

PROGRAMME MANUAL

For applicants and beneficiaries

Version of May 2021

Interreg Atlantic Area Programme 2014-2020
Managing Authority/ Joint Secretariat



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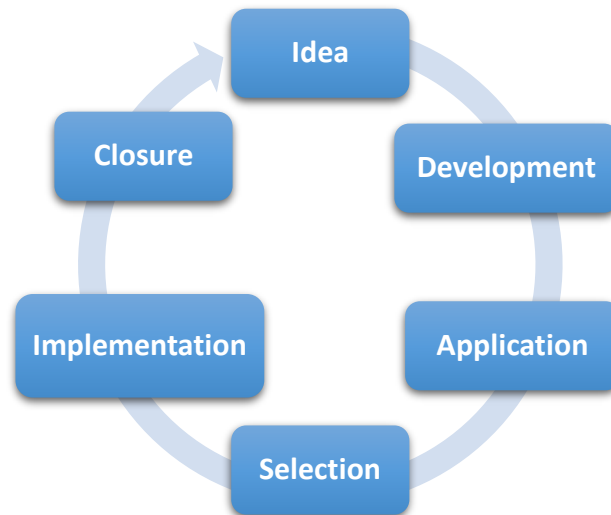
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Abbreviations

AA	Audit Authority
AD&C	<i>Agência para o Desenvolvimento e Coesão</i>
CA	Certifying Authority
CCDR-N	<i>Comissão de Coordenação e Desenvolvimento Regional do Norte</i>
CPR	Common Provisions Regulation
EC	European Commission
EOI	Expression of Interest
ERDF	European Regional Development Fund
ESI	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
FLC	First Level Controller
GBER	General Block Exemption Regulation
GoA	Group of Auditors
IGF	<i>Inspeção Geral de Finanças</i>
IPR	Intellectual Property Rights
JS	Joint Secretariat
MA	Managing Authority
MS	Member State
NA	National Authority
NC	National Correspondents
NCP	National Contact Points
PAF	Project Approved Form
PMC	Programme Monitoring Committee
SIGI	Integrated management information system
SME	Small and Medium Enterprises

Introduction

The manual provides guidance on all phases of the project life cycle and explains the rules and procedures of the Atlantic Area Programme.



The rules laid down in this manual are the primary rules of the programme. They are based on the relevant European Regulations and agreed by the programme Member States (MS). The programme rules can only be overruled by national legislation if a particular topic is not covered by the manual. In all other cases the manual rules apply first.

Please note that this manual may be updated throughout the lifetime of the programme in order to adapt it to changes in the relevant regulations and to improve programme delivery.

The manual is relevant for all stakeholders involved at different phases of a project. Lead partners and project partners are the main target group of the document, together with their management controllers. All are expected to be familiar and up to date with the content of the manual, particularly Lead Partners as they are responsible for all project phases from development to closure.

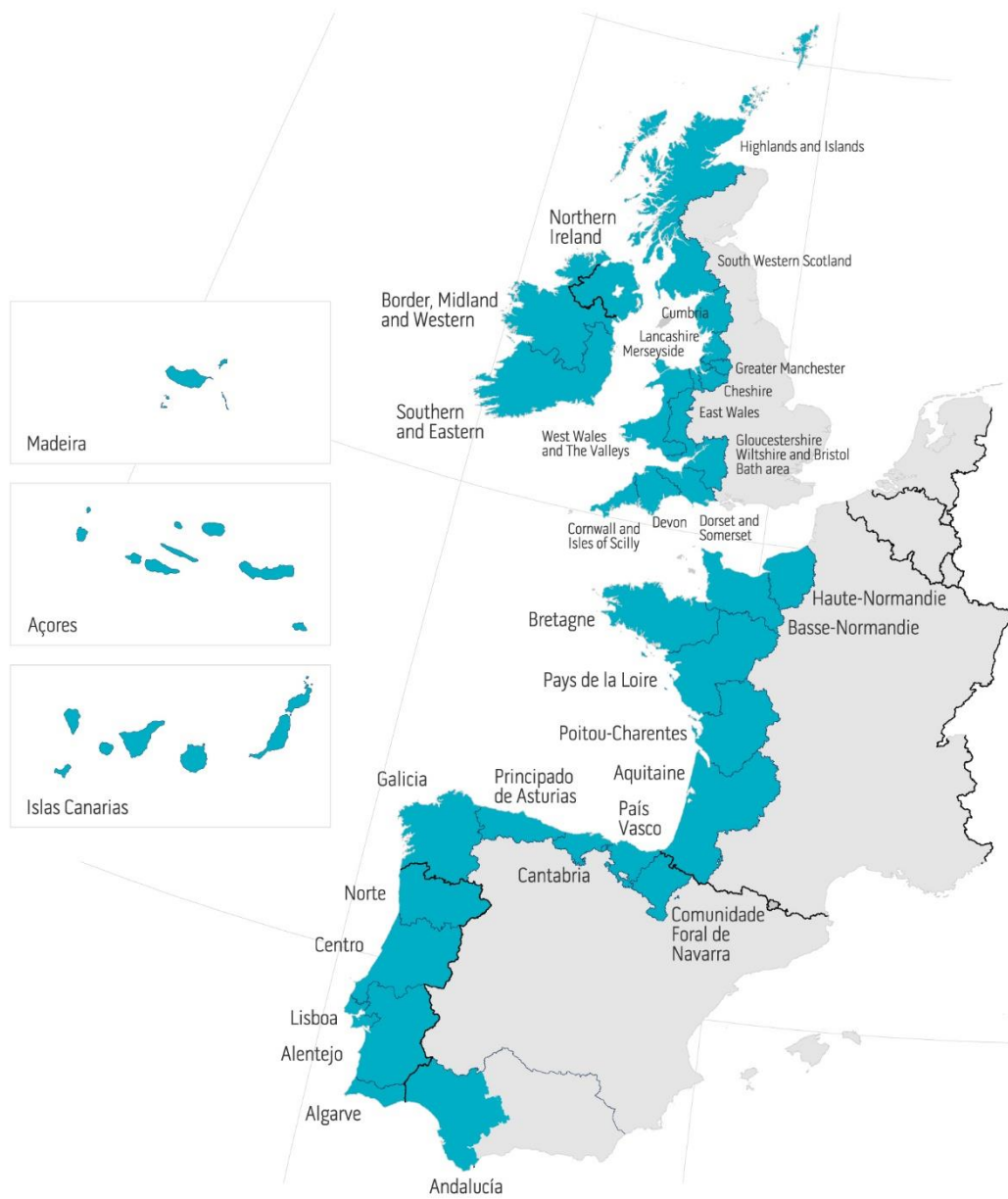
1. General information about the programme

1.1. Programme area

The Atlantic Area covers the western part of Europe bordering the Atlantic Ocean. It comprises regions from the western part of the United Kingdom, Ireland and Portugal as well as the northern and south westernmost part of Spain and western France. In comparison to the period 2007-2013 programme, the current programme covers an expanded area with the inclusion of new regions: Canary Islands (Spain), the Autonomous Regions of the Azores and Madeira (Portugal). The eligible regions are the following:

- ✓ **France:** Haute-Normandie ; Basse-Normandie ; Pays-de-la-Loire ; Bretagne; Poitou-Charentes; Aquitaine;
- ✓ **Ireland:** Border, Midland and Western; Southern and Eastern;
- ✓ **Portugal:** Norte; Centro; Lisboa; Alentejo; Algarve; Região Autónoma dos Açores; Região Autónoma da Madeira;
- ✓ **Spain:** Galicia; Principado de Asturias; Cantabria; Navarra; País Vasco; Andalucía (Huelva, Cádiz and Sevilla); Islas Canarias;
- ✓ **United Kingdom:** Cumbria; Cheshire; Greater Manchester; Lancashire; Merseyside; Gloucestershire; Wiltshire and Bristol/Bath Area; Dorset and Somerset; Cornwall and Isles of Scilly; Devon; West Wales and the Valleys; East Wales; South Western Scotland; Highlands and Islands; Northern Ireland.

Atlantic Area Programme eligible regions



ATLANTIC AREA PROGRAMME 2014-2020

1.2. Programme overall objectives

The programme main objective is to strengthen the integrated territorial development and cooperation in the Atlantic Area.

It is structured around 4 priority axes and 7 specific objectives as illustrated in the diagram below:



The programme maximises opportunities and addresses issues which require a joint response by partners from a minimum of 3 countries within the programme area. The Atlantic Area has carried out a full SWOT analysis and the results can be found in the cooperation programme.

The Interreg Atlantic Area 2014-2020 programme aims to support the achievement of the European Territorial Cooperation (ETC) goal and fits within the wider strategic context of European Union (EU) strategies and objectives.

Project applicants and partners should be aware of the wider strategic context when preparing applications and delivering projects. Some of the main strategic documents are listed below for illustrative purposes only, however this is not exhaustive:

FOR PROJECT DEVELOPMENT	
Cooperation Programme Available here	This sets out the overall programme strategy, the aims, objectives and types of actions to be supported. Note that the full approved version as submitted to the European Commission and a summary are available on the programme website.
Programme Manual Available here	It offers detailed guidance for project applicants and partners on project development and implementation in the Atlantic Area. All rules and guidelines are explained in this document.
Programme approval decision Available here	Decision of the European Commission according to Article 29(4) EU Regulation N. 1303/2013 approving the programme (Decision No C(2015) 8196 / 17.11.2015);
STRATEGIC FRAMEWORK	
EU 2020 Strategy Available here	The overarching EU strategy for smart, sustainable and inclusive growth.
Territorial Agenda EU 2020 Available here	Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions, May 2011. Strategic policy paper on Territorial Cohesion in the EU.
Sixth cohesion report on economic, social and territorial cohesion Available here	Investment for jobs and growth. Promoting development and good governance in EU regions and cities, European Commission, July 2014. Report on economic and social cohesion in the EU.
Action Plan for a Maritime Strategy in Atlantic Area Available here	European Commission Action Plan for a Maritime Strategy in the Atlantic Area - Delivering smart, sustainable and inclusive growth.
Marine Strategy Framework Directive and the Maritime Spatial Planning Directive Available here	The Marine Strategy Framework Directive (MSFD) and the Maritime Spatial Planning (MSP) Directive are important legislation to the Atlantic Area, particularly relevant in the context of transnational cooperation.
LEGAL FRAMEWORK	
ERDF regulation No. 1301/2013 Available here	Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.
Common provisions regulation (EU) No. 1303/2013 Available here	Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 on common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and on general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.
ETC regulation No. 1299/2013 Delegated acts and implementing acts Available here	Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal.

ETC Delegated Regulation on eligibility of expenditure Available here	Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes.
FOR PROJECT IMPLEMENTATION	
Application form	A legally binding document that describes the project (relevance, objectives, results, outputs and partnership) and gives detailed information on the work plan and budget. Once the project is approved, the application form becomes the reference document for the whole implementation of the project until its closure. It is annexed to the Subsidy Contract (see below). Its content may be modified to a certain extent during the project lifetime, but only in compliance with the programme's project modification rules and procedures.
Subsidy Contract	The contract between the Atlantic Area Managing Authority and the project Lead Partner that defines the rights and obligations of the partnership.
Partnership Agreement	The contract between the Lead Partner and the partners that defines the rights and obligations of each partner within the context of the project.
Progress report	The reporting template for projects during their implementation. It can be accessed and submitted through the programme website. Projects must submit a progress report twice a year to the Joint Secretariat; failure to do so could result in delay in payment and reduction in funding.
Programme website guidelines	Help and guidance for the submission of claims and reports through the programme website.

1.3. Horizontal principles

Sustainable development, equal opportunities and non-discrimination, and equality between men and women are three major horizontal principles that constitute an integral part of EU policy and the programme. The supported projects have to abide to and promote these principles whenever possible in their activities, outputs and results. In addition, projects must explain in the application form the specific measures they plan to take at the operational level (i.e. project management) to follow these principles. The promotion of the horizontal principles will be considered as a positive factor in the project assessment and selection.

For further information on these principles refer to section 8 of the cooperation programme or Article 7 from Common Provisions Regulation (CPR) (EU) No 1303/2013 regarding accessibility of persons with disabilities.

1.4. Integrated territorial development approach

The Atlantic Area Programme supports integrated territorial development. Projects must address territorial challenges, making use of territorial assets and consider relevant territorial development policies.

The programme encourages projects to build on specific opportunities of the regions involved, for instance through smart specialisation strategies, blue growth, green growth, etc.

The programme also encourages multi-level approach in projects, i.e. involving relevant different levels of governance and types of organisations to help improve effectiveness of territorial solutions.

Finally, the programme encourages an integrated approach to projects, bringing together organisations from the private, public and third sector, such as cooperatives, not-for-profit organisations and Non-Governmental Organisations (NGOs), to help address common challenges.

1.5. Programme budget and co-financing

The total programme co-financing from the European Regional Development Fund (ERDF) amounts to **140 013 194 euros** for a total budget of **185 366 492 euros**.

Project partners have to provide their own contribution to receive programme co-financing. They are entitled to receive up to a **75% ERDF co-financing**.

PA	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e)
			Public (c)	Private (d)		
PA1	47 117 240	15705 748	12 564 598	3 141 150	62 822 988	75%
PA2	29 744 404	9914802	7931 842	1 982 960	39 659 206	75%
PA3	15 267 039	5089014	4071211	1 017 803	20 356 053	75%
PA4	39 483 720	13161 241	10528993	2 632 248	52 644 961	75%
PA5	8 400 791	1482493	1482493	0	9 883 284	85%
Total	140 013 194	45353298	36 579 137	8 774 161	185 366 492	76%

1.6. Programme bodies

The programme is managed and delivered by different organisations, some of them are also responsible for assisting projects.

When applying for, or whilst running a project, it is important that projects utilise all available support from the JS and National Authorities, *via* their National Correspondents (NC) or National Contact Points (NCP), who will be valuable sources of information and support for the development and implementation of projects.

Contact details for the programme bodies can be found on the programme website: www.atlanticarea.eu.

Managing Authority

The Managing Authority (MA) is the *Comissão de Coordenação e Desenvolvimento Regional do Norte* (CCDR-N), located in Porto, Portugal. It is responsible for managing and implementing the programme on behalf of the participating MS in accordance with the relevant European and national legislations.

Joint Secretariat

The Joint Secretariat (JS) is responsible for the day-to-day implementation of the programme and assisting with the project development process in close collaboration with the National Authorities, as well as for project monitoring and follow-up once projects have been approved.

It assists applicants and partners in all the steps of the project cycle (from development to post-closure).

Please contact the JS to obtain:

- ✓ Detailed information about the Atlantic Area Programme;
- ✓ Information on how to develop a project proposal (from project idea to project submission);
- ✓ Information about the assessment procedures;
- ✓ Assistance during the project implementation;
- ✓ Information about communication issues.

National Authorities

The National authorities in Spain, France, Ireland, Portugal and the United Kingdom have appointed a NC and/or NCP to support the programme and work with projects partners in their respective countries.

National Correspondents: Support the programme promotion and ensure a wide dissemination of programme information within each country. They also support the MA and

JS with programme business, including input to implementation arrangements as they affect the territory and assistance with information of national laws, regulations and policies that should be taken into consideration for programme implementation. NC may also, for some countries, provide a point of contact for potential applicants.

National Contact Points: Provide advice and guidance to applicants on the application process, support in identifying potential partners, and specialist advice on the development of projects.

Meetings between MA/JS and NC are organised to evaluate progress of the programme, discuss issues raised by project partners and disseminate good practice within the programme.

Monitoring Committee

The Programme Monitoring Committee (PMC) provides strategic direction to the programme, agrees the planning, orientation and financial allocations to calls for proposals. The PMC is responsible for selecting and approving submitted projects. It is comprised of representatives of the MS of the programme and representatives of the stakeholders as advisory members. The list of the PMC members is available on the programme website.

Audit Authority and Group of Auditors

The Audit Authority (AA) is the *Inspecção Geral de Finanças* (IGF) and is located in Lisbon, Portugal. The main task of the AA is to ensure that audits are carried out on the management and control systems. Audits on projects will be spread during the entire programme lifetime. The AA¹ will be assisted by a Group of Auditors (GoA) comprising representatives of responsible bodies of each MS participating in the programme.

Certifying Authority

The Certifying Authority (CA) is the *Agência para o Desenvolvimento e Coesão* (AD&C). It is located in Lisbon, Portugal, and is responsible for payments to project partners and for compiling and submitting payment applications to the European Commission (EC), following the certification of expenditures made by projects and programme bodies (technical assistance).

¹ In line with Article 25(2) of the ETC regulation.

1.7. Programme languages

The main programme documents will be in English, however the official languages of the Atlantic Area Programme are English, French, Portuguese and Spanish. This means that the general public, stakeholders, project Lead Partners and individual partners may use the four languages in their general communication with the JS and MA.

The Expressions of Interest (EOI) and full project applications must be submitted in English with the project title and brief summary provided in the four languages.

The following key documents for the public, applicants and project partners are available at least in English:

- ✓ Atlantic Area Cooperation Programme;
- ✓ Call for proposals announcements;
- ✓ Project summaries;
- ✓ Programme manual;
- ✓ Help guides;
- ✓ Subsidy contracts;
- ✓ Partnership agreements;
- ✓ Application forms;
- ✓ Implementation report forms;
- ✓ Project modification forms.

2. Project Generation and Development

2.1. How to develop your project

2014-2020 Interreg programmes have a clear thematic focus and are result-oriented. The programme authorities have outlined in the cooperation programme what they want to improve in the Atlantic Area.

Therefore, projects financed under the Atlantic Area Programme must contribute to delivering the Programme objectives, impacts and changes it wants to achieve.

What positive change will your project bring to the cooperation territory?

The answer to this question will help you to develop your project.

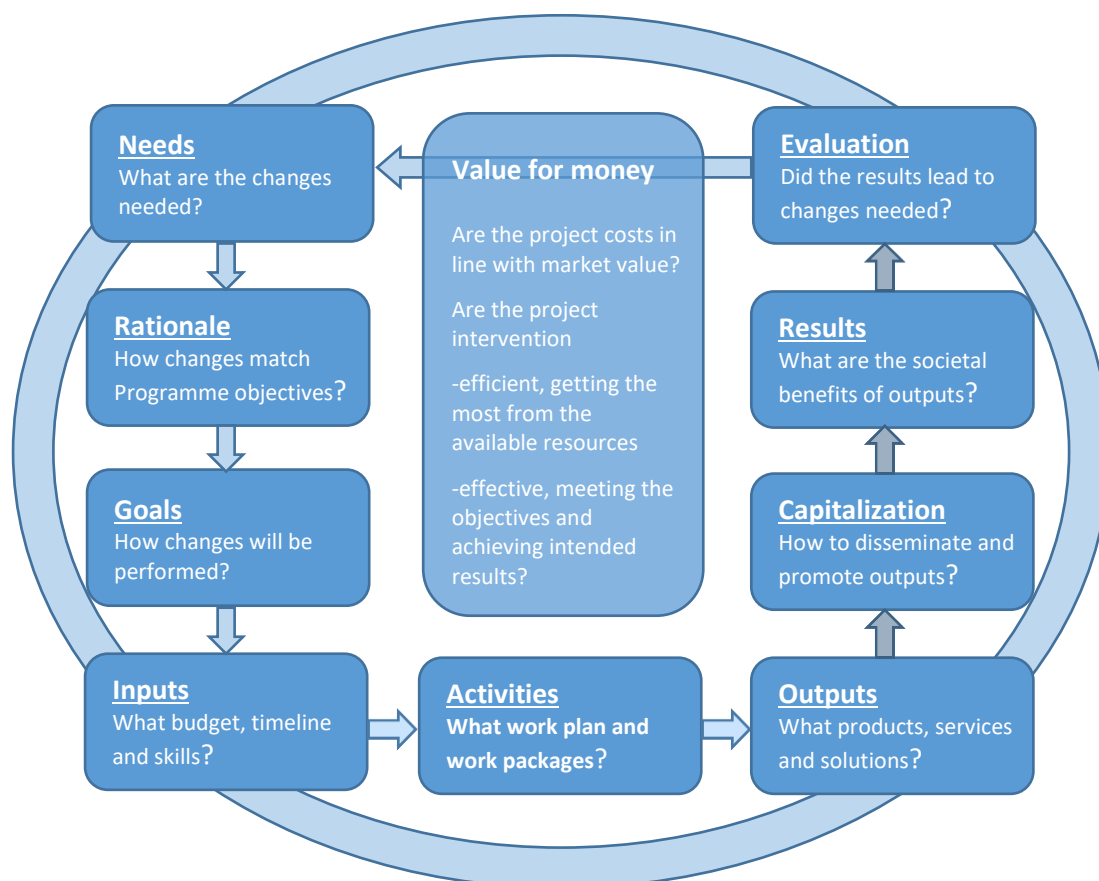
Projects must:

- ✓ Contribute to programme results;
- ✓ Apply under one specific objective of the programme only;
- ✓ Clearly target their goals on the chosen programme specific objective;
- ✓ Choose activities, outputs and indicators linked to the targeted specific objective;
- ✓ Identify the relevant target groups within the thematic field of the objective.

