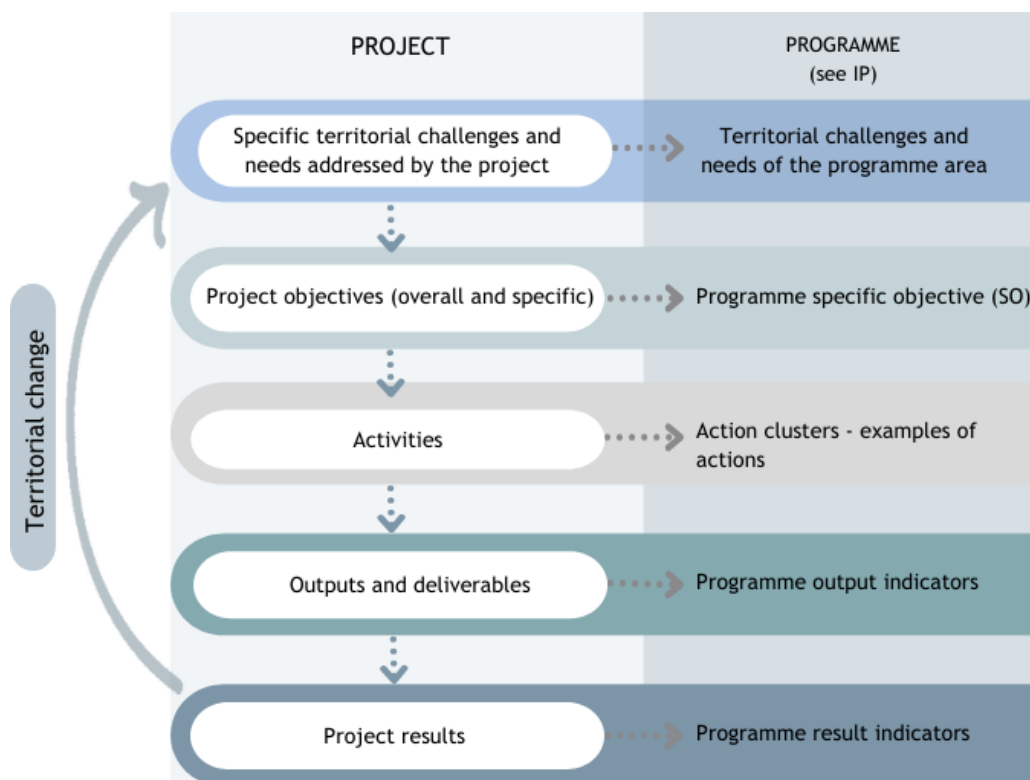
The intervention logic should clearly describe objectives, planned activities, outputs and expected results of the project. These terms are defined as follows (see also annex 1 - [Glossary](#)):

- The **overall project objective** defines what the project aims to achieve for the benefit of the involved regions and its [target group\(s\)](#) and points to the planned project results (and territorial change). The overall project objective has to be broken down into one or more project specific objectives.
- A **project specific objective** defines an immediate goal that a project can realistically achieve within the project lifetime through its planned activities and related outputs and deliverables. It has to clearly contribute to the overall project objective and should be specific and measurable. At the end of the project, it should be verifiable whether the specific objective has been reached.
- **Project activities** are the main implementation steps that contribute to the development of project outputs and/or their subsequent roll-out or upscaling. For detailed information on activities and related outputs, see chapter 1.3.3.



- **A project output** is a product that results from the implementation of project activities. Outputs are clustered into the following types: cooperations, strategies and action plans, pilot actions, solutions. All project activities and outputs need to be clearly consistent with and contribute to the achievement of one or more project specific objectives.
- **A project deliverable** is a documentation that captures the implementation of project activities in e.g. analysis reports, feasibility studies, strategy documents, pilot action reports, training documentations. It presents in an aggregated form outcomes of intermediate steps of a certain activity and for each output a final deliverable has to be foreseen. A deliverable has to be comprehensive. It is recommended to limit the number of project deliverables.
- **The project result** is the immediate effect and change compared to the initial situation in the regions involved, which a project intends to achieve through the use of its outputs. For the most common types of results please refer to chapter 1.2.2.2.

All outputs and results have to contribute to **programme output and result indicators** (see chapter 1.3.4 and [annex 2](#)).



For more information on how to set up a sound project intervention logic and the required linkage between the programme and project intervention logic, please take a look at video tutorials available at the programme [YouTube channel](#).





### 1.3.3 Project Activities and Outputs

The Interreg CE Programme finances transnational cooperation activities that either result in “policy support” or that are “implementation-oriented”. Projects may set a specific focus on policy support or implementation or combine both. In all cases, projects have to integrate communication activities (see chapter II.2.1.3). Furthermore, capitalisation and capacity building activities could be foreseen, if relevant for the project objectives/outputs. The programme will not support [basic research](#) projects or purely academic networking.

Such categories of activities are linked to the typology of outputs and results and related indicators as applied by the programme, described in chapter 1.3.4 and [annex 2](#) of the manual.

Projects have to comply with the requirements of the Open Data Directive (Directive (EU) 2019/1024 as amended). In particular, data sets that result from project activities and outputs and fall under the scope of this Directive have to be published as open data, where relevant.

#### 1.3.3.1 Cooperation Activities and Outputs

Projects should set up and foster cooperation between project partners that possibly continue beyond the project lifetime. Cooperation could also involve associated partners and lead to e.g. cooperation networks or governance structures. These networks and structures should be sustained through formal cooperation agreements such as political or institutional commitments.

The cooperation dimension which has to be at the core of each project has to be reflected in the following indicators:

- Output indicator RCO 87 “Organisations cooperating across borders” (mandatory for all projects - counting the number of project partners and associated partners), achieved through the signature of the partnership agreement;
- Result indicator “RCR 84 “Organisations cooperating across borders after project lifetime”

#### 1.3.3.2 Policy Support Activities and Outputs

Policy support activities address the development of thematic or territorial policies, strategies and action plans or improve their effectiveness and coherence. They should activate mutual learning processes among project partners and result in the concrete adoption or implementation of those policies and strategies.

Policy support activities lead to the development of outputs that are categorised as “**strategies and action plans**”:

- A **strategy** defines a targeted way to achieve a goal-oriented process in a specific domain. It tackles problems which are relevant for the participating regions, it provides a common vision and it sets objectives and priorities in a mid- to long-term perspective.
- An **action plan** translates an existing strategy into actions. It breaks down the strategy goals and objectives into specific tasks. It outlines the steps to be taken, or activities that must be performed, for a strategy to succeed. Therefore, action plans include a timeline, financial resources and responsible actors.

The formulation of a transnational or regional strategy and action plan should be developed through transnational exchanges of experiences that also involve stakeholders from the appropriate policy level (e.g. in a co-design or co-creation process including peer reviews). It is strongly advised to engage relevant stakeholders already at an early stage, especially those who could act as multipliers for the results achieved.



This could support the use of project outputs and results in informing policy decisions at all levels as well as their uptake in other types of institutions.

Such jointly developed strategies and action plans, which involved organisations from at least two countries, contribute to the following output and result indicators:

- Output indicator RCO 83 “Strategies and action plans jointly developed”;
- Result indicator RCR 79 “Joint strategies and action plans taken up by organisations”.

### 1.3.3.3 Implementation-Oriented Activities and Outputs

Implementation-oriented activities test novel approaches in pilot actions and lead ultimately to the implementation of newly gathered knowledge and related solutions.

Such activities lead therefore to the development of outputs that are categorised as “**pilot actions**” or “**solutions**”.

Innovative **solutions** can be procedures, instruments or tools (including physical objects, methods, concepts, or services etc.). To lead to the desired results, solutions have to be tailored to the needs of final users, also considering the respective framework conditions. Solutions should ideally be deployed in the project lifetime and taken up by a large number of institutions.

A **pilot action** should:

- Have an experimental or demonstration character, i.e. it should test, evaluate or demonstrate the feasibility and effectiveness of new procedures, instruments or tools. If a project foresees several pilot actions (either at transnational, local or regional level), these should differ from each other in order to maximise mutual learning among the partnership.
- Be limited in its scope, i.e. in its location, duration, scale, etc. It should be unprecedented in a comparable environment.
- Be jointly evaluated in terms of results as well as jointly exploited and transferred to other institutions and territories.

The development and implementation of pilot actions and solutions should be carried out through transnational exchanges of experiences (e.g. in a co-design or co-creation process including peer reviews).

Pilot actions and solutions are interlinked: Solutions are stemming from testing or demonstration carried out in pilot actions. Based on learnings from pilot actions, they should consist either of newly developed solutions, or tailoring of already existing solutions to the project context. This needs to be considered in the right time sequence: pilot actions need to be finished before the solutions, since the latter are building on the learnings of the pilots.

The joint development and implementation of pilot actions and the joint development of solutions which involve organisations from at least two participating countries, contribute to the following output and result indicators:

- Output indicator RCO 84 “Pilot actions developed jointly and implemented in projects”;
- Output indicator RCO 116 “Jointly developed solutions”;
- Result indicator RCR 104 “Solutions taken up or up scaled by organisations”.

Projects should include clear provisions for the sustainability of pilot actions and the respective solutions. Therefore, when choosing the location of pilot actions, it is recommended to focus on territories where the full commitment and capacity of local stakeholders (particularly in financial terms) can be expected. This will strengthen the uptake and maintenance of the tested solution. In this context, possible project reviews



including e.g. evaluations could address direct benefits produced by the pilot actions for the local population as well as the sustainability and durability of change.

In case of technological solutions, it is recommended to give preference to those that are scalable, have a good potential for interoperability and adhere to open standards, if possible.

### Pilot Investments in the Frame of Pilot Actions

Pilot actions can include **pilot investments**, which are implemented at a small scale and are necessary for the successful implementation of a pilot action.

A pilot investment must clearly contribute to the project overall and specific objectives: it must have a demonstration, model or pilot character and show a clear transnational implementation dimension and effect that the partnership evaluates together. The investment should be well integrated into the work plan and show a clear benefit for the target groups addressed. It should ideally pave the way to large-scale investments, thus increasing the impact of the project.

If applicable, projects should demonstrate that necessary authorisations for pilot investments (e.g. building permits) are available or can be obtained in a reasonable time to avoid hampering the overall project implementation.

In the project budget, a pilot investment can include items that belong to the cost categories 5 “Equipment” and 6 “Infrastructure and works” for e.g. a new construction of a building or the adaptation of existing infrastructure. For cost category specifications please refer to chapter I.4.3.

[Productive investments](#) can only be supported for SMEs, with notable exceptions as foreseen in Article 5(2) of the ERDF regulation.

Pilot investments have to comply with relevant legislation and environmental policies (see chapters I.4.4.4 and I.4.4.5) as well as with the [durability](#) and ownership requirements as laid down in chapters I.4.3.6 and III.5.

Furthermore, for infrastructure investments with an expected lifespan of at least 5 years an assessment of expected impacts of climate change, including mitigation measures for increasing its climate resilience, has to be carried out if applicable. In addition to EC guidance<sup>6</sup>, specific rules may be set out by the country in which the infrastructure investment will be realised.

Projects are also encouraged to integrate the principle of barrier-free accessibility at all levels, with a special focus on physical investments.

#### I.3.3.4 Capacity-Building Activities

Projects might also include activities for capacity-building, including training (e.g. seminars, study visits, peer reviews, online training courses etc.). These activities should be foreseen as supporting measures for the exploitation of project outputs and results. They should aim at improving the understanding, knowledge, skills, competences and access to information of targeted stakeholders. Capacity-building activities should be jointly developed at transnational level and tailored according to the needs of the specific territories and target groups. Please note that capacity-building as such shall not be the focus of a project proposal.

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<sup>6</sup> Technical guidance on climate proofing of infrastructure in the period 2021-2027; Commission Notice C(2021) 5430 of 29 July 2021.



### 1.3.3.5 Communication Activities

Communication activities are an essential part of projects. They raise awareness and provide information on thematic activities and help to change the attitude of relevant stakeholders towards the changes aimed for by the project.

Communication activities can also contribute to the capitalisation of achieved project outputs and results and aim at their roll out into broader policies, strategies and action plans. Communication activities focused on capitalisation should address audiences/target groups that go beyond the partnership and participating regions.

Already in their application form, projects have to lay down what they aim for with communication activities and through which activities the partnership wants to achieve these targets. There is no dedicated communication work package in the application form, therefore communication activities have to be integrated throughout the project work plan (see also chapter II.2.1.3).

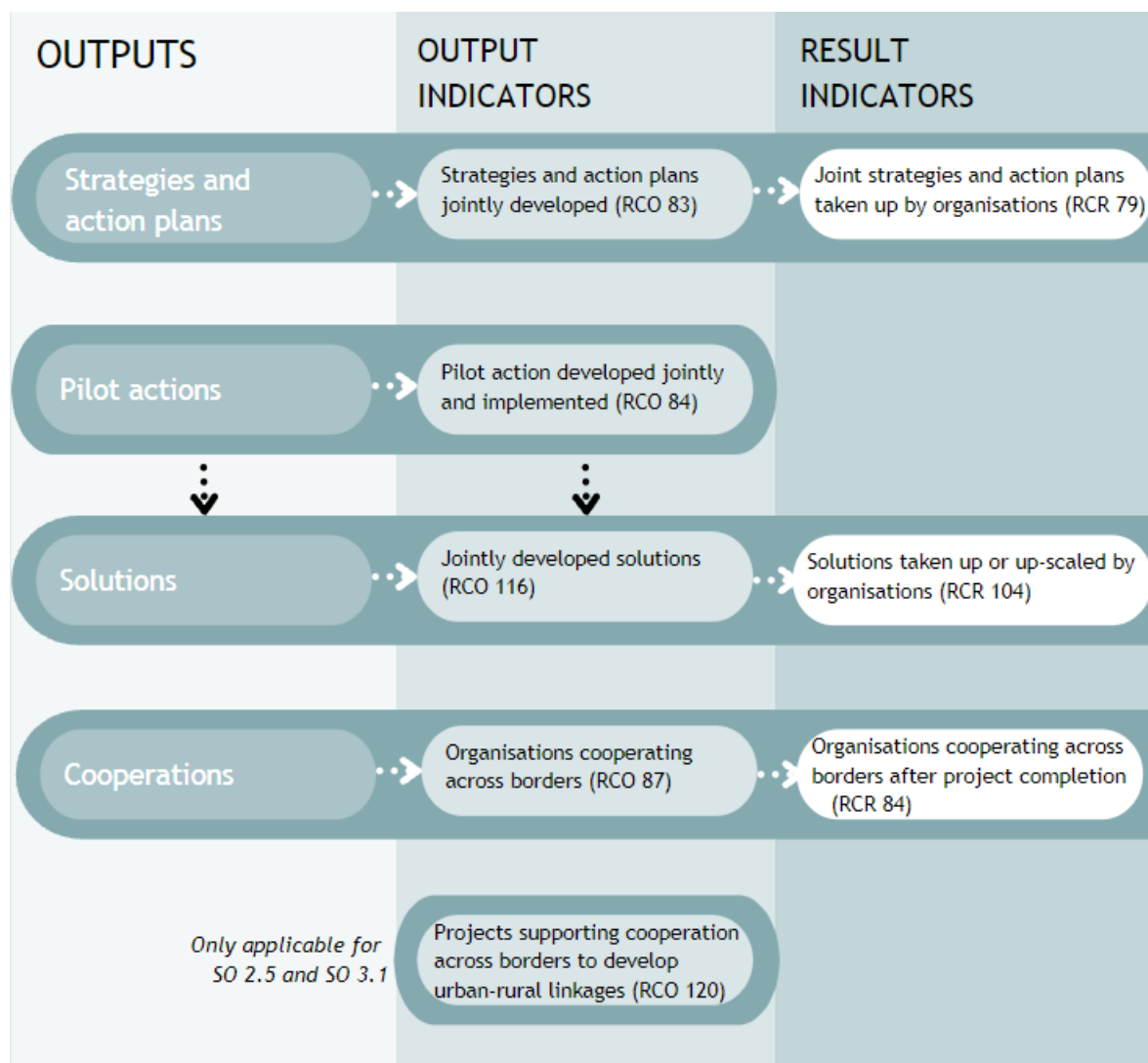
### 1.3.4 Output and Result Indicators

The programme has defined a **set of indicators** to capture outputs and results achieved by projects. Result indicators measure the direct effects of project outputs with particular reference to their direct addressees (i.e. project beneficiaries and target groups).

To reflect the cooperation dimension at the core of Interreg transnational cooperation (output type: cooperations), the indicators include also a “horizontal” output indicator (RCO 87 “Organisations cooperating across borders”). It counts the number of organisations formally cooperating in the project, i.e. the project partners and the associated partners, and has therefore to be selected by all projects. In addition, the corresponding result indicator (RCR 84 “Organisations cooperating across borders after project lifetime”) captures the continuation of such cooperation after the project lifetime.

All indicators apply to all programme priorities and SOs. For SO 2.5 and SO 3.1, an additional output indicator (RCO 120 “Projects supporting cooperation across borders to develop urban-rural linkages”) is included in order to reflect their specific territorial focus on urban-rural linkages. This indicator has to be selected by all projects supported under both SOs.

This chart presents an overview of the Interreg CE indicator system and visualises the linkages between types of output and the respective output and result indicators.



Projects have to follow the logical correspondence between output and result indicators. This means that according to the types of outputs and results projects want to achieve, **the relevant indicators have to be selected in the application form and the related targets need to be quantified.**

When setting their targets, projects are recommended to be ambitious but also realistic. Furthermore, the targets set for result indicators should capture the expected change also considering the uptake of outputs and the continued cooperation after the project end.

Detailed definitions of indicators and further information on the interlinkages between output and result indicators are presented in [annex 2](#).



### 1.3.5 Project Heritage

When developing projects, applicants are expected to research and take into account existing outputs and results developed by previous projects of Interreg CE as well as other Interreg programmes and EU financing instruments. This will help to increase the efficiency of the Interreg CE co-financing because it ensures that project ideas are innovative and not double-funded. In addition, it improves the effectiveness and impact of cooperation projects when transnational actions build on past achievements.

The following links to project databases will help with searching and identifying relevant outputs and results from:

- **Interreg CENTRAL EUROPE projects 2014-2020**

The Interreg CE website is the gateway to the websites of all [Interreg CE projects](#) 2014-2020. It also offers a list of operations and an indexed and searchable project output library.

- **Interreg projects funded since 2007**

The KEEP database offers fact sheets about [Interreg projects across Europe](#), including all Interreg CE projects funded between 2007 and 2020.

- **EU-funded regional policy projects**

Kohesio EC database allows to search [regional projects funded throughout the EU](#), which have benefited from investments through various EU regional policy programmes.

- **EU-funded research and innovation projects**

This EC webpage provides direct links to all relevant databases of [EU-funded research and innovation projects](#) from CORDIS to TRIMIS.

A valuable tool for better coordination and synergies between Horizon 2020 and Interreg projects was realised by the EC as a learning from the experimental call carried out by Interreg CE in the previous programming period (see also link in the text box):

#### Horizon 2020 - Interreg Synergies Mapping Tool

This [Horizon 2020 - Interreg Synergies Mapping Tool](#) provides consolidated information about Horizon 2020 and Interreg projects for the years 2014-2020, matched thematically by the topic and region of participation.

Beyond the research of and coordination with available project results and outputs, it is recommended to become familiar with relevant studies and evaluation reports before designing the project intervention logic or developing the project work plan. Relevant publications are available at the [programme website](#).



## I.4 Framework of Rules

### I.4.1 Legal Framework

The regulatory framework for the management of Interreg CE as well as any other EU-funded projects is based on the Financial Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 966/2012.

Furthermore, all general rules concerning the structural and investment funds are also applicable. The following legal norms and documents apply (non-exhaustive list):

- Regulation (EU) 2021/1060 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (Common Provisions Regulation - CPR);
- Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund (ERDF Regulation);
- Regulation (EU) 2021/1059 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (Interreg Regulation);
- Implementing acts and delegated acts adopted in accordance with the aforementioned regulations;
- Other regulations, directives, decisions and rulings applicable to the implementation of projects co-funded by the ERDF.

All above regulations are available in their latest version in the EUR-Lex database of European Union Law at <https://eur-lex.europa.eu/homepage.html>.

In case of amendment of the above-mentioned legal norms and documents, the **latest version applies**.

Last but not least the Interreg CE Programme document (IP) gives the legal framework for the implementation of the programme.

### I.4.2 General Eligibility Rules

#### I.4.2.1 Hierarchy of Rules

The hierarchy of rules on eligibility of expenditure applicable to Interreg projects is as follows:

1. EU rules on eligibility as set out in the CPR, ERDF Regulation and Interreg Regulation;
2. Programme eligibility rules as set out in this document;
3. National (including institutional) eligibility rules. Such rules only apply for matters not covered by eligibility rules set in the abovementioned EU and programme rules.

This hierarchy of rules only applies to eligibility rules of expenditure. All applicable EU and national rules, apart from eligibility of expenditure, are on a higher hierarchical level than rules set by the Interreg CE Programme and must therefore be followed (e.g. procurement law). In such cases, the partner has to follow the stricter applicable rule.



### 1.4.2.2 General Eligibility Principles

Expenditure is eligible for funding when fulfilling all general eligibility requirements listed below. Therefore, expenditure has to:

- Be incurred and paid (except for costs calculated as flat rates or lump sums) by a beneficiary for implementing a project through actions as identified in the latest approved application form, in the period between the project start and end date<sup>7</sup>;
- Be essential for the achievement of the project objectives/outputs and it would not be incurred if the project is not carried out (additionality principle);
- Relate to cost items that did not receive support from other EU Funds or other contributions from third parties<sup>8</sup>;
- Comply with the principle of real costs except for costs calculated as flat rates and lump sums;
- Comply with the principle of sound financial management;
- Be registered in the beneficiary's accounts through a separate accounting system or an adequate accounting code set in place specifically for the project (with the exception of costs calculated as flat rates and lump sums);
- Be not in contradiction with any specific eligibility criterion applicable to the respective cost category (see chapter 1.4.3);
- Observe all relevant procurement rules, if applicable;
- Be validated by an authorised national controller.

### 1.4.2.3 Non-Eligible Expenditure

The following costs are not eligible:

- Interest on debts;
- Purchase of land;
- Value added tax (VAT) if the total cost of the project is at least EUR 5.000.000 (including VAT) or if the partner receives State aid within the project under the General Block Exemption Regulation (GBER). In such cases only non-recoverable VAT under national VAT legislation is eligible.<sup>9</sup>
- Fines, financial penalties and expenditure on legal disputes and litigation;
- Costs of gifts;
- Costs related to fluctuation of foreign exchange rate;
- [In-kind contributions](#), (including unpaid voluntary work);
- Splitting cost items among project partners (i.e. sharing of common costs);

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<sup>7</sup> Without prejudice to the eligibility of preparation and contracting costs - reimbursed as a lump sum as well as project closure costs related to final reports and control certificates

<sup>8</sup> With the exception of financial contributions from third parties to the expenditure not exceeding the share of beneficiary's contribution to that expenditure, without prejudice of possible State aid limitations. See also chapter 1.4.2.4 in this respect.

<sup>9</sup> It is to be noted that, differently from previous programming periods, for projects having a total cost below EUR 5.000.000 (including VAT) VAT is eligible even if it can be recovered - unless State aid limitations apply.





