

# Interreg IPA Cross-border Cooperation Programme Croatia - Serbia 2014-2020

*2<sup>nd</sup> Call for Proposals*

## PROJECT IMPLEMENTATION MANUAL

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## Table of Abbreviations

2 <sup>nd</sup> CfP	2 <sup>nd</sup> Call for Proposals
PIM	Project Implementation Manual
LP	Lead Partner
PP	Project Partner
Programme	Interreg IPA Cross-border Cooperation Programme Croatia-Serbia
MA	Managing Authority
JS	Joint Secretariat
CA	Certifying Authority
NA	National Authority
AA	Audit Authority
eMS	Electronic Monitoring System
FLC	First Level Control
EC	European Commission
IPA	Instrument for Pre-Accession Assistance
SC	Subsidy Contract
PR	Partner Report
PPR	Project Progress Report
JMC	Joint Monitoring Committee

## Glossary

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

The eMS is an electronic data exchange system, developed by Interact, for managing and monitoring all steps of the Programme and project implementation.

### **First level control**

A body or individual in charge of performing control checks as described in the control system set up by each Participating Country (in accordance with Article 23(4) of Regulation 1299 / 2013).

### **FLC Certificate**

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

### **Joint Monitoring Committee**

Joint Monitoring Committee (JMC) reviews the overall effectiveness, quality and coherence of the implementation of all actions towards meeting the objectives set out in the Cooperation Programme, the financing agreements and relevant strategy papers. The Joint Monitoring Committee is responsible for the approval of the relevant Programme documents (e.g. Programme rules on eligibility of expenditures) and their amendments.

### **Subsidy Contract**

The Subsidy Contract is legally binding document, which sets the requirements for receiving EU funding and determines the rights and obligations of the LP and the MA (two signature parties). After signing the Subsidy Contract, the Lead Partner is responsible for coordinating the implementation of the entire project on behalf of all project partners.

## Lead Partner

The Lead Partner (LP) is a project partner assigned by other project partners to take over the role of the “engine” of the project partnership. The LP is responsible for overall coordination of all partners in the project, implementation and financial management of the project as set in the Subsidy Contract.

## Project Partner

The Project Partner (PP) is any institution participating in the project and contributing to its implementation according to the Application and the Subsidy Contract.

## Partner Report

A tool used by the Project Partners that has two major functions. On the one hand, each PP (including the Lead Partner) submits a Partner Report to declare its expenditures relevant for the reporting period for validation to the responsible Controller at a national level. On the other hand, the PP, via the Partner Report, provides adequate information for the LP concerning the activity and financial progress of its part of the project, based on which the LP will prepare a Project Progress Report.

## Project Progress Report

A tool that serves for monitoring project implementation as a whole, which provides up-to-date information about the progress of the project implementation, achievements of activities, deliverables and outputs, as well as information on the project’s expenditure verified by national controllers. The Project Progress Report is prepared and submitted by the Lead Partner to the relevant Programme bodies (JS, MA, CA) via eMS.

## Introduction

The purpose of the Project Implementation Manual is to provide detailed guidance for Lead Partners and Project Partners which implement the project within the 2<sup>nd</sup> Call for Proposals of Interreg IPA Cross-border Cooperation Programme Croatia-Serbia 2014-2020, covering all steps of project implementation, from contracting to project closure, including reporting obligations and other Programme-related requirements set in the Subsidy Contract. The Project Implementation Manual and its annexes can be amended during the project implementation period. Any amendment of the PIM will be announced on the Programme website (<https://www.interreg-croatia-serbia2014-2020.eu/>) and the latest version will be uploaded.

For specific questions and problems related to your project, please contact the Joint Secretariat for advice. You can find the contact details of the JS on the Programme website.

## Legal basis

Rules relevant for the project implementation follow different levels: EU, Programme and national rules. For matters not covered by rules laid down in, or based on, EU or Programme rules, relevant national rules of the Participating Country in which the project is implemented shall apply.

The following documents are used as legal basis for the implementation of projects within the 2<sup>nd</sup> CfP:

- Regulation (EC) No 1303 / 2013 of the European Parliament and of the Council from December 17, 2013 laying down 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 covered by the Common Strategic Framework and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083 / 2006;
- Regulation (EC) No 1299 / 2013 of the European Parliament and the Council from December 17, 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial Cooperation goal;
- Regulation (EU, EURATOM) 2018 / 1046 of the European Parliament and of the Council from July 18, 2018 on the financial rules applicable to the general budget of the Union;
- Regulation (EU) No 231 / 2014 of the European Parliament and of the Council from March 11, 2014 establishing an Instrument for Pre-accession Assistance (IPA II);
- Regulation (EU) No 236 / 2014 of the European Parliament and of the Council from March 11, 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action;
- Commission Implementing Regulation (EU) No 447 / 2014 from May 2, 2014 on the specific rules for implementing Regulation (EU) No 231 / 2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);
- Commission Delegated Regulation (EU) No 481 / 2014 from March 4, 2014 supplementing Regulation (EU) No 1299 / 2013 of the European Parliament and of the Council about specific rules on eligibility of expenditure for cooperation programmes;
- Interreg IPA Cross-border Cooperation Programme Croatia-Serbia 2014-2020, Version 2.1., approved by Commission Implementing Decision No C(2017)6011 from August 31, 2017 (hereinafter referred to as the Programme);
- Financing Agreement for Interreg IPA CBC Croatia-Serbia 2014-2020 between the Government of the Republic of Serbia, the Government of the Republic of Croatia and European Commission from February 13, 2017 and the Amendment of the Financing Agreement from December 17, 2018;