Programme results are achieved through quality projects, which must be clearly linked to the programme's strategy and intervention logic.

A project is an undertaking that must be structured according to a particular intervention logic.

The programme uses the following project intervention logic:



2.2. What makes a quality project?

2.2.1 Cooperation according to the basics of European Territorial Cooperation regulation

The EU Regulation stipulates four cooperation criteria that specifically characterise territorial cooperation projects². The four cooperation criteria provide guidelines and help applicants to improve their proposal:

1. **Joint development:** the project idea and scope are jointly developed by the partners.
2. **Joint implementation:** the activities, outputs and results are jointly realised by the partners.
3. **Joint staffing:** all partners have equal responsibility for joint staffing roles and their application within the project.
4. **Joint financing:** all partners contribute financially to the project resources.

² Article 12.4 of Regulation (EU) No 1299/2013.

Atlantic Area projects are required to meet all four criteria

A condition for funding a project will be that it will improve something on the territory and that a segment of the population will benefit from the project in the long run. The project has to show how partners will work together towards a common goal. If the project could happen without this cooperation, then it would not be an Interreg Atlantic Area project.

2.2.2. Drafting a Proposal: some concepts and guidelines

1. Definition of needs and strategic relevance

Projects should address a common challenge across the programme area and how best to utilise joint assets: a real need must be demonstrated. Projects should demonstrate how they will deliver wider strategies (EU/national/regional/local), including Regional Smart Specialisations Strategies when applicable. They should illustrate how they will use knowledge, expertise and skills across the programme. Projects must, therefore, demonstrate both the need and its strategic relevance to qualify for programme funding. The programme will not support basic research projects or purely academic networking.

2. Transnational and territorial relevance

This concept is one of the key requirements for a project to be funded. Each project has to clearly contribute to the chosen programme specific objective, tackling development needs and territorial challenges that are shared across the regions participating in the project. It means that:

- ✓ The problems identified cannot be efficiently solved by individual regions or countries working on their own. This could be either:
 - An issue affecting a clearly defined transnational geographical area (e.g., environmental risk management), or
 - A common issue of interest for which transnational cooperation leads to more innovative and efficient solutions;
- ✓ Solutions, products, services and processes are jointly developed by organisations in different MS working together in a project, thereby showing a clear transnational added value, going beyond the mere addition of results independently achievable in the involved regions.
- ✓ Projects have to demonstrate an integrated approach to regional development, where possible, combining thematic and territorial dimensions;
- ✓ Where relevant, the link to Regional Smart Specialisation Strategies must be set.

Project outputs should be embedded in a transnational working approach. All partners have to actively participate in the project according to their functions and expertise, in order to achieve the collective project results.

A genuine transnational approach implies that each project partner is allocated a specific role in the project, that there is a balanced involvement of partners from both the financial and activity point of view, spread over the different MS of the programme area.

Projects are not considered transnational if they just consist of a series of local actions which are linked only through a vague thematic relationship and/or an ex-post exchange of experience among partners without any joint implementation.

Projects that do not address an issue of transnational relevance or that cover only regional or cross-border issues will not be supported by the Atlantic Area Programme.

The transnational co-operation character and territorial relevance has to be clearly demonstrated throughout the entire project (including the project approach and work plan)

3. Partnership structure

In order to achieve tangible project results it is essential to involve the relevant partners who best suit the needs and targets of the project. All partners must be able to drive the project forward in their specialist area (i.e., capacities in development or implementation, etc.).

The partnership should reflect the integrated territorial approach to regional development which requires multi-disciplinary and cross-sectoral partnerships.

- ✓ All partners have to be involved in a way that demonstrates the joint implementation and transnational added value of the project;
- ✓ Partners should demonstrate complementary expertise and seek to provide a balanced relevant representation in terms of: MS, governance levels (European, national, regional and local), and sectors (e.g., public, private and third sector).

4. Management system

Management procedures and structures should fit the financial size of the project and the number of partners. An efficient and effective involvement of all partners is crucial.

Procedures should be clearly set up outlining rights, duties of partners and Lead Partner, tools available, and should incorporate a risk management plan in order to mitigate any risks to

achieve their goals. The Lead Partner must have previous experience in managing EU-funded or similar projects and set up a sound internal communication system within the partnership.

A principle of good project management is the monitoring of its implementation processes and results. Ongoing evaluations (either internal or external as part of project management) must be integrated into the action plan in such a way that lessons learnt and recommendations can be applied during the project's lifetime.

It is considered crucial that the project must have proper risk and quality management systems in place

5. Communication of outcomes

Targeted and tailored communication will help projects to achieve aims and ensure transparency of the use of the EU funds. Communication activities are an important and integral part of the project implementation and require thorough planning as well as adequate resources.

From the application phase projects are expected to demonstrate how communication contributes to the success of the project.

Projects will have to prepare a communication plan which must reflect the strategic approach in relation to the activities, outputs, target audiences and partners' responsibilities for each work package.

When drafting the communication plan and actions, applicants will need to ensure consistency with the project objectives, proposed work plan and the main outputs and results.

Dissemination: to increase the impact of projects, all of them must include a result/outcome dissemination plan targeting project wider stakeholders/the relevant public in the participating regions.

The relevant target groups and stakeholders must be reached and shall be informed of the project outputs and results

6. Budget and value for money

The project should be adequately funded to properly implement its activities, and to effectively achieve its outputs and results. Value for money needs to be assured throughout

the duration of the project. The budget must clearly show the relationship between resources employed and outputs delivered in terms of quantity, quality and timing, aiming to achieve objectives and results. Note that the project budget has to be used in accordance with the principles of economy, efficiency and effectiveness.

The budget per partner must be adequate to the work they have to carry out. The resources needed by each organisation for its activities should be made available in due time, in appropriate quantity and quality and at the best price.

Economy and efficiency concerns minimising the cost and getting the most from the available resources. Effectiveness meets the objectives and achieves the results.

7. Work plan

The distribution of tasks among the partners should be appropriate and reasonable in view of partners' experience, budget, etc. The timetable should be realistic and take into account potential contingencies. The proposed activities are relevant and will lead to delivery of planned outputs and results. Further information in Section 2.7

8. Projects' sustainability

The Atlantic Area Programme will finance projects that deliver measurable outputs, generate tangible outcomes and provide opportunities to deliver lasting results. Projects should, therefore, demonstrate the potential of the proposed operation to continue activity beyond the lifetime of the programme, thereby capitalising on long-term benefits and maximising territorial impact.

Three dimensions of sustainability can be considered:

- ✓ **Financial sustainability:** Financing resources for follow-up activities and investments or for covering future operating and maintenance costs will be available?
- ✓ **Institutional sustainability:** What structures will allow the results of the project to continue to be in place after the project end? And how?
- ✓ **Political sustainability:** What structural impact will the project have? Will it lead to improved policies, legislation, plans, codes of conduct, methods, etc.?

9. Project innovation

Innovation is a cross-cutting theme but also a Priority Axis of the programme. It is also considered as one of the most important driving forces for regional and economic development. It can be described as a process through which knowledge is created and translated into new products, services or processes of the private and the public sector. Innovation is conceived in a variety of contexts, such as technology, economy, social systems, policy development etc. and can be process-oriented, goal-oriented or context-oriented. Innovation should be a key driver of Atlantic Area projects.

The Atlantic Area will play a role in the intermediate stages of the innovation chain that goes from fundamental research, to the commercialisation of a product or service, or the application of a new process. Projects should focus on applied research and include a testing or implementation phase, while commercialisation should be left to the market.

Ensure you keep up to date with recent developments and results achieved in your project's sector or field and build on these within your project. Make sure you explain in the application form why the project requires transnational cooperation to take the sector or field forward.

10. Indicators

The programme indicators system will allow projects to demonstrate their achievements towards the project and programme objectives both in terms of outputs (how much and how well did the project do?) and results (is anyone better off and has anything improved?).

Information on the programme indicators system is in Annex VI of the Cooperation Programme and in Annex II of this manual. Projects will be asked to quantify their inputs, activities and outputs in the application form.

11. Capitalisation

Experience shows that projects do not necessarily start from scratch but take into account lessons learnt or research from previous projects at regional/national or European levels, demonstrating their added value.

Projects are, therefore, encouraged to build on previous experiences. For a number of specific objectives in the Cooperation Programme, the aim is indeed to implement or apply existing solutions by optimising, adapting or improving them.

Note that duplication of activities carried out by other projects or programmes will not be supported.

2.3. Partnership (Principles, types, roles, size, geographical eligibility)

2.3.1 General principles

As a general rule, all the partners should contribute to an efficient implementation of the project and the scope and size of the partnership should reflect its objectives.

All partners should have the capacity and knowledge in the project subject area to participate fully and to contribute to deliver the intended products and/or services.

The quality of a partnership's composition is also related to the relative involvement of its different partners. Projects should ensure a balanced participation from their partners drawing on their specific relevant expertise.

In the Atlantic Area Programme, projects must bring together partners from at least three different countries of the cooperation area.

2.3.2 Types of partners

Partners participating in projects and receiving funding from the Atlantic Area Programme must belong to one of the following categories:

- A. National, regional, or local public bodies;
- B. Education and research institutions;
- C. Not-for-profit organisations;
- D. Private companies;
- E. International, transnational and cross-border organisations.

Categories	Examples
A. National, regional, or local public bodies	Local public authority: Municipality, etc.
	Regional public authority: Regional council, etc.
	National public authority: Ministry, State Agencies etc.
	Sectoral agency: Local or regional development agency, environmental agency, energy agency, employment agency, etc.
	Infrastructure and (public) service provider: public transport, utility company (water supply, electricity supply, sewage, gas, waste collection, etc.), airport, port, railway, etc.
B. Education and research institutions	Higher education and research: university faculty, college, research institution, RTD facility, research cluster, etc.
	Education/training centre and school : Primary, secondary, pre-school, vocational training and education, etc.

Categories	Examples
C. Not-for-profit organisations	Interest groups: NGO, trade union, foundation, charity, voluntary association, club, etc.
	Not for profit organizations: voluntary sector, charity organizations, cooperatives, etc.
	Business support organisations: chamber of commerce, chamber of trade and crafts, business incubator or innovation centre, business clusters, etc.
D. Private companies	Micro, small, medium sized enterprises
F. International, transnational and cross-border organisations	EEIG (European Economic Interest Grouping), EGTC (European Grouping of Territorial Cooperation), Duero-Douro EGTC; etc.
	International organisation under national law, under international law

Bodies governed by public law (as defined in Article 2.1(4) of Directive 2014/24/EU on public procurement) are eligible partners under category “A” above if they comply with all the following criteria:

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

Private sector partners including profit-making partners (e.g., Small and Medium Enterprises - SMEs) can participate in the Atlantic Area Programme. However, only not-for-profit private partners (this means that the entire business is not-for-profit and not only the aspect relating to the project delivery) can be Lead Partners.

Economic activities performed by the partners influence the State aid relevance of the project. If the project activities are regarded as State aid relevant, additional restrictions (lower co-financing rate, ceiling of ERDF contribution, etc.) might be applied (for more information see Chapter 4).

Private sector partners should also be aware that:

- ✓ They will have to follow public procurement principles (transparency, non-discrimination and equal treatment);

- ✓ There may be some restrictions on retaining Intellectual Property Rights (IPR). See Chapter 6;
- ✓ In order to be reimbursed, costs will need to comply with the eligibility rules set out in Chapter 4;
- ✓ Participating partners cannot act as external experts to other partners in the same project;
- ✓ Cash flow issues may arise from lengthy payment procedures due to possible controls, audits legal proceedings, etc. In such cases, partners (and not only private ones) should consider higher liquidity levels;
- ✓ They may undergo a solvency check before the approval of the application if needed. Potential (lead) partners are asked to inform the NC and/or CP of the concerned country, as soon as it becomes clear that a private partner might join the partnership. See Chapter 4;
- ✓ Not-for-profit organisations acting as Lead Partners must comply with minimum criteria of financial capacity, as described in Chapter 4.

Please note that private consultancy and/or management organisations, services suppliers, etc. whose main scope of activities, as well as their project role, consists of solely project coordination, management, communication, knowledge management or other activities that are of a mere executive or supporting character (service providers) cannot be involved as project partners. Compliance with this requirement will be checked during the quality assessment of project proposals which, on a case-by-case basis, could lead to the exclusion of such partners.

International organisations acting under international law can participate in projects only upon their explicit acceptance of all requirements deriving from the Treaty³ and the regulations applicable in the framework of the Atlantic Area Programme, including - but not limited to - the following:

- ✓ Adherence to applicable Community policies, including the respect of rules on public procurement;
- ✓ Acceptance of controls and audits by all those bodies entitled to carry out such controls in the framework of the Atlantic Area Programme, including the MA and JS, the AA and the European Court of Auditors as well as the relevant national authorities of the MS in which the international organisation acting as project partner is located;

³ Treaty for the Functioning of the EU, available on <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012E/TXT> .

- ✓ To ensure access to all documents required for audits purposes, which must be stored within the geographical area covered by the Atlantic Area Programme;
- ✓ Final financial liability for all sums wrongly paid out.

2.3.3 Partners roles

Lead Partner

The “Lead Partner principle” applies to the Atlantic Area Programme, in compliance with Article 13 of Regulation (EU) 1299/2013. The partnership appoints one organisation to act as Lead Partner. The Lead Partner takes **full financial and legal responsibility** for the implementation of the entire project.

Lead partner organisations can be public bodies, universities, education and research organisations, private institutions (not-for profit) and international organisations acting under national law.

The Lead Partner must be located in the programme area (see 2.3.5 Geographical location of partners).

It is the responsibility of the Lead Partner:

- ✓ To submit the **application form**;
- ✓ To sign a **Subsidy Contract** with the MA (CCDR-N) defining the responsibilities of the Lead Partner. This must be done within one month (indicative) following the notification of PMC approval by the JS to the Lead Partner;
- ✓ To establish the **Partnership Agreement** defining the partners’ mutual responsibilities between project partners;
- ✓ To coordinate **the project** during the implementation phase and to ensure sound financial and project management. This includes submission of progress reports and financial claims of eligible expenditure, as required by the programme;
- ✓ To maintain a **good communication flow in the partnership** to enable the successful delivery of the project outputs;
- ✓ To ensure sound **communication with the programme bodies**, especially with the JS.

Before signing the Subsidy Contract Not-for-profit private organisations acting as Lead Partner will be asked to provide proofs of their **financial solvency**.

Project partners

Project partners are the institutions or organisations actively and directly involved in the delivery of the project and providing their own financial contribution.

Project partners have the following tasks:

- ✓ Undertaking the actions and contributing to the activities foreseen in the application form;
- ✓ Delivering project outputs planned in the application form and agreed in the Partnership Agreement;
- ✓ Ensuring the durability of the main outputs and results;
- ✓ Assuming responsibility for any irregularity in the expenditure claimed;
- ✓ Contributing to the delivery of the progress reports;
- ✓ Carrying out information and communication activities in line with the communication plan and the programme's publicity requirements.

Associated partners

Associated partners are organisations acting as observers, having no right to ERDF, or acting as external financiers, providing co-financing without any concrete participation in the implementation of project activities.

2.3.4 Size and balance of the partnership

The partnership must **involve at least three partners who must be located within three different Atlantic Area Programme regions of three different MS.**

Whilst there are no formal upper limits to the number of partners, the number of partners depends on the key challenge and impact the project wants to achieve to support the objectives of the programme. The size of the partnership should reflect an optimum capacity to deliver its objectives, a balanced distribution of roles and funding among partners, and cover the various countries of the Atlantic Area. Therefore, the size of the partnership is flexible and should reflect the scope of the project while remaining manageable; as this has a direct impact on the efficiency of project implementation, particularly in terms of reporting and financial management where large amounts of information will need to be collected.

It must be emphasized that a large partnership requires adequate resources for its management; as it can affect project costs, in addition communication activities among

partners may be more difficult to organise and may have an impact on the stability of the project. As a point of reference in the 2007-2013, Atlantic Area Programme the average partnership size was nine partners.

2.3.5 Geographical location of partners

Project partners must be located within the eligible territory of the Atlantic Area regions.

However, 20% of overall programme funding may be used for partners outside the Interreg Atlantic Area Programme area. In duly justified cases, organisations based outside the cooperation area in the EU or in European Free Trade Association states may join project partnerships of the Programme, if the benefit for regions in the cooperation area is clearly demonstrated, through:

- ✓ Additional expertise that cannot be found within the programme area;
- ✓ Justification on the need to involve a partner outside the programme area;
- ✓ Clear benefits to be achieved on the involvement of partners outside of the programme area.

Lead Partners must be located within the programme area.

Partners from a MS outside the Atlantic Area are only allowed to participate once an agreement between the MA and the organisation based in the country of the partner is signed, ensuring that relevant management control procedures can be implemented in that country.

The MA is responsible for drafting, approving and obtaining the relevant signatures on the agreement, which must happen prior to the signing of the Subsidy Contract with the Lead Partner.

The MA is responsible for monitoring the ERDF allocation outside the eligible programme area which may not exceed 20 % of the total ERDF programme contribution, pursuant to Article 20 of Regulation (EU) N° 1299/2013 - ETC.

Should the activities to be carried out by partners located in a MS outside the programme area be considered as State aid relevant, the participation of these partners will not be allowed due to the impossibility for the programme PMC to validate the result of the State aid assessment on behalf of a MS not participating in the programme.

2.3.6 Geographical location of activities

In line with the requirements for the geographical location of partners, and as a basic principle, the Atlantic Area Programme supports project activities taking place in the programme area. This principle applies both to Lead Partners and partners, core project activities must, therefore, be implemented in the regions of the programme area, with the exception of the necessary management activities.

However, up to 20% of the programme funding may be dedicated to activities outside the programme area in the EU or third countries, including the participation in missions, study visits and events – which can exceptionally be accepted in duly justified cases. For such activities all the following requirements must be respected:

1. The activities are for the benefit of the programme area;
2. The activities are essential for project implementation;
3. The activities are outlined in the application form or, if not, have previously been authorised by the MA/JS.