- Discounts not considered when claiming the costs (only the discounted amount is to be regarded as eligible);
- Expenditure supporting [relocation](#);
- Fees between beneficiaries of a same project for services, equipment, infrastructure and works carried out within the project.

#### 1.4.2.4 Expenditure Supported by Financial Contributions from Third Parties

As a general principle a beneficiary of the Interreg CE Programme cannot make any financial gain or direct profit<sup>10</sup> from the received ERDF contribution. This means that financial contributions from third parties (e.g. from national, regional or local sources) specifically assigned to finance eligible costs of the project or any of its actions which are fully (i.e. 100 %) covering the concerned project expenditure make such expenditure ineligible.

However, in case of partial financial contributions from third parties specifically assigned to finance eligible costs of the project or any of its actions, the related costs can be considered as eligible only if the financial contribution does not exceed the share of beneficiary's contribution to that expenditure (i.e. 20 %). If this financial contribution exceeds the share of beneficiary's contribution, the ERDF contribution from the programme has to be reduced by the amount exceeding the share of beneficiary's contribution to the expenditure.

Specific limitations in this respect apply to partners receiving State aid from the programme under the GBER regime. For further information, please refer to chapter 1.4.4.3.

Financial contributions from third parties that may be used by the beneficiary to cover other costs than those eligible under the approved project shall not be considered as financial contributions specifically assigned to the financing of project eligible expenditure.

#### 1.4.2.5 Time-Wise Eligibility

From a time-wise perspective, expenditure is eligible according to the following three phases:

##### Project Preparation and Contracting Phase

Costs for the preparation and contracting of an approved project can be compensated through a lump sum under the terms and conditions further explained in chapter III.1.4. The date of the MA/JS acceptance of the revised application form fulfilling all conditions for approval (if applicable) is also the date in which preparation and contracting activities end. If a project starts its implementation phase before the project preparation and contracting phase is finalised, real costs linked to preparation and contracting (e.g. staff, external expertise and services) cannot be charged under implementation costs.

##### Project Implementation Phase

Costs for the implementation of an approved project are eligible from its start date until its end date as set in the subsidy contract. At the earliest, costs are eligible as from the day after submitting the application form to the MA/JS, provided that this day is the official start date of the project indicated in the subsidy contract. On this basis, partners may decide at their own risk to start the implementation of the project even before the MC decision for funding.

Payment of costs incurred in the last reporting period must take place at the latest within **30 days** after the project end date. As an exception, staff costs (including social charges) referring to the last month of project

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<sup>10</sup> This principle does not apply where simplified cost options are applied.

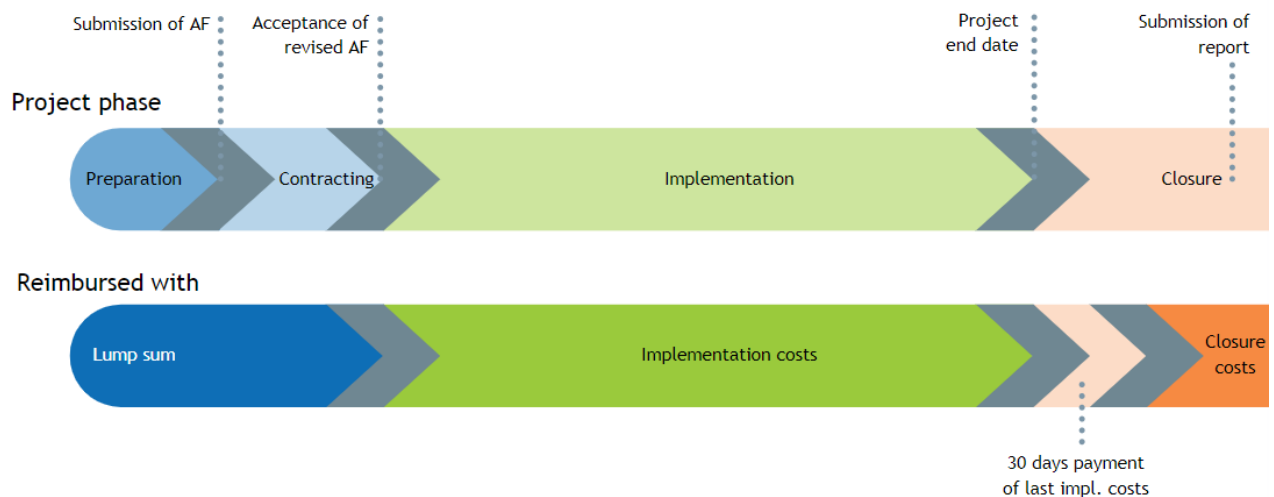


implementation can be paid after this deadline, however not later than the due date of submission of the last joint activity and joint finance reports. Costs paid after these dates shall be regarded as not eligible even if incurred during the project implementation phase.

### Project Closure Phase

Closure costs of a project refer to activities such as the preparation and submission of the last joint activity and joint finance reports and the control of expenditure of the last reporting period. Costs referring to these activities are eligible and must be paid by the deadline for submitting the last joint activity and joint finance reports as set in the subsidy contract. If an extension of the deadline for submission of the mentioned reports is granted by the MA/JS, the postponed date applies. The beneficiary shall provide the respective confirmation received from the MA/JS to the national controller.

The time-wise eligibility of expenditure is visualised in the following figure.



### 1.4.2.6 Simplified Cost Options

So as to substantially reduce any unnecessary administrative burden, the Interreg CE Programme applies a number of simplified cost options (SCOs). A brief summary of the applicable SCOs is available below, with more information provided in the indicated chapters.

#### Lump Sum for Preparation and Contracting Costs

Approved projects which finalise and sign the subsidy contract with the MA are entitled to the reimbursement of their preparation and contracting costs in the form of a lump sum. More information on the terms and conditions of the lump sum can be found in chapter III.1.4.

#### 20% Flat Rate for Staff Costs

Staff costs of the beneficiary can be reimbursed on the basis of a flat rate of 20% of direct costs (i.e. cost categories 4-6) other than staff costs. Under this option, the beneficiary does not need to document that the expenditure has been incurred and paid out. For further requirements applicable to staff costs reimbursed according to a flat rate of 20% refer to chapter I.4.3.1.



### 15% Flat Rate for Office and Administrative Costs

The Interreg CE Programme reimburses office and administrative expenditure according to a flat rate of 15% of eligible direct staff costs. This form of reimbursement is obligatory for all beneficiaries with the exception of those beneficiaries opting for the 40% flat rate for eligible direct costs other than direct staff costs (see below). In such cases, office and administrative costs are already incorporated in the 40% flat rate. For more detailed information about office and administrative expenditure refer to chapter I.4.3.2.

### Flat Rate for Travel and Accommodation Costs

The Interreg CE Programme reimburses travel and accommodation costs solely through a flat rate percentage of eligible direct staff costs. The applicable flat rate is determined according to the country where a beneficiary is located. This form of reimbursement is obligatory for all beneficiaries with the exception of those beneficiaries opting for the 40% flat rate for eligible direct costs other than direct staff costs (see below). In such cases, travel and accommodation costs are already incorporated in the 40% flat rate. For more detailed information about travel and accommodation costs refer to chapter I.4.3.3.

### 40% Flat Rate for Eligible Direct Costs other than Direct Staff Costs

All eligible direct costs of a beneficiary other than staff costs (i.e. cost categories 2-6) can be reimbursed on the basis of a flat rate of 40% of direct staff costs. If this option is selected, the beneficiary does not need to document that the expenditure has been incurred and paid out.

Each beneficiary must choose whether to opt for this flat rate already when drafting the application form. Since staff costs are the basis of this calculation, this option cannot be selected in combination with the 20% flat rate for staff costs.

#### **Example:**

A beneficiary from Italy participating in an Interreg CE project has claimed EUR 50.000 of staff costs in financial reporting period 1. Such costs have been confirmed as eligible by the beneficiary's controller in compliance with general and specific provisions on eligibility of expenditure as outlined in this manual.

The eligible amount for direct costs (other than direct staff costs) claimed in the financial reporting period 1 is calculated as follows:

$$\underline{\underline{\text{EUR } 50.000 * 40\% = \text{EUR } 20.000}}$$



The chart below provides an overview of the three possible combinations of SCOs that can be selected by beneficiaries (unless otherwise specified in the respective ToR of the call):

	PARTNER BUDGET OPTION 1	PARTNER BUDGET OPTION 2	PARTNER BUDGET OPTION 3
Preparation	Lump sum for preparation and contracting costs		
Project Implementation	CC1 Real costs	CC 1 flat rate 20% of other direct costs	CC 1 Real costs
	CC 2 flat rate 15% of CC1	CC 2 flat rate 15% of CC1	All other CCs Flat rate 40% of CC1
	CC 3 flat rate % of CC1 (% is country specific)	CC 3 flat rate % of CC1 (% is country specific)	
	CC 4 Real costs	CC 4 Real costs	
	CC 5 Real costs	CC 5 Real costs	
	CC 6 Real costs	CC 6 Real costs	
Closure	Same as option chosen for project implementation phase		

LEGEND

- CC ..... Cost categories
- ..... Real costs
- ..... Simplified cost options
- ..... Obligatory simplified cost options



### 1.4.3 Cost Categories

The Interreg CE Programme applies six different cost categories (CCs). This chapter gives specific provisions regarding the eligibility, form of reimbursement as well as reporting and audit trail<sup>11</sup> on each of these CCs:

1. Staff costs
2. Office and administrative costs
3. Travel and accommodation costs
4. External expertise and services costs
5. Equipment costs
6. Costs for infrastructure and works

#### 1.4.3.1 Staff Costs (CC1)

##### Definition

Staff costs expenditure consists of the gross employment costs of staff employed by the beneficiary for implementing the project. Staff can either be already employed by the beneficiary or contracted specifically for the project. Staff may be employed vis-à-vis the project by the beneficiary either on a full-time basis (i.e. employee works 100% of their time on the project) or on a part-time basis with a fixed percentage of time per month dedicated to the project.

Expenditure included under this cost category is limited to:

- i. **Salary payments** fixed in an employment document (employment contract or any other equivalent legal agreement that permits the identification of the employment relationship with the partner's organisation) or by law relating to responsibilities specified in the job description of the staff member concerned. Salary payments have to relate to activities which the beneficiary **would not carry out if the project concerned was not undertaken**.
- ii. **Any other costs directly linked to salary payments** incurred and paid by the employer (such as employment taxes and social security including pensions)<sup>12</sup>, provided that they are:
  - Fixed in an employment document or by law;
  - In accordance with the legislation referred to in the employment document and with standard practices in the country and/or institution where the individual staff member is working;
  - Not recoverable by the employer.

Payments to natural persons working for the beneficiary under a contract other than an employment contract may be assimilated to salary payments and such a contract is considered as an employment document. Such costs are eligible if **all** the following conditions are respected:

- The person works under the beneficiary's instructions and, unless otherwise agreed with the beneficiary, on the beneficiary's premises; and
- The result of the work carried out belongs to the beneficiary; and

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<sup>11</sup> For more information on audit trail please see chapter III.3.4.

<sup>12</sup> As covered by Regulation (EC) No 883/2004.



- The costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

The beneficiary has to clarify the above conditions against the applicable national (including institutional) labour rules. The beneficiary is recommended to prior consult with its national controller in order to identify possible risks of ineligibility of such expenditure.

### Forms of Reimbursement

Staff costs of a beneficiary can be reimbursed on the basis of one of the following two options:

- A. **Real costs** where the beneficiary must document that expenditure has been incurred and paid out; or
- B. **Flat rate** of 20% of direct costs other than staff costs (i.e. cost categories 4 to 6), where the beneficiary does not need to document that the expenditure has been incurred and paid out.

Each beneficiary in a project must choose one of the above reimbursement options **already when drafting the application form**. The same reimbursement option will then apply to all staff members of the beneficiary working in this project and it will be set for the entire project duration. The chosen option cannot be changed during project implementation.

### Option A.: Real Costs

#### Additional Eligibility Requirements for Staff Costs Calculated on a Real Costs Basis

For staff costs calculated on a **real costs** basis, the following additional eligibility requirements apply:

- The adequacy of staff costs must always be ensured. When claimed staff costs are not adequate in quality and/or quantity to the realised project deliverables and outputs listed in the approved application form, a flat rate correction may be applied following the principle of proportionality.
- Taxable benefits are only eligible if foreseen in the signed contract, and/or in national and internal regulations, and if they are in line with the employment policy of the beneficiary organisation (ad-hoc regulations applicable only to the project are not allowed). They must be directly linked to the salary payments and figure on the payslip.
- Unjustified ad-hoc salary increases or bonuses for project purposes are not eligible.
- Where foreseen by the employment document, overtime is eligible, provided it is in conformity with national legislation and the standard practice of the beneficiary organisation.
- Staff costs must be calculated individually for each staff member charged to the project.

#### Calculation of Costs for Staff Working Full-time in the Project

For individuals that are employed by the beneficiary to work full-time on the project, the total gross employment costs incurred by the employer are considered as eligible if they are in line with the general provisions on eligibility (see chapter I.4.2.2) and if the above-mentioned additional eligibility requirements for staff costs are determined on a real costs basis. The fact that the individual works full-time on the project has to be clearly stated either in the employment document itself or in a task assignment document (see more detailed information below).



### Calculation of Costs for Staff Working Part-Time with a Fixed Percentage of Time per Month on the Project

For individuals employed by the beneficiary and assigned to work part of their time on the project, eligible costs shall only be calculated as a fixed percentage of working time spent by an employee on the project per month. This percentage should be either directly set in the employment document or in a specific task assignment document (see more detailed information below). The percentage of the assignment has to reflect an employee's related tasks, responsibilities and functions to be performed in the project and shall be individually fixed for each employee.

The percentage cannot change every month. In principle, the fixed percentage could cover the whole project duration, but this percentage may also change provided this is justified due to changes in tasks or responsibilities of the employee. However, the percentage shall remain fixed for an entire financial reporting period (i.e. six months, see chapter III.2.3.3). If the percentage is changed, the employer must issue an amendment to the aforementioned assignment document setting out the fixed percentage of time worked on the project per month.

The reimbursement of staff costs shall then be calculated by applying the percentage stipulated in the working document (and/or the official assignment document of the employee to the project) to the monthly gross employment cost.

#### Example:

- Monthly gross employment costs of the employee working on the project is EUR 5.000,00
- Employee assigned to work 50% of the total working time in the Interreg CENTRAL EUROPE project.

**Staff costs to be claimed = Total monthly salary (gross salary) \* Fixed percentage**

**Staff costs to be claimed = EUR 5.000,00 \* 50% = EUR 2.500,00**

### The Task Assignment Document

The task assignment document is crucial for calculating costs of staff working part-time on the project. However, it can also be set in place for employees working full-time in the project. It might either be part of the employment document or a separate document. In both cases, the task assignment document shall at least:

- Be issued individually for each employee and each project;
- Contain basic information on the project (project title, acronym, partner name, name of the employee);
- Indicate from when the assignment document is applicable and its version number;
- Contain a self-declaration of no double-financing of staff costs (where an employee is involved in other EU/publicly funded projects);
- Provide a description of tasks of the employee in the project, with a proportionate level of detail reflecting the indicated percentage;
- Provide the percentage of working time of the employee on the project per month;
- Be signed by the employer (supervisor, line manager etc.) and the employee.

An example of a task assignment document can be found at the [programme website](#). This example provides the **minimum compulsory requirements** that are needed.



### Audit Trail for Staff Costs Reimbursed on a Real Costs Basis

The following documents constitute the audit trail for staff costs reimbursed on a real costs basis:

- Employment document;
- Job description providing the necessary information on responsibilities related to the project;
- A document clearly stating the intensity of work of the employee on the project, i.e. full time (100%) or the fixed percentage of time worked by the employee on the project. It can be the employment document itself or an official task assignment document (see above);
- Periodic staff report (template available at the [programme website](#)) with a summary description of the tasks carried out and the outputs and deliverables worked on by the employee in the reporting period. The periodic staff report must be signed by both the employee and his/her supervisor;
- Payslips or other documents of equivalent probative value which allow proof of payment of gross employment costs (e.g. extract from a reliable accounting system of the beneficiary, confirmation of tax authority, bank statement).

No separate or individual working time registration system (i.e. timesheet) is needed.

### Option B.: Flat Rate 20% of Direct Costs other than Staff Costs

Instead of the above real costs option, a beneficiary may also opt to calculate staff costs on a flat rate basis. The applicable flat rate is 20% of the beneficiary's direct costs incurred in a financial reporting period (excluding staff). All costs incurred by the beneficiary and validated by the national controller under the following cost categories are to be regarded as direct costs for the purpose of calculating the flat rate:

- External expertise and services costs;
- Equipment expenditure;
- Costs for infrastructure and works.

Documented direct costs that form the basis for the staff costs calculation must be incurred and paid by the partner institution as real costs and must not include any indirect costs that cannot be directly and fully allocated to the project.

If in the framework of controls and audits described in chapter III.3, direct costs used as calculation basis for determining staff costs are found to be ineligible, the determined costs for staff must be re-calculated and reduced accordingly. Given that office and administrative costs (CC2) and travel and accommodation costs (CC3) are calculated as a flat rate of staff costs, and are not calculated on a real costs basis, this type of expenditure is not included in the calculation of the 20% flat rate of direct costs.

Each beneficiary must already choose in the application form whether to apply this option for the reimbursement of staff costs. The chosen reimbursement option will apply to all staff members of the beneficiary working on the project and it will be set for the entire project duration. The chosen option cannot be changed during project implementation.



**Example:**

A beneficiary participating in an Interreg CE project chose the 20% flat rate calculation method for staff cost in the application form. In the financial reporting period 1, the beneficiary incurred and reported the following direct costs, which were confirmed to be eligible by the beneficiary's controller in compliance with general and specific provisions on eligibility of expenditure:

External expertise and services:	EUR 15.500,00
Equipment:	EUR 1.500,00
Total amount:	EUR 17.000,00

The eligible amount for staff costs claimed in the financial reporting period 1 is then calculated as follows:

$$\underline{\underline{\text{EUR } 17.000,00 * 20\% = \text{EUR } 3.400}}$$

**Audit Trail for Staff Costs Calculated as a Flat Rate**

For staff costs calculated through the flat rate, beneficiaries do not need to document that the expenditure for staff costs has been incurred and paid or that the flat rate corresponds to reality. Accordingly, no documentation on staff costs needs to be provided to the controller.

However, the beneficiary has to demonstrate that **at least one employee is involved in the project**. This is certified through a self-declaration issued by the beneficiary's legal representative (or delegated person).

Small companies that employ no staff and in which work is provided by the company's owner(s), the legal representative of the company has to issue a self-declaration certifying that the owner(s) of the company directly worked in the project.

### 1.4.3.2 Office and Administrative Costs (CC2)

**Definition**

Office and administrative costs covers operating and administrative expenses of the beneficiary that are necessary for the implementation of the project. Since office and administrative expenditure is calculated through a flat rate (see below), no distinction is made between direct and indirect costs in this cost category.

Office and administrative costs shall be limited to the following elements:



- a. Office rent;
- b. Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
- c. Utilities (e.g. electricity, heating, water);
- d. Office supplies;
- e. Accounting;
- f. Archives;
- g. Maintenance, cleaning and repairs;
- h. Security;
- i. IT systems (operating/administrative IT services of general nature);
- j. Communications (e.g. telephone, internet, postal services, business cards);
- k. Bank charges for opening and administering the account or accounts where the implementation of the project requires a separate account to be opened; and
- l. Charges for transnational financial transactions.

The above list is exhaustive and costs of all listed items are included in the flat rate. Accordingly, cost items accounted under the office and administrative cost category **cannot be reimbursed under any other cost category**.

### Form of Reimbursement

The Interreg CE Programme reimburses office and administrative costs according to a flat rate of 15% of eligible direct staff costs.

Office and administrative costs are calculated as a flat rate regardless of the form of reimbursement applied under the staff costs category (CC1). If a beneficiary accounts staff costs through a flat rate of 20% of direct costs (excluding staff), this amount is the basis for the calculation of office and administrative expenditure.

In case the beneficiary selected the 40% flat rate for the calculation of eligible direct costs other than direct staff costs (see chapter 1.4.2.6), then the said 40% also cover office and administrative costs.

#### Example:

A beneficiary of an Interreg CE project claimed EUR 10.000 of staff costs in financial reporting period 1. The costs were confirmed as eligible by the beneficiary's controller in compliance with general and specific provisions on eligibility of expenditure.

The eligible amount for office and administrative expenditure claimed in the financial reporting period 1 is then calculated as follows:

$$\underline{\underline{\text{EUR } 10.000 * 15\% = \text{EUR } 1.500}}$$



## Audit Trail for Office and Administrative Costs

Beneficiaries do not need to document that expenditure for office and administrative costs have been incurred and paid or that the flat rate corresponds to reality. Accordingly, no documentation on office and administrative costs needs to be provided to the controller or kept for further controls.

If, in the framework of controls and audits described in chapter III.3, direct staff costs which were used as calculation basis for determining office and administrative expenditure are found to be ineligible, the amount of office and administrative expenditure must be re-calculated and reduced accordingly.

### 1.4.3.3 Travel and Accommodation Costs (CC3)

#### Definition

This cost category refers to the expenditure for travel and accommodation of staff of the beneficiary for missions that are necessary for the project implementation, regardless whether such costs refer to missions taking place inside or outside the programme area.

Travel and accommodation costs shall be limited to the following elements:

- Travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
- Costs of meals;
- Accommodation costs;
- Visa costs;
- Daily allowances.

This list is exhaustive and costs of all listed items are included in the flat rate. Accordingly, cost items accounted under the travel and accommodation cost category **cannot be reimbursed under any other cost category**.

#### Form of Reimbursement

The Interreg CE Programme reimburses travel and accommodation costs only according to a flat rate of eligible direct staff costs. This flat rate is set at country level, meaning that beneficiaries located in a certain country shall calculate travel and accommodation costs according to the flat rate of their country. In case of EGTCs, the applicable rate is the one of the country in which it is registered.

The table below provides the applicable flat rate for each Interreg CE Member State:



Country	Flat rate
Austria	5%
Croatia	11%
Czech Republic	7%
Germany	5%
Hungary	8%
Italy	6%
Poland	9%
Slovakia	6%
Slovenia	6%

For those beneficiaries located in an EU Member State not participating in the Interreg CE Programme, the applicable flat rate is 5%.

Travel and accommodation costs are calculated as a flat rate regardless of the form of reimbursement applied under the staff costs category. If a beneficiary accounts staff costs through a flat rate of 20% of direct costs (excluding staff), this calculated staff costs amount is the basis for the calculation of travel and accommodation costs.

In case the beneficiary selected the 40% flat rate for the calculation of eligible direct costs other than direct staff costs (see chapter I.4.2.6), the 40% also covers travel and accommodation costs.

**Example:**

A beneficiary from **Hungary** participating in an Interreg CE project claimed EUR 10.000 of staff costs in financial reporting period 1. Such costs were confirmed as eligible by the beneficiary's controller in compliance with general and specific provisions on eligibility of expenditure.