- Commission Decision No C(2019) 3452 laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement from May 14, 2019, including relevant Annexes;
- Programme Rules on Eligibility of Expenditures, version 2.0.;
- Programme Visibility Guidelines;
- Second Call for Proposals published on March 30, 2018;
- Project Implementation Manual (this document);
- Joint Monitoring Committee Decision No 17 on selection of Projects from February 5, 2019;
- Approved Application in the electronic monitoring system (eMS);
- VAT rules for Serbia: please note that beneficiaries in Serbia are obligated to follow relevant national procedure for VAT exemption: Law on VAT (Official Gazette of the Republic of Serbia No. 84 / 2004, 86 / 2004, 61 / 2005, 61 / 2007, 93 / 2012, 108 / 2013, 6 / 2014, 68 / 2014, 142 / 2014, 5 / 2015, 83 / 2015, 108 / 2016, 7 / 2017, 113 / 2017, 13 / 2018, 30 / 2018 and 4 / 2019) with subsequent modifications, Rulebook on procedure for exercising the right to value added tax refund and on manner and procedure of value added tax refund and reimbursement (Official Gazette of the Republic of Serbia, 120 / 2012, 40 / 2015, 82 / 2015, 86 / 2015, 11 / 2016, 21 / 2017, 48 / 2018, 62 / 2018, 44 / 2018, 104 / 2018 and 16/2019) with the subsequent modifications.
- VAT rules for Croatia: please note that on the current procedures applied in the Republic of Croatia, VAT is eligible if it cannot be refunded in line with the national legislation. VAT Statement issued by the relevant institution should be presented. Value Added Tax Act (OG, No. 73 / 13, 99 / 13, 148 / 13, 153 / 13, 143 / 14, 115 / 16, 106/18) Ordinance on the Value Added Tax (OG, No 79 / 13, 85 / 13, 160 / 13, 35 / 14, 157 / 14, 130 / 15, 1 / 17, 41/17, 128/17, 1/19 ).
- Other applicable national rules to the beneficiaries.

In case of amendments of the above-mentioned regulations and / or rules, the latest version shall apply.



# 1. CONTRACTING PROCEDURE

Following the notification on the JMC decision on the selection of projects to the Lead Partner, a pre-contracting procedure shall be initiated between each Lead Partner and JS Project Manager in cooperation with the MA, in order to meet the requirements of the Subsidy Contract and to consolidate the Application.

During this phase, minor adjustments of the Application may be done, especially related to the timeline, workplan (e.g. activities, project outputs) and budget.

For all projects whose activities involve infrastructure, the following documentation need to be delivered (for all project partners) to the JS/MA:

- legal documents specifying any legal right under the real-estate law concerning the land and/or buildings where the works will be carried out (proof of ownership or long-term lease (10 years) of the land/assets (if applicable));
- where applicable, necessary permissions for the execution of the works, issued by the national/regional/local relevant authorities, such as:
  - project design (preliminary works design or detailed works design including indicative bill of quantities);
  - legal permits and all necessary legal authorizations (e.g. location and construction permits, etc.);
  - environmental impact assessments (if applicable).

In case none of the abovementioned documents is required for the execution of works, please confirm that no additional documentation will be necessary for the investment in question via official letter.

If the relevant documents related to investment are not submitted to the JS/MA, the MA may decide to withdraw from the contracting.

Once the Application is consolidated, Subsidy Contract is signed between the Managing Authority and the Lead Partner. The Subsidy Contract determines the rights and responsibilities of the Lead Partner and the Managing Authority, the conditions of financing, the requirements concerning reports and financial controls and other relevant provisions.

## 1.1. Handing over to LP

After the project application has been approved Lead Partner (LP) should be assigned to Project in eMS.

Please follow the steps of the handover process below and assign Lead Partner to the approved project:

### STEP 1:

Access the approved project: click to open the application form (AF) of the approved project



The screenshot shows the Interreg - IPA CBC eMS dashboard. On the left, a navigation menu is visible with the 'Dashboard' item highlighted by a red box. On the right, a table titled 'My Projects' is displayed. A red arrow points to the 'HR-RS244' project entry in the table. A red text label 'Click to Open Application Form' is positioned next to the arrow.

Project_id	
HR-RS244	3D hei
HR-RS253	Str cor

## STEP 2:

Open the Lead Partner assignment section within the Application: click Lead Partner menu option

Message: Please Hand Over The Project To The Future Lead Partner

Project Summary > Partners > Project

Project Summary

Project Identification

Programme Priority

Improving the quality of public social and health services in the progra

General

- Save As Pdf File
- Generated Files
- Project History
- Attachments
- Lead Partner**
- Bookmark Project

click to Assign Lead Partner

## STEP 3:

Declare user, identified by username, as the lead partner: Fill in the Lead Partner username and click the button to declare Lead Partner

Project Summary > Partners > Project Description

Hand Over Project

Prospective Lead Partner

Active Lead Partner

No Lead Partner User Defined

**Declare As Lead Partner**

type in the username of the lead partner

click here to declare user as the lead partner

General

- Save As Pdf File
- Generated Files
- Project History
- Attachments
- Lead Partner
- Bookmark Project
- Toggle Tree
- Contacts
- Help
- Exit

In the next step Joint Secretariat (JS) should approve or reject proposed LP. If the JS rejects proposed LP the handover process should be repeated. In such case, the Lead applicant should propose another user to be LP.

After the acceptance, the lead applicant (if not appointed as a LP) loses access to the most functionalities of the project and only keeps read-only access to the version of the Application valid at the moment of the handover. Following the handover the Lead applicant will not have the access to the reporting, supplementary information, project history and modification requests.

## 1.2. Supplementary Information

In parallel with the adjustments of the Application and signing of the Contract, Supplementary Information section in the eMS should be filled in by the LP.

The following sub-sections of Supplementary information section need to be filled in:

- Project Management
- Bank Information
- User Assignment
- Documents



In order to fill-in the Supplementary Information section in the eMS please follow the steps below:

## STEP 1.

Open the Supplementary Information section within the AF

The screenshot displays the 'Project Summary' section of the application. On the left is a sidebar menu with the following items:

- General
  - Save As Pdf File
  - Generated Files
  - Project History
  - Attachments
  - Lead Partner
  - Bookmark Project
  - Toggle Tree
  - Contacts
  - Help
  - Exit
- Application And Contract
  - Supplementary Information** (highlighted with a red box and a red arrow pointing to it with the text 'click to open Supplementary Information')
  - Project Application
  - Request Modification
- Logout

The main content area is titled 'Project Summary' and contains the following fields:

- Project Identification**
  - Programme Priority: Improving the quality of public social and hea
  - Project Acronym: 3D4HEALTH
  - Name Of Lead: Sveučilište J. J. Strossmayera u Osijeku Strojar
  - Project Duration: 30 Month 0 Days
- Project Summary**
  - Please give a short overview of the project (ple
    - what are the common cross-border pro
    - what is the project's approach in addre
    - what is the main project objective and t

## STEP 2.

### Project Management within the Supplementary Information

The Project Management form should be filled in with information about the Project Manager, Financial Manager and Communication Manager:

#### Project Manager

Partners -	
Title Mr	
Name	Last Name
E-mail Address	Telephone
Name Of The Institution	
Nuts0 SERBIA (RS)	Street      Housenumber
Name Of Other Region	Postal Code      City
From All Regions	
Nuts2 Vojvodina (RS12)	
Nuts3 Srem District (RS127)	

#### Financial Manager Of The Project

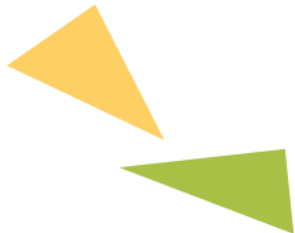
Partners -	
Title Mr	
Name	Last Name
E-mail Address	Telephone
Name Of The Institution	
Nuts0 SERBIA (RS)	Street      Housenumber
Name Of Other Region	Postal Code      City
From All Regions	
Nuts2 Vojvodina (RS12)	
Nuts3 Srem District (RS127)	

#### Communication Manager Of The Project

Partners -	
Title Mr	
Name	Last Name
E-mail Address	Telephone
Name Of The Institution	
Nuts0 SERBIA (RS)	Street      Housenumber
Name Of Other Region	Postal Code      City
From All Regions	
Nuts2 Vojvodina (RS12)	
Nuts3 Srem District (RS127)	

Save

Return To Project



### STEP 3.

#### Bank Information within the Supplementary Information

##### Bank Information

###### Bank Information Of The Lead Partner

Name Of The Bank:

E-mail Address:  Telephone:

Nuts0:  Street:  House number:

Name Of Other Region:

From All Regions:

Postal Code:  City:

Nuts2:

Nuts3:

###### Bank Data

Account Number:  Iban:

Swift:  Nat Bank Code:

Internal Reference:  Holder Of The Account:

Check Iban And Swift

##### Uploads

Upload				
Filename	Filetype	Date	User	Options
No records found.				

[Return To Reporting](#)



## Step 4.

### Documents within the Supplementary Information

In the Documents sub-section, the location of the official project documentation has to be provided for each Project Partner:

Title		
Mr ▼		
Name	Last Name	
<input type="text"/>	<input type="text"/>	
E-mail Address	Telephone	
<input type="text"/>	<input type="text"/>	
Name Of The Institution Where Documents Are Stored		
<input type="text"/>		
Nuts0	Street	Housenumber
HRVATSKA (HR) ▼	<input type="text"/>	<input type="text"/>
Name Of Other Region	Postal Code	City
From All Regions <input type="checkbox"/>	<input type="text"/>	<input type="text"/>
Nuts2	Url	
Kontinentalna Hrvatska (HR04) ▼	<input type="text"/>	
Nuts3		
Osječko-baranjska županija (HR04B) ▼		
Comment		
<input type="text"/>		
2000 Characters Remaining		

In case of any changes related to the Supplementary information section, the LP is obliged to modify the relevant information in the eMS.



## 2. PROJECT IMPLEMENTATION START-UP

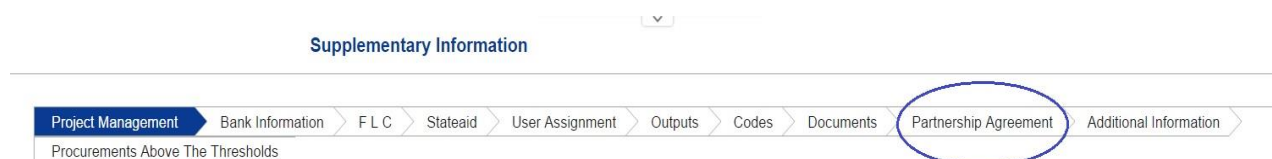
After the consolidation of the Application and signing of the Subsidy Contract, LP should start, in cooperation with their Project Partners, a series of administrative steps in order to set-up an efficient management system and to secure the first payments to project.

The following steps are related to project start-up and must be followed in the first months after the final consolidated Application was approved by the JS/MA, allowing project partnership to lay the foundations for a smooth development of the project.

### 2.1. Partnership Agreement

The Partnership Agreement is a document laying down provisions that guarantee sound financial management of funds allocated to the project; establishing cooperation principles, which regulate the rights and responsibilities of Project Partners for a successful implementation of project activities. By this document, the PPs accept technical and administrative coordination by the LP and the fulfilment of the obligations toward the Programme bodies as well.

After signing the Subsidy Contract, all PPs (including the LP) are obliged to sign the Partnership Agreement that represents a formal written agreement defining the roles, obligations and responsibilities of LP and other PPs within the partnership. The Partnership Agreement serves as a mutually binding contract and ensures that each partner accepts and carries out its assigned tasks. The Partnership Agreement needs to be uploaded in the eMS within 30 days after the signing of the Subsidy Contract in the eMS box as described below:



All information in the Partnership Agreement needs to be in English (e.g. name of partners' institutions). Information regarding the Financing of the Operation (Article 4.) needs to correspond with the Programme co-financing table in the eMS:

Project Summary > Partners > Project Description > Workplan > Project Budget > **Project Budget Overview** > Attachments > Attachments J T S

#### Project Budget Overview (total values)

##### Title Programme Co-financing

Partner	Partner		IPAI	Programme Co-financing			Contribution		Total Public Contribution	Total Eligible
	Partner Abbreviation	Country		IPAI Co- Financing(percent)	Percentage Of Total IPAI	Public Contribution	Private Contribution			
1 - Grad Belišće	Grad Belišće	HRVATSKA	€ 348 535.66	85.00 %	40.59 %	€ 61 506.30	€ 0.00	€ 61 506.30	€ 410 041.96	
2 - Grad Novi Sad	Grad Novi Sad	SERBIA	€ 422 126.50	85.00 %	49.16 %	€ 74 492.92	€ 0.00	€ 74 492.92	€ 496 619.42	
3 - Općina Gorjani	Općina Gorjani	HRVATSKA	€ 87 968.36	85.00 %	10.24 %	€ 15 523.83	€ 0.00	€ 15 523.83	€ 103 492.19	
Sub-total For Partners Inside			€ 858 630.52	--	100.00 %	€ 151 523.05	€ 0.00	€ 151 523.05	€ 1 010 153.57	
Sub-total For Partners Outside			€ 0.00	--	0.00 %	€ 0.00	€ 0.00	€ 0.00	€ 0.00	
<b>Total</b>			<b>€ 858 630.52</b>	<b>--</b>	<b>100.00%</b>	<b>€ 151 523.05</b>	<b>€ 0.00</b>	<b>€ 151 523.05</b>	<b>€ 1 010 153.57</b>	

Export

Please note that Programme bodies are not parties to Partnership Agreements and therefore all legal disputes that may arise are solely between PPs.