2.4. Budget size and funding

There is no pre-established lower or upper limit to project budgets; as a general indication, the average total approved amount per project in the 2007-2013 Atlantic Area Programme was EUR 2 300 000. Budgets must be commensurate with the activities and the number or partners, while evidencing value for money.

Partners must ensure that the project budget adequately reflects the activities foreseen in the work plan and that it is based on the principles of sound financial management.

To ensure that operations have a robust transnational feature, a strong and balanced coverage of partners and funding over the different countries of the entire programme area must be sought by projects.

Expenditure is considered eligible if it complies with EU, national and programme rules and the established legal limits, if it is directly related to the project, respects the principles of economic efficiency and cost-effectiveness and if is incurred in the eligibility period of the programme. Further details provided in Chapter 4.

2.5. Project duration

The average project duration is between **18 and 36 months**. However, if justified by the project scope and the planned activities, a longer implementation period up to maximum 48 months could be acceptable. When preparing the work plan calendar and the project duration, applicants must take into account the time period for both the project set up and project closure, which will consist of a couple of months.

2.6. Project co-financing

The Atlantic Area Programme is financed by the ERDF. Regardless of partner's location, the co-financing rate is up to 75% of eligible project costs.

ERDF contribution to project Lead Partner and partners might be reduced following the application of State aid rules. For further information, please see Chapter 4.

The match funding shall be guaranteed by each project Lead Partner and partners by means of co-financing, which can be provided as follows:

- 1. Public co-financing** - public funding at national, regional or local level, obtained *via* specific co-financing schemes set up by the MS or provided directly with own funds by the partners having a public status. Co-financing of international organisations also falls under this category.
- 2. Private co-financing** - the amount of own funds provided as match funding by private institutions.

2.7. Work plan organisation

The project follows a work plan that consists of a set of work packages. Each work package will be broken down into identified activities linked to deliverables, i.e. a product or service that contributes to the development of the project's main output.

The main outputs must clearly contribute to the programme's output indicators, which the project must select in the application form.

A project can have a maximum of 8 work packages, and must include the 3 mandatory packages listed below:

1. Project management;
2. Communication;

3. Capitalization.

The project can then design up to 5 thematic work packages, the titles of which decided by the partnership.

An additional work package can be dedicated to project preparation (Work Package 0).

For each work package, one of the project partners will be responsible for coordinating the delivery of the related activities.

The project may include some capital investments if they are necessary, particularly as pilot or demonstration actions to deliver the project's objectives. However, the Atlantic Area Programme is not primarily an infrastructure investment programme, therefore, investments are limited in terms of size and budget and must be thematically specific. This information will have to be communicated to the programme by project approved during the contractualisation and have to be validated by the PMC.

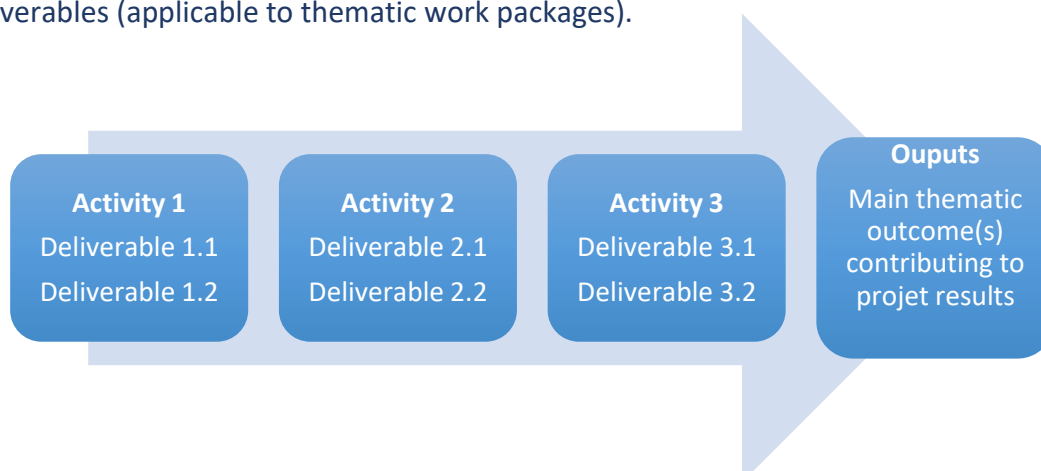
For detailed information, see Chapter 3 "Applying for Atlantic Area Projects" below.

2.7.1 Work plan and packages


Work packages include several aspects and are structured according to:

- ✓ Objective;
- ✓ Definition of partners roles and responsibilities;
- ✓ A set of activities and actions (no more than 6 actions per work package);
- ✓ Deliver one output at least (for thematic work packages only);
- ✓ A start and an end date.

The following figure illustrates the relationship between project activities, outputs and deliverables (applicable to thematic work packages).



2.7.2 Outputs, activities and deliverables



OUTPUTS
Are the outcomes obtained following the implementation of project activities (i.e. strategy/action plan, tool, pilot action, etc.). Each output should be linked to a Programme output indicator and contribute to project results. Each thematic work package must foresee at least one output.
ACTIVITIES
Each work package (except for work package preparation and investment specification) should be divided into actions (not more than 6). Activities have to lead to the development of one or more project outputs. For each activity the start and the end month, as well as the indicative cost must be specified.
DELIVERABLES
Each action should include one or more deliverables (e.g. analysis report, feasibility study etc.) that contribute to the achievement of project outputs. All small steps of a single action, such as stakeholder meeting documentations, working groups etc., do not need to be listed as separate deliverables, but should be aggregated into one deliverable, e.g. a qualitative report describing the stakeholder involvement.

2.7.3 Types of outputs

The Atlantic Area Programme has pre-defined five categories of project outputs which put emphasis on policy support and implementation-oriented approaches:

- ✓ Case studies and pilot actions;
- ✓ Technical and scientific publications;
- ✓ Policy, strategy and operational instruments;
- ✓ Dissemination actions and capitalisation of results;
- ✓ Participants in actions for the dissemination and results capitalisation.

For each programme specific objective a set of other programme output indicators has been established. In order to provide project applicants with practical guidance and a common understanding of the definition of output indicators, more detailed information is provided in Annex VI of the Cooperation Programme and in Annex II of this manual.

Project output must be quantified. Each thematic work package must have at least one output. Nevertheless, a work package can contain several outputs of the same type (e.g., 7 pilot actions in 7 different regions participating in a project).

Attention should be paid to how outputs can be used by the target groups addressed, as well as to their durability and transferability in order to achieve the intended results.

In this context the main target groups for the work package outputs have to be chosen from a list of pre-defined target groups. It should be also described how those target groups and other stakeholders will be involved in the development of the foreseen outputs.

3. Applying for Atlantic Area Projects

3.1. Programme's support to generation and development of proposals

Projects generation refers to the process of creating project ideas, aiming to systematise common needs and challenges and start discussions about strategic responses. The generation and dissemination of projects ideas is the cornerstone to start exchanges between different regions and stakeholders facing common problems and challenges, to develop the most appropriate and effective responses.

Quality project ideas are one of the key elements of developing high quality projects. A second key factor is the mobilization of key players, with a full range of relevant stakeholders and a well-balanced involvement of regions and a good geographical spread. The participation of a wide and diversified range of organisations is a fundamental building block for an effective and successful programme delivery. The partnership should involve relevant organisations from the public, private and third sector (associations, charities, cooperatives etc.), from research institutions to the business sector.

Projects should be developed according to the type of actions that the programme wants to support and be focused on results, tangibility, territorial and economic impact in the Atlantic Area.

The programme provides a web platform for applicants to submit or search for project ideas and profiles of potential partners. If you wish you can request feedback on your project idea from the JS.

Workshops for project promoters

Throughout the lifetime of the programme workshops will be organized by JS and national authorities/contact points to inform potential applicants about the programme priorities, application process requirements, procedures and timeline.

3.2. Frequency of call for proposals

The programme intends to announce two or three call for proposals from 2016 to 2020. Potential applicants are encouraged to submit their project proposals following careful preparation and, at the appropriate time, to maximise project implementation.

3.3. Types of calls

Calls for proposals are foreseen to be managed through a two-stage application process; this will be delivered through the online programme Information System.

The programme does, however, reserve the right to implement a one-stage application process or other type of calls should this be needed.

In case of two stage application, for stage 1 applicants are asked to submit an Expression of Interest (EOI) which outlines the project overall objectives and challenges, together with details of the partnership and a budget outline.

Successful applicants at stage 1 will be invited to progress to stage 2, and asked to complete a full application form, which if selected for approval by the PMC, will be awarded project funding. See Fact sheet call 2 Terms of Reference for details.

3.4. Call for proposals procedure

Opening a call for proposals is a decision taken by the PMC.

The application form or EOI will be the only documents on which the project will be assessed, for the eligibility and quality.

Once the project is selected for funding, the PAF will be an Annex to the Subsidy Contract, and will be used as the tool for monitoring the project implementation.

The elements required for each section of the application form are presented in the sections in a separated fact sheet.

4. Eligibility and budget rules

4.1. General eligibility rules

In order to receive funding, all the reported costs must be correctly calculated and accurately registered in the partner organisation's book-keeping system. They must also be eligible, i.e. compliant with the rules governing EU expenditure.

There are different levels of eligibility rules for expenditure (hierarchy of rules):

1. The European level: EU regulations;
2. The programme level: specific rules decided for the Atlantic Area Programme;
3. The national level: national rules applicable in each MS;
4. The partner institutional level: internal rules applicable to each partner organisation.

The stricter rule prevails if there are differences between rules at different levels.

4.1.1 Eligibility period

The start date is the date of notification of PMC's approval by MA/JS. Costs paid prior to this date are not eligible, except for:

- ✓ Costs related to project preparation;
- ✓ Purchase of equipment items for which depreciation during project lifetime is eligible;
- ✓ Purchase of land or equipment subsequently provided in kind to the project.

The end date indicated in the application form is the date by which:

- ✓ All project activities must have been completed.

Generally, and according to the project cycle, the following costs are eligible:

- ✓ **Costs for the preparation** of an approved project can be reimbursed through a lump sum under the terms and conditions further explained;
- ✓ **Costs for the implementation** of an approved project are eligible from the notification of the approval date until the project end date, as set in the application form and subsequent revisions. On this basis, partners may decide at their own expense and risk to start the implementation of the project before the PMC approval/funding decision;

- ✓ **Costs for project closure** (e.g. preparation and submission of the last progress report, final report and costs for control of expenditure) are eligible, and must be paid before the deadline for submission of the final report (i.e. three months after project end).

4.1.2 Overarching eligibility requirements

All expenditure in the allowed budget categories has to be project-related, i.e. clearly connected to project activities traceable in the approved application form. Furthermore, the expenditure has to be incurred, accounted for and paid during the project period as defined in the Subsidy Contract. For expenditure to be considered eligible the procedure followed to procure goods and services should be fully documented at each stage of the process to demonstrate compliance in full with the applicable public procurement or other rules.

Generally speaking, to be eligible the following principles would apply. **Project costs must be:**

- ✓ Related to activities and be included in the estimated budget set out in the application form and subsequent revisions;
- ✓ Necessary for carrying out the activities and for achieving the project objectives;
- ✓ Related to items that did not receive support from other EU Funds or other contributions from third parties;
- ✓ Reasonable, justified, consistent with the applicable rules of the partner, the programme, national/regional and the EU rules, and be in accordance with the principles of sound financial management;
- ✓ Not in contradiction with any specific eligibility criterion applicable to the respective budget line;
- ✓ In line with the relevant public procurement rules;
- ✓ Incurred and paid by the beneficiary concerned in the period between the project start and end date, as defined in the approved application form and subsequent revisions;
- ✓ Identifiable, verifiable, plausible and determined in accordance with the relevant established accounting principles;
- ✓ Supported with sufficient evidence to allow identification and checking;
- ✓ Registered in a separate project specific account or identified using an adequate accounting code set in place specifically for the project;
- ✓ Validated by an authorised national controller.

When expenditure is reimbursed on the basis of an agreed lump sum or calculated using a flat rate that does not require supporting evidence of actual expenditure the last three principles do not apply.

4.1.3 Non-eligible expenditure

Non-eligible expenditure is set out in the chapter “Budget lines”. Nevertheless, the following items of expenditure are never considered eligible:

- ✓ In kind contributions not meeting requirements defined in Article 69(1) of Regulation (EU) No. 1303/2013;
- ✓ Fines, financial penalties and expenditure on legal disputes and litigation;
- ✓ Costs of gifts are not eligible; promotion, merchandising, communication, publicity or information items are not considered gifts;
- ✓ Alcoholic beverages other than those served at project meals and receptions;
- ✓ Costs arising from fluctuation in foreign exchange rate;
- ✓ Interest on debt;
- ✓ Purchase of land in excess of 10% or 15% (In accordance with Article 69(3)(b) of the CPR (EU) No 1303/2013);
- ✓ Recoverable VAT;
- ✓ Shared costs;
- ✓ Charges for national financial transactions;
- ✓ Discounts not considered when claiming the costs (only the discounted amount is to be regarded as eligible);
- ✓ Fees between beneficiaries of a same project for services, equipment and work carried out within the project;
- ✓ Any other cost not eligible according to general provisions on eligibility (as well as specific provisions at budget line level).

4.1.4 Preparation costs

Approved projects which have signed the Subsidy Contract with the MA are entitled to claim a lump sum payment in recognition of costs that would have been incurred in the preparation of the project proposal. The lump sum for preparation costs in the Atlantic Area Programme

is fixed at EUR 16 000. This lump sum follows the co-financing rules of the Programme and, therefore, the associated ERDF is 75% of this value, that is EUR 12 000.

Preparation costs have to be included in the project's budget when submitting the application. The project is free to choose how it shares the lump sum across the partnership.

After the signature of the Subsidy Contract and start of project activities, preparation costs may be claimed through the standard reimbursement procedure.

4.1.5 In kind contribution

Contributions in kind are eligible if they comply with the applicable rules in the EU Regulations provided they do not contravene any applicable national rules.

In kind contributions in the form of provision of works, goods, services, land and real estate for which no cash payment supported by invoices, or documents of equivalent probative value, has been made, and may be eligible according to Article 69 of Regulation No 1303/2014, which sets also a number of specific conditions⁴:

1. The ERDF amount paid to the operation (not individual partners) does not exceed the total eligible expenditure minus the in kind contributions, at the end of the operation;
2. The value attributed to contributions in kind does not exceed the costs generally accepted on the market in question;
3. The value and the delivery of the contribution can be independently assessed and verified;
4. In kind contributions in the form of equipment can be deemed eligible insofar as the item of equipment was not previously paid for or co-financed by European funds;
5. In the case of land and real estate, the value must reflect the nature of the transaction (transfer of ownership or leasehold) and be certified by an independent qualified expert or duly authorised official body;
6. In the case of provision of land or real estate, a cash payment, for the purposes of a lease agreement of a nominal amount per annum not exceeding a single unit of the currency of the MS, may be made.

⁴ Article 69.1 of CPR (EU) No 1303/2013.

In the case in kind contributions in the form of unpaid work, the value of that work is determined by taking into account the verified time spent and the rate of remuneration for equivalent work.

Audit Trail

- ✓ Document independently verifying the market value of the activity/asset;
- ✓ Timesheets and hourly rates for the task.

4.1.6 Revenues

Definition

According to the Article 61 of the CPR (EU) No 1303/2013, net revenues after project completion are cash in-flows directly paid by users for goods or services provided by a project, such as charges borne directly by users for the use of infrastructure, sale or rent of buildings, or payment for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period.

How to deal with project revenues?

At the project application stage:

- ✓ The eligible expenditure shall be reduced in advance taking into account the potential of the project to generate net revenue over a specific period covering both the implementation of the project and the period after its completion;
- ✓ When the amount of net revenues is known at the application stage, it must be specified in the application form, in the item net revenue generated by the project;
- ✓ Note that net revenues will be deducted from the total eligible expenditure and will consequently decrease the ERDF contribution. If the net revenues are only partially generated due to the eligible expenditure they should be reported on the pro-rata basis.

At the project implementation stage

- ✓ All revenues (including those not foreseen at the application stage) generated during the project's implementation as detailed in Art 65(8) of Regulation No 1303/2013 must be reported in the project progress reports before the closure of the project;

- ✓ Project partners are responsible for keeping account of all the revenues and to have the necessary documentation available (e.g. for control purposes). Please refer also to exemptions in Article 65 (8) of Regulation (EU) 1303/2013.

After the completion of the project

- ✓ If revenues are expected to be generated after the project end date (e.g. to ensure durability of the results), it must be estimated and deducted from the budget at the application stage;
- ✓ Where it is objectively not possible to estimate the revenue in advance, the net revenue generated within 3 years of the completion of the project or by the programme closure deadline, whichever is earlier, shall be reported to the JS and deducted from the expenditure declared by the programme to the EC.

Please note

If the project is subject to State aid rules (de minimis/general block exemption/ notification was made) the net revenues will not be deducted unless national rules request otherwise.

4.1.7 Exchange rate

In accordance with Article 28 b) of Regulation (EU) No 1299/2013, and by way of derogation from Article 133 of Regulation (EU) No 1303/2013, expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries in the month during which the expenditure was submitted for verification to the First Level Controller (FLC) in accordance with Article 23 of this Regulation; the relevant Commission calculator link will be used to calculate the rate:

https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

The conversion shall be verified by the controller in the MS or third country in which the beneficiary is located.

4.1.8 Grant rate

The maximum grant rate for all projects and partners is 75%.

Within a project, different grant rate are allowed among project partners on condition that the maximum grant rate of 75% established at project level is not exceeded.

The difference between the total project budget and the Interreg grant is called match-funding and must be provided by each individual project partner, as self-financing or as external financing by an associated partner.

4.2. Budget lines

Project budget must be structured according to the following budget lines:

4.2.1. Staff costs

4.2.2 Office and administrative expenditure

4.2.3. Travel and accommodation

4.2.4. External expertise and services

4.2.5. Equipment (including, laboratory goods, consumables, etc.)

4.2.6. Small Infrastructure and works

Please note

- ✓ These budget lines apply to all work packages, excluding the management and communication work packages where budget line 6 is not applicable.
- ✓ Investment expenditure must be included under budget lines 5 and/or 6.

4.2.1 Staff costs

Definition

This category covers expenditure of staff members directly employed by the partner organisation engaged to formally work full time or part time on the project, for activities that otherwise would not be carried out if the project did not happen.

They include costs of employment in line with the employment/work contract, and costs of natural persons working for the partner organisation under a contract other than an employment/work contract and receiving salary payments.

Overheads and any other office and administrative expenditure cannot be included in this budget line.