The eligible amount for travel and accommodation costs claimed in the financial reporting period 1 is calculated as follows:

$$\underline{\underline{\text{EUR } 10.000 * 8\% = \text{EUR } 800}}$$

Travel and accommodation costs of external experts and service providers are reimbursed under the external expertise and services cost category. The same applies to travel and accommodation costs of staff of institutions acting as associated partners.

**Audit Trail for Travel and Accommodation Costs**

Beneficiaries do not need to document that the expenditure for travel and accommodation costs has been incurred and paid or that the flat rate corresponds to reality. Accordingly, no documentation related to travel and accommodation costs needs to be provided to the controller or kept for further controls.

If, in the framework of controls and audits described in chapter III.3, direct staff costs used as the calculation basis for determining travel and accommodation costs are found to be ineligible, the amount of travel and accommodation costs must be re-calculated and reduced accordingly.



#### 1.4.3.4 External Expertise and Services Costs (CC4)

##### Definition

External expertise and services can be provided by a public or private body or a natural person outside of the beneficiary organisation. External expertise and services costs are paid on the basis of contracts or written agreements and against invoices or requests for reimbursement to external experts and service providers who are sub-contracted to carry out certain tasks or activities linked to the implementation of the project.

Expenditure under this cost category shall be limited to the following elements:

- a) Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- b) Training;
- c) Translations;
- d) Development, modifications and updates to IT systems and website;
- e) Promotion, communication, publicity or information linked to a project;
- f) Financial management;
- g) Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- h) Participation in events (e.g. registration fees);
- i) Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- j) Intellectual property rights;
- k) Verification and validation of expenditure carried out by authorised national controllers;
- l) Provisions of guarantees by a bank or other financial institution where required by EU or national law or in the programme manual;
- m) Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- n) Other specific expertise and services needed for the project.

This list is exhaustive. Accordingly, cost items accounted under the external expertise and services cost category **cannot be reimbursed under any other cost category.**

##### Form of Reimbursement

External expertise and service costs are reimbursed by the programme on a real costs basis.

##### Additional Eligibility Requirements

In addition to the general provisions on eligibility (see chapter 1.4.2.2), the following applies:



- External expertise and services must be clearly and strictly linked to the project and be essential for its effective implementation;
- Eligibility of costs for external expertise and services is subject to the full respect of EU, national and programme procurement rules (see chapter I.4.4.1);
- Where applicable, deliverables produced by experts or service providers must respect the relevant branding requirements (see chapter I.4.2.2);
- External expertise and services have to be clearly foreseen in the application form or must have been agreed by the MA/JS beforehand in order to be considered as eligible. A prior approval of the MA/JS is not needed if amounts are below the threshold of the “budget flexibility rule” (see chapter III.4) applicable to this cost category;
- Promotional materials are eligible only if referring to items included in the programme pre-defined list of eligible materials (see chapter I.4.4.2) or if previously approved by the MA/JS;
- Complementary activities to events (e.g. site visits) must have clear and demonstrable project relevance, otherwise costs linked to them are not eligible;
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the beneficiary and the expert or service provider, supported by invoices are eligible but depend on later confirmation that the service has been properly and timely delivered;
- Travel and accommodation costs of staff of associated partners as well as of external speakers and external participants in project meetings and events must be incurred and paid by project beneficiaries and have to be accounted for under this cost category. Such costs must comply with applicable national and institutional rules about travel and accommodation;
- Gifts are not eligible;
- Sub-contracting between partners of a same project is not allowed.

### Audit Trail for External Expertise and Services Costs

The following documents must be provided to the controller:

- Evidence of the selection procedure (if applicable), in line with EU, national or programme procurement rules, depending on the amount contracted and the type of beneficiary (see chapter I.4.4.1).
- Contract or written agreement laying down the services to be provided with a clear reference to the project and the programme. For experts paid on the basis of a daily or hourly fee, the applicable daily or hourly rate together with the number of days or hours contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented.
- Invoice or request for reimbursement providing all relevant information in line with the applicable accountancy rules as well as references to the project and the programme and a detailed description of the services provided in line with the contents of the contract. For experts paid on the basis of a daily or hourly fee, the invoice must include a clear quantification of the days or hours charged, the price per unit and the total price.
- Deliverables produced (e.g. studies, promotional materials) or, where applicable, documentation of the delivery (e.g. for events an agenda, list of participants, photo-documentation, etc.).
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, a bank statement).



### 1.4.3.5 Equipment Costs (CC5)

#### Definition

This cost category refers to expenditure incurred by a beneficiary for equipment purchased, rented or leased other than those covered by the cost category “office and administrative costs”, which is necessary for the implementation of the project. This includes costs of equipment already in possession by the beneficiary and used to carry out project activities.

Costs of equipment shall be limited to the following elements:

- a) Office equipment;
- b) IT hardware and software;
- c) Furniture and fittings;
- d) Laboratory equipment;
- e) Machines and instruments,
- f) Tools or devices;
- g) Vehicles;
- h) Other specific equipment needed for the project

This list is exhaustive. Accordingly, cost items accounted under this cost category **cannot be reimbursed under any other cost category**.

It is to be noted that the purchase of consumables that do not fall under the definition of office and administrative costs (CC2) and that are necessary for the use of laboratory equipment or machines and instruments (points d and e) is eligible and should be included under this cost category (CC5).

Purchase costs of second-hand equipment may be eligible if no other assistance has been received for it from Interreg funds or other EU subsidies; if its price does not exceed the generally accepted price on the market in question; and if it has the technical characteristics necessary for the project and it complies with applicable norms and standards.

#### Form of Reimbursement

Equipment expenditure is reimbursed by the programme on a real costs basis.

#### Additional Eligibility Requirements

In addition to the general provisions on eligibility, the following applies:

- Equipment must be clearly linked to the project and be essential for its effective implementation;
- Eligibility of costs for equipment is subject to the full respect of EU, national and programme procurement rules (see chapter I.4.4.1);
- Equipment items have to be duly described in the application form or must have been agreed upon with the MA/JS beforehand in order to be considered as eligible. A prior approval of the MA/JS is not needed in case of amounts below the threshold of the “budget flexibility rule” (see chapter III.4) applicable to the equipment cost category;



- Equipment expenditure cannot refer to items already financed by other EU or third party subsidies and must not be already depreciated;
- Where applicable, equipment items must respect the relevant branding rules (see chapter I.4.4.2);
- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the beneficiary and the supplier, supported by receipted invoices are eligible but depend on later confirmation that the equipment has been properly and timely delivered;
- Equipment cannot be purchased, rented or leased from another partner within the project.

The full purchase cost of the equipment can be regarded as eligible. However, also depreciation is eligible if in line with national rules on the matter.

Equipment for which the exclusive use in the project cannot be demonstrated shall be charged pro-rata on the basis of a transparent method set in place by the beneficiary for allocating the share of use in the project.

In principle, equipment used for project management should be bought at the early stages of project implementation.

#### Audit Trail for Equipment Costs

The following documents must be provided to the controller:

- Evidence of the selection procedure, in line with EU, national or programme procurement rules, depending on the amount contracted and the type of beneficiary (see chapter I.4.4.1);
- Contract or written agreement laying down the services or supplies to be provided with a clear reference to the project and the programme. For contracts including also daily or hourly fees, the applicable daily or hourly rate together with the number of days or hours contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented;
- Invoice (or a supporting document having equivalent probative value to invoices) providing all relevant information carried out in line with the contents of the contract, the applicable national accountancy rules and internal accountancy policies of the beneficiary and, where applicable, bearing references to the project and the programme. For contracts including also a daily or hourly fee, the invoice must include a clear quantification of the days or hours charged, the price per unit and the total price;
- In case depreciation is applied, a calculation scheme of depreciation;
- In case the equipment is charged pro-rata, the method set in place for allocating the share of use in the project;
- Photo documentation or any other means required to prove the existence of the equipment;
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, a bank statement).

#### I.4.3.6 Costs for Infrastructure and Works (CC6)

##### Definition

Costs for infrastructure and works shall be limited to the following elements:





- a) Building permits;
- b) Building material;
- c) Labour;
- d) Specialised interventions (e.g. soil remediation, mine-clearing)

The above list is exhaustive. Cost items accounted under this cost category (CC6) **cannot be reimbursed under any other cost category.**

Costs for infrastructure and works may either refer to an object (e.g. a building) that will be set up ex-novo or to the adaptation of an already existing infrastructure. In any case these costs are only eligible if complying with programme requirements for investments (see chapters I.3.3.3 and II.2.1.2).

Costs of feasibility studies, environmental impact assessments, architectural or engineering activities and any other expertise needed for the realisation of the infrastructure, shall be allocated under the cost categories “Staff costs” or “External expertise and services costs” (depending whether carried out internally by the beneficiary or with the support of external suppliers).

### Form of Reimbursement

Costs for infrastructure and works are reimbursed by the programme on a real costs basis.

### Additional Eligibility Requirements

In addition to the general provisions on eligibility, the following applies:

- Costs must be clearly linked to the project and be essential for its effective implementation;
- Costs for infrastructure and works have to be in line with the approved application form or, must have been agreed with the MA/JS beforehand in order to be considered as eligible;
- Full costs for infrastructure and works within the project are eligible;
- Costs for infrastructure and works outside the Interreg CE programme area are not eligible;
- Eligibility of costs is subject to the respect of EU, national and programme procurement rules (see chapter I.4.4.1);
- Depending on the nature of the intervention to be carried out, all compulsory requirements set by EU and national legislation on environmental policies, must be fulfilled;
- Where applicable, works must have been previously authorised by national/regional/local authorities (building permits);
- The land or buildings where works will be carried out must be in the ownership of the beneficiary or the beneficiary must have set in place long-term legally binding arrangements in order to fulfil durability (including maintenance) requirements;
- Infrastructure and works expenditure cannot refer to items financed by other EU or third party subsidies and must not be already depreciated;
- In case of infrastructure and works that are part of a larger infrastructural investment funded through other sources, the part realised by the Interreg CE project must be clearly and univocally identifiable;
- Where applicable, infrastructure and works realised by the project must respect the relevant branding requirements (see chapter I.4.4.2);
- Requirements concerning durability, including ownership and maintenance, as provided for in chapter III.5, apply to infrastructure funded within a project;



- Contractual advances in accordance with normal commercial law and practice, stipulated in a contract between the beneficiary and the provider and supported by receipted invoices are eligible but depend on later confirmation that infrastructure and works have been properly and timely executed.

#### Audit Trail of Costs for Infrastructure and Works

The following documents must be provided to the controller:

- Legal documents specifying the ownership or long-term arrangement for the land or buildings where the works will be carried out;
- Where applicable, necessary permits for the execution of the works, issued by the national/regional/local relevant authorities;
- Evidence of the appropriate selection procedure, in line with EU, national or programme procurement rules, depending on the nature of the concerned works, the amount contracted and the type of beneficiary (see chapter I.4.4.1);
- Contract or written agreement laying down the supplies or services to be provided with a clear reference to the project and the programme. For contracts including also a daily or hourly fee, such fee together with the number of days or hours contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented;
- Invoice (or a supporting document having equivalent probative value to invoices) providing all relevant information in line with the applicable accountancy rules as well as references to the project and the programme and a detailed description of the infrastructure or works carried out in line with the contract. For contracts including also a daily or hourly fee, the invoice must include a clear quantification of the days or hours charged, the price per unit and the total price;
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, a bank statement).

## I.4.4 Horizontal Policies

### I.4.4.1 Procurement Rules

#### General Principles

The acquisition of works, supplies or services from economic operators by means of a public contract is subject to rules on public procurement. This secures transparent and fair conditions for competing on the common market and shall be followed by the beneficiaries when procuring services, works or supplies.

Rules differ depending on the kind of goods or services to be procured, the value of the purchase and the legal status of the awarding institution. Rules are set at the following levels:

- EU rules as set by the applicable directives on the matter;
- National rules<sup>13</sup>;
- Programme rules.

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<sup>13</sup> National rules include laws on public procurement, related delegated or implementing acts or any other generally applicable legally binding rules and decisions.



In addition to what is set out in procurement laws, all other relevant laws related to procurement (e.g. rules on contracting, intellectual property, business law, competition law etc.) are to also be observed.

Failure to comply with procurement rules set out at EU, national or programme level will have financial consequences. The Interreg CE Programme follows the “Guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement”<sup>14</sup> by applying correction rates based on the type and significance of the non-compliance.

It is strongly recommended to become familiar with the applicable procurement rules and, if necessary, to seek advice of procurement experts or national controllers early enough before launching a public procurement procedure.

More information on EU rules on public procurement, including on applicable EU thresholds, can be found at [https://ec.europa.eu/growth/single-market/public-procurement\\_en](https://ec.europa.eu/growth/single-market/public-procurement_en), while information on national rules on public procurement can be found on the websites of competent institutions on the matter.

Particular attention should be paid to the concept of a “sufficient degree of advertising” as included in various court rulings and communications by the EC. This concept implies that for contracts which are not (or not fully) subject to the public procurement directives, there is - besides the requirement to follow the national law - also the need to determine the existence of a certain transnational interest. For more information on this concept see the [Commission Interpretative Communication No 2006/C 179/02](#) .

### Programme Rules on Procurement

In order to guarantee a harmonised standard in contracting procedures across the programme area and to accomplish sound financial management principles, the Interreg CE Programme requires beneficiaries to give evidence of adequate market researches for contracting amounts **between EUR 10.000,00 (excl. VAT) and the threshold set by the applicable EU and national rules.**

This means that in such cases, **unless stricter national rules apply**, beneficiaries must provide evidence of an adequate market research (e.g. through collecting bids, using centralised e-procurement services). This allows to collect sufficient information on the relevant market and for sound comparison of offers in terms of price or quality and a profound assessment of the adequacy of the price.

For contracts having a value **below EUR 10.000 (excl. VAT) or below the national threshold (if stricter than the programme rule)**, the adequacy of costs must always be ensured. However, in such cases beneficiaries do not have to give evidence of a specific selection procedure.

### Scope of Application of Public Procurement Rules

As mentioned above, different rules apply. Their applicability might depend, among others, on the legal status of the awarding institution. In this regard the following is to be kept in mind:

- Public authorities and other institutions falling under the scope of procurement laws (including international organisations) must comply with the applicable rules on public procurement.
- Unless stricter rules apply, institutions not falling under the scope of public procurement laws (e.g. private institutions) must provide evidence of an adequate market research (e.g. through collecting bids), for estimated contract values above EUR 10.000,00 (excl. VAT), as described above.

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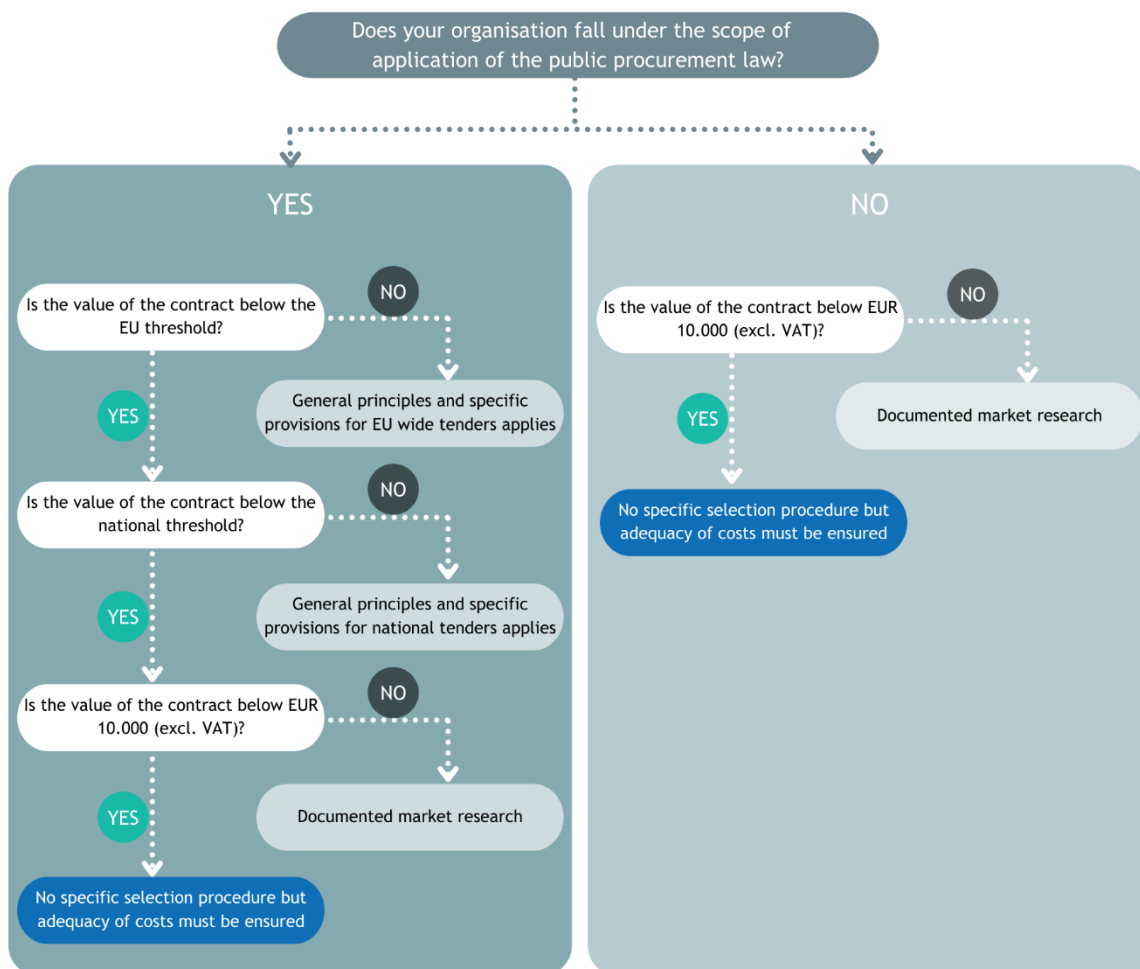
<sup>14</sup> Annex to Commission Decision C (2019) 3452 final of 14.05.2019



## Selection of the Awarding Procedure

Beneficiaries must choose the appropriate procedure on the basis of an accurate assessment of the value of the future contract, keeping in mind that the artificial splitting of contracts in order to remain below a certain threshold violates the law. The (appropriate) estimated value of a contract is the basis for the selection of the procurement procedure to be conducted and accordingly determines the range of the publicity required for the respective procurement.

Once the value of a contract is determined, the following decision tree supports the choice of procedure to be applied.



## Conflict of Interest

A conflict of interest exists where the impartial and objective exercise of the functions of a financial actor or other person, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient. Each beneficiary is responsible for ensuring that appropriate measures are taken to minimise any risk of conflict of interest during the procurement process.

Although the character of conflicts of interest can be diverse depending on the parties, types of the relationships and interests involved, transparency of the decision-making process and fair treatment for all tenderers is to be ensured. Special attention should be given to cases where project staff is also involved in



external companies participating in the tenders organised by the respective project partner. In any case, measures need to be carefully analysed to minimise any possible risk of conflict of interest.

A comprehensive guidance on the avoidance and management of conflicts of interest is available at [https://ec.europa.eu/info/strategy/eu-budget/protection-eu-budget/conflict-interest\\_en](https://ec.europa.eu/info/strategy/eu-budget/protection-eu-budget/conflict-interest_en).

### Exemption from Procurement Rules

The following exemptions from procurement rules apply:

- **In-house contracting:** Requirements from the latest EU Directive on public procurement<sup>15</sup> imply that:
  - The contracting authority exercises over the contracted in-house body a control, which is similar to that which it exercises over its own departments;
  - More than 80% of the activities of the controlled body are carried out for the controlling contracting authority;
  - There is no direct private capital participation in the controlled body.<sup>16</sup>
- When all the above conditions for an in-house contracting are met, the in-house body can be contracted by the beneficiary through a direct award. Costs of the contracted in-house body must always be charged on a real costs basis or using Simplified Cost Options (SCOs) in the same way as the project partner. Such costs shall be accounted under each relevant cost category, according to the nature of the service provided, as well as under the same general and specific provisions on eligibility, reporting and audit trail as provided for in this manual.
- **Contracts for cooperation between public bodies:** Requirements deriving from the EU Directive on public procurement also apply in this case.<sup>17</sup>

### Project Partners vs. External Experts or Providers

The Interreg CE Programme does not allow project partners to contract each other to carry out project activities. At the same time, organisations must not be incorporated into the partnership with the intention to undermine procurement laws. This in particular concerns bodies whose main scope of activities, within their business profile as well as their project role, consists of project coordination, management, communication, knowledge management or other activities that are of a mere executive or supporting character (i.e. service providers).

#### 1.4.4.2 Branding and Visibility

Co-funded projects have to acknowledge and promote the ERDF support received in all their activities.<sup>18</sup> The approach to harmonise branding across the programme, including all project branding, has been a cornerstone of communication in Interreg CE since 2014. It has helped to facilitate project branding, reduce costs and help raise awareness on activities and results reached with ERDF support.

This approach is continued and **projects are obliged to follow the programme's brand design in all activities.**

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<sup>15</sup> Article 12 of Directive 2014/24/EU of the European Parliament and of the Council of 26.02.2014.

<sup>16</sup> With the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled body.

<sup>17</sup> Article 12 of Directive 2014/24/EU of the European Parliament and of the Council of 26.02.2014.

<sup>18</sup> Article 47 of Regulation (EU) 2021/1060 (CPR).



## Use of Project Logo

**Project logos are based on the programme logo.** These logos respect all requirements set out in the EU regulations 2021/1059 and 2021/1060 and are provided by the programme to the projects.

Projects are under no circumstance allowed to develop their own project logos. However, specific logos might be considered for outputs with a lifetime that goes well beyond the project duration. In such rather exceptional cases, prior approval of the MA/JS has to be requested before the activity is implemented.

Project logos have to be placed on the front cover of all publications and documents. In videos, the logo has to be integrated in a reasonable size at the beginning as well as at the end of the video. On websites and their subpages, online and smartphone applications, social media channels and other digital platforms, the logo has to be positioned in a place which is visible on top without scrolling or clicking. On other communication products such as conference bags or exhibition roll-ups, it also has to be placed in a prominent place.

The size of the logo should be reasonable and recognizable. If other logos are displayed in addition to the project logo, the project logo has to be placed on the same page (or surface) as the other logos.

**Please note that the European Union flag emblem - which forms an integral part of the project logo - shall not be smaller than the size of the biggest logo displayed on a same page (or surface), measured either in height or width.** Please consult with the JS if in doubt about combining logos.

In addition to the project logo, projects receive a **project brand manual with non-binding design templates** for publications, plaques, posters, promotional materials etc. All logos and design templates are provided in common digital file formats. However, project communication managers still need to have a basic design expertise for laying out plaques, posters, publications and other communications products.

## Branding Infrastructure and Construction Measures

Where the total cost of a project that carries out a physical investment or the purchase of equipment exceeds EUR 100.000, it is obligatory to display **durable plaques or billboards** as soon as the physical investment starts or purchased equipment is installed. The plaques or billboards need to be clearly visible to the public.

In addition to information on the ERDF support received by the project and the contact details of the responsible partner (name, address, e-mail and website), billboards and permanent plaques have to be made up of:

- Project logo;
- Description of the main project objective and the objective of the supported activity including the address of the project website.

Where the total cost of a project that carries out a physical investment or the purchase of equipment does not exceed EUR 100.000, at least one poster (minimum size A3) or an equivalent electronic display has to be placed on the site, or (if not possible) at a place nearby readily visible to the public. The poster has to include information about the project as listed above.