## 2.2. Setting up a Project Team

A balanced partnership between the participating countries where the project is implemented is unique element of the cross-border cooperation. In order to achieve the successful partnership, it is very important that all partners understand their role within the partnership and obligations towards project activities in line with EU, Programme and applicable national rules for the successful project implementation.

Project partners should have a clear vision of the project team management structure in advance, identify roles and allocate responsibilities to each project team member. Moreover, effective management structure and internal monitoring system could identify potential risks and therefore provide an opportunity to avoid delays in project implementation.

## 2.3. User Assignment

Project Partners can access the reporting overview in the eMS only after the Lead Partner enters all the PPs into the system. This is done by assigning the users (one or more) to partners by the LP, which means matching a username to a specific PP (the user must be registered in the eMS beforehand).

To perform the user assignment: please select “Supplementary information” from the left menu and click on the tab “User assignment”.

### ASSIGNING USERS TO PPs

Multiple users may be assigned as Project Partners (including the LP) which will all have the same access to Partner Reports.

PT #1 HR - RS [Show More](#) Supplementary Information

Project Management Bank Information **User Assignment** Documents

User management

Lead partner users for project reporting

Man lead partner user:

New User  Add Assigned User  Remove

Project partners users for partner reporting

User For Partner Partner #1 En

New User  Add Assigned User  Remove

User For Partner Partner #2 En

New User  Add Assigned User  Remove

User For Partner Partner #3 En

New User  Add Assigned User  Remove

User For Partner Partner #4 En

New User  Add Assigned User  Remove

User For Partner Partner #5 En

New User  Add Assigned User  Remove

[Return To Reporting](#)

- Only users assigned as PPs can create, modify and submit a Partner Report.
- The Lead Partner must create its own Partner Report as “Project Partner”, not as “Lead Partner”. Therefore, the LP also needs to assign its user to a role “Project Partner”.
- Only users assigned to the Lead Partner can view partner reports from all Project Partners, regardless of whether they have been assigned to them or not. Other Project Partners have access only to their reports.

## ADDING AND REMOVING USERS

Adding:

- Enter a username in the New User field and click “Add” button

Removing:

- Select the user name of the user to be deleted and click the “Remove” button.

### 2.4. Zero Progress Report

Only projects that have planned and approved preparation and closure costs in their Application can claim preparation and closure costs by submitting Zero Progress Report (in eMS report covering Period 0) to the JS. This report needs to be submitted via eMS by LP only.

Reporting workflow for preparation and closure costs (Zero Progress Report) is different from other types of reports. It is automatically generated by the eMS and it is directly submitted to the JS without prior verification by the First Level Control (FLC).

In order to create a Zero Progress Report, LP has to select the role of “LP” in the drop-down menu on top of the page (this option is visible only to the LP). Zero Progress Report is automatically submitted by clicking “Claim preparation costs” button in the Reporting overview.

The screenshot shows a web application interface. At the top left, there is a 'Select Role' dropdown menu with 'Lp' selected. Below this is a table with the following columns: Report, Report Start, Report End, State, Date Of Project Report Submission, Total Expenditure Submitted To Js, and View Report. The table contains six rows representing different report periods. At the bottom left, there is a 'Create Report For' button with a dropdown menu set to 'Period 1' and the dates '01.04.2016 - 04.07.2016'. At the bottom right, there is a 'Claim preparation cost' button.

Report	Report Start	Report End	State	Date Of Project Report Submission	Total Expenditure Submitted To Js	View Report
Period 0	01.04.2016	04.07.2016				
Period 1	01.06.2017	31.08.2017				
Period 2	01.09.2017	28.02.2018				
Period 3	01.03.2018	31.08.2018				
Period 4	01.09.2018	28.02.2019				
Period 5	01.03.2019	31.05.2019				

When clicking on the button “Claim preparation costs” the system will ask confirmation of the action. If confirmed, the following will happen automatically:

1. The system will generate a report, which contains no text, just the List of Expenditures (related to the preparation and closure costs only). All values (costs) are taken from the Application and all items are marked as lump sums.
2. The system will automatically generate a Zero Progress Report and mark it as “Report submitted to JS” and attach a certificate for preparation and closure costs.
3. The button “Claim preparation costs” will be deactivated and cannot be used again.

## 2.5. Pre-financing

In line with the Subsidy Contract, initial pre-financing of maximum 10% of the total project budget will be paid by the CA to the LP within 30 calendar days from the project start date. For the purposes of the initial pre-financing payment, the signed Contract will serve as a payment claim. The LP is responsible for transferring the funds to PPs.

Received pre-financing shall be deducted from certified Project Progress Reports by the CA during the implementation period, in line with the provisions of the Subsidy Contract.

## 2.6. Project Procurement and Project Communication Plan

### PROJECT PROCUREMENT PLAN

At the beginning of project implementation, it is highly recommended that the LP provides a Project Procurement Plan for all Project Partners in order to create initial orientation of the procurement procedures and submit the plan to the JS filled with the following information:

- Subject of procurement (e.g. purchase of IT equipment / development of marketing study / reconstruction of a building...);
- Budget line(s) included;
- Total budget available (EUR) according to the latest budget;
- Type of contract (SER / SUP / WORK);
- Type of procedure according to Programme rules: single tender / simplified procedure / local open / international open or according to national legislation: e.g. open procedure;
- Planned period of procurement according to the work plan (e.g. 1st reporting period; 2nd reporting period...) and
- Comment (date / month of tender launch / month of signing of contract / end of contract).

The Lead Partner is responsible for timely delivery of Procurement plans to JS Project Manager in charge of a particular project. The Programme bodies will use the procurement plans to easily monitor project implementation, to identify possible delays, as well as discrepancies in the procedure.

### PROJECT COMMUNICATION PLAN

The Communication Plan (Annex 1) should be developed by the projects in order to have standardized project communication practices and use them effectively throughout the whole period of project implementation.

Communication is an essential element of a successful project, so all partners must be involved and committed to communication activities. The Communication Plan shall be submitted to the JS at the beginning of project implementation.

In developing the project Communication Plan, it is important to decide what communication tools and methods would be appropriate for specific project and communication objectives, and for specific target groups.