The staff costs can be calculated with two different methods. Partners must choose one of the two following methods:

- a) **Flat rate:** calculated as 20% of the direct eligible costs of the total project budget excluding staff costs. No supporting documents will be required when this method is chosen;
- b) **Direct costs:** based on real and project related staff expenditure. This option will require supporting documentation according to the following table:

DIRECT COSTS		
Calculation	Working hours	Audit trail
1. Full time assignment		
100% of working time allocated to the project	No obligation regarding the use of time sheets	<ol style="list-style-type: none"> 1. Employment/work contract or an appointment decision/contract considered as an employment document demonstrating that the person is exclusively working FT on the project; 2. Job description providing information on responsibilities related to the project; 3. Payslips or other documents of equivalent probative value; 4. Proof of payment of salaries and the employers contribution as well as pension contributions; 5. Evidence of pay scales applicable to the post within the organisation.
2. Part time assignment		
2.1 With a fixed monthly percentage of time worked on the project		
The percentage fixed in the employment/work contract or other equivalent document is multiplied by the monthly gross employment costs of the employee.	Time sheets signed by the employee and supervisor indicating the hours worked for the project and the related tasks on a daily basis. <u>Exception:</u> No need to provide timesheets if part time hours are fixed and contracted. The time registration system must cover 100% of the working time of the employee.	<ol style="list-style-type: none"> 1. Employment/work contract or an appointment decision/contract considered as an employment document as well as the hourly rate; 2. Authorised salary scales for the post within the organisation; 3. Document setting out the % of time to be worked on the project per month (if not specified in the contract); 4. Job description providing information on responsibilities related to the project (can be included in the employment/work contract); 5. Payslips or other documents of equivalent probative value; 6. Proof of payment of salaries and the employer's contribution and pension contribution.
2.2 With a flexible hourly basis		
The employee's hourly rate as	Timesheets signed by the employee are required and must	<ol style="list-style-type: none"> 1. Employment/work contract or an appointment decision/contract considered as an employment document as well as the hourly rate;

DIRECT COSTS		
Calculation	Working hours	Audit trail
indicated in the employment contract is multiplied by the number of hours worked in the project.	cover 100% of the hours worked by the employee (including the working time not related to the project).	<ol style="list-style-type: none"> 2. Document setting out the % of time to be worked on the project per month (if not specified in the contract); 3. Job description providing information on responsibilities related to the project (can be included in the employment/work contract); 4. Payslips or other documents of equivalent probative value; 5. Proof of payment of salaries, the employers and pension contribution as well as authorised salary scales for the post within the organisation.

Please note:

- ✓ Under this budget line it is suggested not to exceed 60% of the total project budget.

4.2.2 Office and administrative expenditure**Definition**

This category covers operating and administrative expenses of the partner organisation that support delivery of project activities. They are to be budgeted, calculated, and reported as a flat rate of 15% of direct staff costs⁵ (if the partner choose the method of flat rate for staff costs, office and administrative expenditures cannot be claimed).

Expenditures under this category cover the following⁶:

- ✓ Office rent;
- ✓ Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances) ;
- ✓ Utilities (e.g. electricity, heating, water) ;
- ✓ Office supplies (e.g. stationary);
- ✓ General accounting provided inside the beneficiary organisation;
- ✓ Archives;
- ✓ Maintenance, cleaning and repairs;

⁵ Article 68 (1) (b) of Regulation (EU) No 1303/2013).

⁶ Article 4 of Regulation (EU) No 481/2014.

- ✓ Security;
- ✓ IT systems (e.g. administration and management of office hard- and software);
- ✓ Communication (e.g. telephone, fax, internet, postal services, business cards);
- ✓ Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
- ✓ Charges for transnational financial transactions.

In situations where an external expert is contracted to carry out specific content related tasks concerning the development, modifications or updates of a specific project IT system or a website, such costs will be accepted under the budget line External expertise and services. The cost of IT software/hardware is eligible under the budget line equipment.

Audit Trail

The calculations based on the flat rate for office and administrative costs will be done automatically in every progress report taking into account the amount of staff costs. The expenditure covered under this budget line will not require any documentation from the project partners (i.e. invoices, payment proofs).

4.2.3 Travel and accommodation

Definition

Only the travel and accommodation costs of project staff may be included under this budget line. As a general rule, travel must be related with project activities and the delivery of project outputs.

Principles

According to Commission Delegated Regulation⁷ expenditure on travel and accommodation costs is limited to the following items:

- ✓ Travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll and parking fees);
- ✓ Costs of meals (other than catering);
- ✓ Accommodation costs;

⁷ Article 5 of Regulation (EU) No 481/2014.

- ✓ Visa costs;
- ✓ Daily allowances.

Any expenditure item defined as travel costs, accommodation, meals or visa already covered by a daily allowance is not eligible in addition to the daily allowance.

When travel costs are directly paid by a project partner employee, the expenditure will have to be supported by proof of reimbursement of the employee.

Audit trail

The following main documents must be available for control purposes:

- ✓ Agenda or similar document (e.g. report) of the meeting/seminar/conference, participants list and sign in sheets or registration to the conference/event, if applicable;
- ✓ Travel documents proving that the journey actually took place (for example, boarding passes or rail tickets, etc.);
- ✓ Paid invoices (e.g. hotel bills, travel tickets) and, if applicable, the employee's expense report with a proof of authorisation and reimbursement by the employer to the employee;
- ✓ Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee;
- ✓ Proof of approved travel rates and thresholds applicable to the organisation.

Please note:

- ✓ Travel and accommodation expenses related to individuals other than staff directly employed by the beneficiaries of the project (such as consultants, experts, observers, guests, service providers, speakers and chairpersons), have to be included under the 'external expertise and service' budget line.
- ✓ Travel costs outside the Union part of the programme area are eligible according to Delegated Regulation⁸. Costs of travel and accommodation related to activities outside the programme area are only eligible, if they have been included in the approved application form or approved by the programme following a request for travel. In all cases, benefits of such activities to the programme area must be demonstrated.

⁸ Article 5 of Regulation (EU) No 481/2014.

- ✓ Maximum daily rates for hotel and subsistence should be respected, in accordance with the national legislation. When national legislation doesn't exist, internal policy of the partner organisation applies. In that situations it shall be evidenced the existent documents describing internal rules, in which such expenditure is based on.
- ✓ The most economic transport means should be used.

4.2.4 External expertise and services

Definition

External expertise and service costs include expenditure paid on the basis of contracts or written agreements and against accounting valid invoices or requests for reimbursement to external service providers, who are subcontracted to carry out certain tasks/activities linked to project delivery (e.g. studies and surveys, translation, website development, coordination, financial management, first level control).

Expenditures for this category are limited to the following items⁹:

- ✓ Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- ✓ Training;
- ✓ Translations;
- ✓ IT systems and website development, modifications and updates;
- ✓ Promotion, communication, publicity or information linked to a project or to a cooperation programme as such;
- ✓ Financial management;
- ✓ Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- ✓ Participation in events (e.g. registration fees);
- ✓ Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- ✓ Intellectual Property Rights (see chapter 6);
- ✓ Verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 and Article 23(4) of Regulation (EU) No 1299/2013 (i.e. control of expenditures);

⁹ Article 6 of Regulation (EU) No 481/2014

- ✓ The provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the PMC;
- ✓ Travel and accommodation for external experts, speakers, chairpersons of meetings, observers, guests and service providers;
- ✓ Other specific expertise and services needed for operations.

Principles

- ✓ The work carried out by external experts and service providers must be essential to the project;
- ✓ No sub-contracting between project partners is allowed;
- ✓ Each partner organisation (including private partners) is responsible for ensuring that EU, national and internal established public procurement and other rules are respected and that all contracts comply with the principles of transparency, non-discrimination and equal treatment as defined in the EC Treaty and the Commission Interpretative Communication on the Community law applicable to contract awards below the EU thresholds¹⁰;
- ✓ All costs of external expertise and services that are linked to an investment in infrastructure must be included under this budget line, e.g. feasibility studies, legal fees;
- ✓ All additional costs related to external experts (e.g. travel and accommodation expenses for external experts) must be foreseen in the service contract and recorded under this budget line.

Audit trail

The following main documents must be available for control purposes:

- ✓ When applicable, evidence of the selection process, in line with EU, national and internal procurement rules or the EU public procurement rules depending on the amount contracted;
- ✓ A contract or a written agreement laying down the services to be provided with a clear reference to the project. For experts paid on the basis of a daily fee, the daily rate together with the number of days contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the public procurement rules and must be documented;

¹⁰ http://ec.europa.eu/internal_market/publicprocurement/docs/keydocs/communication_en.pdf

- ✓ An invoice or a request for reimbursement providing all relevant information and supporting evidence in line with the contract/agreement and applicable accountancy rules;
- ✓ Outputs of the work of external experts or service deliverables;
- ✓ Proof of payment.

Please note:

- ✓ External expertise and services purchased for the purpose of the project control, first level control and audit, and communication must be included under this budget line;
- ✓ Project partners cannot enter into contracts with one another in relation to activities required as part of the same project. If a project partner cannot implement a certain task, the task may be reallocated to another partner or procured to an external service provider;
- ✓ Subcontracting in-house or to other affiliated companies must be done on a real costs basis and reported. Where a service is provided by an internal service inside a different legal entity, this service must be included in the external expertise and services budget line. In this case, the award of contract must be in compliance with applicable procurement rules. In case of an internal audit department carrying out first level control, time spent on checking the claims must be reported as staff costs, provided that the rules applicable to staff costs are fulfilled;
- ✓ The costs of services contracted by project partners for arranging the travel and accommodation of their own staff members (e.g. travel agencies, etc.) must be claimed under the budget line 'travel and accommodation';
- ✓ Renting costs for equipment do not fall under this budget line, but in 'equipment costs' line.

4.2.5 Equipment

Definition

Expenditure for the financing of equipment purchased, rented or leased by a partner, and necessary to achieve the objectives of the project, in condition they were approved within the application form or in subsequent amendments. This includes costs of equipment already owned by the partner organisation and used to carry out project activities.

According to the Commission Delegated Regulation¹¹ equipment expenditure is limited to the following items:

- ✓ Office equipment;
- ✓ IT hardware and software;
- ✓ Furniture and fittings;
- ✓ Laboratory equipment;
- ✓ Machines and instruments;
- ✓ Tools or devices;
- ✓ Vehicles;
- ✓ Other specific equipment needed for operations.

Principles

- ✓ Costs of equipment are eligible if they have been approved by the programme;
- ✓ Costs of equipment are eligible if no other EU funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible¹²;
- ✓ All purchases are subject to applicable public procurement rules and each partner organisation is responsible for ensuring that these rules are respected;
- ✓ Full purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and incurred and paid within the eligible period;
- ✓ For equipment purchased before the project approval or equipment purchased during the project lifetime but used partially for the project, only a pro rata cost related to the project (duration, degree of use) is eligible. This share has to be calculated according to a justified and equitable method in line with the legislation or general accounting policy of the partner organisation;
- ✓ The purchase should be made in principle during the first 12 months of the projects;
- ✓ The purchase of vehicles must respond to specific project requirements linked to the innovative, testing, demonstration and transnational character; it will be authorised on a case-by-case basis;

¹¹ Article 7 of Regulation (EU) No 481/2014.

¹² Article 65 11 CPR (EU) No 1303/2013.

- ✓ Depreciation applies if the economic life-time of equipment exceeds the duration of the project¹³. The cost has to be calculated in accordance with the legislation and general accounting policy of the partner organisation that has bought the equipment and is claiming for depreciation;
- ✓ Full purchase cost of equipment that is not depreciable (e.g. low-value asset according to the rules of the partner's MS), if used 100% for the project, is eligible;
- ✓ Purchase cost of second-hand equipment is eligible, provided the equipment complies with project's needs, applicable norms and standards, its price does not exceed the generally accepted price on the market and has not previously received EU funding;
- ✓ In the case of fixed investments in equipment and when equipment forms part of an investment in infrastructure, full cost of equipment as approved by the programme in the application form is eligible, i.e. no depreciation is eligible;
- ✓ Equipment cannot be purchased, rented or leased from another partner;
- ✓ Provision of equipment as in kind contribution is eligible¹⁴ provided that the value of the contribution does not exceed the generally accepted price on the market and it can be independently assessed and verified.

Audit trail

When applicable, the following main documents must be available for control purposes:

- ✓ Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- ✓ Invoice (or a supporting document having equivalent probative value to invoices, in case of depreciation) providing all relevant information in line with the applicable accountancy rules;
- ✓ Methodology for calculation of depreciation;
- ✓ Proof of payment;
- ✓ A reliable basis for valuation of second hand equipment;
- ✓ Sellers' declaration that second hand equipment has not previously been EU funded.

¹³ Article 69.2 CPR (EU) No 1303/2013.

¹⁴ Article 69.1 CPR (EU) No 1303/2013.

Please note:

Rented equipment: any equipment necessary for the implementation of project activities needs to be budgeted and reported in this budget line. Renting costs for equipment do not fall under the budget line 'external expertise and services costs'.

Second hand equipment: costs of second-hand equipment may be eligible under the following conditions:

- A. no other assistance has been received for it from the European Structural and Investment funds (ESI);*
- B. its price does not exceed the generally accepted price on the market in question;*
- C. it has the technical characteristics necessary for the project and complies with applicable norms and standards.*

4.2.6 Small infrastructures and construction works**Definition**

Expenditure for the financing of infrastructure and construction works. "Infrastructure and works" covers costs related to investments in infrastructure that do not fall into the scope of other budget lines.

- ✓ Purchase/provision of land (limited to maximum 10% of the project budget and 15% for brownfield industrial sites);
- ✓ Purchase/provision of real estate;
- ✓ Site preparation;
- ✓ Delivery;
- ✓ Handling;
- ✓ Installation construction;
- ✓ Renovation;
- ✓ Other costs necessary to the implementation of construction works.

Principles

In order to be eligible, small infrastructure and construction works must be the result of transnational cooperation activities specifically directed at improving the development of the programme area. The transnational dimension and added value must be evident.

Infrastructure and construction works will be financed only if they are crucial for the achievement of the project's outputs and results, and if they are described in one or more investment work packages described in the application form.

Full costs of infrastructure and construction works forming part of the project are eligible, i.e. no depreciation is eligible.

Expenditure under this category is eligible if no other EU funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible. All expenditure is subject to applicable public procurement rules and each partner organisation is responsible for ensuring that these rules have been respected.

All investments in infrastructure must comply with the applicable EU and programme information and publicity rules.

- ✓ Documents specifying the ownership of land and/or buildings where the works will be carried out must be provided;
- ✓ All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure must be fulfilled (e.g. feasibility studies, environmental impact assessments, building permission, etc.).

Purchase of land cannot exceed 10% of the total eligible expenditure of the project. In the case of derelict sites and sites formerly in industrial use which comprise buildings, the purchase price cannot exceed 15% of the total eligible expenditure.

In exceptional and duly justified cases, a higher percentage may be permitted for projects concerning environmental conservation, provided it has been approved by the programme (ref: Article 69.3(b) Regulation (EU) No 1303/2013). In kind contribution is also eligible under this budget line, insofar as the requirements of Article 69 of Regulation No 1303/2013 are fulfilled (for further information see below "Focus on In kind contribution") and approved by the programme.

All investments with costs claimed under this budget line have to comply with criteria set out by the EU Regulation¹⁵. This means that up to 5 years after the final payment to the beneficiary, the investment:

- ✓ Must be still in operation;
- ✓ Must not have been outside the programme area;
- ✓ Must not have had substantial changes (e.g. different use than indicated in the application form);
- ✓ Must not have changed ownership giving an undue advantage to a firm or a public organization.

There will be no exceptions to this rule for different kind of partners. Should the investment fail to comply with any of those criteria; any unduly paid sums will be recovered in proportion to the period of non-fulfilment.

Audit trail

The following main documents must be available for control purposes:

- ✓ Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- ✓ Documents pertaining to the work may be required such as feasibility studies, environmental impact assessment and planning permission;
- ✓ Contract laying down the works/infrastructure to be provided, with clear reference to the project and the programme. For contracts based on a daily fee, such fee together with the number of days contracted and the total amount of the contract must be provided;
- ✓ Invoice providing all relevant information in line with the contract/agreement and applicable accountancy rules;
- ✓ Proof of payment and delivery;
- ✓ Proof of ownership of the property.

¹⁵ Article 71 CPR (EU) No 1303/2013.

Please note:

- ✓ In the case of land and real estate purchase (or provision in the form of in kind contribution), a certificate from an independent qualified evaluator or duly authorised official body confirming that the cost is in line with the market value;
- ✓ In the case of land and real estate provided in the form of in kind contribution, evidence of compliance with the applicable rules in the field of in kind contribution;
- ✓ Proof of commitment to establish and maintain an inventory of all fixed assets acquired, built or improved under the ERDF grant.

4.3. Costs outside the eligible area

In the framework of transnational cooperation Article 4 of Regulation (EU) No 1299/2013, expenditure incurred outside the programme area is authorised up to a maximum of 20% of the ERDF programme budget.

As a general principle, project activities co-financed by the ERDF must be implemented within the programme area. However, in the case of transnational programmes, the scope of a project might require cooperation and joint actions with organisations from countries on the EU territory but outside the programme area as well as in European Free Trade Association states.

As a consequence, the PMC may accept that a part of an operation is implemented outside the programme area, provided that all the following conditions are satisfied:

- ✓ The activity and/or event are for the benefit of the programme area;
- ✓ The activity and/or event are essential for the project implementation;
- ✓ The implementation and/or the relevance of the activity or the event have been approved within the application form or subsequent amendments;
- ✓ The total amount allocated under the cooperation programme to operations located outside the Union part of the programme area does not exceed 20% of the support from the ERDF at programme level¹⁶.

¹⁶ Article 4 Regulation (EU) No 1299/2013.

Determining whether an activity falls in or outside the programme area

The location of the activity is the decisive factor when determining whether the implementation of an activity is outside the Union part of the programme area.

Establishing the location of an activity is relatively simple. For example, for investments or infrastructure the determining factor is the location of the infrastructure. Whereas for accommodation and catering the determining factor is whether the accommodation is located/the catering is delivered inside or outside the Union part of the programme area. For other activities, which are of non-material nature, the determining factor is the location of the project partner that incurred the costs.

Financial threshold and monitoring

No more than 20% of the ERDF allocated to the programme can be spent on activities and events outside the Union part of the programme area. This threshold also includes the ERDF funds allocated to project partners located outside the programme area. Activities having a promotional and/or capacity building character will not be calculated into this threshold.

In order to be able to monitor the threshold, the MA/JS will follow up the generation of expenditure outside the Union part of the programme area at project level in progress reports. In this respect, a section will be dedicated to the relevant data to be introduced by project partners.

Application phase

Before submission of the application, organisations located in third countries or in MS outside the Union part of the programme are requested to present a partner declaration and a State aid self-declaration confirming the legal status, ERDF co-financing and the own contribution to the partner budget as well as the project partner responsibilities.

Once a project is approved, organisations located in third countries or in MS outside the Union part of the programme area must contact their responsible national authorities and obtain the official confirmation of the eligibility of their legal status. This must be done immediately as the document has to be presented before the final approval of the PMC of the respective call, and just before the contract signature. This procedure will be carried out by the potential project partner with the support of the MA/JS.

If the eligibility confirmation by the responsible country is not provided to the MA/JS by the fixed deadline, the partner concerned will be excluded from the project and the Subsidy Contract will be signed without its participation

Implementation phase

After receipt of the confirmation of the technical eligibility and the approval of the project by the PMC, the MA/JS will contact the country where the project partner is located to receive a signed agreement on the management, control and audit responsibilities. This agreement will be similar to the one signed by all the other participating countries in the programme. It will outline the first level control system, national supervision body responsibilities as well as the liability in case of any irregularities.

The signed agreement must be obtained prior to the signing of the project's Subsidy Contract.

Condition: In case the responsible national institution does not provide the signed agreement and requested information by the set deadline, the partner organisation concerned will automatically be excluded from the project. Should such a situation occur, the Lead Partner has to initiate a change procedure for the exclusion of the said partner organisation. MA/JS will offer assistance throughout the whole process.