## Branding Promotional Products

Awareness-raising on a project is the most common reason for purchasing promotional items (give-aways or gadgets). They can be used at events, such as exhibitions and conferences, or in broader awareness campaigns.



Promotional items are by definition produced in larger quantities and come custom-printed with the project logo. They are usually relatively small and inexpensive. Their production has to respect horizontal principles of equal opportunities, non-discrimination, sustainable development and environment protection (see below).

While almost any product can be branded with a project logo and used for promotion, the Interreg CE Programme provides an exhaustive list of common promotional items. The **production of promotional items not included in the list below needs a prior approval by the MA/JS, otherwise they are not eligible:**

- Pens and pencils;
- (Paper) Notebooks;
- Bags (made of sustainable materials like cotton, paper or linen);
- Roll-ups.

Attention: Please note that the above list relates to promotional materials only and does not affect print publications such as brochures, leaflets, postcards, or posters. Projects can produce any kind of print publication as long as it respects the branding rules. Their production does not require prior approval from the MA/JS.

#### Financial Consequences Linked to Branding

Please note that projects risk financial consequences when they disregard EU and programme branding requirements. If amendments to violated requirements are not possible, the MA/JS may cancel up to 2% of the ERDF co-financing granted to the beneficiary concerned. The financial cuts will be applied to the concerned partner(s) and take into account the principle of proportionality considering the infringement.

### 1.4.4.3 State Aid

#### The Notion of State Aid

Public support granted by the Interreg CE Programme must comply with State aid rules. According to Article 107 of the Treaty on the Functioning of the European Union, State aid is defined as “*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*”, therefore affecting trade between Member States.

In practical terms, State aid applies when **all five criteria** listed below are met:

- The recipient of the aid is an “**undertaking**”, which is carrying out an **economic activity** in the context of the project.
- The aid **comes from the State**, which is always the case for any Interreg programme.
- The aid gives an **economic advantage** (a benefit), which an undertaking would not have obtained under normal market conditions.
- The aid is **selectively** favouring certain undertakings or the production of certain goods.
- The aid **distorts** or threatens to distort **competition** and affects trade within the European Union.



It is to be noted that the Interreg CE Programme does not support **undertakings in difficulty**<sup>19</sup>, unless authorised under *de minimis* aid or temporary State aid rules established to address exceptional circumstances.

Furthermore, State aid cannot be granted to **export-related activities** and aid contingent upon the use of domestic over imported good<sup>20</sup>. Comprehensive information on State aid can be found on the [DG Competition website of the European Commission](#), where also a guideline on the notion of State aid is available<sup>21</sup>. Also relevant national or regional authorities may be consulted to obtain more specific information on rules and limitations concerning State aid (further information might be available on the web pages of the [National Contact Points](#), at the [programme website](#)).

## State Aid in the Interreg CE Programme

### State Aid Assessment and Contractual Conditions

Submitted application forms undergo a specific “State aid assessment” focusing on the five criteria listed above, with particular attention to the assessment of the status as “undertaking” (Criterion 1) of the partners (i.e. the lead partner or any project partner) and of the existence of an economic advantage for the undertaking (Criterion 3).

The results of this assessment may lead to one or more of the following scenarios:

- **No State aid relevance.** In this case no contractual conditions are set on State aid.
- **Risk of State aid that can be removed.** In this case, specific obligations are included in the subsidy contract in order to eliminate the State aid cause (e.g. wide dissemination, also to competitors, of certain project outputs).
- **Direct State aid granted to one or more partners.** In this case the entire budget allocated to the concerned partner is regarded as State aid granted under the General Block Exemption Regulation (GBER)<sup>22</sup> or, in exceptional cases, under *de minimis*<sup>23</sup> (see below).
- **Indirect State aid granted to third parties** outside the project partnership. In this case, a contractual condition setting a threshold to the aid granted to third parties is set (see below).

Please note: If the State aid assessment determines that activities to be carried out by partners located in EU Member States outside the programme area are State aid relevant, **the participation of these partners will finally not be allowed.**

During the implementation of the project, the MA/JS verify that contractual conditions on State aid are fulfilled by the concerned partners (see chapter III.2.3).

Restrictions might apply to the possibility to modify the project if its activities are assessed as State aid relevant. Furthermore, additional contractual conditions on State aid may be given to projects in case of project modifications assessed as State aid relevant.

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<sup>19</sup> As defined in point (18) of Article 2 of Regulation (EU) No 651/2014 in its latest version.

<sup>20</sup> In compliance with points (c) and (d) of Article 1(2) of Regulation (EU) No 651/2014 in its latest version.

<sup>21</sup> [https://ec.europa.eu/competition-policy/state-aid/legislation/notion-aid\\_en](https://ec.europa.eu/competition-policy/state-aid/legislation/notion-aid_en)

<sup>22</sup> Regulation (EU) No 651/2014 as further amended.

<sup>23</sup> Regulation (EU) No 1407/2013 as further amended.





### Direct Aid Granted under GBER

GBER allows to implement a wide range of public support measures without prior notification to the EC as long as all criteria given in the regulation are fulfilled. It includes a block exemption for aid granted in the context of Interreg projects (GBER Article 20).<sup>24</sup> The Interreg CE Programme grants direct State aid under this exemption, for which the Interreg CENTRAL EUROPE 2021 - 2027 aid scheme has been set up. The aid granted by the programme amounts to **the whole ERDF budget of the concerned partner(s)**, up to a ceiling of 2,2 million EUR of total public contribution per partner and per project. The full text of the scheme is available under the documents section of the [programme website](#).

It is very important to note that partners receiving the ERDF from the programme under the GBER regime **cannot receive any additional public contributions to their budgets**.

Partners wishing to apply for any public co-financing scheme for their project budget will receive ERDF from the programme under the *de minimis* regime (see below). Such partners shall include information on applications for an additional public contribution in section B.1.8 of the application form.

### Direct Aid Granted under De Minimis

As an exceptional measure, for partners receiving an additional public contribution to their budgets, the programme may grant the ERDF under the *de minimis* regime. The aid is granted by the Member State Austria and it **amounts to the whole ERDF budget of the concerned partner**, as indicated in the application form. Granting aid under *de minimis* implies that partners can receive funds from the programme only if they did not receive public aid under the *de minimis* rule totalling more than EUR 200.000 within the previous three fiscal years from the date of granting the aid by the Member State Austria.<sup>25</sup> This threshold is reduced to EUR 100.000 in the road freight transport sector. The Interreg CE Programme **does not grant *de minimis* aid to primary production of agricultural products, nor to aquaculture and fisheries sectors.**

The *de minimis* thresholds counts per “**single undertaking**”<sup>26</sup>. In case a project partner is part of a group, the entire group is therefore considered as one single undertaking and the *de minimis* threshold applies to the entire group. This could be for example the case of a company owning (or controlling) one or more companies, or the different departments of a university.

Public aid considered by the programme for the applicable *de minimis* threshold comprises all aid granted by Austrian national, regional or local authorities, regardless of whether the resources are provided from domestic sources or are partly financed by the European Union.

As a consequence, partners carrying out State aid relevant activities in the project **might have a reduction of the ERDF granted by the programme** in order to ensure the respect of the applicable *de minimis* thresholds.

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<sup>24</sup> Article 20 of Regulation (EU) No 651/2014 as amended by Regulation (EU) No 2021/1237.

<sup>25</sup> Date of signature of the subsidy contract.

<sup>26</sup> Article 2(2) of Regulation (EU) No 1407/2013 on *de minimis* aid precisely defines the principle of single undertaking.

**Example:**

A private company located in Austria and acting in the IT sector has applied for funding in an Interreg CE project. The total budget of this company in the project is EUR 200.000, out of which the ERDF support amounts to EUR 160.000 (80 % ERDF co-financing). The company will co-finance its project budget (EUR 40.000) through own resources.

This company also received a national grant of EUR 50.000 under the de minimis rule in the same year in which it applied for funding by the Interreg CE Programme.

According to the de minimis limitation of up to EUR 200.000 of public contribution in three fiscal years, the ERDF granted by the Interreg CE Programme to this company shall respect such de minimis threshold. The public contribution that can be granted to this company at the date of signing the subsidy contract amounts to:

$$\text{de minimis threshold (EUR 200.000) - public contribution already received (EUR 50.000) = EUR 150.000}$$

Accordingly, the ERDF contribution granted by the programme amounts to EUR 150.000 instead of EUR 160.000.

If this company was located in Germany instead of Austria and - in turn - was receiving the national grant of EUR 50.000 by Germany, the ERDF granted by Austria through the Interreg CENTRAL EUROPE Programme would have remained EUR 160.000 since the ceiling to the accumulation of de minimis aid applies “per Member State”.

### Indirect Aid Granted to Third Parties

Project activities might result in advantages granted to undertakings outside the project partnership that they would not have received under normal market conditions. This might be the case, for example, of free of charge services, training, or consultancy to companies. In such cases, the aid is granted to third parties who are the final beneficiaries of project activities. This aid is granted under GBER Article 20a<sup>27</sup>, referring to exemption for aid of limited amount in the context of Interreg.

Aid granted under GBER Article 20a to an undertaking that is the final beneficiary of project activities **cannot exceed EUR 22.000**. The amount of aid granted to each final beneficiary is to be determined by the concerned partners prior to the implementation of project activities (or part thereof) that are affected by indirect aid, and it shall be approved by the MA/JS.<sup>28</sup> An ex-post approval of the determined amount of aid to final beneficiaries may be granted by the MA/JS in exceptional and duly justified cases.

<sup>27</sup> Article 20a of Regulation (EU) No 651/2014, introduced by the amending Regulation (EU) No 2021/1237.

<sup>28</sup> Partners are advised to check national legislation and procedures related to aid to third parties, as these might apply even if the programme applies Article 20a GBER.



#### 1.4.4.4 Fundamental Rights, Gender Equality Equal Opportunities and Non-Discrimination

Projects and partners have to respect the fundamental rights<sup>29</sup> as well as the horizontal principles of **equal opportunity, non-discrimination and gender equality** during all phases of the project lifecycle, i.e. from its design and preparation to its implementation and reporting. In case of non-compliance with the fundamental rights and principles, the institution at fault will be removed from the partnership and any ERDF funds paid to the institution will be recovered in accordance with chapter III.2.6.

Throughout the project lifetime, it has to be ensured that equality between women and men, gender mainstreaming and the integration of a gender perspective are taken into account and promoted. Projects have to describe their specific contributions to horizontal principles in the application form. This will then be assessed for quality and, in case of project selection, monitored by the programme. Any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation has to be prevented. Accessibility for persons with disabilities shall be taken into account.

Public sector bodies have to ensure compliance with the EU Web Accessibility Directive (EU) 2016/2102 and make their websites and mobile applications more accessible in order to provide persons with disabilities with better access to online public services.

#### 1.4.4.5 Sustainable Development Including Environment Protection

Projects shall fully respect the **Union environmental acquis** and national legislation on the matter and they shall be in line with the objective of promoting [sustainable development](#), taking into account the UN Sustainable Development Goals<sup>30</sup>, the Paris Agreement<sup>31</sup> and the "do no significant harm" principle<sup>32</sup>.

Projects should follow an “**environmental sustainability by design**” approach. This implies that environmental or broader sustainability considerations including human health effects are no longer treated as “after-thoughts”. Instead, they are integrated from the beginning into all activities. Partnerships are strongly encouraged to identify and consider any potentially significant environmental and health issues during project design and consequently choose available options for implementing projects that do not adversely affect the quality of the environment. Rather, projects should ideally contribute to the regeneration of the environment and ecosystem functions and services, climate neutrality as well as the sustainable management and enhancement of cultural landscapes.

### 1.4.5 Anti-Fraud Policy

The programme Member States and the MA are committed to protect the EU and public funds entrusted against fraud and corruption according to its administrative capacity.

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another - intention is the key element that distinguishes fraud from

<sup>29</sup> In accordance with the Charter of Fundamental Rights of the European Union and in compliance with Article 9 of Regulation (EU) 2021/1060.

<sup>30</sup> <https://sdgs.un.org/goals>

<sup>31</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>32</sup> Referring to six environmental objectives as laid down in the EU Taxonomy Regulation, [https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852_en)



irregularity. Fraud does not just have a potential financial impact, but can also cause damage to the reputation of the programme bodies.

Corruption is the abuse of power for private gain. Conflict of interests exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

**The programme Member States and the MA have a zero tolerance policy to fraud and corruption.**

The programme management and control system is set up in view of preventing, detecting and correcting frauds. To this end, the most likely areas for fraud at the programme and projects levels are identified and monitored.

The anti-fraud policy adopted by the MA aims at:

- Promoting a culture which deters fraudulent activities;
- Facilitating the prevention and detection of fraud;
- Supporting the investigation of fraud and related offenses, in order to address such cases in a timely, transparent and appropriate manner.

The responsibility for an anti-fraud culture lies with all those involved in the EU programmes and projects. We therefore encourage all partners, contractors, employees, or the general public to assist in preventing fraud from taking place, putting into place proportionate measures to detect it and making it transparent.

If you suspect fraud or corruption linked to funding from the Interreg CE Programme, please get in touch with the MA.

## 1.4.6 Resolution of Complaints

Complaints cover any dispute that applicants or beneficiaries may raise with regard to their submitted proposals or approved projects, as well as any dispute with third parties on the implementation of the programme or of the funded project.

Procedures set in place by the programme for the resolution of complaints are differentiated according to the matter concerned, i.e.:

- Complaints related to decisions of the MC on project selection;
- Complaints concerning programme decisions on project implementation.

### 1.4.6.1 Complaints on Project Selection

#### Request of Technical Information

Following the MA/JS notification to the lead applicant on the concerned MC decision, and within the timeframe (14 calendar days) available for submitting a formal complaint (see below), the lead applicant may decide to request technical or legal information concerning the MC decision on its project proposal.

The submission of information requests interrupts the deadline for submitting a complaint (see below) until the day the MA/JS replies to the lead applicant. The lead applicant may indicate the preference for a written or oral answer in the submitted request. Oral answers or explanations will be provided by MA/JS staff in charge of the case.

Past experiences show that technical exchanges on this level between the lead applicant and the MA/JS lead to a fast clarification of concerned cases, thus keeping the administrative burden low. It is therefore



strongly recommended to submit a request for technical information prior to launching a formal complaint. If, following the MA/JS answer, the lead applicant is not satisfied with the received additional information, it may still decide to submit a formal complaint.

### Formal Complaint

Complaints against the project selection process have to be submitted by the lead applicant on behalf of all project partners via e-mail to the MA within **14 calendar days** after the notification of the funding decision of the respective call. Complaints received after this timeframe are rejected.

Complaints shall be submitted in English and in written form (scanned letter transmitted by e-mail) to [info@interreg-central.eu](mailto:info@interreg-central.eu). The lead applicant shall clearly specify the specific matter of complaint that is deemed to have occurred during the selection process and include clear references to the relevant programme documents (Interreg CE IP document, programme manual or other call-specific documents). If a complaint includes an incomplete description of the case, further information may be requested by the MA/JS at any time of the procedure. If information requested is not provided within the period of time as specified in the request (at least 3 working days), the case shall be closed without further investigation.

A complaint on **formal and administrative** aspects (formal and administrative compliance check of the project proposal, legal status check of applicants, or, where applicable, financial capacity check of private lead applicant) might lead to a review of the concerned assessment, if the complaint is considered as justified by the relevant programme authorities. In this case, the MC will take a decision on the case on the basis of the new assessment. Such decision will be final, binding to all parties and not subject to any further complaint proceedings within the programme if the complaint is based on the same ground.

A complaint concerning the result of the **quality or State aid assessment of the project proposal** cannot result in the review of the assessment performed and of the related MC decision. However, the lead applicant may request further information from the MA/JS on the assessment performed and the reasons for rejecting the project proposal or considering it as State aid relevant.

### 1.4.6.2 Complaints on Project Implementation

#### Complaints on the MA/JS on the Implementation of the Subsidy Contract

The LP, on behalf of the partnership, may file complaints against acts, omissions or decisions of the MA/JS on any issue covered by the subsidy contract. If no agreement on the application of the subsidy contract provision or their interpretation can be found, the LP is entitled to address the competent court under consideration of the rules as laid out in the subsidy contract and related Austrian national law.

#### Complaints Related to Audit and Control Bodies

Complaints against acts, omissions and/or decisions of control and audit bodies (national controllers, programme auditors or any other national or EU institution) have to be submitted to the responsible EU authority or administrative body at Member State level according to the applicable procedures set up at national and EU-levels.

#### Any other Complaints Outside the Responsibility of the MA/JS

Complaints against any other person or institution performing activities that might affect activities of the partnership or the rights of beneficiaries and that are outside the sphere of competence of the MA/JS have to be directed e.g. to the employing or contracting institution or competent administrative or criminal offices and shall not be addressed to the MA.



## II. PROJECT APPLICATION

### II.1 Overview and Call-Specific Requirements

The Interreg CE Programme selects projects and allocates ERDF co-financing through “calls for proposals”. Specific terms and conditions of these calls are decided by the programme MC.

This chapter presents **general information** on rules and requirements to be followed when applying for Interreg CE funding, while **more specific terms and conditions are set specifically for each call for proposals**. Such terms and conditions include, among others:

- Thematic objective and focus of the call;
- Features of the projects expected within the call;
- Applicant and partnership requirements;
- The procedure for the selection of proposals and the award criteria;
- Budget allocated to the call;
- Procedure and deadline for submission of project proposals.

Such call-specific terms and conditions are summarised in the Terms of Reference (ToR) applicable to the call. The ToR is part of the “application package”, developed for each call for proposals, which includes the full set of documents needed for submitting project applications. Application packages for each call are available at the [programme website](#).

Information in this chapter is therefore complemented by information and requirements outlined in call-specific ToRs. **Reading and knowing both documents is essential for properly submitting a project proposal.**

Further information and guidance can then be found in video explainers and other support measures that were developed to help applicants in designing and submitting their project proposals (see also chapter II.3).

### II.2 Drafting and Submitting a Project Proposal

This chapter focuses on the most important aspects to be considered when drafting and submitting an application form. The application form has to be filled in and submitted through the Interreg CENTRAL EUROPE electronic monitoring system “[Jems](#)”. More detailed guidance on how to fill in the application form is available in call-specific offline application form templates, which are included in the call-specific application packages available at the [programme website](#). Tutorials on how to fill in the application form are also available at the programme [YouTube Channel](#).



## II.2.1 The Application Form in a Nutshell

In the application form all essential information about the project must be clearly presented as it is the basis for the quality assessment and subsequently the project selection by the programme MC (see chapter II.4 and the call-specific ToR). The application form must be filled in in **all its parts** and **in English**.

In case a project proposal is selected for funding, the approved application form becomes part of the subsidy contract and the basis against which the project is implemented by the partnership and monitored by the programme.

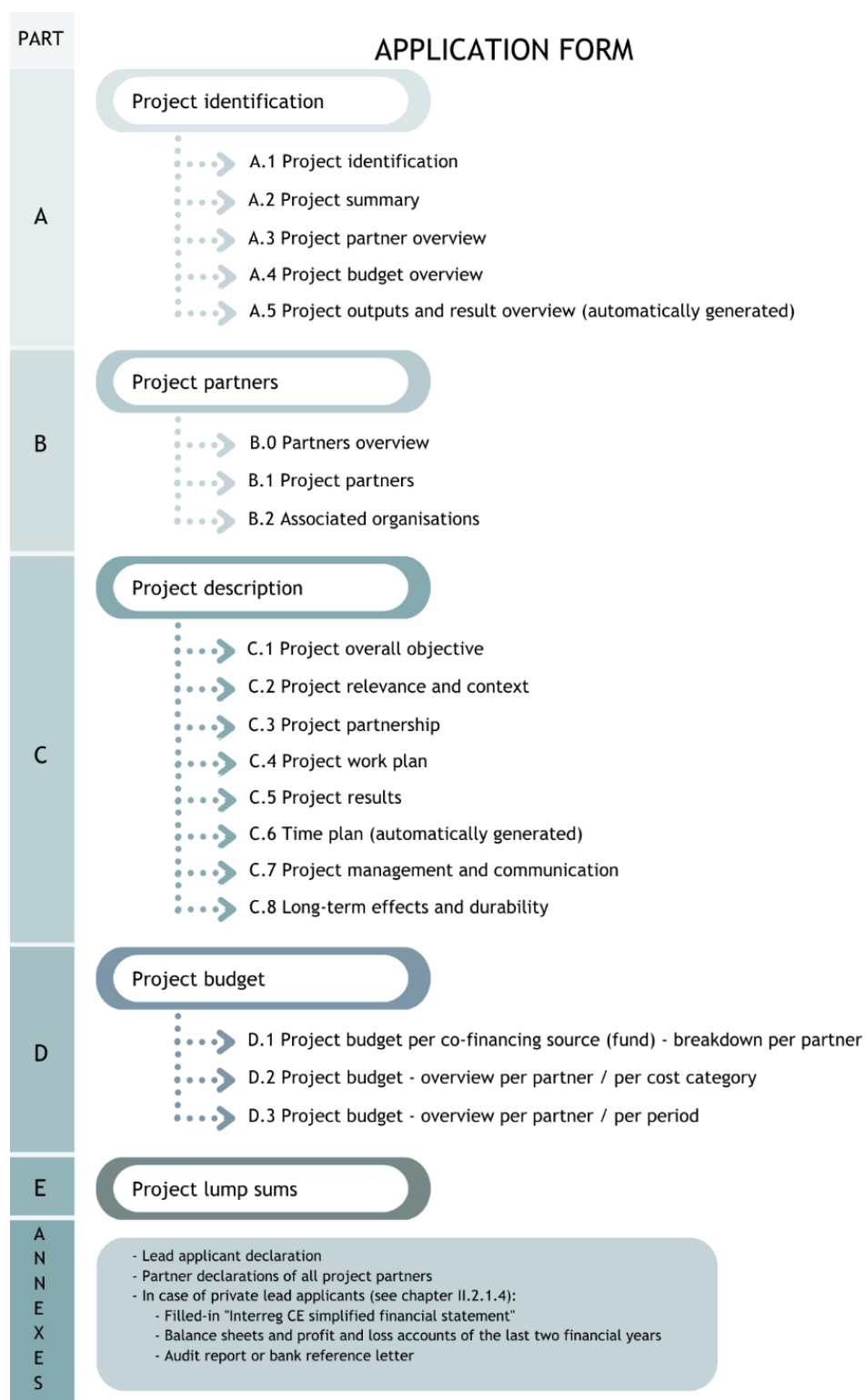
### II.2.1.1 Structure

The Interreg CE application form builds on the harmonised template developed by the community of Interreg programmes under the umbrella of Interact.<sup>33</sup>

The application form is organised in five main parts and several sub-sections:

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<sup>33</sup> For more information on the Harmonised Implementation Tools (HIT) initiative organised by the Interact Programme, please visit: [www.interact-eu.net/#o=hit-2021-2027](http://www.interact-eu.net/#o=hit-2021-2027).



Please note: In the online application form some fields in various (sub-) sections will be automatically filled in by the system, displaying data which are inserted in other sections of the application form or which are automatically calculated.

More detailed guidance for each part of the application form is provided in the offline template of the application form in the call-specific application packages.