## 3. PROJECT IMPLEMENTATION

The Project implementation phase starts after signing the Subsidy Contract. From the Programme's point of view, it consists of project monitoring, which is the ongoing analysis of project progress towards achieving planned outputs / results with the purpose of checking if the project is on track. Progress reports are used as main communication tools towards the Programme.

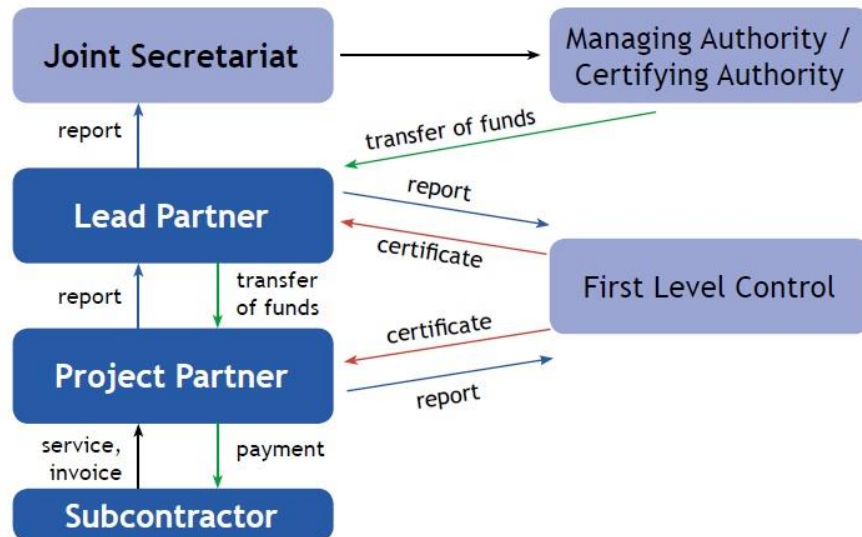
### 3.1. Reporting

Reporting is one of the tools used by the Programme to monitor, on a regular basis or at certain stages of the project implementation, progress and performance of the project, its deliverables, outputs, achievements and contributions to the Programme objectives and output indicators. Reporting is also the basis for the reimbursement of the EU contribution part of the project expenditure.

The aim of the reporting process is to establish whether project objectives have been achieved, what problems have been encountered, and whether the project is expected to be completed on time and within the budget. If performance is adequate, the project will receive payment from the Programme for costs incurred, paid and reported.

The process begins on the partner level where each Project Partner needs to submit a report to the First Level Control (FLC), which verifies the declared expenditure. Following FLC certification, all FLC certificates are aggregated and LP prepares Project Progress Report providing analysis of the activities, outputs and costs for the related reporting period and submits it to the JS for verification and approval. MA verifies and approves the Project Progress Report following JS approval. Payments are carried out by the Certifying Authority (CA) to the LP who is responsible that the amount received from the Programme is transferred to Project Partners.

Figure 1: Project reporting and payment process



Verification process	Verification timeframe and indicative deadlines		
Preparation and submission of the Partner Report to the FLC	<b>15 days</b> from the end of each reporting period/ 1 month in case of Final Partner Report		
Verification of expenditures and issuing the FLC Certificate		<b>3 months from the submission of the Partner Report</b>	
Preparation and submission of the Project Progress Report for the whole project by the Lead Partner to the JS			<b>1 month</b> from the date on which the last FLC certificate was issued for the relevant reporting period



### 3.1.1. Partner Report

By respecting the reporting schedule as defined in the Subsidy Contract, all Project Partners (including the LP) are obliged to report implemented activities and expenditures incurred and paid within respective reporting period<sup>1</sup> by filling in the Partner Report in eMS.

The assigned users (Project Partners) will gain access to the reporting section by selecting its project in the eMS. By clicking on the button „Create new report” a new Partner Report will be generated.

In order to create a **Partner Report**, the LP has to first select its role as the “PP” (Project Partner) in the drop-down menu on top of the page (visible only to the LP). By clicking on the button „Create new report”, the LP generates a new Partner Report. The PPs shall submit a Partner Report including relevant supporting documents, declaring their expenditures for the relevant reporting period to the designated first level controller.

**The Partner Report shall be submitted via e-MS within 15 days after the end of the reporting period (reporting periods are stated in the Subsidy Contract and the Application) or in the case of Final Partner Progress Report, within 1 month following the end date of Project implementation.**

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<sup>1</sup> The 1<sup>st</sup> Partner Report is related to the first 3 months of the project implementation period. From 4<sup>th</sup> month of project implementation all PPs (including LPs) are obliged to report the progress of the project implementation on the basis of six-month (6) period, with the exception of the last months of project implementation (last six / or less months period) covered by final report.

## CREATING A PARTNER REPORT

- If a Partner Report is in progress, it is not possible to create another one. The Partner Report in progress will have to be submitted to the FLC before a new Partner Report can be created.
- During a request for modification (on the project level), no Partner Report can be modified or created.
- It is possible to delete a Partner Report as long as it is not submitted to the FLC. In order to delete the report, please click on 'Delete report' in the report menu to the left.
- All users assigned to the project partner are able to create, modify and delete a partner progress report.

Select Role

Pp

Pp

Lp

Visible only to the  
Lead partner

### Project partner 1

Report	Report Start	Report End	State	Date Of Partner Report Submission	Date of fic verification	Included In Project Report	Total Partner Expenditure Declared	View Report
Period 0	01.04.2016	- 04.07.2016						
Period 1	01.06.2017	- 31.08.2017						
Period 2	01.09.2017	- 28.02.2018						
Period 3	01.03.2018	- 31.08.2018						
Period 4	01.09.2018	- 28.02.2019						
Period 5	01.03.2019	- 31.05.2019						

+ Create New Report 🔒 Partner Living Tables

### Project Messages

From	S
No records found.	

## FILLING AND EDITING THE PARTNER REPORT

The Partner Report is composed of 4 parts (sections) as presented below:



1. **Partner report:** narrative part of the report (summary of activities, report on outputs and deliverables, target groups and work packages).
2. **List of expenditure** includes all expenditures in stated reporting period. Information included in this section will be automatically integrated in the Partner Finance Report (financial tables).
3. **Contribution and forecast** shows the current Project Partner's (PP) contribution (national co-financing) and the estimated future expenditure.
4. **Attachment:** in this section PPs need to attach all supporting documents per expenditure category as described in Programme Rules on Eligibility of Expenditures and in line with Guidelines for eligibility of expenditure for Croatian Project Partners and First Level Control Manual for Serbian beneficiaries.