4.4. Public procurement

During the implementation of a project, the majority of projects partners buy goods and services externally. For example, external auditors are hired to carry out the first level control; a project, finance and communication manager are hired to assist the Lead Partner with the organisational and administrative aspects of project implementation; catering and technical equipment for conferences and meetings is ordered, etc. Whenever purchases are made and contracts are awarded to external suppliers, the public tendering principles must be observed so that project partners demonstrate efficient use of public funds.

The public procurement rules define tendering procedures applicable to different threshold values. Each contract should be awarded on the basis of objective criteria that ensure compliance with the principles of transparency, non-discrimination and equal treatment and which guarantee that tenders are assessed under the conditions of effective competition.

Public authorities and other institutions falling under the scope of application of the procurement rules¹⁷ must comply with the applicable rules on public procurement.

Organisations (namely under private law) not falling under the scope of application of the public procurement laws (e.g. private companies for most procurement activities as defined under the EU Regulation) are exempt from the application of public procurement laws.

¹⁷ "Contracting authorities" in the meaning of Directive 2014/24/UE.

Nevertheless, given the involvement of public resources, they shall observe the national public procurement rules, in view of ensuring the best value for money. Such organisations shall check national and EU rules and guidelines in this respect.

How to comply with public procurement rules?

When dealing with public procurement rules, three levels have to be taken into consideration:

- ✓ The EU public procurement directives¹⁸;
- ✓ National rules¹⁹;
- ✓ Internal rules of the partner organisation.

As a matter of principle, the stricter rules must always be applied. In the case national rules set stricter requirements (such as for publicity, free competition, lower thresholds) than those established by the European directives, the former must be applied. The same principle goes for internal rules.

Audit trail

Central to ensuring adherence to the public tender rules is the tender documentation, which usually consists of the following:

- ✓ Terms of reference (sufficiently specified, including clear information to candidates on award and weighting criteria);
- ✓ Request for offers or procurement publication/notice;
- ✓ Offers/quotes received;
- ✓ Report on assessment bids (evaluation/selection report) including:
 - Justification for the procedure chosen in the light of the identified needs;
 - Evaluation of the offers in the light of the previously announced award and weighting criteria;
 - Letters of acceptance and rejection;
- ✓ Contract, including any amendments and/or renewals (with evidence that these did not modify the economy on the market and that there was no modification of the object of the initial contract);

¹⁸ More information on EU rules on public procurement can be found at the following link: http://ec.europa.eu/internal_market/publicprocurement/index_en.htm

¹⁹ National rules include laws on public procurement, related delegated or implementing acts or any other generally applicable legally binding rules and decisions.

- ✓ Evidence that the payments made match the contract (invoices and proof of payment);
- ✓ Proof of delivery of goods or services.

Where there are doubts about the specific rules applying to the specific case, the JS recommends that projects refer to the following sources:

- ✓ The internal market website:
http://ec.europa.eu/internal_market/publicprocurement/index_en.htm;
- ✓ National approbation body;
- ✓ The National public procurement authority;
- ✓ The legal department of the relevant project partner organisation.

Please Note

- ✓ Public procurement rules and principles are applicable to all public authorities and bodies governed by public law and, therefore, also apply in the context of their participation in an Interreg Atlantic Area project;
- ✓ Private bodies participating in an Interreg Atlantic Area project, and receiving ERDF and/or other national/regional/local funding, have to follow public procurement procedures, according to the European, national and internal rules;
- ✓ Evidence has to be available that the choice made regarding publicity requirements (sufficient degree of advertising) is in compliance with the EU Directives and the national applicable legislation (depending on the thresholds). Project partners must keep a record of every step of the public procurement procedure for first level control and audit purposes.

4.5. State aid

State aid refers to public financial support that can distort competition and the internal market. For State aid rules to be applicable the recipient of project funding must be an undertaking, i.e. any entity carrying an activity having an economic nature and offering goods and services on the market, regardless of its legal form and the way it is financed. Even if an organisation is not profit-oriented, State aid rules will apply as long as it competes with profit-oriented companies. Therefore, not only private companies are subject to State aid rules but also public organisations, if they carry out an economic activity on the market.

State aid relevance depends on the following criteria being met:

- ✓ Existence of public aid: this rule applies to all partners involved in projects financed by the programme;
- ✓ Selection of beneficiaries: it is the general rule adopted by the programme to finance projects;
- ✓ Economic advantage: the project support is an economic advantage that the undertaking would not have received in the normal course of business;
- ✓ Effect on competition and trade: the project support constitutes a potential and significant advantage for the competitive capacity of the involved beneficiaries on the internal market.

State aid is in principle forbidden because it may distort competition by favouring certain undertakings or the production of certain goods (which is incompatible with the internal market). However, there are several exceptions that allow for aid in certain areas, up to a certain amount (*de minimis*) or for certain undertakings that are crucial for the European economy as they perform certain activities, such as those activities specified in the General Block Exemption Regulation (GBER). These exception measures allowed organisations to be exempt from prior notification to the European Commission. In other situations the general rule of notification to the European Commission shall be the rule in order to seek the *ex-ante* authorisation of State aid.

***De minimis* rule**

The '*de minimis*' rule allows State aid relevant activities, but only those having a minimal financial importance, up to a set threshold. The amounts of *de minimis* aid granted to a single undertaking within the last 3 financial years cannot exceed EUR 200 000 (Regulation (EU) No 1407/2013), including the ERDF support. The organisation awarding the *de minimis* aid bears all responsibility for monitoring the limits.

General Block Exemption Regulation

Another possibility is to use one of the exemptions offered by the General Block Exemption Regulation. This can happen for example if the *de minimis* quota has already been exhausted or the beneficiary is applying for an ERDF amount above EUR 200 000. However, GBER may also be used directly without considering the application of *de minimis*. Under GBER different exemption rules are foreseen covering, for example, SMEs participating in ETC projects, aid for research and development, aid for innovation clusters, and other. Restrictions shall be

taken in consideration, especially on the maximum grant rate, maximum ERDF ceiling or scope of activities to be co-financed.

Notification to the European Commission

In all other cases, where neither *de minimis* nor GBER can be applied, the notification to the European Commission shall be the rule. Project partners must, however, take into account that it is a burdensome and lengthy administrative process. The project activities will be allowed to be implemented only once the European Commission approves the State aid scheme. If exemptions rules are not applicable, the *ex-ante* notification to the European Commission is required. Any State aid relevant public support approved without European Commission *ex-ante* authorisation is automatically considered illegal.

Atlantic Area procedures to assess State aid compliance

Each MS is responsible to check State aid rules. If a MS concluded that a project application is State aid relevant, the approval and contracting of such projects are subject, as appropriate, to compliance to exemption rules or to the *ex-ante* authorisation of the European Commission. In any case, MS shall define and implement the procedures to be followed by beneficiaries located on their national territory. When *de minimis* or GBER rules apply, it is also up to each MS to check that the *de minimis* limits are not exceeded and the GBER compliance.

Partners involved in **project proposals** shall check the State aid implications. In the work package and budget plan descriptions, for each partner, the origin and amounts potentially subject to State aid rules and which rules apply shall be identified. If State aid relevant activities are identified, project partners should take into account that some restrictions may be applied (e.g. there will be a maximum ERDF contribution or the grant rate will be lowered). It is the responsibility of the project partners to provide such information. A State aid assessment will be performed by the JS in collaboration with MS. The conclusions and implications will be reported in the project assessment reports.

All **projects approved** for programme support will be asked to provide a self-declaration (according to a template provided by the JS) describing the State Aid relevancy of each project partner and details (namely EC *ex-ante* authorisations, listings of all *de minimis* aids received within the last three fiscal years, GBER conditionalities, etc.). Before the signature of the Subsidy Contracts, the JS will verify, in collaboration with MS, the conformity of such declarations and the compliance with programme, EU and national rules (maximum ERDF grant rate, nature of expenditures etc.), and propose potential adjustments, namely in terms of the contract or in the approved application specifications.

During project **implementation**, beneficiaries are responsible to check that the programme support is granted in compliance with State aid procedures and rules, and propose any required amendments to project specifications to comply with such rules. FLCs and national control supervision shall check the compliance of project partner's expenditures and activities with State aid rules and provide the relevant certification. The JS shall ensure that all State aid rules verifications established at national level were duly performed.

Please note

- ✓ All entities engaged in an economic activity fall under the State aid rules, regardless of their legal status and regardless of whether they aim to make a profit: both public and private partners are affected by State aid if they perform economic activities and such activities are State aid relevant;
- ✓ The participation of an SME in a project does not necessarily mean that its activities will be State aid relevant;
- ✓ State aid granted by a project partner downstreaming it to other organisations is not allowed;
- ✓ If the project self-assessment shows a possibility of State aid, the project should consult the JS at the earliest stage possible²⁰.

Audit trail

- ✓ State aid related information provided within project applications and projects amendments of operations approved and contracted;
- ✓ JS and MS assessment reports in State aid rules applied to projects partners;
- ✓ State aid self-declarations provided by partners of approved projects;
- ✓ Control reports and declarations of FLC, national control supervisors and JS concerning payments and reporting State aid verifications.

²⁰ Refer to Regulation (EU) 651/2014:

Art. 4 (1)(f) - Threshold of EUR 2m per ETC –funded undertaking for notification;

Art. 9 (1) (c) - Obligation to publish aid granted to ETC projects on a MS website;

Art. 11 - Transmission of information to the EU Commission on ETC aid measures exempted under the regulation by the MS in which the MA is located;

Art. 12 - Maintenance of records on ETC aid granted by the MS in which the MA is located;

Art. 20 - Aid intensity for SMEs participating in ETC projects is subject to a limit of 50.

5. Contractual arrangements

5.1. Clarification procedure

After project approval, the contracting phase starts. During this phase eventual modifications or clarifications to the application are carried out.

Projects approved under conditions must fulfil such requirements for approval before entering into contracting. Where conditions are specified by the PMC, fulfilment of these is compulsory and must be undertaken prior to the signing of the Subsidy Contract. Recommendations are normally carried out by projects during the implementation phase, however projects must describe how they will address these issues.

Conditions, recommendations and clarifications may result in revisions of the Project Approved Form (PAF). The Lead Partner, in close e collaboration with the JS, is in charge of making the necessary adaptations to the PAF and to upload all relevant signed documents within the given deadline.

Successful completion of this process is a precondition for the award of a Subsidy Contract.

5.2. Partnership Agreement

According to Article 13(2) of the ETC Regulation, the Lead Partner shall define arrangements for relations with the project partners in an agreement comprising, *inter alia*, provisions which guarantee the sound financial management of the funds allocated to the project, including the recovery of unduly paid amounts. While the Subsidy Contract establishes a legal base between the MA and the Lead Partner, the Partnership Agreement establishes a legal base between Lead Partner and all project partners.

The Subsidy Contract is signed between the Lead Partner and the MA, whereas the Partnership Agreement constitutes the contractual relationship between all project participants. While the Lead Partner is responsible for ensuring the proper project implementation towards the MA, each project partner is responsible to the Lead Partner for bringing in its project contribution and giving full support to the Lead Partner to ensure the successful project realisation.

The Partnership Agreement provides the framework for efficient project implementation and management and aims at guaranteeing the project's contribution to reaching the programme's objectives. The Partnership Agreement shall raise awareness of and clearly define the responsibilities of Lead Partner and project partners in a legally binding manner.

The Interreg Atlantic Area Programme provides a downloadable template of the Partnership Agreement on www.atlanticarea.eu. The Partnership Agreement must be signed by the Lead Partner and all project partners, either in one single document or as bilateral documents between the Lead Partner and each project partner.

The Partnership Agreement shall be signed the latest within three months after the Subsidy Contract enters into force. The Lead Partner has to provide evidence to the MA/JS on the signing of the Partnership Agreement that should be included/uploaded in the PAF. The MA reserves the right to check the Partnership Agreement in order to verify that it has been signed and that it meets the requirements set by the programme.

5.3. Subsidy Contract

According to the ESI Regulations 2014-2020, the MA shall provide to the Lead Partner a document called a Subsidy Contract setting out the conditions for the ERDF-co-financing of the project, including specific requirements concerning the products or services to be delivered by the project, the financing plan and the time-limit for execution.

The Subsidy Contract is an essential element within the framework of managing and monitoring territorial cooperation programmes. This contract stipulates the rights and duties of the Lead Partner, as well as of the programme bodies and other organisations involved in the implementation of the programme (e.g. MA, JS, PMC, CA, first level control bodies, organisations involved in the second level control). It regulates issues such as reporting obligations and procedures, conditions for project modifications, obligations and rights related to information and communication activities, provisions on financial controls and audits of the project, use and ownership of project results or liabilities of the Lead Partner.

The Subsidy Contract is established between the CCDR-N, acting as the MA of the programme and the Lead Partner. The Subsidy Contract constitutes the legal framework for the implementation of the project, confirming the final ERDF commitment to the project, setting out the conditions for support and providing implementing arrangements.

The most recent version of the PAF forms a binding agreement along with the Subsidy Contract. The Subsidy Contract template is available for download on the programme website www.atlanticarea.eu. Following the approval of the project by the PMC and, (where applicable), following the fulfilment of all conditions/recommendations for approval set by the PMC, a Subsidy Contract must be signed

The Lead Partner must sign and return two original print outs of the Subsidy Contract that are dated, stamped (when possible) and signed by the legal representative of the Lead Partner

institution. The MA will send back to the Lead Partner a countersigned copy of the Subsidy Contract.

5.4. Decommitment of funds

According to Article 136 of Regulation (EU) No 1303/2013, the EC shall automatically decommit any part of a budget commitment of a programme that has not been used by 31 December of the third year following the year of budget commitment. Payments not requested by projects on time and in full may be lost.

In case of decommitment of funds, Article 18 Point 4 of the Partnership Agreement applies: “the project partners herewith agree that the deduction shall be imputed to those project partners that have contributed to the decommitment of funds unless a different decision is taken by the PMC. Deduction of funds shall be done in a way not to jeopardise future involvement of project partners and implementation of activities”.

In accordance with Article 16.4 of the Partnership Agreement “Should the programme face a budget reduction due to the decommitment rule and should the ERDF funds allocated to the project be reduced as a consequence, the project participants herewith agree that the budget reduction shall be imputed to the project participants that have contributed to the underspending by not reporting according to the time schedule of the project as stated in the PAF, unless a different decision is taken by the PMC”.

Project partners should be aware that the PMC is much more likely to grant flexibility to projects with slow rates of commitment if: a) flexibility is asked for as early as possible (i.e. before payment claims fall behind schedule), and; b) if there is a clear plan to deal with delays in payment claims. Without both of these, the presumption is that the PMC will decide to decommit funding to projects. Projects should therefore engage the JS as early as possible once they realise there is a risk of not hitting payment claim targets.

6. Project implementation

6.1 Implementing rules

6.1.1 Advance payments

A mechanism of advance payments for projects partners will be in place. The pre-financing payment may amount to up to **5%** of the approved ERDF budget of the project and will be recovered in the first payment claims of partners concerned. The allocation of 5% ERDF advance shall be agreed among the partnership.

6.1.2 Ownership and Intellectual Property Rights

Intellectual Property Rights (IPR) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. Intellectual property is protected in law by, for example, patents, copyright, industrial design and trademarks

Patent

A patent is a legal title that can be granted for any invention having a technical character provided that it is new, involves an 'inventive step', and is susceptible to industrial application. A patent can cover how things work, what they do, what they are made of and how they are made. Anybody can apply for a patent. It gives the owner the right to prevent others from making, using or selling the invention without permission. Patents encourage companies and entities to make the necessary investment for innovation, and provide the incentive for individuals and companies to devote resources to research and development. Patents also imply the disclosure of the protected invention. This fosters the dissemination of innovation.

Industrial Design

Industrial design rights protect the appearance of a product, which results from attributes such as its shape, colours or materials. The EU has harmonised industrial design protection across EU countries and introduced the Community design that offers unitary protection across the EU through a single procedure.

ETC (Interreg) fosters collaboration, joint results and joint activities, therefore outputs and results known as foreground Intellectual Property must be owned by the partnership as a whole. In addition, and as a general principle of serving general interest with ERDF public funding of project outputs (e.g. processes leading to new products or services, studies, policy recommendations, good practice guides), are expected to be freely available to the public.

Outputs and results, especially studies and analyses, produced during project implementation must be made available to the general public free of charge and can be used by all interested persons and organizations, and the Atlantic Area stakeholders.

Projects should make use of the Partnership Agreement to make the necessary provisions for questions on ownership and IPR. The Partnership Agreement template already includes a paragraph that indicates shared ownership among all project partners. Questions on ownership and IPR should also be dealt with in the risks section of the application form. Access-rights to foreground will be granted on a royalty-free basis.

The ownership of outputs having the character of investments in infrastructure or productive investments realised within the project must remain with the concerned Lead Partner and/or project partners according to the timeframe as well as under the conditions set in Article 71 of Regulation (EU) No 1303/2013.

In case of revenues generated by the IPR, all applicable provisions in terms of revenue generating projects and State aid must be respected.

Please note:

- ✓ Projects should make use of the Partnership Agreement, Article 19.1 “Ownership - Use of Outputs” to make the necessary provisions for questions on ownership and IPR. The PA template includes in this paragraph the conditions of each particular case when there is a joint ownership between the project partners;
- ✓ IPR are governed by national rules.

6.1.3 Projects penalties

Taking into account the need of the programme to generate impact in the Atlantic Area to be measured through the programme results indicators, and the need to avoid the release of funds by projects, stricter rules will apply that foresee penalties for delays in the submission of financial claims and reports. Provisions for such penalties will be laid down in the Subsidy Contract.

Experience shows that project spending is delayed in the first months and that an underspending of 10% can be considered within normal parameters. Projects whose implementation phase is half-way and their underspending equals or exceeds 30% compared to the spending plan in the Subsidy Contract, may be penalized. This will be done through a de-commitment specifically applied to the project resulting in adjustment of project budget.

The decommitment penalty decision - will be based on an assessment of the project’s spending plan as set in the Subsidy Contract and the actual project spending rate.

6.2 Financial control system

All approved projects are selected based on their contribution to programme results.

Project monitoring generally refers to the ongoing collection, analysis and use of information about project progress. Approved projects must implement the PAF, which constitutes the main annex to the Subsidy Contract. The aim of the monitoring process is to check that the costs claimed by the partners are in line with the results achieved by the project. Or in plain English: 'does the programme get what it pays for?'

The Atlantic Area Programme has implemented a result-oriented approach to monitoring in order to check the extent to which projects contribute to the programme results. The project's intervention logic should be visible throughout its implementation. Actual impact and long-term results can only be measured *ex-post*. However, monitoring should explore the impact (i.e. the project's real contribution to the project objective), as well as the trajectory towards the long-term effects (i.e. the likelihood of a continued impact after the project's closure). The value for money (economy, efficiency and effectiveness) will be monitored throughout the project duration. Hence, reporting is an important information channel between your project partnership and the JS.

The reports present project achievements and spending against the targets set in the PAF. In addition, the projects are asked to report their success stories and results-to-date, which can be used for communication purposes.

Deviations from the approved project action plans may happen in exceptional cases, but only after approval from the programme authorities. Deviations which have not been approved by the programme and have a negative effect on the project's contribution to the programme goals may lead to (partial) project budget cuts.

The JS collects and analyses the information on project progress and performance. Payments will be made to projects that comply with programme standards and provide a complete progress report.