## II.2.1.2 Project Work Plan (application form Section C.4)

The work plan must clearly show how project objectives and results will be achieved. It should demonstrate a mature and concrete plan for developing the foreseen outputs. The work plan description should focus on the main implementation steps and avoid too many details and fragmentation. This will also increase flexibility for the project during implementation and allow the partnership to adjust activities to specific needs and upcoming developments.

Before drafting the work plan, please refer to chapter I.3 on project features and key principles of the project intervention logic. Furthermore, it is recommended to consult further guidance on work plan development, provided through applicant support measures.

The work plan has to be structured into a set of thematic [work packages](#). **It is recommended to limit the number of thematic work packages to a maximum of three.** However, if needed and justified by the complexity of the project, up to a maximum of five thematic work packages can be defined. Work packages have to be broken down into activities, deliverables and outputs. A work package may include investments if these are necessary as part of a pilot action to reach project objectives.

### Work Package Objectives

In each work package a project shall define one [project specific objective](#) to be achieved in the project lifetime through the implementation of planned activities and related outputs and deliverables. Please note that each work package should have a distinct project specific objective (i.e. project specific objectives should not be repeated in other work packages).

Each work package should also have at least one **communication objective**, and related target audiences, that contributes to the achievement of the project specific objective.

### Activities, Deliverables and Outputs

[Activities](#) are necessary for achieving project specific and communication objectives set in a work package. They have to contribute to the development of the planned output(s), to their roll-out or to their up-scaling. Please note that smaller intermediate steps should be grouped into (larger) thematic activities. These are to be considered as the **main implementation steps**. The number of activities per work package depends on its complexity, such as the number and type of outputs to be developed. Usually no more than 4 to 6 activities per work package should be foreseen.

Please note that all projects have to implement a set of standard communication channels and activities (project website, poster, etc.), as described in chapter III.1.3. These **standard communication channels and activities must not be planned in the work plan** section of the application form.

However, **project-specific communication activities should be included in relation to the project communication objectives and thematic activities**: Communication activities should not be listed as stand-alone activities (i.e. not as one of the main implementation steps) but be included as smaller steps in the “Activity description” column of a bigger thematic activity (e.g. “Social media posts and a public event to promote the launch of a pilot action and reach target audiences xy”).

In specific cases, a communication activity may be a main implementation step for reaching a thematic objective, in which case it could be listed as a separate activity (e.g. a thorough stakeholder engagement process or a public awareness campaign across various communication channels). More guidance on how to include communication activities is available in tutorials at the programme [YouTube channel](#).



Please note that properly branding all project thematic and communication activities will be crucial for their eligibility (see chapter I.4.4.2).

In order to document the implementation of activities, **at least one [deliverable](#)** should be defined per activity. Deliverables should present in an aggregated form the outcomes of intermediate (smaller) steps within a certain activity by consolidating them into meaningful clusters. Each output needs to be documented through a final deliverable. A deliverable should thus be sufficiently comprehensive. Overall, it is recommended to limit the total number of deliverables per work package (e.g. not more than three deliverables per activity), also keeping in mind that project implementation will be monitored against the deliverables foreseen in the application form.

When planning outputs, please refer to the output types defined by the programme, which have to be captured by related output indicators (see chapter I.3.4). Definitions of output indicators can be found in [annex 2](#).

Please pay attention also to a realistic timing of activities, deliverables and outputs. Project implementation will have to report project implementation by submitting the deliverables and outputs according to the delivery dates set in the application form (see chapter III.2.3.1 on continuous reporting).

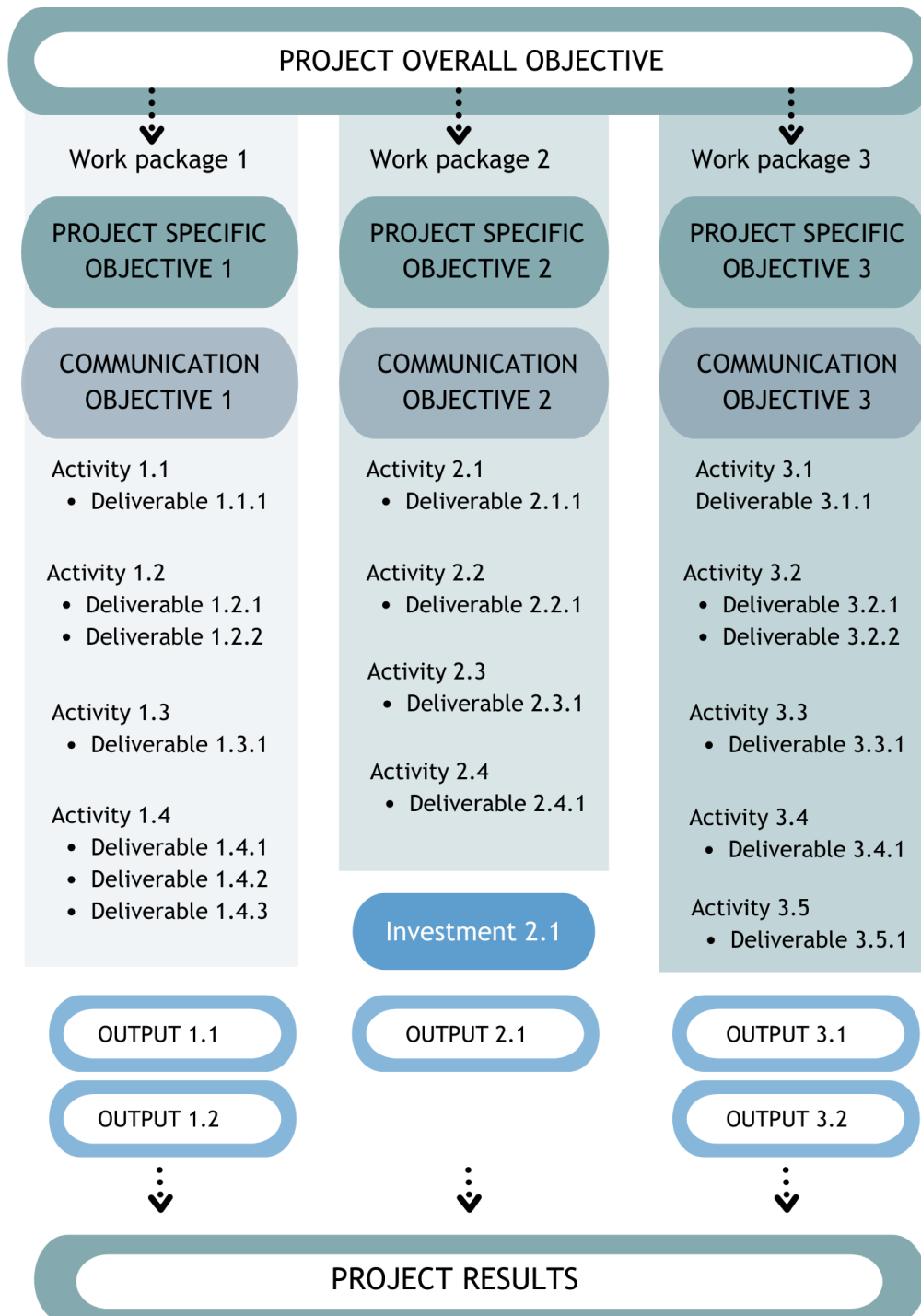
#### Investments (if applicable)

Investments are only to be foreseen if they are necessary for the implementation of project activities linked to pilot actions. Investments shall have a demonstrative character. Programme requirements for investments are described in chapter I.3.3.3. Please note that for investments in infrastructure with an expected lifespan of at least five years, the expected impacts of climate change and, if applicable, mitigation measures for increasing climate resilience need to be considered in order to ensure [climate resilience](#).

For each investment **exceeding EUR 25.000 total cost** a clear and concise description needs to be provided. This shall include a justification of the investment, its physical location, information on its environmental sustainability and risks, technical and legal requirements and ownership. For determining the total amount of the investment, only items falling under cost categories 5 (Equipment) and 6 (Infrastructure and works) should be considered.

Investments **equal to or below EUR 25.000 total costs** only have to be briefly described under the related activity and to be specified in the concerned partner budget.

The following figure provides a visualisation of the general structure of the work plan. It also shows the link to the project overall objective and the expected results which are defined at project level.



Please note: The work plan includes only thematic work packages and there are no separate work packages for project management and communication in the application form. The overall approach to project management and communication has to be described in section C.7 of the application form (see below).

Communication supports the achievement and capitalisation of project outputs and results. To this end, **external communication is closely linked to thematic work packages**. Communication objectives and activities have to be directly planned and integrated in thematic work packages.



**Project management activities are to be considered as horizontal tasks and are therefore not to be described in the project work plan.** Instead, a sound project management concept has to be presented in section C.7 of the application form (see below). Costs of management activities have anyway to be foreseen and included in the project budget.

### II.2.1.3 Project Management and Communication (application form Section C.7)

Projects need to establish a clear **management concept including a decision-making structure**. This allows them to steer and monitor project progress and, in case of unforeseen situations or risks, to adjust project implementation and find adequate mitigation measures. Such a management structure should comprise, among others, a project steering committee (see chapter III.1.1 on project start up) that should meet with an adequate frequency (e.g. twice per year). JS staff shall be invited to such meetings.

Furthermore, projects should set clear provisions for quality management (including evaluation, if relevant), internal communication as well as reporting procedures at the level of partners towards the LP.

The **general approach to communication** should describe how communication objectives and activities as defined in the individual work packages across the work plan will help to achieve the project's overall result(s). In this section of the application form it should become clear which role communication plays in the project and how it is approached by the partnership. The description should explain which channels will be used by whom in which way for what reason. It is recommended to define this general approach **before defining concrete communication objectives and activities** in the thematic work packages.

### II.2.1.4 Additional Documents

The following additional documents have to be uploaded to Jems as scans in the “Application annexes” section of the application form:

- **Lead partner declaration**, filled in and signed by the legal representative (or delegated person) of the lead applicant organisation;
- **Partner declaration** of each project partner, filled in and signed by the respective legal representative (or delegated person).

Lead partner and partner declarations may also be signed digitally with a qualified electronic signature compliant with the eIDAS Regulation (Regulation (EU) No. 910/2014).

In case of signature by delegated persons, each affected declaration must be accompanied by a document confirming the validity of such delegation.

The templates of lead partner and partner declarations are available at the [programme website](#).<sup>34</sup> They are provided both as editable PDFs documents (compatible with the most recent version of Adobe Reader) and as protected MS Word documents.

Please note that if the lead partner declaration is not signed, the application **becomes non-eligible and is rejected**. For further information on the formal and administrative requirements to be observed when submitting the application form please refer to chapter II.4.1.

**Private lead applicants** shall also submit the following documents in Jems in the “Application annexes” section of the application form:

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<sup>34</sup> Please note that for international organisations acting under international law there is a dedicated template of partner declaration.



- **Interreg CE simplified financial statement** (included in the call-specific application package available at the [programme website](#)). The document has to be filled in by private lead applicants transcribing - under their responsibility - the financial data that is officially available in financial documents of the last two financial years. The simplified financial statement includes two sheets (one for every financial year) and both must be completely filled in and uploaded to Jems as an MS Excel file.
- **Balance sheets and profit and loss accounts of the last two financial years.** If a private lead applicant does not have these documents because the organisation was only recently created, then the institution cannot apply as a lead applicant but can only participate as a project partner (see chapter I.3.1.1). As an exception, new legal entities deriving from an extraordinary merger between two or more entities, or from an incorporation, can provide the balance sheets and profit and loss accounts of the last two financial years of the merged or incorporated entity with the majority shareholding. Documents have to be uploaded to Jems as a scanned PDF file.
- **Audit report issued by an approved external auditor.** The audit report shall certify the accounts of the private lead applicant **for the last financial year**. This document is to be delivered by a professionally qualified auditor who is independent from the applicant's organisation and who is listed in the official auditor registers of the respective Member States. The audit report must be uploaded in Jems as a scanned PDF file.
- In the case that the private lead applicant is not able to obtain the audit report, it can alternatively provide a **reference letter from the bank** where the private lead applicant holds an account. The letter should be provided on the official letterhead of the bank and make reference to the customer (i.e. the private lead applicant institution). The letter should state that the institution is a customer, the duration of the banking relationship and confirm that the customer, up to date, has met its commitments and made bank transactions regularly thus concluding that the customer is favourably known because it has adequate solvency requirements. The letter has to be uploaded to Jems as a scanned PDF file.

## II.2.2 Creating and Submitting Project Proposals through Jems

Project proposals can only be created and submitted through the Interreg CENTRAL EUROPE Jems (<https://jems.interreg-central.eu>).

After registration in Jems, a user can create a project proposal when there is an open call for proposals. The project proposal can be developed and saved gradually. In order to make sure that information inserted is not lost, the user should ensure that **information is saved regularly**. Pre-submission checks in Jems help applicants to see missing or wrongly filled in parts of the application form. **These should be run timely before the deadline of a call because a project proposal can only be submitted once all pre-submission checks are passed successfully.**

All obligatory documents required in addition to the application form have to be uploaded to Jems in the “Application annexes” section of the application form before submission of the project proposal.

The project proposal can only be submitted by the user that created the project proposal, who should be the lead applicant, or a user assigned to the project application as collaborators and granted the “manage” privilege in the “Project privileges” section.

Project proposals have to be submitted before the deadline stated in the call-specific ToRs.

Further guidance on the different sections and features is available through the Jems help function “helpdesk” (“?” button in the menu) at [jems.interreg-central.eu](https://jems.interreg-central.eu).



## II.2.3 Tips for Developing a Good Project Proposal

The preparation of a project proposal is a challenging process, especially in a transnational cooperation context, and the competition for funding is high. This chapter presents some key features of a good project proposal:

- **A good project has a clear and relevant intervention logic**

Each project has to clearly address the territorial challenges and needs of the programme area and especially of the regions involved and to contribute to achieving one of the programme SOs, outlined in the IP. If applicable, a thematic focus of the SOs has to be considered if specified in the ToR of the respective call for proposals. Projects need to specify which particular project objectives and results they want to achieve, in particular specifying the intended territorial effects and change. Project objectives and results should be as concrete as possible, quantifiable and their achievement shall be measurable.

Project proposals not clearly contributing to programme objectives and results and not demonstrating their need and relevance for the involved cities and regions **are not supported** by the Interreg CE Programme.

- **A good project shows clear added value of transnational cooperation**

Transnational cooperation has to be at the heart of every Interreg CE project. This means that the project approach and work plan have to demonstrate that the challenges addressed cannot be solved efficiently by individual regions or countries alone. Project outputs need to be developed in a transnational, joint approach that goes beyond the mere combination of existing outputs and results. All partners have to work together and to contribute with their competences, in order to achieve the planned results. Cooperation in the project should bring a clear transnational added value compared to regional, national or cross-border approaches. A project is not considered as transnational if it foresees only local actions that are just vaguely linked through a common topic or an exchange of experiences.

Project proposals not addressing a challenge of transnational relevance or covering only issues fundable by regional, national or cross-border programmes **are not supported** by the Interreg CE Programme.

- **A good project is innovative and builds on available knowledge**

Interreg CE projects have to clearly demonstrate their innovativeness. They have to apply novel or innovative approaches that go beyond the state of the art in a specific sector or in the involved regions. Innovation could cover, for example, technological, social, and process innovation or eco-innovation. Innovative approaches could result from, for example: the testing and demonstration of novel tools and solutions within different (regional or sectoral) contexts; the experimental piloting of new methods or services for future mainstreaming or policy integration; the capitalisation of available and state-of-the-art knowledge.

At the same time, projects should build on previous achievements and available knowledge, which should be adapted, valorised and further improved or extended. Applicants should therefore be aware of recent developments and results achieved in the sector or areas concerned. Projects should demonstrate the added-value compared to past or on-going initiatives and make use of potential synergies, but avoid overlaps and duplication of activities and results.

Project proposals not demonstrating their added value compared to state-of-the-art solutions or showing overlaps with other projects or initiatives **are not supported** by the Interreg CE Programme.

- **A good project is well focused with a sound approach and a mature work plan**

Projects need to apply a sound methodological approach which is suitable and realistic for reaching the project specific objectives and expected results. This has to be reflected in the work plan in a logic and



consistent way. The work plan needs to be transparent and straightforward. It has to provide a good overview of the intended workflow (through activities and relevant deliverables) and a clear definition of the outputs to be achieved. The work plan should demonstrate the concrete implementation process of the project and concentrate on the most important implementation steps. It should focus only on relevant activities and deliverables which are directly leading to the planned project outputs and their roll-out or upscaling, thus contributing to the achievement of the project objectives and results (for work plan development please refer also to chapter II.2.1.2).

- **A good project has a relevant, competent and committed partnership**

In order to effectively achieve the project objectives and ensure the sustainability of project results, it is crucial to have the right partners on board. Therefore, when setting up the partnership, the required thematic competences and expertise, geographical coverage as well as institutional relevance and capacity have to be considered. Depending on the goals and thematic scope of the project, this can imply the involvement of different governance levels (national, regional and local authorities) as well as other organisations such as research institutions, agencies, enterprises or relevant stakeholders and end-users. Partnerships should also be multi-disciplinary and cross-sectoral, thus combining different experiences and skills in order to allow integrated approaches and achieve best results in the involved regions.

However, partnerships do not necessarily have to be large. They should remain focussed and manageable, with each partner having a specific role to play. All partners have to be actively involved in a way that demonstrates the joint implementation and transnational cooperation character of the project (for partnership requirements please refer also to chapter I.3.1.1). For the recommended size of the partnership, please refer to the call-specific ToR.

Project proposals with partnerships not showing sufficient competencies, implementation capacities or transnationality **are not supported** by the Interreg CE Programme.

- **A good project has a strong management that ensures high quality outputs and results and mitigates risks in coordination with partners**

The implementation of a transnational cooperation project with partners from several countries, different institutional backgrounds and working cultures can be challenging. Therefore, an effective project management structure with clear decision-making procedures as well as clear definition and distribution of roles is essential. Provisions for a sound project management should foresee, among others, a good information flow and coordination within the partnership in order to ensure smooth implementation of the project activities. Quality controls and internal reviews (at thematic and management level) as well as risk management should be integral parts of project management practices in order to be able to mitigate implementation risks and ensure a successful accomplishment of the project outputs and results.

- **A good project has a strong communication manager who coordinates all communication activities across the partnership and work packages**

External communication that is driven and coordinated by an experienced communication manager is essential for a successful project. Well-defined communication objectives support the achievement of thematic objectives and communication activities complement thematic activities. If done well, communication raises the necessary awareness and provides information on thematic activities. It might even help to change the attitude of relevant stakeholders towards the changes aimed for by the project. Communication activities furthermore contribute to the capitalisation of achieved project outputs and results and aim at their roll out into broader policies, strategies and action plans (see above).



- **A good project delivers value for money**

Projects need to demonstrate value for money. The project budget needs to reflect the work plan and must be in line with the principles of adequacy of costs and sound financial management (i.e. economy, efficiency and effectiveness).

Sound planning of financial and human resources is essential to ensure the successful implementation of a project. In terms of human resources, enough staff capacity needs to be available to implement the planned activities (both at the lead partner and partner institutions) right from the beginning.

Project proposals not showing a good value for money are not supported by the Interreg CE Programme.

- **A good project ensures the uptake of its results generating a long-lasting change and benefits for its target groups and the regions involved**

Interreg CE projects are expected to take a strategic perspective to achieve tangible and sustainable results that are taken up by the relevant institutions. Projects have to clearly set whom they will target and who will benefit from the project results. It is therefore essential that the needs and institutional contexts of key stakeholders are considered and that they are actively involved in the project design and implementation. Transnational cooperation projects thereby often have a seeding function: they are supposed to kick-off further developments (e.g. leverage of larger investments, improvement of policies). The uptake and transfer of results, the deployment at a larger scale and the mainstreaming are therefore a crucial success factor. In this context, communication plays an essential role to raise awareness and knowledge about project outputs and results and to motivate relevant stakeholders to take them up (see tip above).





## II.3 Programme Support to Applicants

Support measures offered by the programme to potential applicants may include:

- **Applicant community**

The [Interreg CE applicant community](#) brings together organisations from across central Europe. It facilitates project partner search and presents already existing ideas. If potential applicants have an idea or want to work with others on an already existing idea, this is the best place to start their cooperation.

- **Video explainers and tutorials**

[Video explainers](#) and tutorials allow applicants to quickly get familiar with the basics of what the programme funds. The videos introduce applicants to the various funding priorities and concrete actions that new projects are expected to address in their work plans. The list of video explainers and tutorials will regularly be extended and updated, please refer to the programme website for latest information.

- **Webinars**

In addition to video explainers, the programme organises and records online training in [webinars on specific topics](#) that are relevant for developing project proposals. They also provide an opportunity to directly ask questions to the MA/JS. The list of webinars will regularly be extended and updated, please refer to the programme website for latest information.

- **Individual consultations**

The JS offers a single, non-compulsory, individual consultation for each project idea. The aim of these consultations is to advise applicants on technical questions related to contents, communications and finances of their project idea. Consultations are in no way to be understood as a pre-assessment of the relevance of a project idea!

Consultations can exclusively be requested for project ideas submitted by registered users on the [applicant community](#). Once a consultation is scheduled, additional participants that are registered in the applicant community can be invited to the meeting, which takes place via an integrated videoconference tool.

Please note that only one consultation is granted per project idea. **Ideas should therefore be in a more mature stage when requesting the consultation.** Before the consultation, no additional documentation should be sent by applicants except when requested by the JS. Further guidance on individual consultations is available in the applicant community.

- **FAQs**

In a dedicated section on the programme website, applicants are provided with answers to the most [frequently asked questions](#) (FAQs) regarding the programme funding and application process. FAQs are regularly extended and updated, please revisit them for latest information.

- **Helpdesks**

If applicants cannot find an answer to their question in the FAQs, there is also the option to contact a permanent [general helpdesk](#) per e-mail. For questions related to the application system, there is the possibility to get in touch with the [Jems helpdesk](#) or consult the [Jems user manual](#).

- **National support**

Applicants can also reach out to national contact points (NCP) in all programme countries. They offer [national support](#) regarding the calls, and provide information in national languages on primarily national application issues.



#### ▪ Tools

Applicants have access to specific [tools](#) like an interactive eligibility check, an interactive self-assessment form and a “project summary generator” amongst others to facilitate the development of their applications.

Please visit the [programme website for regular updates](#) and further details regarding all support measures.

## II.4 Project Assessment and Selection

### II.4.1 Formal and Administrative Compliance Check

In order to be eligible for funding, project proposals submitted within calls shall fulfil certain formal and administrative requirements:

- The proposal has to be submitted via Jems before the deadline set for a call;
- The submitted application form has to be filled out in all its parts in English language;
- The signed lead partner declaration has to be submitted using the **lead partner** declaration template provided by the programme;
- The partner declaration has to be submitted using the **project partner** declaration template provided by the programme;
- For private lead applicants, the required supporting documents listed in chapter II.2.1.4 have to be submitted.

**Proposals failing in any of above requirements are regarded as non-eligible and are not further processed.**

Mistakes of formal and administrative nature other than the ones listed above, can only be healed for the proposals which were selected for funding by the MC. Specific conditions for approval may be set by the MC and have to be addressed during the contracting phase.