### Section 1 – Partner Report

**Figure 3: Partner report**

Partner Report

Period 0 - 01.03.2017 - 01.05.2017

Start Date: 31.05.2017      End Date: 31.05.2017

Summary Of Partners Work

Summary Describe

*(Rich text editor toolbar with icons for bold, italic, underline, link, unlink, list, etc.)*

Project Main Outputs Delivered

Please Select Outputs

Add Output

Target Groups Reached

Add Targetgroup

- **Summary of a partner’s work** - in this section each PP needs to describe progress in project implementation in a relevant reporting period and how a PP’s work contributes to project activities, outputs and deliverables;
- **Project main outputs delivered** – A PP needs to select outputs delivered during a relevant reporting period and explain how they contribute to the overall output achievement;
- **Target groups reached** - for each target group selected in the Application, information on its involvement in activities implemented during a relevant reporting period should be provided;
- **Report on Work packages** – A PP provides descriptions of activities, problems (if any) and information on individual deliverables achieved during a relevant reporting period with evidence in the form of attachment (if applicable).

### Activities, Outputs, Target groups and Deliverables

The Partner Report enables only a description of those activities, outputs, target groups and deliverables that are defined in the approved application.

**Figure 4: Project main outputs and target groups**

**Project Main Outputs Delivered**

Please Select Outputs

**Output**

Title: T1.7 3D medical animations for education purposes

Description:  (2000 Characters Remaining)

**Attachments**

Filename	Filetype	Date	Uploaded By	Options
No records found				

**Target Groups Reached**

Hospitals and medical staff (medical doctors) will be influenced by project activities by improving their expertise and skills in cardiovascular domain.

Target Group: infrastructure and (public) service provider

Target Value Reached: 0.00

Target Group Reached Description:  (2000 Characters Remaining)

Target Group Target Value: 3.0

Through evaluation of existing technologies for medical imaging and recognition SMEs in the region that could innovate but have no research capacities of their own will be positively affected. It will bring together SMEs from different countries.

Target Group: SME

Target Value Reached: 2.00

Target Group Reached Description:  (2000 Characters Remaining)

Target Group Target Value: 4.0

Description of the Project Main Outputs Delivered includes:

- **Title** - select each applicable output for relevant reporting period from a drop-down menu
- **Description** – a short description on progress towards expected output during a relevant period
- **Output Evidence** - upload documents (if applicable) for each selected output.

Description of **Target groups Reached** includes:

- **Target group** – select a relevant target group from the drop- down menu
- **Target value** - as defined in the AF
- **Target Value reached** – value reached during a reported period
- **Description** – a short description on progress toward the targeted value.

Under this section, PPs can report on individual work packages. The list of work packages depends on the work packages included in the approved Application. The example report shown below in Figure 5 has one work package implementation. PPs will see all work packages, even if they have not been assigned to a work package in the Application.

Reports of individual work packages should contain descriptions of activities implemented, problems (if any) and information on individual deliverables with evidence in the form of an attachment.

Deliverables are reported by clicking on “**Add deliverable**” under the relevant work package. The drop - down shows all deliverables listed in the Application.

Please insert “-” in the fields if there is no contribution to any of the work packages or activities during the relevant reporting period.

By clicking on the “**Deliverable Evidence**” it is possible to upload the evidence for each deliverable implemented. Maximum size per each uploaded document is 10 MB.

Figure 5: Reporting per work package

Always remember to save the data you have filled in in the report by clicking on the button “Save Report” after each step of reporting!

## Section 2 – List of Expenditure

Figure 6: List of expenditure

Financial reporting is done within “List of Expenditure” section in which PPs report each individual expenditure during the reporting period by clicking on “Add real cost” button.

In this section, when clicking on “Add real cost”, a pop-up window appears, where the system asks you to give basic information on the cost. PPs will list all costs incurred and paid per expenditure category (in eMS, the column where a PP selects relevant expenditure category is entitled “Budgetline” – please see Figure 7 below).

**Figure 7: Adding expenditures - real costs**

All fields have to be filled in:

- Budget line (expenditure category is selected from a drop-down menu);
- Work package (as indicated in the Application);
- Internal Reference Number (not obligatory);
- Invoice Number (or Contract number, if applicable);
- Invoice Date (or Contract date, if applicable);
- Date of Payment (date from a payment slip, not the date when an invoice is issued);
- Currency of payment (currency on a bank statement);
- Total Value of an Item in the Original Currency (total amount paid in original currency);

- VAT (should be inserted in the field only if the project partner may recover that cost. The amount inserted under the “Declared amount in the original currency” shall then be reduced for the VAT amount reported);
- The Declared Amount in the Original Currency (based on the VAT status of the project partner)<sup>2</sup>
- Declared Amount in EUR (the eMS automatically uses the exchange rate for the given original currency when the Partner Report is submitted to the FLC. Please use the original currency for all costs (including staff costs) when reporting).

Additionally:

- If the declared expenditure occurred outside of the programme area<sup>3</sup>, the field “Expenditure Outside of the Programme Area” should be checked, if applicable;
- If the declared expenditure is related to land purchase, the field “Purchase of land” should be checked.

Three **text fields** for descriptions are available in this section and should be filled in according to examples below. It is possible to upload one or multiple attachments to each of the expenditures by clicking the ‘Upload’ button. Once a button is clicked, a dialogue box appears where it is possible to upload different evidence documents. Maximum size per each uploaded document is 10 MB.

#### **Budgetline: Staff costs**

- Description 1: Name of the employee and position in the project team
- Description 2: Type of contract / employment document (e.g. full-time work on the project or part-time work on the project, etc.)
- Partner Comment: Shortly describe the activities / work packages in which project team member participated / implemented

#### **Budgetline: Travel and accommodation**

- Description 1: Name of the person (project team member) on travel mission
- Description 2: Reference to travel sheet
- Partner Comment: Shortly describe the role and purpose of the travel in relation to project activities

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<sup>2</sup> If project partner has proven legal status in which VAT is eligible cost in that respect: Total Value Of Item In Original Currency and Declared Amount In The Original Currency are the same. VAT field will be empty.

<sup>3</sup> For instructions on the expenditures outside programme area, please see chapter 3.1.1.2. Expenditure for activities outside the Programme area.