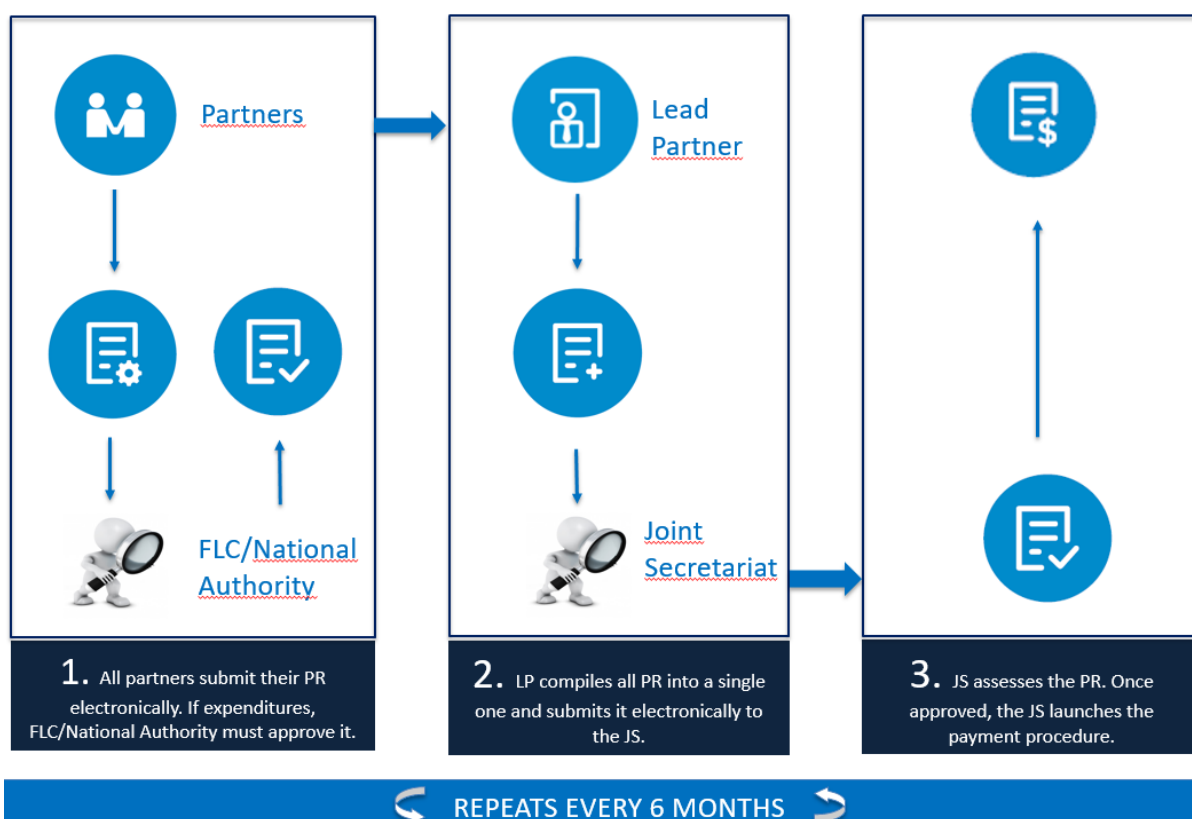
The progress report is composed by an activity report and a financial report. It describes the progress of the project and serves as supports for payment requests. Lead Partners have to submit two progress reports in each twelve months period to the MA through the JS. The submission dates of progress reports are March/April and September/October of each year.

During the 2 months period, the online platform (integrated management information system - hereinafter called SIGI) will be open for the whole process: the progress report submission by each partner, the control of expenditures works from the FLC and If applicable by the National Authority (NA), and the consolidated project report by the Lead Partner. The final report has to be sent to the MA via JS at the latest three month after the project end date.

Indicative calendar for 2018

1 st Project Report 2018	SIGI	
	Opening	Closure
	12 March	11 May
	This period includes following steps: <ol style="list-style-type: none"> 1. Progress Report submission from each partner 2. FLC/NA control of expenditures 3. Progress Report consolidation from the Lead Partner and submission 	
	Atlantic Area assessment and payments	
	<ol style="list-style-type: none"> 1. JS/MA assessment: 35 working days 2. Certifying Authority payment to partners: Maximum 90 days* 	
2 nd Project Report 2018	SIGI	
	Opening	Closure
	After 1 st Project Report submission	October 2018
	This period includes following steps: <ol style="list-style-type: none"> 1. Progress Report submission from each partner 2. FLC/NA control of expenditures 3. Progress Report consolidation from the Lead Partner 	
	Atlantic Area assessment and payments	
	<ol style="list-style-type: none"> 1. JS/MA assessment: 35 working days 2. Certifying Authority payment to partners: Maximum 90 days* 	

*Article 132 of EU Regulation 1303/2013.

Payment claim - summarized procedure:

- Each partner prepares the progress report based on the activities it is participating, as defined in the project work plan. The paid expenses with the related evidences corresponding to the activities are introduced on the SIGI (www.atlanticarea.eu), a similar tool to the one used for the submission of the application form and the PAF. It is advised to register the expenditures in the SIGI on an ongoing basis (as expenditures are paid) to facilitate the report workload. SIGI will allow working on the following progress report after submitting the current one.
- First level control: the partner's FLC verifies and certifies the declared expenditures, having also access to the SIGI and producing the associated, standard certificates and lists of controlled documents. (FLC will use the templates available on the website, will fill them, sign and the upload them into the SIGI).
- The National Checks (if applicable): receives the controlled expenditures and proceeds with its own certification.
- The Lead Partner makes a consolidation of the information collected through the partners' reports available on SIGI. The Lead Partner checks the consistency of the information and the evidence provided; checks the evidence regarding the certification process respecting the specifications of the partner's country.
- The Lead Partner submits to the MA/JS the activity report and the related ERDF reimbursement claim, according to the calendar set up by the MA.

6. The JS and MA have 35 working days to proceed to various checks and issue a payment order to the Certifying Authority. (Note: the amount of the advance payment received by the partnership will be deducted from the first payment claim).
7. The Certifying Authority, after checking, proceeds with the payment to the partners within a period of time of 90 days maximum depending on the financial capacity of the programme.

In accordance with Article 122 of Regulation (EU) no 1303/2013, all exchanges of information between the Lead Partner and the programme authorities shall be carried out by means of electronic data exchange systems. Accordingly, the submission of financial claims and progress reports changes shall be done by using the electronic data exchange system of the programme: SIGI (www.atlanticarea.eu), without prejudice to the utilization of an alternative instrument as a contingency solution in exceptional circumstances.

A user-friendly manual will be available on how to use the SIGI project area.

Each project partner may only claim, through the Lead Partner, payments of the ERDF contribution by providing proof of the project's progress. For this purpose, each project partner commits to provide the Lead Partner with complete and accurate information needed to draw up and submit progress and final reports and, where possible, the main outputs and deliverables obtained in line with the PAF.

The Lead Partner may only request payments of the ERDF contribution on behalf of the project by providing proof of progress of the project towards the achievement of the outputs and results as set in the PAF, in compliance with the principle of sound financial management (as determined by the principles of economy, efficiency and effectiveness) when purchasing supporting goods and services.

Requests to postpone the reporting deadline may be granted only in duly justified cases. They shall be requested by the Lead Partner to the MA through the JS at the latest two weeks prior to the established deadline.

Expenditure incurred by the associated partners shall be ultimately borne by any of the project partners or by the Lead Partner in order to be considered as eligible and on condition that this is allowed by national or programme rules.

In order to proceed with the progress and final reports analysis, each project partner must provide additional information if the Lead Partner or the MA/JS deem that necessary. Additional information requested by the MA/JS is to be collected and sent by the Lead Partner within the agreed time frame previously set up, which must not exceed 15 working days.

In compliance with Article 65 (11) of Regulation (EU) No 1303/2013 the Lead Partner ensures that expenditure items included in requests for reimbursement do not receive support from the same or any other EU Programme, EU fund or Union instrument.

The Lead Partner and the project partners must install either a specific project bank account or an adequate accounting code specifically for the project and must safeguard that the eligible costs as well as the received subsidies can be clearly identified.

6.2.1 Partners not reporting expenditure

In cases where project partners do not report any expenditure after 2 semesters, having been in an Atlantic Area project and in the absence of justified reasons for this non-reporting, they will receive a warning from the programme. The warning will be issued to the Lead Partner after the submission of the relevant progress report. In case the concerned project partner does not report expenditure in its third progress report and cannot provide evidence that this is due to circumstances outside its control, the budget of the project partner would be reduced in relation to its spending plan.

6.2.2 Expenditure validation or first level control verification of expenditures

Before the submission to the JS, each progress report has to be verified and confirmed by an independent controller compliant with the first level control system set up by each MS (in accordance with Article 125 of Regulation (EU) No 1303/2013 and Article 23 of Regulation (EU) No 1299/2013).

This verification is carried out by a first level controller, i.e. somebody who has the qualifications (usually auditors or certified public accountants) to verify that the expenditure connected to the project implementation was incurred in compliance with the relevant EU, national, regional, institutional and programme rules, as well as with the provisions of the Subsidy Contract and the PAF. The main aim of the controls is to provide a guarantee for the MA, the Certifying Authority and, most importantly, to the project itself that costs co-financed under the Atlantic Area Programme are fully accounted for and are eligible in compliance with applicable programme/national/EU rules.

6.2.3 Designation of the First Level Controller

The Lead Partner must ensure that the FLCs of each partner are chosen by each beneficiary and validated by the respective MS, before the submission of the first progress report and expenses claim.

It is the responsibility of each MS to designate the FLCs for partners located on their territory and participating in a project. In practice, this means that each partner needs a controller that is authorised by its MS.

First level control systems:

Centralised	Decentralised (France, Portugal, Spain, United Kingdom)
Appointed by the MS	Short list/chosen by partner and approved by approbation body

For further information, on FLC appointment process partners should contact their designated national approbation body (www.atlanticarea.eu).

Without an approved FLC it is not possible for the JS to approve a partner's progress report.

The requirements that must be fulfilled to become a FLC are set by each MS. The main principle is that controllers have to be independent and qualified to carry out the control.

In order to be considered independent, the controllers must fulfil certain criteria: an internal controller, if authorised by the MS, must belong to a unit that is organisationally separate from the units dealing with project activities and finances. An external controller can only be considered independent if there is a clear separation between the first level control task and any other contractual relationships with the beneficiary.

Regarding the qualification of the first level controller, the partners should bear in mind that the task of controlling project expenditure co-financed under the Atlantic Area Programme goes beyond checking the accounts: it also involves a judgment on compliance with ERDF, national and programme rules. The controllers are therefore expected to have good knowledge of controlling project expenditure under the structural funds regulations. The programme and/or the MS involved will provide training for controllers. They are also expected to have a good command of English (since all programme documents and reports are in English). The procedure for the selection and appointment of a FLC is set by a MS and is binding on partners that are based on their territory.

If an external controller is selected by the project partner, this controller must be selected in accordance with the applicable procurement rules for each MS.

The Lead Partner should also ensure, to partners located in a country not covered by the Atlantic Area (inside or outside the European Union), the existence of a protocol signed between the MA and the competent authorities of the countries concerned, which defines, in particular, the provisions on financial control of expenditure. The protocol should be signed before the signing of the Subsidy Contract between the Lead Partner and the MA.

Changes of address, changes of account number and changes of control authority/institution or name of controller(s) have to be duly notified following the procedure laid out in the programme manual for project modifications.

6.2.4 First level control systems in the Member States

Contact details for the FLCs and the approbation bodies in the Member States can be found on the website.

Country	National Authority
France	Préfecture de la région Pays de la Loire
Ireland	Northern & Western Regional Assembly
Portugal	Agência para o Desenvolvimento e Coesão, I.P
Spain	Ministerio de Hacienda y Función Pública
United Kingdom	Ministry of Housing, Communities & Local Government

Project partners from countries having set a decentralised control system ensure that FLCs are selected in accordance with the system set up by each MS. Still, the MA reserves the right, after agreement with the national responsible institution, to require that the controller directly selected by the Lead Partner or project partners is replaced if considerations, which were unknown when the contract was signed, cast doubts on the controller's independence or professional standards.

Lead Partner acknowledges and agrees that the French project partners will have to follow the specific control system set up by their National Authority: the *Préfecture de la région Pays de la Loire*. Once the approved controller by the national framework agreement, has checked and confirmed the reported expenditure, the first level control certificate has to be validated by the National Authority.

Lead Partner acknowledges and agrees that the Irish project partners will have to follow the specific control system set up by their National Authority: the Northern & Western Regional Assembly. Once the approved controller by the national framework agreement, has checked and confirmed the reported expenditure, the first level control certificate has to be validated by the National Authority.

Lead Partner acknowledges and agrees that the Portuguese project partners will have to follow the specific control system set up by their National Authority, the *Agência para o Desenvolvimento e Coesão, I.P. (AD&C)*. Once the approved controller has checked and confirmed the reported expenditure, the first level control certificate has to be validated by AD&C.

Lead Partner acknowledges and agrees that the Spanish project partners will have to follow the specific control system set up by their National Authority, the *Ministerio de Hacienda y Función Pública*. Once the approved controller has checked and confirmed the reported expenditure, the first level control certificate has to be validated by the Ministry.

Lead Partner acknowledges and agrees that the project partners from the United Kingdom will

have to follow the specific control system set up by their National Authority: the Ministry for Housing, Communities and Local Government (MHCLG).

6.2.5 Role of the First Level Controller

The FLCs' task is to verify that the expenditure reported by the partners in each progress report fills the following conditions:

- ✓ The costs are eligible, incurred and paid (for simplified costs as lump sum/preparation costs and flat rate costs, no verification is needed);
- ✓ The programme's conditions, the PAF and the Subsidy Contract have been observed and followed;
- ✓ The invoices and payments are correctly recorded and sufficiently supported by evidence;
- ✓ The related activities, sub-contracted supplies and services are in progress or have been delivered or carried out;
- ✓ Community rules have been respected, especially with regard to information and publicity, public procurement, equal opportunities and protection of the environment.

The controllers must be familiar with the content of the following documents to be able to confirm the compliance with the provisions laid down in the EU regulations and directives, i.e. in particular with:

- ✓ Regulation (EU) No 1303/2013 (Common Provisions Regulation);
- ✓ Regulation (EU) No 1301/2013 (ERDF Regulation);
- ✓ Regulation (EU) No 1299/2013 (European Territorial Cooperation Regulation);
- ✓ Regulation (EU) No 481/2014 (Eligibility of expenditure for Cooperation Programmes);
- ✓ EU Directives on public procurement;
- ✓ Further national rules and guidance (e.g. national public procurement rules);
- ✓ Programme Manual;
- ✓ Project Approved Form;
- ✓ Subsidy Contract;
- ✓ Partnership Agreement.

If there are amendments to the project application form, Subsidy Contract and Partnership Agreement, both the Lead and other partners need to ensure that the latest version is made available to the FLCs.

The programme provides standard documents (available in SIGI) that give guidelines for the controllers for their control work, to ensure the consistent application of quality standards and to document the control steps properly. The text of the documents may not be amended or extended. Those documents have to be filled and completed for each progress report by the FLC. Additional documents if required (e.g. checks against national rules) guidelines will be provided by each MS control system for use by the first level controller, but are not required by the programme.

6.2.6 Role of the Lead Partner in the control process

Following the Lead Partner principle as indicated in the Regulation (EU) nr. 1299/2013, Article 13 (2), the organization acting as Lead Partner bears the overall responsibility for ensuring the implementation of the project. When submitting a progress report, the Lead Partner must:

- ✓ Ensure that the expenditure reported by the partners has been incurred for implementing the project and corresponds to the activities agreed between all the partners, i.e. is in line with the PAF and Subsidy Contract. Any deviations from the PAF, should they exist, have been properly described and justified in the progress report;
- ✓ Check that amounts and activities reported are correctly integrated in the joint progress report and that they give a correct description of the implementation and present status of the project;
- ✓ Ensure that the expenditure reported by partners has been verified by a controller in line with the Programme rules and any country-specific requirements for FLC's;
- ✓ Check that the control documents (i.e. independent FLC certificates and control reports (incl. control checklist) and list of expenditure are correct and complete.

This verification by the Lead Partner does not imply re-performing the checks already carried out at partner level. However, it is still up to the Lead Partner, due to their role and knowledge of the project as a whole, to apply due diligence by screening the information available (partners report and outputs, independent FLC certificate, FLC certificates). In cases of doubt, the Lead Partner has to seek justification/clarification from the partner (and the relevant first level controller) before the cost item is actually included in the joint progress report submitted to the JS.

The MA, through the JS, may request relevant information at any time. That information must be supplied by the Lead Partner within the demanded time frame. The Lead Partner will also provide information and/or requested documents to other programme authorities, courts of auditors or other control institutions acting within their respective sphere of responsibility.

6.2.7 Timing of first level control

In order to ensure timely submission, the controls at project partner and Lead Partner levels have to be scheduled carefully in relation to the submission deadlines. It is up to the partnership to decide on those deadlines taking into account the availabilities of the controllers.

In this context, it is important to keep in mind that:

- ✓ Expenditure must be reported regularly (after 2018 1st Progress Report submission);
- ✓ The project partner's controller can only carry out the control after receipt of all the documents from the partners;
- ✓ Some project partner's controllers have fixed time limits for carrying out the control, which must be respected when the documentation is submitted (and limits the time for potential clarifications);
- ✓ The Lead Partner can only submit the progress report after receiving and having checked the control documents from the partners reporting expenditure.

In light of these points and the complexity of reporting procedures, it is crucial that projects establish a clear timeline for the reporting procedure. As foreseen in the Partnership Agreement, the project partners should have their payment claims validated and submitted to the Lead Partner level 10 working days (indicative) before the deadline for submitting the progress report. This gives the Lead Partner an additional time for questions and to do the additional checks.

6.2.8 First level control costs

Control costs for the verification of expenditure are considered eligible. Projects should therefore earmark a budget for these controls, depending on the control arrangements applicable in the relevant MS for each of the project partners (National control system must be by each partner).

Points of attention:

- ✓ Internal independent control should be included under the budget line 'staff', in accordance with applicable rules for staff costs, because the person(s) carrying out the verification is (are) on the payroll of the partner institution;
- ✓ The expenditure for an external independent first level controller should be reported under the budget line 'external expertise and services', as this first level controller is not

directly employed by the partner institution, in compliance with the relevant public procurement regulations;

- ✓ In order for the control costs for the final progress report to be eligible, the activity (first level control) and the payment must be made before the official end date of the project.

6.2.9 Payment procedure

Once the progress report is approved by the JS/MA, the payment procedure can be launched. Payments will be made by the Programme Certifying Authority (AD&C).

The MA reserves the right not to accept – in part or in full – certificates of expenditure of this contract if due to the results of its own checks and/or controls or audits performed by another authority such a certificate or the facts stated therein prove to be incorrect or if the underlying activities are not in line with the legal framework.

In such a case, the MA will either reduce the claimed certified amount, demand repayment of funds already paid out unduly or set them off against the next payment claim submitted by the Lead Partner, if possible. In compliance with Article 132 of Regulation (EU) 1303/2013, payments to the project can be suspended partially or in full in cases of suspicion of an irregularity. The MA (or Certifying Authority) is entitled to withhold any ERDF payment to a particular beneficiary (Lead Partner or project partners) or the project as a whole until all unclear issues related to the implementation, management and reporting are clarified.

Following the approval of the progress report by the MA/JS, the respective corresponding share of ERDF funds are transferred directly to each of the project partners accounts by the Certifying Authority in Euro (EUR; €). Any exchange rate risk or costs will be borne by the partners.