### II.4.2 Financial Capacity Check of Private Lead Applicants

On the basis of information contained in the documents submitted by private lead applicants (as listed in chapter II.2.1.4), a financial capacity check of private lead applicants is performed on the respective project proposals passing the formal and administrative compliance check. This check is aimed at assessing whether the private lead applicant has stable and sufficient sources of funding to maintain its activity throughout the project implementation period and to participate in its funding, in compliance with the applicable legal framework.



**For private commercial organisations, at least criterion No. 1 and an additional 2 of the other three criteria must be respected:**

1	<p>The ratio "subsidies" (equity) / "ERDF requested by the lead applicant" is higher than 0,5</p> <p>Calculation carried out from the data of the most recent balance sheet and the lead applicant's ERDF budget as in the submitted application form.</p>
2	<p>The ratio "current assets" + "cash and cash equivalents" / "current liabilities" is higher than 0,8 or higher than 1<sup>35</sup></p> <p>Calculation carried out from the data of the most recent balance sheet.</p>
3	<p>There is positive net financial income. In case of negative financial income, the ratio "net financial income" / "total revenues" must be lower than 0,04</p> <p>Calculation of the ratio is carried out from the data of the last two financial years.</p>
4	<p>There is a positive operational profit</p> <p>Calculation carried out from the data of the last two financial years.</p>

**For private non-commercial organisations, at least criterion No. 1 and an additional 1 of the other two criteria must be respected:**

1	<p>The ratio "subsidies" (equity) / "ERDF requested by the lead applicant " is higher than 0,5</p> <p>Calculation carried out from the data of the most recent balance sheet and the lead applicant's ERDF budget as in the submitted application form.</p>
2	<p>The ratio "current assets" + "cash and cash equivalents" / "current liabilities" is higher than 0,8 or higher than 1<sup>36</sup>.</p> <p>Calculation carried out from the data of the most recent balance sheet.</p>
3	<p>There is positive net financial income. In case of negative financial income, the ratio "net financial income" / "total revenues" must be lower than 0,04</p> <p>Calculation of the ration is carried out from the data of the last two financial years.</p>

If following the financial capacity check the private lead applicant does not meet the necessary financial capacity criteria, **the entire project proposal is regarded as not eligible** and is not further processed.

The programme strongly recommends private institutions planning to apply as lead applicant to check their ability to fulfil the financial capacity criteria mentioned in this chapter **well before the submission of their project proposal**.

The Interreg CE Programme provides a complimentary [tool for calculating the ratios of the financial capacity test](#) described above. Please note that the use of this tool is under the sole responsibility of the applicants and programme bodies do not bear any responsibility for its possible non-functioning or misuse.

<sup>35</sup> If the ratio "current assets" + "cash and cash equivalents" \*365/"total revenues" is lower than 120, then this indicator must be higher than 0,8 for a positive result. If the ratio is higher than 120, then the indicator must be higher than 1 for a positive result. Calculation of ratio is done from the data of the last two financial years.

<sup>36</sup> Ditto



A project proposal shall be regarded as non-eligible and shall not be further processed also in case that **the private lead applicant falls into one of the following situations:**

- The audit report submitted with the project proposal has not given an "unqualified opinion" about the private lead applicant's financial viability;

or, if applicable

- The reference letter from the lead applicant's bank, submitted with the project proposal, does not comply with requirements set in chapter II.2.1.4.

### II.4.3 Legal Status and Capacity Check of Applicants

Checks on the correctness of declarations submitted by applicants, including the verification of the declared legal status as indicated in section B.1.3 of the application form as well as of the compliance with the fundamental rights as laid down in the Charter of Fundamental Rights of the European Union, are carried out by competent national authorities of concerned Member States. In case the project foresees investments in infrastructure or [productive investments](#) (see chapter I.3.3.3), such checks include **the verification that concerned partners hold the necessary financial resources and mechanisms to cover the operation and maintenance costs for such investments**, so as to ensure their financial sustainability.

When performing their checks, national authorities might require additional documents in order to confirm declarations submitted by the applicants. Information on additional documents to be provided are published on [the national websites](#) of the programme contact points.

In some cases, lead applicants considering themselves as public might be declared as private by the competent national authorities following their legal status and capacity check. Such lead applicants shall heal the situation by submitting the additional compulsory documents for private lead applicants listed in chapter II.2.1.4. Such documents are to be provided **within 5 working days** from the date of written request by the MA/JS. In the case that the concerned private lead applicants fail to provide the necessary documents within the given timeframe, the project proposal becomes non-eligible and is not further processed.

In case of applicants located in EU regions outside the programme area, the correctness of their declared legal status when submitting the proposal is confirmed by competent national authorities of the respective Member States outside the programme area. This confirmation has to be obtained within 45 calendar days counted from the date of the MC funding decision of a call. The process of obtaining such confirmation is coordinated by the MA/JS.

In case of EGTCs (as defined in chapter I.3.1.1) the aforementioned checks are performed by competent national authorities of the country in which the EGTC is registered.

Please note that if the legal, financial, administrative or operational capacity of any applicant is not confirmed by the competent national authorities, or it does not comply with the fundamental rights as laid down in the Charter of Fundamental Rights of the European Union, **the concerned applicants is excluded from the projects** and partnership modification procedures shall be initiated in compliance with chapter III.4.

### II.4.4 State Aid Assessment

The State aid assessment is aimed at checking the State aid relevance of a project proposal. This analysis is performed on the basis of information included in the application form. During the assessment process, the MA/JS might approach the partners in order to collect further information necessary for a proper assessment of the State aid relevance.



For detailed information on the approach followed by the Interreg CE Programme with regard to State aid, including the State aid assessment, please refer to chapter I.4.4.3.

## II.4.5 Quality Assessment

Only project proposals that pass the formal and administrative compliance check (and the financial capacity check in case of private lead applicants) enter into the quality assessment.

Quality assessment criteria are grouped in two categories:

- **Strategic criteria** assess the **relevance** of project proposals in relation to the programme specific objective of reference for the proposal and the specific territorial challenges and needs addressed. Furthermore, the clarity of the intervention logic, the contribution to relevant policies including horizontal principles, and innovativeness as well as the relevance and competence of **partnerships** are assessed.
- **Operational criteria** assess the planned project **implementation**, i.e. the feasibility and viability of the project approach, methodology and work plan as well as the project budget, including value for money (i.e. the best relationship between the amount of support, the planned activities, outputs and the set objectives).

For more information on the assessment procedure and detailed assessment criteria please refer to the ToR of the respective call. A self assessment tool including the relevant guiding questions is available at the [programme website](#).

Decisions on project selection are taken by the programme MC on the basis of quality assessment results. A notification letter with the MC decision (rejection or approval) is sent to the lead applicant.

In case of approval, the notification letter might include:

- **Conditions for approval** (obligatory) - they have to be fulfilled by the applicants in order to enter into the contracting phase (see below). Such conditions may address the project partnership, work plan or budget. If applicable, also administrative and/or State aid conditions for approval might be included.
- **Recommendations for improvement** (optional) - they are aimed at providing additional advice to the partnership in order to strengthen the quality of the project implementation but are not mandatory.

## II.5 Contracting of Selected Projects

### II.5.1 Contracting Phase

Once a project proposal is selected for funding by the programme MC, it may have to fulfil conditions for approval set forth by the MC before a subsidy contract is offered. In such cases, this requires revisions of the application form, submitted by the lead applicant, within a given deadline. This **contracting phase** ends upon confirmation by the MA/JS that all conditions for approval were fulfilled by the project.

It is important to note that costs incurred by the partnership in the contracting phase shall be covered by the lump sum for preparation and contracting costs. If foreseen in the application form, the lump sum is paid to projects that successfully sign the subsidy contract with the MA (for further information please refer to chapter III.1.4). Consequentially, such costs shall not be claimed under project implementation.



When all conditions for approval are fulfilled, a subsidy contract between the MA and the LP is concluded. The subsidy contract is an agreement that, in compliance with the “lead partner principle”<sup>37</sup>, is established between the City of Vienna, acting as programme MA, and the LP. The subsidy contract constitutes the legal framework for the implementation of the project. It confirms the final ERDF commitment to the project, it sets out the conditions for support and it provides for implementing arrangements. The most recent version of the approved application form is an integral part of the subsidy contract. A model of the subsidy contract is available at the [programme website](#).

The LP has **two months** for accepting the subsidy contract offer sent by the MA/JS. To accept it, the LP shall send back to the MA/JS two original print-outs of the subsidy contract that are dated, initialled on all pages, stamped and signed by the legal representative of the LP institution. Alternatively, the subsidy contract can also be signed and returned digitally with a qualified electronic signature that is compliant with the eIDAS Regulation (Regulation (EU) No. 910/2014). The MA will then send back to the LP a countersigned copy of the subsidy contract.

If the LP does not accept the subsidy contract offer within two months, the offer loses validity unless the MA agrees to a prolongation of this period of time.

## II.5.2 Setting Up the Partnership Agreement

The LP shall define legal arrangements for relations with the project partners (PPs) in an agreement that foresees provisions that, inter alia, guarantee the sound financial management of the funds allocated to the project, including the arrangements for a recovery of amounts unduly paid. While the subsidy contract establishes a legal basis between the MA and the LP, the partnership agreement establishes a legal basis between the LP and all PPs.

The Interreg CE Programme provides a [model of the partnership agreement](#). The model contains only the minimum compulsory requirements. Additional elements may be included in order to tailor the agreement to the needs of a partnership. Additional provisions included in the document must in any case be in line with the programme objectives and the legal framework mentioned in the subsidy contract and partnership agreement model.

The partnership agreement must be signed (in written or with a qualified electronic signature) by the LP and all PPs, either in one single document or as bilateral documents between the LP and each PP. In case the bilateral option is chosen, all bilateral agreements must include a clause that interlinks them.

The partnership agreement shall be signed within three months after the subsidy contract enters into force. No payments will be transferred to the project until the partnership agreement is signed by all the partners. The LP has to provide evidence of the signing of the partnership agreement to the MA/JS. The MA reserves the right to check the partnership agreement in order to verify that it has been signed and that it meets the minimum requirements set by the programme.

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<sup>37</sup> Article 26 of Regulation (EU) 2021/1059



## III. PROJECT IMPLEMENTATION

### III.1 Project Start-Up

#### III.1.1 Project Management Set-Up

Following the “lead partner principle”, the LP is responsible for ensuring the sound management and successful implementation of the entire project.

In the project start-up phase, the partnership needs to establish a sound project management structure and set up adequate provisions for strategic and day-to-day management of the project. These should include, among others, the following elements:

- Appointing management functions (i.e. project, finance, and communication manager);
- Setting up a project steering committee and adequate procedures for decision-making;
- Setting up and maintaining an adequate internal communication within the partnership;
- Setting up and implementing sound reporting procedures between the partners and the LP;
- Setting up and implementing procedures for quality assurance and internal control;
- Ensuring a continuous risk management, including continuous monitoring of deviations, and setting up of mitigation measures;
- Conducting internal or external evaluations, if applicable.

#### III.1.2 Filling in Information in the Joint Electronic Monitoring System

Within **three months** after the subsidy contract entered into force, the LP has to provide the following additional information to be inserted in Jems:

- a. Name and contact details of the project management team;
- b. Location of official project documents at the LP and each PP premises;
- c. Bank information of the LP;
- d. Information on the partnership agreement, i.e. date of signature and upload of the document;
- e. In case of private LP or PP institutions, information on the [Ultimate Beneficial Owner\(s\)](#).

The MA will disburse funds only if the LP provides information referring to the above points b. to e..

In case of changes during project implementation, the LP has to update information in Jems and provide relevant supporting documents, if applicable.

In addition, the LP also needs to assign users to PPs and grant individual access rights to the single user (i.e. persons at project partner institutions dealing with the project and already registered in Jems) in the respective section of Jems. Respective guidance is available through the Jems helpdesk function (“?” button in the menu) at [jems.interreg-central.eu](https://jems.interreg-central.eu).



### III.1.3 Project Communication Set-Up

All partners are responsible for ensuring a sound communication of the project under the lead of the project communication manager. It is essential that the partnership appoints **an experienced and committed person** to this central coordination role.

At project start-up and then during the project lifetime, the communication manager and all other partners have to ensure that at least the communication channels and activities below are implemented.

#### Project Website Hosted on Programme Website

Projects receive access to a dedicated project subpage hosted at the programme website [www.interreg-central.eu](http://www.interreg-central.eu). Each subpage presents basic information about the project and offers flexible modules for the project to use. Each project has to plan sufficient resources to set-up and regularly update the project subpage. The project has to indicate the institution legally responsible for the published project contents and a main responsible person. Projects receive a user manual and additional training on the content management system.

Please note: The development of additional websites is not eligible unless they are meant to build networks, platforms or databases as part of thematic solutions and exceed the lifetime of the project. Any such additional website requires pre-approval by the MA/JS to be eligible.

#### Project Information on Beneficiary Websites and their Social Media Channels

All project partners have to provide on their organisations' official websites, where such a site exists, and on their social media channels, the project logo (highlighting the financial support from the Union) and a short description of the project (proportionate to the level of support, including its aims and results).

Please note: It is strongly recommended to produce relevant communication products such as **short videos, infographics and other visual contents** that can be shared on partner social media as well as on other digital channels of the project, the programme and other relevant stakeholders. Further guidance and support will be provided by the JS in beneficiary support measures.

#### Posters Displayed at all Partner Premises

All project partners have to publicly display at least one poster of a minimum size A3 (or an equivalent electronic display) on their premises to highlight the financial support received. A template of this poster is provided to projects.

#### Branding and Visibility

Projects have to respect further branding and visibility requirements set out in the EU regulations. Please refer to chapter I.4.4.2 for more information.

In addition to the above, legally required communication channels and activities, projects are expected to implement additional external communication measures that go well beyond such minimum effort!





### III.1.4 Reimbursement of the Preparation and Contracting Lump Sum

Approved projects may be entitled to the reimbursement of preparation and contracting costs in the form of a lump sum. The lump sum covers all costs linked to the preparation and contracting of the project until the day when the final application form that fulfils all conditions for approval set by the MC has been finally accepted by the MA/JS.

Unless differently specified in the call ToR, the ERDF amount reimbursed is EUR 14.000 (corresponding to EUR 17.500 of total eligible expenditure). The payment of the lump sum can take place if:

- The project applied for it by including preparation and contracting costs in the application form also including, if applicable, the share between partners of preparation and contracting costs;
- The subsidy contract with the MA is signed;
- The monitoring plan (see chapter III.2.1) is finalised;
- The project has provided all required information in Jems (see chapter III.1.2).

If the above conditions are met, the MA transfers the lump-sum to the bank account of the LP. If applicable, it is then the LP's responsibility to transfer the share of the lump-sum to the respective PPs in compliance with the budget allocation to preparation costs as it is in the approved application form.

Differences between the granted lump sum and real costs for preparation and contracting are neither checked nor further monitored by the programme and beneficiaries do not need to document that the expenditure has been incurred and paid or that the expenditure corresponds to reality.

A beneficiary applying for and receiving the preparation and contracting lump sum (or part thereof) from the Interreg CE programme, **shall ensure not to receive funds from other public sources (e.g. national, regional) for activities covered by the lump sum.**

## III.2 Project Reporting, Monitoring and Financial Flows

Reporting is an essential task of project management in which the whole partnership is highly involved. It allows the programme to monitor project progress and, in particular, to verify the compliance of project implementation with the approved application form as well as with the rules governing the EU Structural Funds and the Interreg CE Programme. Project reporting and monitoring are the basis for the reimbursement of ERDF co-financing to the project.

Reporting and monitoring take place at partner and project levels. The joint reporting at project level follows a monitoring plan as described below.

For an overview of the reporting and monitoring processes at project level, please refer to the chart available in chapter III.2.3.4.

### III.2.1 The Monitoring Plan

During the start-up phase, a project monitoring plan is set up. The monitoring plan defines the activity and finance reporting and monitoring schedule as agreed between the LP and the MA/JS. It includes the following information:

- Delivery dates of the joint activity and finance reports (see chapter III.2.3.3) as laid down in the subsidy contract



- A set of **monitoring milestones** (approx. 3-4 per project)
- Delivery dates of selected project outputs and deliverables which will be verified through continuous monitoring (see chapter III.2.3.1)
- Indicative date(s) for project review(s), in which a thorough discussion between the MA/JS and the partnership takes place (see chapter III.2.3.2)
- Start date of activities and related deliverables affected by indirect State aid

Since the monitoring plan provides a transparent overview on the different reporting and monitoring elements and the respective timeline, it also serves as a management tool for the lead partner towards the partnership. Therefore, the monitoring plan should be discussed with the entire partnership and it should preferably be concluded at the project kick off meeting. The finalisation and acceptance by the JS of the monitoring plan is a pre-condition for the reimbursement of the preparation and contracting lump sum (see chapter III.1.4).

### III.2.2 Reporting and Monitoring at Partner Level

Reporting at the partner level takes place through a partner report, i.e. a tool available in Jems that allows to inform on activities performed, deliverables achieved and costs incurred by the concerned partner during a certain period of project implementation. The duration of periods is 6 months (the last period might be longer). The partner report has two main functions. It allows:

- Project partners (including the LP) to submit activity and financial information to the respective national controller for the verification of expenditure (see chapter III.3.1 in this respect);
- Lead partners to collect and consolidate information from all partners that is needed for reporting to the MA/JS at project level. The partner report is not subject to checks by the MA/JS.

The partner report is therefore a **project management tool**. The use of the partner report is compulsory.

In the content part of the partner report, the partner reports on activities carried out in the respective period as well as on target groups, deliverables and outputs. Supporting documents can be uploaded in the respective section in Jems.

The financial part of the partner report contains the “**list of expenditure**” i.e. a table to be filled in by beneficiaries listing all cost items submitted to the national controller for verification. All supporting documents related to the expenditure incurred and claimed by a partner form part of the partner report and are uploaded to the respective cost item in Jems. The national controller will then either confirm or reject (in part or in full) expenditure submitted by the beneficiary for verification. The amount verified and confirmed by the national controller is stated in the “**certificate of expenditure**” to be included by the LP in the joint finance report (see chapter III.2.3.3).

It is highly recommended that the partners draft their respective partner report throughout the reporting period and not to wait until the end of the period to complete it. This will allow a timely submission to the controller.

The offline template of the partner report is available in the reporting package at the [programme website](#).

### III.2.3 Reporting and Monitoring at Project Level

The reporting and monitoring at project level, carried out by the LP, builds on three main elements:

- Continuous reporting and monitoring;
- Project reviews;



- Periodic joint progress reports (joint finance report and joint activity report).

The MA/JS offer continuous support to projects during implementation.

### III.2.3.1 Continuous Reporting and Monitoring

The programme strives for an interactive dialogue and a continuous flow of information with projects in order to closely follow the progress of project implementation.

The partnership has to submit to the MA/JS, through Jems, **deliverables and outputs as soon as they are finalised** according to the timing specified in the approved application form. In addition, minutes of project steering committee meetings should be shared with the MA/JS upon request.

In general, deliverables should be written in English as the programme language as this supports the joint development and exchange within and beyond the project partnership. In case deliverables are deemed to be required in national language, at least a comprehensive summary in English is to be included.

For investments exceeding 25.000 EUR total cost, a dedicated investment fact sheet has to be submitted using the programme template (see programme website) presenting the key features of the investment, location, compliance with the regulatory framework, provisions for its durability, etc.

The reporting of outputs (only for strategies and action plans, pilot actions and solutions) has to be done through output factsheets which follow a pre-defined structure. Information to be provided includes a summary description of the most important output features as well as its sustainability and transferability.

If the target value of a single output in the application form is higher than one, the reporting can be combined in one output factsheet only for the output types of strategies/action plans, and solutions. Each pilot action has to be reported separately in a dedicated output fact sheet.

Following the submission of deliverables and outputs, the MA/JS provides feedback to the LP on all outputs and deliverables that are listed in the monitoring plan (see chapter III.2.1). The MA/JS might, however, give feedback also on other outputs and deliverables (i.e. those not included in the monitoring plan) as needed.

The MA/JS might reject submitted deliverables or outputs that are of low quality or do not comply with the application form, requesting the project to solve detected issues.

The verification of remaining outputs and deliverables, for which no feedback was given during the continuous reporting and monitoring, is carried out by the MA/JS at the latest within the monitoring and clarification process for the joint activity report (see chapter III.2.3.3).

The verification of milestones forms an integral part of the continuous reporting and monitoring. Upon the reaching of milestones as defined in the monitoring plan (see chapter III.2.1), the LP has to provide to the MA/JS via Jems the respective milestone documentation (e.g. related outputs, deliverables, meeting/event documentation etc. - depending on the milestone scope) in order to demonstrate its achievement. The MA/JS provides feedback to the LP, which might include requests for clarification as well as recommendations.

If the project experiences deviations (e.g. delays in reaching milestones or availability of outputs/deliverables as defined in the monitoring plan), the LP shall inform the MA/JS as early as possible and provide justifications. In case of major deviations, this might require an update of the monitoring plan and its acceptance by the MA/JS.

At any time, the MA/JS might also monitor project progress and achievement of milestones through:

- Checks of information on the project websites;
- Informal exchanges with the LP to gather additional information and clarifications;



- Participation in project meetings;
- Project visits including on-the-spot-checks.

### III.2.3.2 Project Review

Each project shall organise at least one project review in the project lifetime. The aim of project reviews is to perform a “fitness check” at a certain stage of project implementation. Project reviews complement information collected through continuous monitoring and periodic reporting and help to reach a common view on the state of play of project implementation between the partnership and the MA/JS. The review also allows to assess the effective capacity of the project to achieve its objectives and targets as defined in the approved application form, also in light of possible external factors. In project reviews the LP should ensure a close engagement of all project partners in order to discuss the planning of upcoming activities as well as to identify any deviations and modifications, if necessary.

The project review focuses on both **strategic and operational aspects of project implementation** such as:

- Physical progress towards project objectives as well as financial progress;
- Project management and cooperation intensity (including communication, knowledge management and transfer);
- Sustainability of outputs and results;
- Outlook on upcoming activities of the remaining project implementation period;
- Identification of potential risks or problems, project deviations and delays as well as necessary mitigation measures and project modifications (finance and activity modifications, etc.), if applicable
- Compliance with other obligations as laid out in the subsidy contract.

The indicative timing for the project review is agreed within the monitoring plan (see chapter III.2.1). The project review should take place in the first half of the project duration, preferably after the submission of the first activity report (e.g. in month 15, for a project lasting 36 months).

**A second (optional) project review** might take place upon request of the partnership or of the MA/JS. Reasons for requesting a second review might be linked to particular challenges or deviations faced by the project.

Whenever possible, project reviews are implemented online, thus minimising costs and time needed. Project reviews might also be attended by one or more National Contact Points with an observer role. Furthermore, in exceptional cases, the MA/JS might involve external experts with relevant thematic expertise to provide specialist support.

The LP and all partners should well in advance prepare for the review. For this purpose, the most recent information on project progress and possible needs for adaptations or modifications should be collected by the partnership in order to allow realistic projections towards the project end. Such information should be provided to the MA/JS in due time prior to the review.

As an outcome of the project review, the MA/JS provides feedback and, if needed, further guidance and recommendations to the partnership for the remaining project lifetime. In addition, follow-up actions may be set in place.