### **Budgetline(s): External expertise and services / Equipment / Infrastructure and works**

- Description 1: Name of the contractor (result of public procurement)
- Description 2: Indication if payment will be done partially or fully
- Partner Comment: Describe the purpose and need of the expenditure in relation to project activities

The PP should fill in all relevant fields and click "**Add**" to finalise this process. Each expenditure item shall be added, and the relevant information inserted. Repeat the whole procedure by clicking the "**Add Real Costs**" button until all costs incurred during the reporting period are recorded.

### **Flat Rates**

If PPs have flat rate costs approved in the application, the system will automatically calculate flat rates based on relevant inputs into the section "List of Expenditures".

Always remember to save the data you have filled in the report by clicking the button "**Save Report**" after each step of reporting!

### **Section 3 – Contribution and Forecast**

In the sub-section "**Report forecast**" the PP should report the planned (estimated) expenditure for the next reporting period.

In the field **Description**, the difference between the planned budget per period in the Application and a more realistic forecast of expenditures for the next period should be shortly described (if applicable).

Sub-section "**Follow-up of Partner Contribution**" displays the "**Target Partner Contribution Value**" for the Partner Report. This amount must be entered (manually) into the column "Current report" and split among the different sources of contribution (e.g. public and private, or several public contributions, if applicable). The PPs should pay attention that the reported sources of contribution are the same as the ones in the Application (e.g. in case Application defines public contribution, only public contribution should be defined within the report).

The total of the amount in the column "**Current report**" must be equal to the "**Target partner contribution value**".

The system has **built-in checks** (controls), which does not allow submitting a Project Report where the sum of all sources of partner contribution does not match the target value!

**Figure 8: Follow-up of Partner Contribution**

Partner Report > List Of Expenditure > **Contribution And Forecast** > Attachments

**Report Forecast**

Estimated expenditure: € 0.00

Description:

200 Characters Remaining

**Follow-up Of Partner Contribution**

**Target Partner Contribution Value**  
€ 450.00

Name Of Contribution	Legal Status	Total Amount Indicated In The Application Form	% Of Total( According To A F)	Previously Reported	Current Report	Total Reported So Far	Percentage Of Total Reported
Partner #1	public	€ 37 489.95	100.00 %	€ 0.00	€ 450.00	€ 450.00	100.00 %
Sub Total Public Contribution		€ 37 489.95	100.00 %	€ 0.00	€ 0.00	€ 0.00	
Sub Total Private Contribution		€ 0.00	0.00 %	€ 0.00	€ 0.00	€ 0.00	
<b>Total Contribution</b>		<b>€ 37 489.95</b>	<b>100.00 %</b>	<b>€ 0.00</b>	<b>€ 0.00</b>	<b>€ 0.00</b>	

Export Add Contribution

Save Report

## Section 4 – Attachments

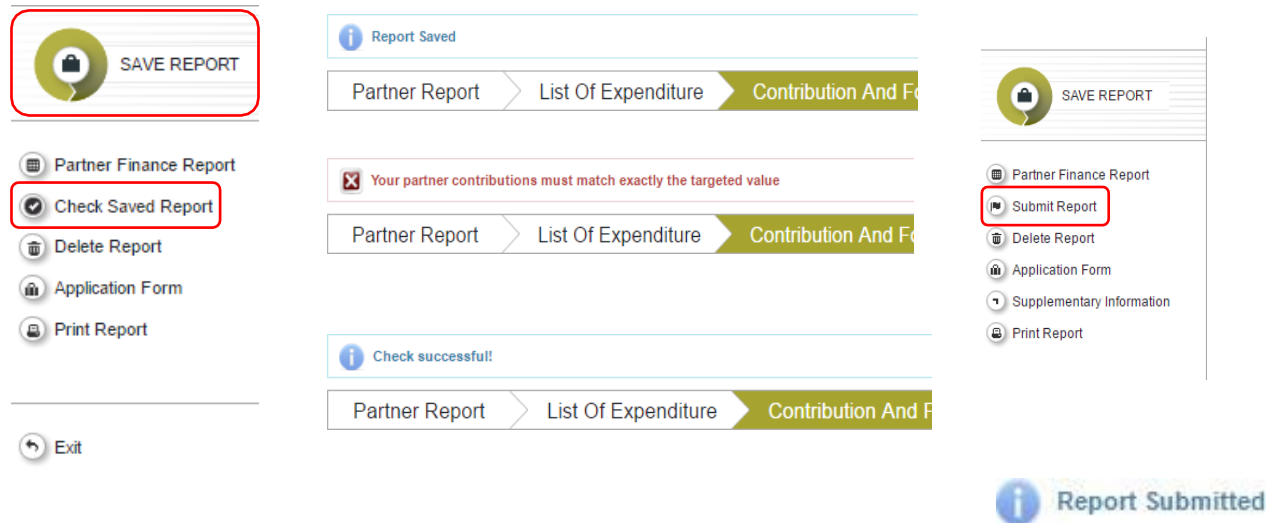
In this section, the PP needs to upload all relevant documentation for activities and cost verification. Detailed instructions for supporting documentation per expenditure category are described in Programme Rules on Eligibility of Expenditures.

### Submission of the Partner Report to the FLC

Before submitting a Partner Report, the saved report needs to be **checked** first by clicking “**Check Saved Report**” button in the left-side main menu. If the sum of all sources of partner contribution does not match the target value in the Contribution and Forecast section, an error message will appear, and the partner needs to correct the information.

Each time a report is saved, it needs to be re-checked before submission. Only after the check is successful, the system will allow the report to be submitted to the FLC. The “**Check Saved Report**” button will be replaced with the “**Submit Report**” button.

Figure 9: Checking and submitting the Partner progress report



Once submitted, the Partner Report is **locked**, and the partner cannot modify it anymore. After submission, the Partner Report is automatically forwarded to the relevant (national) FLC body for verification. During the entire reporting process, the PP can see the status of the report on the reporting overview dashboard.