The subsidy will be transferred to the bank accounts as indicated by the Lead Partner and project partners in the PAF, detailing total expenditure and income from the project and shall provide for registration in Euro (EUR; €) of total expenses and the return (income) related to the project. These should either be a specific project related bank account or an adequate accounting code used for all transactions relating to the project should be used. They must be verified by a first level controller in accordance with Regulation (EU) no 1303/2013, Article 125(4). Changes of the accounts numbers shall be duly notified to the MA/JS.

Payments not requested on time and in full or not in compliance with the payment schedule, as indicated in the project report and the overview table of reporting targets and deadlines, may be lost.

Payment of funds is subject to the condition that the legality and regularity of activities underlying the expenditure declared can be sufficiently demonstrated as stipulated in the ESI

Funds Regulations, Delegated and Implementing Acts or the programme rules based thereon and that all supporting documents and certificates necessary for the assessment of the JS are submitted in due time.

In case of observations and/or reservations raised during the programme designation process as provided for in Article 123 of Regulation (EU) No 1303/2013, delays in the said procedure, or in case of system errors detected within audits, the MA and Certifying Authority also have the right to temporarily withhold payments. Payment suspension(s) shall be lifted as soon as observations and/or reservations raised by the relevant bodies have been withdrawn.

The Certifying Authority, after the request made by the MA, ensures that the Lead Partner and the project partners receive payments of the approved contribution from the programme in time and in full. No deduction, retention or further specific charges which would reduce the amount of the payment shall be made, without prejudice of provisions. Opposite, the ERDF contribution paid by the Certifying Authority shall not exceed the share of ERDF resulting from the eligible amount validated by each responsible control authority.

The disbursement of funds by the Certifying Authority is subject to the provision by the Lead Partner and project partners of all the statements needed.

6.3 Project communication

Communication is a strategic tool for the Atlantic Area projects and their communication activities shall raise awareness about the investments made by the Interreg Atlantic Area programme through the European Regional Development Fund (ERDF). It is also part of the obligations of an approved project to ensure transparency and visibility of their activities and results, and demonstrate their impact on the citizens and regions of the Atlantic Area.

Projects are therefore ambassadors of the Interreg Atlantic Area programme and are able to influence policies and instigate changes in behaviours to have a positive impact on the programme area.

This factsheet provides guidance on how this should be done and how to comply with the Commission regulations and the programme requirements on this matter.

6.3.1 Implementation of the communication process

Projects are required to outline the communication activities to be implemented at each step of the project cycle.

In the application process

The application form foresees a work package dedicated to Project Communication. In this

section projects must demonstrate how they will communicate the project activities and results, identifying the main communication actions, target audiences, deliverables, calendar and budget.

In the implementation phase

After the approval, projects have to abide by the regulatory obligations relating to the EU communication and information requirements (see point 6.3.3. Legal requirements).

6.3.2 Communication plan

A communication plan will be useful for the partnership to achieve the project main goals, disseminate results and inform audiences about their achievements, success and benefits through the project lifetime.

Planning, implementing, evaluating are the three main phases of a communication plan, always focusing on the project benefits and tailoring communication to different target groups. The main aim is always to acknowledge the value of the project.

The activities outlined in the plan must run alongside project activities and reflect the input and activities of all partners. The structure of a communication plan gives an overview of at least the following main elements:

Communication objectives: they are a mechanism to deliver the project aim and they need to be clearly defined, detailed, achievable and measurable. It is the outcome of an activity, as for example:

- ✓ Raise awareness about the project mission or the partnership involved;
- ✓ Raise awareness about the project benefits to citizens or a specific population;
- ✓ Dissemination of the projects outputs;
- ✓ Change the perception about a solution for a common problem;
- ✓ Change the behaviour of a specific population.

Target groups: the plan should clearly identify whom it wants to address the communication activities - it should consider the external audience but also the internal audience, i.e., the project partnership. The lead partner in particular has an essential role to play in promoting a good communication flow within the partnership, crucial for the project success. This will contribute to a better involvement of the team and promote the delivery of a common message.

Messages: what does the target group needs to know/ learn? Deliver 2 or 3 main messages about the project; a message sums up the main aims of the project with focus on specific aspects.

Tactics: which concrete activities will be implemented to reach the audience and then communicate the project achievements? For example: websites, social media, events, publications, videos, documentaries, communication with the media.

Time plan: it can be based on the project's overall milestones and defines when activities will be carried out.

Budget: indicative budget with breakdown of activities, for implementation of the plan/work package.

Evaluation: how the communication plan will be evaluated in order to monitor and review the achievements of the project and if necessary readjust the communication tactics during the project lifecycle.

6.3.3. Legal requirements

- ✓ Section 2.2 of Annex XII of the Common Provision Regulation (EU) N°. 1303/2013, establishes the responsibilities of the beneficiaries with regards to information and communication measures for the public.
- ✓ Articles 4, 5 and Annex II of the Commission Implementing Regulation (EU) N°. 821/2014 establishes the rules to comply with EU visibility and ERDF support.
- ✓ The Subsidy Contract establishes the beneficiaries' responsibilities and obligations in terms of publicity, communication and branding of projects.

If projects do not comply with the legal responsibilities regarding the implementation of visibility and publicity requirements in communication materials, any related expenses may be considered as ineligible and it could lead to the recovery of the funds unduly paid.

6.3.4 Project responsibilities

Each project should appoint a **communication manager** who will develop and implement a communication plan and also set up processes to involve all partners in communication activities. He/she will liaise with the JS for communication purposes.

The following list of the main project responsibilities in terms of communication do not replace the careful reading of the mentioned documents and regulations.

1. All information, communication and branding measures provided by the project, including presentations at conferences or seminars, shall acknowledge the financial assistance from ERDF funds of the Interreg Atlantic Area programme (see point 6.3.6 Communication requirements).
2. These measure shall be carried out in accordance with the aforementioned legal regulations, the latest version of the PAF, the Programme Manual and any other guidelines that could be issued by the programme on this matter.
3. Any notice or publication relating to the project made in any form and by any means, including the Internet, must state that it only reflects the author's view and that the programme authorities are not liable for any use that may be made of the information contained therein.
4. Each partner also takes the full responsibility for the content of any notice, publication and marketing product provided to the managing authority (MA) and is liable in case a third party claims compensation for damages. The partner will indemnify the MA in case the MA suffers any damage because of the content of the publicity and information material.
5. The lead partner shall ensure that the project partners comply with all publicity, communication and branding obligations (e.g. on the use of the programme logo, information requirements, organization of events etc.).
6. The programme authorities shall be authorized to publish in any and by any means, the following information about the project: projects contacts (lead partner and partners), name of the project, activities and objectives, geographic location of undertaken activities, project dates, ERDF funding and total eligible cost, abstracts of the progress and final reports..
7. The lead partner shall inform the JS about any communication campaign, media appearance or other publicity of the project for potential website updates or showcases.
8. The lead partner shall provide the JS with project statistical information, promotional items, publications, newsletters, content for digital or print material, photographs and videos necessary to carry out the programme communication activities.
9. The MA on behalf of the monitoring committee and of other programme promoters at national level are entitled to use the outputs of the project in order to guarantee a wide spreading of the project deliverables and outputs and to make them available to the public.

6.3.5. Support to projects

Once the project is approved, the JS will provide guidance and training to help projects undertake effective communication activities.

The JS will also provide a communication toolkit with templates and practical advice on how to deal with communication through the whole project lifecycle, as for example:

- ✓ Guidelines for projects' communication;
- ✓ Visual identity guidelines;
- ✓ Editable logotypes;
- ✓ Template poster A3;
- ✓ Tips for the use of social media, event organisation, digital and print publications, relations with the press.

This early and regular engagement will help ensure EU funds are not put at risk of being returned to the Commission through penalties and publicity coverage reaches wider audiences, including the general public.

6.3.6. Communication requirements

The Interreg Atlantic Area programme has a logo in line with the Interreg common brand to promote European Territorial Cooperation. This logo combines the Atlantic Area brand (symbol and colours), the European Union emblem and the reference to the ERDF.

This programme logo was updated in July 2018 increasing the size of the EU flag, allowing therefore projects and partners to have higher visibility when displaying their logos in the communication supports developed, while acknowledging the EU support (see b) Combination of the EU emblem with other logos). The updated version of the programme logo is the following:



Please note: the previous programme logo (with smaller EU emblem) is still valid and the communication materials already produced are still eligible, provided they are in compliance with the relevant Regulation.

The Brand Design Manual for the application of the programme logo and symbols of thematic priorities is available on the website for download.

a) Project branding

Project logos can be based on the programme logo by adding the project acronym in the colour of the matching thematic priority (**integrated project logo**) – this option is strongly recommended by the JS. The editable of integrated project logo for each thematic priority is available on the website for download. This measure strengthens the identity and support of the programme and of the European Union.



Projects can also develop their own brand identity and logo. In those cases, **the Interreg Atlantic Area logo must always be displayed** in all communication supports materials (printed or digital, e.g. publications, newsletters, flyers, manuals, presentations, promotional material, videos, small materials...). It must be placed in a visible position and it can never be smaller than any other logo included in the same material. The Atlantic Area programme logo already assures the acknowledging of the EU support and ERDF co-financing.

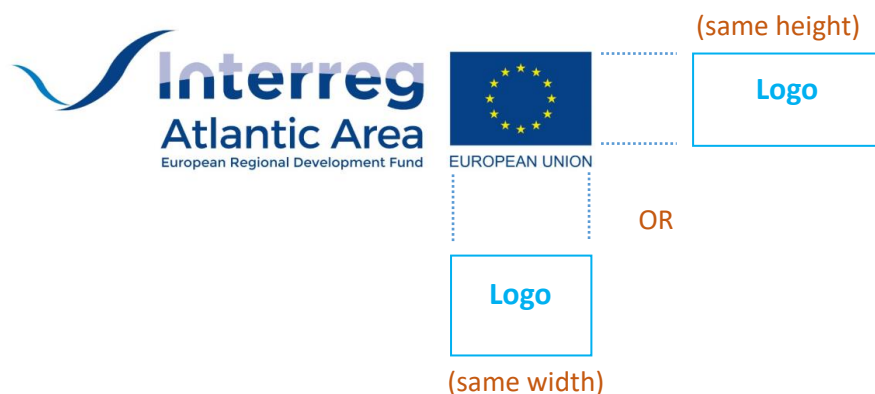
In cases where it is not possible to display a logotype, projects shall use the sentence:

“This project is co-financed by the Interreg Atlantic Area Programme through the European Regional Development Fund”.

b) Combination of the EU emblem with other logos

Article 4, point 5 of the EU Commission Implementing Regulation (EU) N° 821/2014 states that “If other logos are displayed in addition to the Union emblem, the Union emblem shall have at least the same size, measured in height or width, as the biggest of the other logos.” i.e. the project logo or other institutional logos cannot be bigger (higher or wider) than the UE flag.

Below an example on how to apply this rule.



Exception: A logo with no clear institutional, political or economic link, which is merely a design element as part of a communication action, may be bigger than the EU emblem. For more information, see the [Brand Design Manual](#), section ‘2.5 Combination with other logos’.

c) Projects on the web

Projects are strongly advised to **develop a website** or use the website of the lead partner organisations to promote their activities, results, tools or products. This website has to provide an **evolutionary description** of the project, including its aims and results and must also highlight the European financial support by displaying the **Interreg Atlantic Area logo**, which assures the information of the ERDF funding and the European Union support and also a link to the programme website.

Please note: Article 4, point 3 of Regulation 821/2014 states that when the Union emblem is displayed on a website, it shall be visible when landing on the website, inside the viewing area of a digital device, without requiring a user to scroll down the page.

The Interreg Atlantic Area website (www.atlanticarea.eu) provides one page per approved project, displaying the following information:

- ✓ Project overview (acronym, name, priority/objective, budget, partnership, contacts);

- ✓ Project description, aims and results.

Projects are also advised to disseminate information about their activities and results on social networks as Facebook, Twitter, Youtube, Instagram or others related. The Atlantic Area programme has a [Facebook page](#) and a [Twitter account](#). You can follow us to learn more about the thematic and activities related with the programme and the projects implementation.

d) Project events

A launch event should be organised at the beginning of the project and a final event at the end of the project implementation. The audience of both events should not be limited to the project target groups, but should be as wide as possible.

To ensure the visibility of the programme, the **integrated project logo** or the **Interreg Atlantic Area logo** shall be used in all documents addressed to the events participants (e.g. agendas, list of participants, presentations, exhibition stands, etc.). Projects are encouraged to place the EU flag in the meeting rooms of all events.

e) Poster A3

Each project beneficiary must display a poster (minimum size A3) at a location readily visible to the public, such as the entrance area of a building. It should contain information about the project and the Interreg Atlantic Area logo. The poster must remain visible for the whole duration of the project.

The programme provides a template of a poster for each thematic priority, [available for download on our website](#).

6.4 Project modifications (New)

During its implementation, Atlantic Area projects might face the need to modify the application form in order to adapt it to the actual needs. Any modification should be targeted at ensuring the best project performance.

In accordance with Article 20 Decision of DL 159/2014, that lays down the general rules for the implementation of the operational programmes and rural development programs financed by the ESI funds for the 2014-2020 programming period, and with Article 8 (Project Changes) of the Subsidy Contract, the following modifications are allowed in the project decision:

- (a) ID elements of the beneficiary (administrative data);
- (b) Identification of the priority, specific objective of the project and the corresponding European codes;
- (c) The identification of the approved project, results and achievements;
- (d) The summary description of the project and workplan with output and result indicators;
- (e) The financial plan, with breakdown of the approved budget headings and respective amounts;
- (f) The project start and end dates;
- (g) The identification of the guarantees or conditions required to safeguard the proper execution of the project;
- (h) The project total cost;
- (i) The eligible cost of the operation, justifying the difference between the total cost and the eligible cost;
- (j) The amount of the beneficiary's participation in project eligible cost and its participation rate;
- (k) The annualized amount of public support and its co-financing rate, specifying the sources of European and national funding.

The JS can approve minor project modifications, but major project modifications need to be approved by the PMC.

Changes mentioned in a), b), i), j) and k), as well as changes in the project partnership, changes in budgetⁱ (except for the cases described below, in section 6.4.1 Budget flexibility) and changes in results or outputs are considered as major modifications and require the prior approval of the PMC. The JS will advise projects on whether their modification will need PMC approval or not. The JS may decide to seek PMC approval for minor modifications when they feel this is necessary. In general, in line with Article 8 of the Subsidy Contract, approved modifications are valid retrospectively from the date a written request was submitted to the JS.

6.4.1 Budget flexibility (New)

When implementing the project the Lead Partner might need to adapt the financial plan to the actual project implementation status. The Lead Partner can reallocate budget amounts by up to 20 % compared to the latest version of the PAF in the following two cases:

- a. Variation of up to 20% budget in any budget line;
- b. Variation of up to 20% of the Lead Partner or any project partners budget.

Despite these changes do not require an approval, they have to be communicated to the Joint Secretariat and National Correspondents.

6.5 Project report

Projects must give evidence on their progress through reports that allow to monitor their implementation compared to the approved application form.

The aim of progress reports is also to allow partners to support and evidence delivery to allow claim payments and reimbursement of eligible expenditures. The Lead Partner may only request payments of the ERDF contribution on behalf of the project by providing proof of progress towards the achievement of the outputs and results, in compliance with the principle of sound financial management.

The Lead Partner has to present two progress reports in each twelve month period on dates to be determined by the MA. At least one of those two reports must include financial data and payment claim.

Reports are submitted to the JS through the online management system and the specific tool available. All project partners have access to their own sub-reports, as well as financial controllers. The Lead Partner collects all sub-reports as one compiled project report, adding details and information on the overall project implementation.

Each project partner must report on the progress made compared to the PAF. Modifications are allowed (subject to agreement by the JS/PMC) if duly justified and in compliance with Programme rules, as previously mentioned.

The report of activities report is structured per work packages and costs are reported in expenditures control.

The FLC confirms the eligibility of activities and costs also through the online system. Each partner uploads all relevant documents (original invoices, proofs of payments, deliverables, etc.) needed by the FLC to perform its checks. Only certified expenditures can be reported.

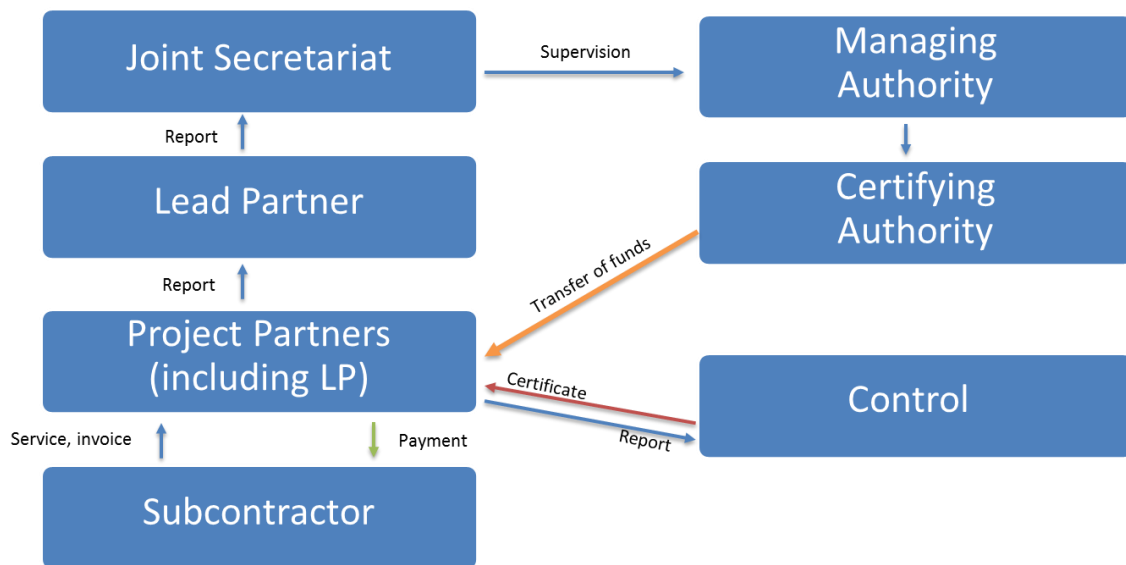
Once the project partner sub-report is concluded, the Lead Partner can integrate it to the project report.

In exceptional and duly justified cases, a project partner may not be able to include expenditure in its report; still the partner is requested to report on the activities delivered within the reporting period.

As stated in the Subsidy Contract, the Lead Partner is responsible to submit the project report on the behalf of all partners to the JS through the online managing system. The Lead Partner compiles all the information from partners, as well as global information on project progress.

Upon receipt, the JS will analyse and check the project report. The JS can ask for clarifications or further information that the project can arise, with a given deadline.

Once the project report meets the programme requirements, the JS will inform the Lead Partner that the project report is accepted. The MA is responsible for instructing the Certifying Authority to proceed to the ERDF payment directly to each project partner.



6.6 Indicators

The Interreg Atlantic Programme aims to achieve a number of programme objectives. Progress towards achieving these objectives is measured in the form of indicators, regular monitoring and assessment, which help to identify programme successes and to ensure the programme is on track to achieving its goals.

Objectives, results, outputs: definition

All partnerships applying for Interreg Atlantic Area funding are required to identify their project objectives, envisaged outputs and results, and to quantify these.

At the application stage projects commit themselves to achieving targets against the programme indicator framework. Partnerships will be held accountable for these and must therefore make genuine and realistic commitments.

A project objective is a qualitative description of the desired change that the partnership would like to implement on the Atlantic territory in the course of the project.