The LP has to prepare a summary of the main points of discussion and the conclusions taken. This summary has to be sent to the JS preferably within two weeks after the review meeting.

The project financial performance is also analysed at a later stage, notably after the end of the financial reporting period following the project mid-term (e.g. at the end of the financial reporting period 4 for a



project lasting 36 months). For further information on project financial performance and possible de-commitment of funds, please see chapter III.2.7.

### III.2.3.3 Periodic Joint Progress Reports

There are two types of joint progress reports because the Interreg CE Programme disentangles activity from financial reporting in order to reimburse funds as soon as possible. Accordingly, there is one reporting process for finances (joint finance reports are generally submitted every six months) and one for activities (joint activity reports are generally submitted every year).

#### Joint Finance Report

The joint finance report is created and monitored independently from the joint activity report described further below. The LP is expected to submit a joint finance report after each financial reporting period through Jems. The joint finance report is to be submitted **two months** after the end of the reporting period, and in case of the last report **3 months** after the project end date.

In principle, a financial reporting period covers six months. However, longer or shorter financial reporting periods might be set in place especially at the end of the project. The number of financial reporting periods and the respective deadlines for submission are laid down in the subsidy contract and shown in the “Reporting schedule” section in Jems.

The joint finance report contains information on expenditure paid by the LP and all PPs, which has been verified by the authorised national controller in accordance with chapter III.3.1. The joint finance report consists of the certificates issued by the authorised national controller. Such certificates have to be selected in Jems and included in the joint finance report by the LP. Once this is done, Jems automatically fills in the financial tables of the joint finance report.

The joint finance report also includes a payment request in which the LP confirms, among others, that expenditure reported has been incurred by the partnership for the purpose of implementing the project and that it corresponds to the activities laid down in the latest version of the approved application form.

If the LP has doubts on the project relevance of any expenditure items claimed by a PP, the LP shall clarify the issue with the concerned PP (and the national controller of the PP) with the aim of finding an agreement on the expenditure to be claimed. In the eventuality that such agreement cannot be found, the LP can ask the JS to support. This process may result in a reduction of the eligible amount claimed by the concerned PP in the joint finance report.

When submitting the joint finance report, the LP **must** upload the following documents through Jems:

- Project payment request signed by the LP. The payment request template is available in the reporting package at the [programme website](#);
- LP verification checklist issued by the project or finance manager of the LP.

Once the LP submits the joint finance report, the JS carries out financial administrative checks and in case of deficiencies, the JS requests the LP to provide clarifications within a given deadline. In case of re-opening of the report in Jems, the LP may enclose additional certified expenditure to the joint finance. However, this is only possible if the related certificate of expenditure is available before the completion of the first clarification round done between the LP and the JS. Any additional verified expenditure for which a certificate is available after the completion of the first clarification round, has to be included in the following joint finance report (with the exception of the last joint finance report).

Since the processing of the joint finance report is separated from the joint activity report, the reimbursement process can be launched rather quickly. However, as outlined in chapter III.3.2, the MA/JS



will carry out various ongoing controls to verify the quality of the project implementation as well as the quality of the work done by national controllers. It is the responsibility of the LP to ensure that expenditure presented by all partners corresponds to the activities.

The payment of the last joint finance report is launched upon condition that all certificates of expenditure are included and the last joint activity report is approved by the MA/JS. For further information on the reimbursement of funds please see chapter III.2.4.

Please note that **the LP is responsible for reimbursing the ineligible or irregular amounts** if the claimed costs do not correspond to the activities (see chapter III.2.6).

### Joint Activity Report

The joint activity report contains information on the overall project progresses at work package and activity level, as well as information on outputs and deliverables realised, indicator progress, communication, involvement of target groups, project management, possible problems and deviations. The joint activity report shall be drafted by the LP on the basis of information included in partner reports for the concerned period.

The LP has to submit the joint activity report through Jems after each activity reporting period. For intermediate reports, the deadline for submission is **two months** after the end of the reporting period, while for the last report the deadline is **3 months** after the project end date.

The number of activity reporting periods and respective submission deadlines are defined in the subsidy contract, included in the monitoring plan and also shown in the “Reporting schedule” section in Jems. The duration of an activity reporting period should indicatively be 12 months depending however on the overall project duration. For example, a project lasting 36 months should have 3 activity reporting periods of 12 months each. As far as the last period is concerned, longer or shorter activity reporting periods might be set in place.

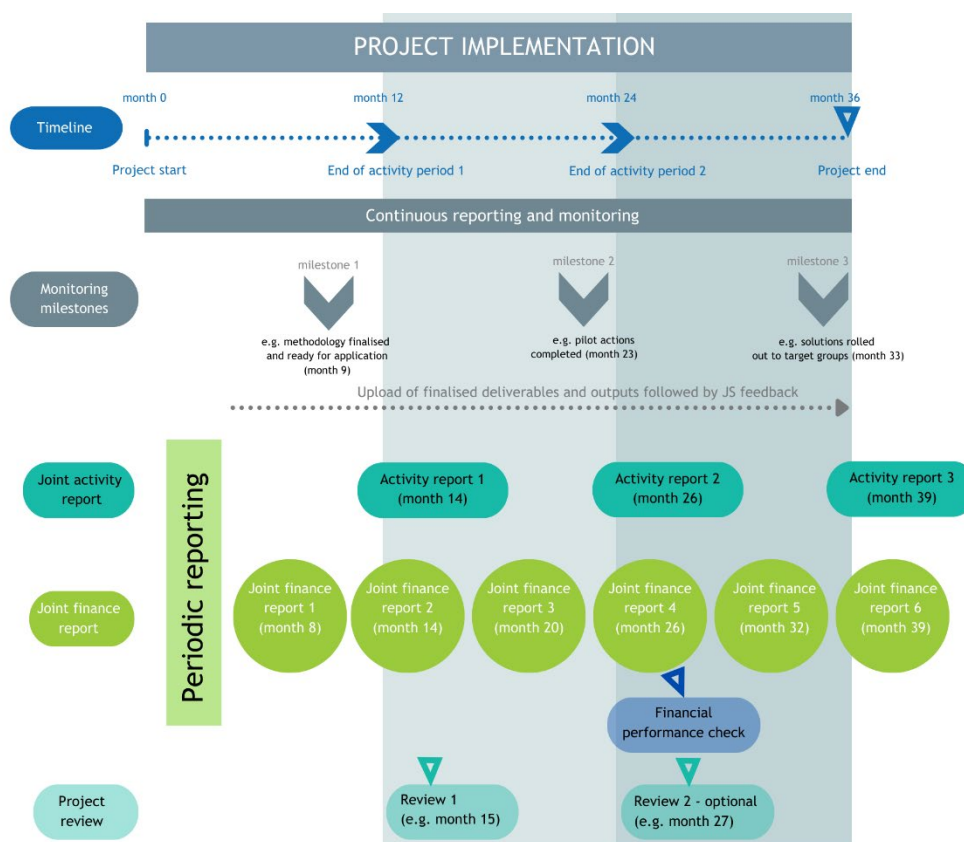
Information in the joint activity report shall be clear and coherent and it should complement what is provided through continuous reporting and monitoring. The offline template of the joint activity report is available in the reporting package at the [programme website](#).

Following the analysis of the joint activity report, the MA/JS may request the LP to provide clarifications and amend the report within a given deadline. Requested amendments might also concern deliverables and outputs which were not subject of the continuous monitoring or for which clarifications were still pending (see chapter III.2.3.1). The number of clarification rounds and the overall duration of the clarification process are directly linked to the quality (accuracy and completeness) of the submitted report and its annexes.

The first joint activity report will be used, among others, as an input to the “project review” (see chapter III.2.3.2).

### III.2.3.4 Project Reporting and Monitoring Overview

The project reporting and monitoring processes at project level are visualised in the following chart.



### III.2.4 Reimbursement of Funds

The Interreg CE Programme follows the principle of reimbursement of costs incurred and paid by the beneficiaries. This means that each beneficiary must **fully pre-finance** its project expenditure. Beneficiaries should bear in mind that the absence of advance payments from the programme, and the time gap between incurring the expenditure and having it reimbursed, may lead to cashflow issues. The MA/JS are strongly committed to reducing the time needed for reimbursement as much as possible. For this reason, among others, the processing of the joint finance report is separate from the joint activity report.

Once the check of the joint finance report has been completed, the JS transfers the request for payment to the MA, which in turn verifies that all contractual clauses and other requirements have been respected. If the checks performed by the MA on the declared expenditure lead to a satisfactory result, the payment procedure for the claimed ERDF amount is launched and a notification on the date on which the transfer of funds to the bank account of the LP has been undertaken is provided to the LP. However, the payment of the last joint finance report is only launched once all the certificates of the partners are included and the monitoring of the last joint activity report is approved by the JS and MA.

The disbursement of funds by the MA takes place as soon as possible and at the latest **80 days** after the date of submission of the payment claim. This payment deadline is interrupted by the MA with every request for clarification sent by the MA/JS to the LP until the answer to the clarification request is sent by the LP. This applies also to clarifications related to the last joint activity report. In addition, the period may be interrupted if an investigation has been initiated by national, programme or EU institutions in relation to a

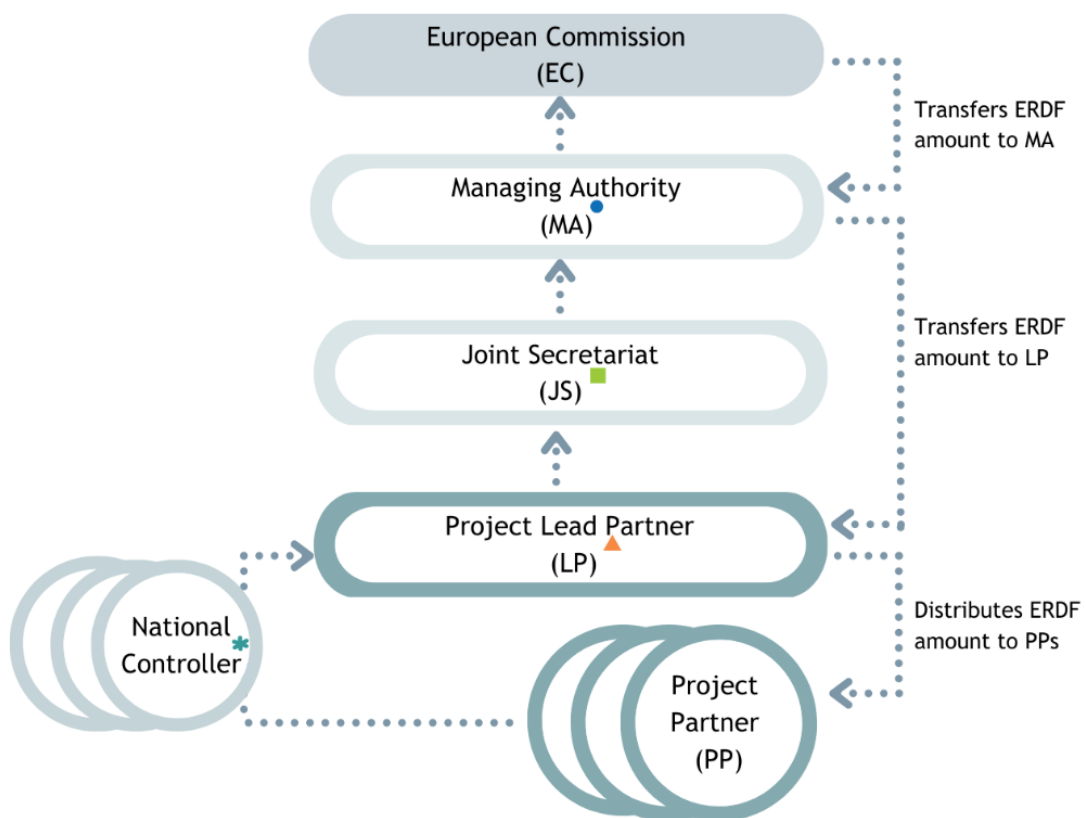



possible irregularity. In such cases the LP is informed in writing about the interruption and the reasons for it.


As stipulated in the subsidy contract, the disbursement of funds to the LP is subject to the condition that the European Commission makes the necessary funds available. Should no funds be available, the LP will be duly notified by the MA/JS.


After receipt of funds from the MA, the LP is obliged to transfer in time and in full the share of ERDF which corresponds to each PP. Unless otherwise agreed by the partnership, no amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied, which would reduce that amount for the PPs.

The overview of financial flows between the project, the programme and the EC is presented in the chart below.



 Approves joint finance reports and aggregates payment requests from projects and submits interim payment applications to the EC

 Collects and checks partner reports validated by national controllers and submits a joint finance report and a payment request to the MA/JS

 Checks the joint finance reports and transfers payment requests to the MA

 Validate expenditures of LP and PPs





### III.2.5 Conversion into Euro

Financial reporting of a project shall take place in Euro and the programme will reimburse ERDF contributions in Euro.

All **beneficiaries located outside the Eurozone** shall convert expenditure incurred and paid in national currency into Euro using the monthly accounting exchange rate of the European Commission in the month during which that expenditure was submitted for verification by the concerned beneficiary to its national controller.

The date of submission refers to the day in which the beneficiary submits for the first time to its controller the partner report concerning a certain expenditure. Further submissions of missing documents, clarifications etc. on that expenditure shall not be considered. The date of submission is documented in Jems and the conversion into Euro is automatically carried out by the monitoring system.

### III.2.6 Withdrawal and Recovery of Funds

In case the programme bodies, the European Commission, the European Anti-Fraud Office, the European Court of Auditors and, within their responsibility, the auditing bodies of the Member States or other national public auditing bodies discover any unduly paid out funds, or in case the MA is notified of such cases, the MA shall, if necessary, demand from the LP repayment of the subsidy in whole or in part. This is also specified in the subsidy contract.

When the unduly paid out funds concern unlawful State aid, repayment also needs to ensure removal of the undue advantage granted to the partner and restoring of the market to the state before aid was granted. An interest is to be paid for the period over which the partner benefited from the aid.

The LP shall ensure that the concerned PP repays the LP any amounts unduly paid, as provided for in the partnership agreement. The amount to be repaid can be withdrawn from the next payment to the LP or the remaining payments. In case of closed projects, the LP is obliged to repay the unduly paid out funds to the MA.

If the LP does not succeed in securing repayment from the concerned PP, or if the MA does not succeed in securing repayment from the LP, the concerned Member State on whose territory the concerned partner is located (or, in the case of an EGTC, is registered) shall reimburse the MA the amount that was unduly paid to that partner. In turn, the concerned Member State shall be entitled to claim the unduly paid funds from that partner.

### III.2.7 Financial Performance and De-Commitment of Funds

Projects not meeting the spending targets set in the latest version of the approved application form may face a de-commitment of funds. This is linked to the need for the programme to respect its financial targets as set in chapter 3 of the IP.

The MC may decide to de-commit funds from projects that, show a low performance. De-committed funds may be further used e.g. for funding additional projects in calls for proposals.

Experience shows that project spending is delayed in the first months of implementation. In light of this, an underspending up to 20% of the spending target set in the application form can be tolerated (if justified) until the end of the first financial reporting period after the project mid-term (e.g. for a project lasting 36 months that is the financial reporting period 4). Any underspending of funds exceeding this threshold may be de-committed by the programme MC on a case-by-case basis.



## III.3 Controls and Audits

### III.3.1 National Control Systems

National control systems have been set in place by the Member States of the Interreg CE Programme. Designated bodies or authorised individuals are therefore responsible for verifying expenditure of beneficiaries on their territories.

#### Type of National Control Systems

National control systems can be organised as:

- Centralised systems, in which Member States appoint one single body to perform the verification of expenditure of all beneficiaries located on their territory. In these Member States, beneficiaries must submit their expenditure for verification to this body.
- Decentralised systems, in which each beneficiary shall appoint its own controller<sup>38</sup>, according to instructions and procedures set in place at national level. Controllers appointed by the beneficiaries are subject to approbation by a body designated at national level for this purpose. Beneficiaries should check carefully the national provisions and procedures applicable in their Member States.

Controls performed on the expenditure submitted by beneficiaries can either be free of charge or charged to the beneficiary. In latter case, costs of control are also eligible as project expenditure and can therefore be reimbursed if they are foreseen in the project budget and claimed in the joint finance report.

Contact details of the national control bodies can be found at the [programme website](#). More information can also be found on the [websites of the national contact points](#).

#### Qualification and Capacity of Controllers

The whole management and control system, and ultimately the sound implementation of the Interreg CE Programme and its projects, strongly relies on the **quality of the national control systems** set in place.

Minimum qualification requirements of controllers are set at national level. The following requirements should anyway be held by a controller:

- A degree preferably in accounting, finance and relevant fields;
- Work experience in control and audit, preferably related to projects co-financed by EU Structural Funds;
- Knowledge of relevant EU, programme and national rules;
- Good command of English.

In addition, knowledge and skills of controllers should be regularly updated through targeted training (e.g. organised at national level). Furthermore, the MA/JS periodically organise opportunities for exchanging knowledge and experiences among national control bodies.

While in centralised systems, the qualification of controllers is ensured directly by the Member States when designating the body in charge of national controls, in decentralised systems it is the responsibility of each

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<sup>38</sup> Restrictions apply to beneficiaries located in Austria, in which case controllers are not appointed/selected by the beneficiaries themselves.



beneficiary, when appointing its controller, to ensure that such controller respects programme and national requirements. When selecting the controller, the qualification and competence should be privileged.

In addition, in accordance with Article 46(9) of the Interreg Regulation, where the controller is a private body or a natural person, the controller shall meet at least one of the following requirements:

- a. Be a member of a national accounting or auditing body or institution which in turn is a member of International Federation of Accountants (IFAC);
- b. Be a member of a national accounting or auditing body or institution without being a member of IFAC, but committing to carry out the management verifications in accordance with IFAC standards and ethics;
- c. Be registered as a statutory auditor in the public register of a public oversight body in a Member State in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (21); or
- d. Be registered as a statutory auditor in the public register of a public oversight body in a third country, partner country or OCT, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned.

If the performance of controllers in decentralised systems casts doubts on their professional standards, the MA reserves the right to require that the selected controller is replaced, in consultation with the national responsible body.

Irrespective of the type of control system, national controllers must have enough capacity for processing the expenditure submitted by the beneficiaries without delays. A timely verification of expenditure by the controllers largely depends on the completeness and accuracy of documents submitted by the beneficiary which, in turn, must also be ready to respond quickly to requests for clarification that the controller may pose.

### Independence of Controllers

Controllers must be independent from the beneficiary. The independence of external controllers may not always be given if close commercial relations exist between the partner institution and the selected controller (e.g. use of own tax accountants).

In Member States with a decentralised control system, minimum requirements on independence are set at the national level.

### Selection and Approbation of Controllers in Decentralised Systems

When a beneficiary in a decentralised control system selects a controller, the selection shall respect procurement rules as described in chapter I.4.4.1.

It is highly recommended to foresee contractual clauses, which:

- Define the liability of the controller linked to the quality of the performance;
- Ensure the availability of the selected controller also in the project closure phase, i.e. until the last instalment has been paid out following the project end and beyond in case of audits.

Following the selection of the controller by the beneficiary, the controller must be approved by an approbation body designated by the Member State. Following checks, the national approbation body issues an official approbation certificate. The assignment of the national controllers to an authorised control institution and to a beneficiary in Jems is done by the relevant national control body.



Programme bodies can only accept project expenditure that is verified through certificates issued by approved controllers.

### Control Work

National controllers have to verify at least that:

- Expenditure claimed on a real costs basis relates to the eligible period and has been paid;
- Expenditure relates to an approved project;
- Expenditure complies with programme conditions and with the applicable eligibility rules;
- Supporting documents are sufficient and an adequate audit trail exists;
- In case of flat rates or lump sums conditions for payments have been fulfilled;
- Expenditure complies with State aid rules, procurement rules, branding rules, as well as sustainable development (including environment protection), equal opportunity and non-discrimination requirements;
- The project physically progresses;
- The delivery of products or services is in full compliance with the content of the subsidy contract, including the latest version of the approved application form;
- An effectively functioning accounting system exists on the level of the beneficiary allowing a clear identification of project-related expenditure.

Expenditure incurred and paid by beneficiaries can be claimed only after it was verified by their respective national controller.

The verification of expenditure is performed on incurred expenditure to be included by the beneficiary in each finance report. This is done through administrative verifications (i.e. desk-based verifications) as well as on-the-spot verifications. Only expenditure claims verified by national controllers in accordance with national requirements and procedures can be accepted by the MA.

Risk-based verifications are to be carried out in accordance with the methodology set up at national level approved by the relevant programme body.

**On-the-spot verifications** are performed by the controller at the premises of the beneficiary as well as in any other place where the project is being implemented. On-the-spot verifications should check the existence of the project, especially with regard to cost items referring to the cost categories “Equipment” (CC5) and “Infrastructure and works” (CC6) and to accounting documents that form part of the audit trail. Furthermore, on-the-spot verifications should check the existence and effective functioning of an accounting system on the level of the controlled beneficiary.

As a general rule, on-the-spot verifications have to be performed by controllers on all beneficiaries. An exception to this rule applies to countries with a centralised control system, where on-the-spot verifications may be performed on a sample of beneficiaries. However, beneficiaries claiming costs for “Infrastructure and works” (CC6) need to be verified on-the-spot by controllers also in countries following centralised control systems. Equipment items do not need to be checked on-the-spot, but comparable measures to an on-the-spot check should be carried out (e.g. photo documentation). If a beneficiary is selected for an on-the-spot check, or if an obligatory on-the-spot check is required because the beneficiary has incurred costs for “Infrastructure and works”, it is recommended that the equipment should also be checked when carrying out the on-the-spot check.



In countries with a decentralised control system, on-the-spot verifications of all beneficiaries are compulsory at least once and they have to take place in the first half of the project implementation period. Furthermore, a second on-the-spot verification is compulsory on those beneficiaries incurring costs for infrastructure and works (CC6).

If during its checks, the MA/JS discover that the obligatory on-the-spot verification did not take place in the first half of the project implementation, the controller will be requested to carry out the check before the due date of the next finance report. In case that the on-the-spot check is not done within the given deadline, the costs of the relevant project partner have to be removed from the finance report. Once the on-the-spot check is performed, the costs can be included in the finance report which is due after the performance of the check.

### Control Documents

The documentation of the control work carried out by the national controller is an essential element of the audit trail. It is done through filling-in and issuing the following documents:

- Certificate of expenditure, which certifies the compliance of the expenditure verified by the controller with the principles of eligibility, legality and relevance.
- Control report and checklist in which the controller gives evidence of the verifications performed and describes the methodology used for the verifications, explanation of the nature of the documents tested, of national and EU rules checked, etc.

The use of the abovementioned documents by the national controllers is compulsory. The documents must be filled in and issued by the authorised controllers through Jems. For information purposes only, offline templates will be made available at the [programme website](#).

### III.3.2 Ongoing Controls by the MA/JS

The ongoing controls performed by the MA/JS are complementary to the verification of expenditure carried out by national controllers. Such controls are aimed at verifying the quality of project implementation as well as the quality of work done by national controllers.