The objective:

- ✓ Explains how things would work if the challenge tackled by the project was to be effectively solved;
- ✓ Defines the benefits or improvements that the partnership expects to achieve;

A well-formulated project objective:

- ✓ Is clear and concise;
- ✓ Provides a concrete description of the project's outcome;
- ✓ Is developed in a participatory process by the project partner;
- ✓ Addresses the project target group and stakeholders and is accepted by them.

In the application form, the description of the objective should leave no room for misinterpretation. The use of technical jargon and acronyms should be avoided; the objective should be easy to understand by external readers who are not necessarily experts in the themes tackled by the project. The project objective should fit with and be relevant to the Specific Objective of the programme.

A project objective should not describe what the project plans to do, how it plans to do it, or what it plans to produce. These elements are related to the project result, activities and outputs. What needs to be measured in a project in terms of results and what should be done in its course in terms of activities and outputs will naturally fall out of the definition of good project objectives.

A project result measures the ultimate change that the partnership aims to accomplish by the end of the project. The project result is tied to the project objective and quantifies the degree to which the objective has been achieved in the project timeframe. A project result is the effect taking place in the Atlantic area owing to the implemented project.

The effect would not happen if the project did not exist. The result provides an answer to one of the following questions:

- ✓ Is anyone better off?
- ✓ Has anything improved in the Atlantic Area?

The desired result needs to be measurable and have a baseline (for the project outset) and target value (for the end of the project). A project result clearly shows the additionality of a project to the programme territory.

In order to measure the change, a partnership needs to envisage the trends it would like to influence in the course of the project. A robust analysis of the context or situation that the project wants to tackle will help the partners establish a result baseline describing the starting point for the situation addressed by the project, as well as the target in a measurable manner.

Apart from the project objective and result, the applicants for programme funding need to define the **main project outputs**. These:

- ✓ Are the main tangible products of the project activities that can be physically counted;
- ✓ Should directly contribute to the achievement of the project result;
- ✓ Need to contribute to the specific programme output indicators listed below.

Project results are perceived as the effects of the application of the outputs.

Output indicators: what projects need to report on?

The Interreg Atlantic Area Programme has defined a list of output indicators per Specific Objective. These will help the programme to measure its success and effective change achieved on the Atlantic territory. In the application form, projects have to refer to all output indicators of their selected Specific Objective and specify the targets. Please note that all projects are obliged to contribute to the indicators. The definitions of each indicator can be found at the end of the programme manual.

Specific objectives 1.1 and 1.2 - Output indicators

Indicator	Unit
Number of enterprises receiving support	Number
Number of enterprises supported to introduce new to the market products	Number
Number of enterprises supported to introduce new to the firm products	Number
Number of enterprises participating in cross-border, transnational or interregional research projects	Number
Number of research institutions participating in cross-border, transnational or interregional research projects	Number
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number

Number of participants in actions for the dissemination and capitalisation of results	Number
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Specific objective 2.1 - Output indicators

Indicator	Unit
Additional capacity of renewable energy production	Mw
Greenhouse gas reduction	Tons of CO2 equivalent
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number
Number of participants in actions for the dissemination and capitalisation of results	Number

Specific Objective 2.2 - Output indicators

Indicator	Unit
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number
Number of participants in actions for the dissemination and capitalisation of results	Number

Specific Objective 3.1 - Output indicators

Indicator	Unit
Population benefiting from flood protection measures	Number
Population benefiting from forest fire protection measures	Number
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number
Number of participants in actions for the dissemination and capitalisation of results	Number

Specific Objectives 4.1 - Output indicators

Indicator	Unit
Total surface area of rehabilitated land	Hectares
Surface area of habitats supported in order to attain a better conservation status	Hectares
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number
Number of participants in actions for the dissemination and capitalisation of results	Number

Specific Objective 4.2 - Output indicators

Indicator	Unit
Increase in expected number of visits to supported sites of cultural and natural heritage and attractions	visits/year
Number of case studies and pilot actions implemented	Number
Number of technical and scientific publications produced	Number
Number of policy, strategy and operational instruments produced	Number
Number of actions for the dissemination and capitalisation of results	Number
Number of participants in actions for the dissemination and capitalisation of results	Number

7. Project closure (New)

7.1. Final Report

This section intends to systematize the information on the elaboration and submission of the Final Report.

A final report should be submitted at the same time as the final payment claim, and together with the joint progress report related to the last implementation period. The statement attached to the Final Report must include the reference “Final”: Final Implementation Statement and Reimbursement Claim

The Final Report shall therefore be submitted within three months from the official ending date of the project indicated in the latest approved PAF. This period is called “project’s administrative closure”.

By project’s end date is meant that:

- ✓ All activities related to the content of the project must be completed (final meetings and events included);
- ✓ All payments must be made, that is, debited from the bank account.

The Final Report should provide information on the actual achievements, results and impacts of the project as a whole. In particular, how:

- ✓ Transnational cooperation contributed to achieve concrete results;
- ✓ The project contributed to the Cooperation Programme implementation (indicators, horizontal principles, Atlantic Maritime Strategy, EU 2020);
- ✓ Short term and long term effects after activities conclusion as well as the durability are ensured;
- ✓ The project was concluded in terms of both physical and financial implementation;
- ✓ Physical features correspond to the description approved (PAF) and to the framework of decision objectives.

Moreover, the Final Report has to provide evidence to sustain the values reported for output indicators and aligned with the PAF. All project deliverables must be uploaded in project report’s “documents” section in SIGI.

The project report will serve the improvement of the implementation procedures both at the project and the Programme level, and also provide the necessary framework to further promote, transfer and capitalise on the results of the project.

During the analysis of the Final Progress Report, complementary information could be requested by MA and JS before its approval.

Costs for Project Closure

Costs for the closure of the project refer to activities such as the preparation and submission of the Final Progress Report and the control of expenditures. Costs referring to these activities are eligible and must be paid out, certified and included in the Final Report by the deadline for submission.

Up to three months after the ending date of the project, the “administrative closure” must be completed:

- ✓ First level control (activities and payment);
- ✓ Preparation and presentation of the Final Progress Report (only costs on Human Resources – paid and certified - necessary for the “administrative closure”, which is the preparation and submission of the final report during this period).

Net Revenues

In line with Article 65 of CPR, the revenues generated during the implementation period of the project need to be reported at the latest with the final project payment claim.

This should be specified in the Final Report in order to ensure that all related requirements have been taken into account. Should the project be identified as revenue-generating in accordance with Article 61 of CPR, the MA is entitled to ask for refunding to the Programme in proportion to the contribution from the funds.

In Kind Contribution

The ERDF amount paid to the operation (not individual partners) must not exceed the total eligible expenditure minus the in kind contributions at the end of the operation.

On the Spot Verification

According to Article 122. No. 3, do Regulation (UE) 1303/2013 FLCs must perform at least one “on the spot” verification (please see "On-the-spot" checks during the pandemic COVID 19*) to each beneficiary organization before the project closure.

Closing Statement

After the Final Report analysis and approval, the JS will request through SIGI a project closure statement that must be signed by the Lead Partner organisation’s Legal Representative. In this document, the Lead Partner declares that all activities were completed and all expenditures

were paid, certified and submitted within the Final Report.

MA Closing Letter

After the reimbursement of the final payment to all project partners, the MA will issue a closing Letter addressed to the Lead Partner, formalising the closure of the project.

Balance Payment

Payments to beneficiaries are processed according to the financial availability of the Payment Authority, being made up to the limit of 95% of the partner ERDF. The payment of the respective balance (5%) will be retained by the MA, until the approval of the final payment claim and confirmation of the execution of the operation under the terms provided for.

Durability of Operations

According to Article 71 CPR 1303/2013 projects may only hold on to ERDF contribution if an investment and the project's concrete outputs don't experience a significant change within 5 years after completion, which means:

- ✓ A cessation or relocation of a productive activity outside the programme area;
- ✓ A change in ownership of an item of infrastructure which gives a firm or a public body an undue advantage;
- ✓ A substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

7.2. Obligations for closed projects

According to the Article 140 of Regulation (EU) No 1303/2013, each partner institution of the Project is required to archive documents and Information related to the projects implementation for a minimum period. All supporting documents have to be available for a two year period from 31 December following the submission to the European Commission of the programme's annual accounts in which the expenditure of the last progress report is included.

Control after Project Closure

Controls can occur after the project ending date. Key factors, related to being prepared for control after project closure, are indicated below.

- ✓ The organisations acting as project partners should understand their obligations during the open-to-control period, regardless of the continuity of the staff assigned to the project, especially in terms of the access to documents, information systems and infrastructure and equipment financed by the project;
- ✓ The original documents and the IT systems need to be easily accessible during the full open-to-control period. If the period for retention of documents and IT records required by the national rules or the organisation's usual practice is less than the open-to-control period, ad-hoc adequate procedures have to be designed and implemented at the beginning of the project; Where documents exist in electronic form only, the computer systems used have to meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied upon for audit purposes;
- ✓ Even if infrastructure or equipment property is transferred after the project closes, the agreement with the recipient has to include the right of access during the open-to-control period. All technical documentation and photos should be kept in the project archives (as needed, copies of the technical documents can be given to the owners of the equipment or infrastructure);
- ✓ Any equipment at the end of its useful life for example, obsolete computers, needs to be removed from the organisation's inventory following adequate recorded procedures which have to be archived with the project documents, even after project closure;
- ✓ Technical documentation must include all supporting documents and photos proving all the activities financed during project implementation, both tangible and intangible;
- ✓ Financial documentation must be accessible in its original form or equivalent according to national law and must include proof of delivery of services and supplies;
- ✓ The Lead Partner and project partners must agree to nominate a contact person during the open-to-control-period with adequate knowledge of the project, its content, its archives and computer systems and records.

Project Website and Internet-Based Tools

External website or internet-based tool should be maintained online by the beneficiaries until 31 December 2023.

After that period, they have to be stored locally up to 3 years after the closing date, to be able to show them in case of a control. A log of the evolution of web-sites and adequate local back-up systems have to be required from developers.

Audit Trail

Regarding the retention of documentation, projects should consider both national and EC regulations.

As the project may be audited by EU, national or other audit bodies also after its closure, it is requested in the closing statement to identify a contact person responsible for providing information about the project after its closure (i.e. someone who will be able to react on MA requests and is able to provide information and materials needed by auditors).

Please, be aware that, as stated in Article 140 of Regulation (EU) No 1303/2013:

- ✓ If the total eligible budget of the project is larger than 1 000 000€, the necessary documents must be made available to the EC and auditors, upon request, for a period of 2 years from 31 December following the submission of accounts in which the final expenditure of the completed operations is included.
- ✓ If the total eligible budget of the project is lower than 1 000 000€, the necessary documents must be made available to the EC and auditors, upon request, for a period of 3 years from 31 December following the submission of the annual accounts in which the expenditure of the project is included.

The MA will inform the projects Lead Partners about the dates stated above.

8. Complaint procedure

The complaint procedure aims at ensuring that when a complaint is submitted to the Programme, a fair, reliable and formal procedure is in place regarding not only the selection of operations but also programme/project implementation. Applicants have the opportunity to informally or formally complain about the programme PMC's decision when a project is not selected for funding or about programme/project implementation.

The general public may report suspected fraud related to the programme on the electronic "Complaints" tab (www.atlanticarea.eu) or sent through other entities.

In most cases, complaints concern some kind of doubts, misunderstandings that can easily be solved through informal clear explanation of the decision or procedure carried out. The formal complaint procedure should be the last option after full information and explanations have been provided to the applicant by the JS or the MA.

8.1 Complaint procedure for the application/selection phase

Following the decision of programme PMC not to approve a project, the applicant (Lead Partner) will be informed by means of a notification e-mail/letter sent by the JS, stating the main reasons for this decision. The opportunity for the applicant to receive further clarification on the decision shall be mentioned in this notification.

The complaint procedure applies to calls operating a one or two stage application process, to projects not approved in each phase, having an independent procedure.

Informal stage

The JS is contacted in writing, by phone or in an informal meeting where the complainant explains the situation he/she wishes to bring forward, for the respective programme body to provide information and clarifications on the decision/ procedure.

- ✓ An informal complaint procedure may be initiated within 15 days²¹ after the project notification concerned. Reply shall be done within 15 days²¹ after receiving the informal complaint.

Formal stage 1 - Complaint to the JS

If the result of the informal stage is not satisfactory, the complainant may present a formal

²¹ Calendar days.

complaint through the email atlantico.complaints@atlanticarea.eu. This will lead to a formal written answer by the JS, clarifying the basis of the decision taken by the PMC regarding the project selection decision.

- ✓ A formal complaint to the JS may be done within 30 days²¹ after the project notification of the decision. Reply shall be done within 15 days²¹ after receiving the formal complaint.

Formal stage 2 - Appeal to the PMC

If the complainant is not satisfied with the conclusions of the JS, he/she may appeal to the PMC. The formal complaint must be submitted to the PMC Presidency which is displayed on the [programme website](#) clearly explaining the grounds upon which an examination is being requested.

- ✓ A formal appeal to the PMC must be presented within 45 days²¹ after the project notification of the decision; the conclusions of the appeal will be communicated to the complainant in writing by the JS (on behalf of the PMC) within 30 days²¹ following the submission of the appeal complaint.

8.2 Complaint during the Programme/project implementation

Complaints related to management verifications, both administrative and *in situ*, and to audit operations have to be lodged against the responsible authority according to the applicable rules.

Complaints against a decision of the MA/JS will follow these principles:

- ✓ The MA/JS and the partner shall do everything possible to settle amicably any dispute arising between them during project implementation and the application of the Subsidy Contract;
- ✓ If no amicable agreement is reached, the dispute is submitted to the PMC in order to attempt a conciliation between the involved parties;
- ✓ In the event of failure of the above procedure, each party may submit the dispute to the courts. The place of jurisdiction is, as defined in the Subsidy Contract.

8.3 The general public / electronic complaints

The general public may submit a complaint online via the specific email atlantico.complaints@atlanticarea.eu. Alternatively, the complaint may be addressed to national entities. In all the MS participating in the Programme there is a channel for registering anti-fraud complaints. In Portugal, where the MA is located, complaints can be made in the *Portal do Ministério Público – Departamento Central de Investigação e Ação Penal* (DCIAP) or in the “Curador do Beneficiário” website.

Complaints can also be submitted by letter or e-mail addressed to the Board of Directors of AD&C (agencia@adcoesao.pt). Confidentiality is guaranteed.

ANNEX I - PROVISIONS RELATED TO THE ELIGIBILITY OF EXPENDITURES DERIVED FROM THE IMPACT OF COVID-19 (Updated in July 2020)

Following the spread of the Coronavirus COVID-19 epidemic in Europe, all sectors of the economy and activities have been severely affected by this circumstance: the way we communicate, the way we work or travel was severely affected. In several European countries Governments had to declare State of Emergency and for once in the history of the European Union, Schengen agreement was put on hold.

All of these radical changes had a very negative impact on projects' implementation. On 4th March 2020, a message was sent to all beneficiaries advising them to rethink the participation in transnational events and meetings by holding them remotely, whenever possible, until the spread is contained. Additionally, it was advised to consider, if possible, the postponement of these events. Whenever travelling is considered mandatory, beneficiaries have been advised to make sure that a cancellation option exists for all reservations and logistical arrangements.

Another area where this impact is also highly visible is in the certification of beneficiaries' expenses.

Taking into account all the circumstances derived from the pandemic COVID-19, this document presents a summary of specific management rules taken by the Interreg Atlantic Area Programme.

Formal Procedures adopted by the Programme - Written Consultations launched

In response to the COVID-19 pandemic and in an effort to mitigate its negative effects, the programme Monitoring Committee approved a set of provisions related to the eligibility of expenditures linked to cancelled missions/events/activities (Written Consultation procedure closed on 18th March 2020) and the 6-month automatic extension of projects (written consultation procedure closed on 30th March 2020).

A) Written Consultation about the eligibility of expenditures related to cancelled missions/events/travels and terms approved by the Monitoring Committee

Timeframe of the process:

The Written Consultation procedure concerning the eligibility of expenditures related to cancelled missions/events/travels was launched on 5th March 2020 and closed on 18th March 2020.

Decisions and respective approved terms:

As a result of this Written Consultation, the following decision has been made by the Programme Monitoring Committee:

“Costs of cancelled travel remain eligible if:

The national level or the partner institution ban any travel activities,

A person has a health issue making travelling too risky,

A conference was cancelled by the organizer (taking into consideration that the costs are borne by the institution and will not be reimbursed otherwise).

Personal preference not to travel, if not backed by a recommendation either from your organisation, or any other official level (local, regional or national) is not considered a reason for eligibility from the Atlantic Area Programme side.

Meeting costs (room, catering, etc.) remain eligible. We leave it up to the organizer to either go ahead with a reduced amount of participants or to cancel the meeting due to force majeure.

Finally, we remind you to always have a clear audit trail for those expenditures (with official announcements, cancellation notes, internal notes, etc.). It is also important to check with your FLCs as there may be national rules that apply as well. Therefore, beneficiaries must provide documentary evidence of non-reimbursement of these trips (e.g. reimbursement claim and decision rejecting the reimbursement of expenditure).

These provisions are related to all projects, including the technical assistance of the programme.”

Results:

As a result of the closure of this Written Consultation, the programme Monitoring Committee has agreed on the exact type of expenditures which shall be considered eligible in the case of cancelled missions, due to the pandemic COVID-19. According to the Programme Manual of the Interreg Atlantic Area Programme, expenditures related with travel and accommodation are eligible if and only the journey actually takes place. However, since the spread of the infection by the COVID-19 severely affected beneficiaries due to the transnational nature of their activities, the Monitoring Committee has approved the establishment of a set of specific provisions to proceed with the categorization of these situations as unforeseen and extraordinary, beyond the control of the beneficiary, and so as force majeure.

B) Written Consultation on the 6-month automatic extension to projects and terms approved by the Monitoring Committee

Timeframe of the process:

The Written Consultation concerning the 6-month automatic extension to projects was launched on 24th March 2020 and closed on 30th March 2020.

Decisions and respective approved terms:

As a result of this Written Consultation, the following decision has been made by the Programme Monitoring Committee:

“I) Inform the projects’ Lead Partners that an automatic 6 months extension is given to all the projects without any request. For projects which do not need such extension they must inform the JS, by mail, about their “opt out option”;

II) Inform the projects’ Lead Partners needing an extension beyond 6 months directly caused by the COVID-19 situation about the possibility to request it by email with reference to the last projects’ approved ending date. They will have to give due justification and show the direct links between the extension requested and the delays incurred by the COVID-19. This is an exceptional measure that has been put in place in response to the COVID-19 pandemic;

III) Approve the requests mentioned in II) submitted to the JS on the basis of a simple Modified Request Form without the need of a Written Consultation procedure, and just informing the Monitoring Committee about all the cases. Routine extension requests, not related to the COVID-19, must continue to be approved by national authorities;

IV) Lead Partners will have 2 weeks counting from the date they receive this orientation to request the exceptional extension.”

Results:

On 1st April 2020 all Programme beneficiaries were informed by email about the terms above outlined.

The measures approved are outlined above and are also available on our website:

<https://www.atlanticarea.eu/page/58>

Reminder

The measures contained in this document result from the Programmes Authorities’ interpretation within the framework of the response to the COVID-19 crisis and the arrangements they consider necessary to be taken. These provisions are related to all projects.

The Programme bears your attention to check with your FLCs as there may be national rules that apply as well.

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