The following types of control are performed by the MA/JS:

- **Verification of the project's existence and physical progress** by analysing the activity part, including indicators, of each progress report as well as outputs and relevant deliverables produced by the project.
- **Plausibility checks of expenditure** consisting of desk checks of invoices and other supporting documents with the scope of analysing several aspects linked to the plausibility of expenditure, including the adequacy of costs (value for money) of the reported outputs and deliverables. These checks are performed by the MA/JS on a sample of projects.
- **Verification of the documentation of the control work** performed by national controllers, through the check of the control report and checklist issued by controllers together with the certificate of expenditure. These checks are performed by the MA/JS on a sample of projects.
- **On-the-spot verifications**, which are mainly targeted at projects that realise investments through equipment or infrastructure and works, thus complementing the desk verification of the existence of the project.

The MA/JS may perform additional verifications on quality standards of national control systems if deemed necessary.



On the basis of a risk assessment, the MA/JS may also perform additional verifications on incurred expenditure charged to the project at any time with the scope of preventing and detecting potential irregularities (including fraud).

### III.3.3 Audits by the Audit Authority (AA) and Group of Auditors (GoA)

The AA is the programme body responsible for carrying out system audits and audits on operations in order to provide independent assurance to the EC that the programme management and control system functions effectively and that expenditure submitted to the EC is legal and regular.

The AA is supported by the GoA which is composed of representatives from each programme Member State. The AA and the GoA entrust part of the audit work to an external audit company.

Audits on projects are performed during the entire programme lifetime. An EU level sample of the projects and project partners to be audited is drawn every year by the EC for all Interreg programmes.

During the audit, auditors analyse a number of aspects related to the implementation of the project, including the following:

- Existence of the project;
- Compliance with obligations set in the subsidy contract and partnership agreement;
- Eligibility of expenditure;
- Compliance with EU and national rules (including public procurement);
- Existence and soundness of the audit trail;
- Review of the control work carried out by the national controller.

The audit is in most cases performed on the spot, at the premises of the audited body or in any other place where the project is being implemented. It is complemented by desk verifications.

In case of detected non-compliances or infringements, audit findings are raised. For each finding they clearly state the reasons and provide requirements for clearance of the finding. All findings are presented to the audited body upon completion of the audit in order to undergo a contradictory procedure. Within the contradictory procedure the LP, PP(s) and controller(s) have the possibility to comment on each finding. At the end of this procedure, the AA and GoA have to confirm or lift the findings. Following this, the audit report becomes final and the audit follow-up process starts.

The audit follow-up depends on the type of findings detected:

- In case of findings with financial impact (i.e. in case of detecting irregular amounts), the amounts considered as not eligible are withdrawn from the next payment claim submitted to the MA/JS or are recovered from the LP if the project is already closed (or if the amount claimed by the concerned beneficiary is lower than the irregular amount);
- Should findings have no financial consequences, the affected beneficiary (or its controller if applicable) has to document that recommendations set by the auditors have been followed up.

The MA/JS support the communication flows between all parties involved in the audit process, i.e. the AA, GoA members, audit company, LP, PPs and national controllers.

The MA/JS will also provide further guidance as well as training to beneficiaries on audit preparation and follow-up.



### III.3.4 Other Controls and Audits

As provided for in the subsidy contract, and in addition to the programme bodies, the European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, within their responsibility, the auditing bodies of the Member States or other national public auditing bodies, are entitled to audit the proper use of funds by the beneficiaries. The concerned beneficiaries are notified in due time about any audit to be carried out by authorised persons of such bodies.

Beneficiaries undergoing an audit have to provide any project-related information to the above auditing bodies and give access to their business premises. Audits may occur at any time until the end date for the retention of documents, as provided for in chapter III.3.6.

### III.3.5 Audit Trail

#### Contents of the Audit Trail

An audit trail is to be understood as a chronological set of accounting records that provide documentary evidence of the sequence of steps undertaken by the beneficiaries and programme bodies for implementing an approved project.

According to this definition, the proper keeping of accounting records and supporting documents held by the beneficiary and its national controller plays a key role in ensuring an adequate audit trail. In turn, setting up and maintaining an adequate project audit trail is a basic requirement for the eligibility of the expenditure claimed.

At the level of **each beneficiary**, an adequate audit trail is composed at least of the following elements:

- The subsidy contract (and its amendments);
- The partnership agreement (and its amendments);
- The latest version of the approved application form in Jems;
- Adequate evidence and documentation of all outputs and deliverables produced during the project lifetime;
- For real costs claimed within the project, the documents proving the expenditure incurred and the payment made;
- Adequate documentation of all procurement procedures implemented for selecting experts, service providers and suppliers;
- Any other supporting document applicable to each cost category as further specified in chapter I.4.3;
- Reports submitted in Jems to the national controller with the purpose of validating project expenditure;
- Documents issued by the national controller validating expenditure claimed within the project.

In the project start-up phase, it is essential, for each beneficiary, to set up adequate arrangements that ensure the availability of:

- A separate accounting system or an adequate accounting code set in place specifically for the project;
- A physical and/or electronic archive which allows storing data, records and documents concerning the physical and financial progress of the project - as listed above - until the end of the document retention period specified in chapter III.3.6.



All documents composing the audit trail shall be kept either in the form of originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. The certification of conformity of documents held on commonly accepted data carriers with original documents shall be performed in compliance with national rules on the matter.

In case of beneficiaries using e-archiving systems, where documents exist in electronic form only, the systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

### Annuling of Documents

One important element to be taken into account when setting up the audit trail is the need to avoid double funding from different co-financing sources for the same expenditure item. Whereas analytical accounting systems help in this respect, more straightforward measures must also be foreseen, as for instance the annulling of invoices and other probative documents.

The practice of annulling the originals of invoices and other probative documents is compulsory in the framework of the Interreg CE Programme. Where available, the annulling of originals of expenditure documents should be carried out by means of a stamp bearing at least the following information:

- That the expenditure has been co-funded by the Interreg CE Programme;
- The number and the name (acronym) of the project;
- If applicable (e.g. same document covering different cost items), a statement on the share of expenditure claimed in the concerned project.

If invoices (or other probative documents) are available only on electronic support (i.e. no original can be identified) the abovementioned information should be included in the subject or the body of the electronic document.

### III.3.6 Retention of Documents

All supporting documents composing the audit trail must remain available at the premises of each beneficiary at least for a period of **five years**. This period starts from 31 December of the year in which the last payment is made by the MA to the LP. Furthermore, all documents referring to project activities and expenditure for which State aid was granted to partners shall be available for at least **10 years** from the date of granting the last aid by the programme. The retention period shall be interrupted either in the case of legal proceedings or by a request of the EC.

At the closure of projects, the MA/JS will inform each LP and its national controller on the exact start date of the above mentioned retention periods. The LP shall in turn inform the PPs.

Other, possibly longer document retention periods according to e.g. national and internal rules, remain unaffected.

For the entire retention period, all bodies entitled to perform controls and audits are allowed to access the project and all relevant documentation and accounts of the project.





## III.4 Project Modification and Flexibility

During implementation, projects might face the need to modify the application form in order to adapt it to their actual needs. Modifications can be classified into minor or major modifications depending on their impact on the project.

### III.4.1 Minor Modifications and Budget Flexibility

Minor modifications are adjustments that do not have a significant impact on the project. They can be implemented without prior approval of programme bodies within a certain flexibility range. Minor modifications may concern the aspects described below.

#### Modification of Administrative Elements

Administrative elements that might need to be updated include (see also chapter III.1.2):

- Change of contact data of the project, finance or communication manager
- Change of bank account of the LP
- Change of location of project documents

To start the modification process, the LP has to inform the JS on the need of changing administrative information. If necessary, the JS opens the concerned section(s) in Jems, where the LP can then update information and upload relevant documents as needed.

In addition, the LP has to inform the JS in case of any changes in the contact data or legal representative of the LP/PP and in case of a change in the LP/PP name that has no impact on its legal status. In case of change of legal representative or change of institution name, a relevant documentation giving evidence of such change has to be provided.

Please note that, if there is a change in the legal status or structure of the concerned partner institution, the LP has to apply for a major modification as described in chapter III.4.2.1.

#### Adjustments of the Work Plan

Minor modifications of the work plan must not affect the project intervention logic (i.e. project objectives, outputs, and results).

The LP should inform the JS as soon as possible about any upcoming needs for adjustments to the work plan. Based on information provided, the JS either confirms the minor character of the modification or informs the LP about the need to request a major modification.

Minor modifications could concern e.g. the format of an activity or a deliverable (e.g. change of location of pilot action, shifting physical meetings/events to online etc.), their timeline, or the involvement of partners in work packages and activities.

Such adjustments have to be reported as “deviations” within the joint activity reports (see chapter III.2.3.3). This has to include a justification of the minor modifications compared to the approved application form and, if applicable, an explanation of possible consequences on the project’s further implementation. Minor modifications could also be discussed during the project review (see chapter III.2.3.2).



## Budget Flexibility

The budget in the approved application form should be as precise as possible. However, when implementing the project, the LP might need to modify the financial plan to the actual project implementation status.

It is the responsibility of the LP to monitor project expenditure in order to ensure that the budget flexibility thresholds are respected. As a consequence, any expenditure carried out at PP level exceeding the overall budget availability of the respective PP as well as the allocation per cost category should be authorised by the LP.

Budget flexibility requirements applicable to projects are defined as follows:

Modification	Required Actions	Restrictions
<p>Increase of budget by up to <b>10% or EUR 20.000</b> (whichever is the highest) compared to the latest version of the application form in the following cases:</p> <ul style="list-style-type: none"> <li>▪ Increase of budget in any cost category;</li> <li>▪ Increase of the LP or PP budget.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obtain approval from the LP and provide the approval to the controller;</li> <li>▪ Report verified <b>expenditure</b> remaining within the flexibility limit in the joint finance report;</li> <li>▪ Report such modifications as “<b>deviations</b>” within the joint finance report.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The <b>project</b> budget as defined in the subsidy contract cannot be increased;</li> <li>▪ The budget allocated to a single <b>investment</b> (CC5 and CC6), for which an investment was not listed in section C.4 of the latest version of the application form, cannot be increased above EUR 25.000 total cost;</li> <li>▪ The nature and use of <b>investments, as described in the latest application form</b>, cannot be changed;</li> <li>▪ If there is no budget allocated under CC6, any increase must be agreed with the MA/JS beforehand, even if minor;</li> <li>▪ State aid contractual conditions setting thresholds to the budget granted to beneficiaries may limit the application of the budget flexibility rule.</li> <li>▪ <b>Partner(s) receiving State aid within the project under the <i>de minimis</i> regime <u>cannot</u> increase their budget.</b></li> </ul>

An increase of budget in a cost category or partner budget has to result in a decrease of budget in another cost category or partner budget. Due to the application of SCOs, an increase in a certain cost category (e.g. staff costs) might result in an increase of other cost categories (e.g. travel and accommodation costs). This has to be kept in mind in order to not increase the budget of the respective LP/PP above the threshold for minor modifications.

**Please note: Exceeding the budget flexibility limits without prior authorisation of the relevant programme bodies will result in the ineligibility of the amount exceeding the threshold.**



## III.4.2 Major Modifications

Major modifications are complex changes that have an impact on the partnership, on the intervention logic or on the project budget. Such modifications require prior approval by different programme bodies depending on the type of major modification:

Type of modification	Approval by
Partnership	MC members of the countries where concerned partners are located, and MA
Budget	MA
Work plan	MA
Duration	MA

### III.4.2.1 Modification of Partnership

As a principle, modifications of the partnership should be avoided to the possible extent. All other possible solutions should be explored before undertaking a partnership modification.

In cases of institutional changes, where according to national law the legal personality does not change and where all assets of a partner are taken over (i.e. in cases of universal succession), this can be treated as a minor administrative modification (see chapter III.4.1). The LP, however, must submit in due time the relevant information to the MA/JS together with all documents that are necessary to analyse the legal case. If the MA/JS comes to the conclusion that the conditions as stated above are not fulfilled (e.g. in cases of a singular succession), the LP shall initiate a partnership modification procedure.

#### Options for Partnership Modification

In case a partner has to withdraw from the project, there are the following options:

- **Replacement by a newly incoming institution**

The replacing institution must have the necessary experience and technical, organisational and financial capacity to participate in the project. It should preferably be located in the same region or country of the withdrawing partner.

It is strongly advised that the withdrawing partner, in coordination with the LP, informs the NCP of its country on the ongoing partner change. If needed, the NCP can support the search for a partner replacement in the concerned country.

If a withdrawing partner is located in an EU region outside the Interreg CE programme area, the incoming partner shall be located in the Interreg CE programme area or, if this not possible, must be located in the same Member State and have the same national responsible authority/body<sup>39</sup> as the withdrawing partner.

If a leaving partner has not yet started the implementation of its activities, all tasks and the related budget can be fully taken over by the new partner. If the withdrawing partner has already partially

<sup>39</sup> I.e. relevant institution(s) which signed an agreement on the acceptance of management, control and audit responsibilities as well as on liabilities in case of irregularities, as provided for in chapter I.3.1.1



carried out planned activities, only the remaining tasks and budget may be taken over by the new partner. Please note that funds of the withdrawing partner only become available for the new partner after approval of this modification by the relevant programme bodies.

- **Replacement within the existing partnership**

One or more of the existing partners partly or fully take over the role, activities and related budget of the withdrawing partner and no new institution or body joins the partnership.

- **No replacement**

No other institution (neither from outside or within the existing partnership) is taking over the implementation of activities of the withdrawing partner. In this case, the activities referring to the withdrawing partner (and the respective budget) have to be excluded from the revised application form.

However, this option is only possible if the concerned activities and the role of the withdrawing partner are not crucial for the project implementation and the exclusion does not have an overall negative impact on reaching the project objectives and results as planned in the approved application form. If this cannot be demonstrated, the MA has the right to terminate the project and demand the repayment of funds.

Also a **combination of the above three types of partnership modifications** is possible, e.g. only part of the activities are taken over by a newly incoming PP and other activities (and the related budget) are either excluded from the project or distributed within the partnership.

In case the partnership modification has an impact on the size of the partnership, the targets of the respective output indicator (RCO 87 “Organisations cooperating across borders”) and result indicator (“RCR 84 “Organisations cooperating across borders after project lifetime”) might need to be updated (see chapter I.3.4.).

Partnership modifications have to be compliant with any applicable partnership requirements as defined in chapter I.3.1.1 and in the ToR for the concerned call for proposals.

Please note that obligations deriving from the subsidy contract and the partnership agreement in terms of audits, retention of supporting documents and durability of outputs remain applicable to the withdrawing beneficiary institution even if only part of the originally foreseen budget was spent.

### Supporting Documents for Partnership Modifications

The following supporting documents shall be provided depending on the type of partnership modification:

- Withdrawal letter of the concerned partner;
- Signed partner declaration, in case of a newly incoming partner;
- Acknowledgement of modification by the partnership (e.g. minutes of project steering committee meeting, email confirmations, etc.).

If a withdrawing partner is replaced, additional information might be requested for assessing the State aid compliance of the new partner taking over activities. This may result in specific State aid contractual conditions.

Additional State aid contractual conditions might also be set to existing partner(s) that, within the partnership, take over activities and budget of the withdrawing partner<sup>40</sup>.

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<sup>40</sup> For more information on the programme approach to State aid, including State aid assessment and linked contractual conditions, please see chapter I.4.4.3.



### III.4.2.2 Budget Modifications

Major budget modifications concern the reallocation of budget between cost categories or partners that go beyond flexibility rules as presented in chapter III.4.1.

Financial implications of a modification of the partnership or the work plan are not considered as budget modifications (e.g. reallocation of tasks and budget within the partnership), but rather as its consequence.

Only one major budget modification can be requested during project implementation, notably after the project review (see chapter III.2.3.2). Budget modifications might be also linked to budget reductions due to low financial performance of the project (see chapter III.2.7).

State aid contractual conditions that set thresholds to the budget as it was granted to beneficiaries limit the possibility of budget modification. In particular, partners receiving State aid within a project under the *de minimis* regime **cannot increase their budget**.

It is to be noted that following the approval of a major budget modification, the project can still benefit from budget flexibility rules described in chapter III.4.1.

### III.4.2.3 Modification of the Work Plan

All modifications which affect the project intervention logic by going beyond a mere adjustment of the work plan (see chapter III.4.1), require a formal approval by the MA.

This may concern the following:

- Modification of project objectives and results as well as the overall project approach;
- Modification or deletion of outputs;
- Deletion of activities;
- Major modification of investments above EUR 25.000 total cost, for which an investment description has to be provided in the application form (see chapter II.2.1.2);
- Modification of output and result indicator targets.

Requests for work plan modifications should be submitted in a fairly advanced stage of project implementation (i.e. not before the project review) and must be accompanied by a sound and detailed justification. Such requests have to be submitted prior to the implementation of the activities affected by the requested change of the work plan. A retroactive approval or approval before the project review may be granted only in exceptional and duly justified cases (e.g. necessary change of investment).

Modification requests have to be accompanied by a document demonstrating that the whole partnership acknowledges the modification (e.g. minutes of project steering committee meeting, email confirmations of partners).

Furthermore, in case of work plan modifications potentially leading to State aid relevance of the project, additional information may be requested to the partnership. This may result in specific contractual conditions set to the concerned partners.



### III.4.2.4 Modification of Project Duration

In exceptional and well justified cases, the programme may grant an extension of the project duration. Prolongation requests should be rooted in external factors that hinder the timely finalisation of project implementation or the fulfilment of project objectives within the set time frame.

The following restrictions and limitations apply:

- The project budget, as outlined in the subsidy contract, cannot be increased.
- The extension of the project duration should not exceed six months. Only in exceptional and duly justified cases an extension beyond this might be accepted;
- The latest end date for a project is 31 December 2028 and no extension beyond this date can be granted.

A request for prolongation can be submitted only after the project review meeting (see chapter III.2.3.2) and before the project end date (as in the latest version of the approved application form). Any request submitted after the end of the project implementation period will be rejected.

When requesting an extension, the modification request shall be accompanied by an acknowledgement of the whole partnership (e.g. minutes of project steering committee meeting, email confirmations of partners).

### III.4.2.5 Process for Major Modifications

Major modifications require a formal submission of the request to the MA/JS (via Jems) and trigger an approval procedure. Partners shall bear in mind that major modifications are approved only in duly justified cases.

Major modifications can only be requested:

- In an advanced stage of project implementation, i.e. at or after the project review. An earlier timing of a major modification is possible only for partnership changes or in other exceptional cases.
- Before the project end date as indicated in the latest version of the approved application form. However, it is strongly recommended to submit any major modification request at the latest three months before the project end date.

The lead partner has to inform the JS as soon as it becomes aware that a major modification might be needed. The JS then provides support and guidance through the whole modification process.

The modification process can be summarised as follows:

- LP submits a modification request form to the JS (template available in the documents section of the programme website) with a description of the requested changes and justifications;
- JS analyses the modification request, provides feedback to the LP and, if applicable, asks for additional explanations or clarifications. If the request is considered as justified, JS opens the AF in Jems, leading to a new version of the AF;
- LP updates the relevant parts of the AF and, if applicable, uploads relevant supporting documents in Jems;
- JS checks the revisions of the AF and, if needed, asks for further clarifications and/or amendments;
- Upon acceptance by the JS of the modifications made, the LP submits the revised AF in Jems and sends to the JS the final modification request signed by its legal representative;



- JS forwards the modification request, including its technical opinion, to the relevant programme bodies for approval;
- JS notifies the LP on the decision taken by the programme bodies and, if accepted, sets the revised version of the AF as the latest approved version in Jems.

The project modification enters into force on the date of its approval. Only in exceptional and duly justified cases, modifications can be granted retroactively.

A major modification might also lead to a revision of the subsidy contract or the partnership agreement and an update of the project monitoring plan. In any case, the LP must inform the partnership on the approval of the modification request and the entry into force of the revised application form.

## III.5 Durability

Project outputs that have the character of investments in infrastructure or productive investments shall remain with the concerned beneficiaries either for at least five years following the final payment to the beneficiary, or, where applicable, within the period of time set out in State aid rules. The occurrence of any of the following situations would result in a violation of rules concerning durability:

- a. Cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
- b. Change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c. Substantial change affecting the nature, objectives or implementation conditions which would result in undermining the original objectives of the concerned investments.

Should any of the above conditions not be met at any time within five years after the final payment to the beneficiary or, where applicable, within the period of time set out in State aid rules, the concerned beneficiary must immediately inform the MA/JS. The MA will then recover the unduly paid ERDF contribution in proportion to the period for which the requirements have not been fulfilled.

As an exception, durability requirements set in this chapter do not apply in case of cessation of a productive activity due to a non-fraudulent bankruptcy.

## III.6 Programme Support to Beneficiaries

Support measures offered by the programme to beneficiaries may include:

- **Video explainers and tutorials**

On the [website](#), this programme manual is available in an enhanced version including also video explainers and tutorials. These allow beneficiaries to quickly get familiar with the basics of project implementation. The video explainers and tutorials will regularly be extended and updated, please refer to the programme website for latest information.

- **Webinars**



The programme organises and records online training in webinars on specific topics that are relevant for implementing projects. They also provide an opportunity to directly ask questions to the MA/JS. The list of webinars will regularly be extended and updated, please refer to the programme website for latest information.

- **FAQs**

On the programme website, applicants are provided with answers to the most frequently asked questions (FAQs) regarding project implementation. FAQs are regularly extended and updated, please revisit them for latest information.

- **Helpdesks**

If beneficiaries cannot find an answer to their question in the FAQs, there is also the option to contact a permanent general helpdesk per e-mail. For questions related to the application system, there is the possibility to get in touch with the Jems helpdesk or consult the Jems user manual.

- **Personal support by programme officers**

Lead beneficiaries, and in exceptional cases also other beneficiaries, can reach out to programme officers (POs) in the JS. They offer support and guidance on all project implementation issues.

- **National support**

Beneficiaries can also reach out to national contact points (NCP) in all programme countries. NCPs offer national support regarding national implementation issues.

Please visit the programme website for regular updates and further details regarding all support measures.





## IV. PROJECT CLOSURE

The project closure occurs through the monitoring of the last joint activity and finance reports to be delivered 3 months after project finalisation.

As part of the last joint activity report, additional information on sustainability, uptake and transfer of outputs and results shall be reported.

Specific information related to closure is available in other parts of this manual as follows:

- Costs for project closure (chapter I.4.2.5);
- Retention of documents after project closure (chapter III.3.6);
- Durability of outputs (chapter III.5).

During the project closure phase, projects might be asked to provide additional information through surveys.

## V. ANNEXES

1. [Glossary](#)
2. [Programme Output and Result Indicators](#)

Other key documents for application and implementation include the following (non-exhaustive list):

- Application Package (call-specific) with:
  - Terms of Reference for the Call
  - Application Form Offline Template
  - Lead Partner Declaration Template
  - Partner Declaration Templates
  - Simplified Financial Statement
- Subsidy Contract Model
- Partnership Agreement Model
- Monitoring Plan Template
- Project Modification Request Template
- Reporting Package
  - Partner Report Offline Template
  - Joint Finance Report Offline Template
  - Periodic Staff Report Template
  - Task Assignment Document Model
  - Joint Activity Report Offline Template
  - Project Payment Request Template
  - LP verification checklist
  - Output factsheet Template
  - Investment factsheet Template
- National Control Package



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- Certificate of Expenditure
  - Control Report and Checklist

These documents are available in the documents section of the [programme website](#).