Figure 10: Reporting Overview

2 - Partner #2 En - Partner #2 Abb

Report	Report Start	Report End	State	Date Of Partner Report Submission	Date of ftc verification	Included In Project Report	Total Partner Expenditure Declared
Period 0 01.03.2017 - 01.05.2017							
Report 0.1	01.03.2017	01.05.2017	Report F Lc Certified	26.05.2017	29.05.2017	Report submitted and FLC certified.	€ 0.00
Period 1 01.06.2017 - 31.08.2017							
Report 1.1	01.06.2017	31.08.2017	Report F Lc Certified	29.05.2017	29.05.2017	Report submitted and FLC certified.	€ 5 995.30
Period 2 01.09.2017 - 28.02.2018							
Report 2.1	01.09.2017	28.02.2018	Report In Progress	In Progress		Report not yet submitted to FLC.	€ 0.00
Period 3 01.03.2018 - 31.08.2018							
Period 4 01.09.2018 - 28.02.2019							
Period 5 01.03.2019 - 31.08.2019							
Period 6 01.09.2019 - 30.11.2019							

Partner Living Tables

### First Level Control (FLC):

After formal submission of a Partner Report via eMS, First level controllers (FLCs) will check:

- activities performed by PPs during the reporting period considering the content as approved in the Subsidy Contract and in the Application;
- whether the costs declared within the Partner Report (List of Expenditure) are in line with the approved budget and project activities;
- proof of expenditure (whether the expenditure is eligible, incurred and paid, the invoices are formally compliant to relevant programme and national rules, etc.);
- whether the reported expenditures comply with the EU, Programme or national eligibility rules, public procurement and accounting rules, visibility and publicity rules.

Should the FLCs request additional information or ask for missing documentation at any time, LPs / PPs have to provide information / documents **within 7 working days**<sup>4</sup> of the request.

The FLC will certify (in part or in full) the expenditure submitted by the project partner (PP) and issue an FLC Certificate (within 3 months from the submission of the report).

If the report is not certified in full that means that some expenditures are declared ineligible or placed in the “sitting duck” status. Placing the expenditure in the “sitting duck” status means that this expenditure is recorded in the eMS as pending. In the next Partner Report, this expenditure is automatically visible to

<sup>4</sup> The start date of deadline is the day following the day on which FLC sent request for clarification. The end date shall be calculated respecting the working hours of the respective institutions.

the FLC and LP / PP is obliged to submit only the missing supporting documentation requested by the FLC. Exceptionally, and when duly justified, a “sitting duck” expenditure may be included in other Partner Progress Reports.

In case of ineligible expenditure, the FLC will apply negative financial correction by deducting any expenditure that is considered ineligible. In the case that the amount declared in the Report is lower than the amount considered eligible, the FLC may apply a positive financial correction.

### 3.1.1.1. Financial Management

The sound financial management of the project is among other based on the eligibility of expenditure. The eligibility of expenditure will be verified by the First level controllers for each PP at the national level according to the relevant Programme, EU and applicable national rules.

For detailed instructions regarding the eligibility of expenditures, please consult the following documents available on the Programme website ([www.interreg-croatia-serbia2014-2020.eu/about-projects/implementing-documents/](http://www.interreg-croatia-serbia2014-2020.eu/about-projects/implementing-documents/)):

- **Programme Rules on Eligibility of Expenditures**
- **Programme Control Guidelines**
- **Guidelines for eligibility of expenditure for Croatian Project Partners 2.0.**
- **First Level Control Manual for Serbian beneficiaries – version 2.2**

Generally, **eligible costs for funding** are costs actually incurred and paid by the LP / PPs during project implementation and which meet following criteria:

- they are incurred during the implementation period of the project, except for preparatory costs and closure costs;
- they are indicated in the estimated overall budget of the project;
- they are necessary for the implementation of the project;
- they are identifiable, verifiable and documented (e.g. contract, invoice, order form) in the accounting records;
- they comply with the requirements of applicable (national) tax and social security legislation;
- they are reasonable, justified, and comply with the principle of sound financial management;
- they are incurred in accordance with the relevant EU legislation, Programme rules (Programme rules on eligibility of expenditures and call for proposal specific documents, if applicable) and national legislation, and other relevant documents;

- they are not listed as an ineligible expenditure;
- they are not double funded (i.e. they are not financed from other sources under the Union Funds or other (national) Funds);
- amounts in the List of Expenditure do not exceed amounts in the approved project budget (in line with the provisions of the Subsidy Contract / Addendum / reallocations);
- a co-financing rate (as stipulated in the Subsidy Contract) is applied to each eligible cost under all expenditure categories;
- the relevant procurement rules have been observed (if applicable);
- they have been verified by an authorized national controller (FLC).

Please note that a list of **ineligible costs** is stipulated in the **Programme Rules on Eligibility of Expenditures**, section **4.4**.

#### **Ineligible costs – examples:**

- second-hand equipment;
- purchases of equipment not indicated in the Subsidy Contract or specifically approved during project implementation by the relevant programme body;
- equipment purchased from another project partner;
- consultant fees / services between project partners;
- hiring employees of the beneficiary (LP and PP) institutions as external experts;
- interest on debt (e.g. interest for late payments of electricity bill);
- cost for infrastructure and works outside the programme area;
- shared costs (e.g. sharing costs among partners for service / works or equipment procured by one of the PPs);
- costs of audits and evaluations at project level.

Any detected ineligible costs will be deducted from the total project costs, reducing therefore the requested EU contribution accordingly. Final eligible costs will be calculated based on **reported eligible expenditures after adequate controls (FLC, JS, MA, CA) have been performed**.

Please note, costs that are not eligible according to the applicable eligibility rules will not be approved/certified even if they are included in the project budget.

### Eligible expenditure categories

The following expenditure categories are eligible under the Programme:

1. staff costs,
2. office and administrative expenditures,
3. travel and accommodation costs,
4. external expertise and services costs,
5. equipment expenditure,
6. infrastructure and works expenditure,
7. preparatory and closure costs.

Expenditure category	Costs reimbursement model		
	Real cost basis	Flat rate	Other
<b>Staff cost</b>	✓	✓ up to 20% of eligible direct costs other than the staff costs	-
<b>Office and administrative expenditure</b>	-	✓ up to 15% of eligible staff costs	-
<b>Travel and accommodation costs</b>	✓	-	Per diem or Daily allowance
<b>External expertise and services costs</b>	✓	-	-
<b>Equipment expenditure</b>	✓	-	-
<b>Additional expenditure categories</b>			
	Real cost basis	Flat rate	Other
<b>Infrastructure and works expenditure</b>	✓	-	-
<b>Preparatory and closure costs</b>	-	-	Lump sum

Maximum amount planned for expenditure category 1. Staff costs shall not exceed 30 % of the total eligible cost at the Project level, whereas for projects with total value of 1.000.000,00 EUR or more, the maximum amount planned for the expenditure category 1. Staff costs shall not exceed 20% of the total eligible cost at the Project level.

During the project implementation, amount of project's total eligible cost may be reduced (e.g. due to underspending, ineligible reported costs, etc.), however, this will not affect the overall amount of Staff costs budgeted in the approved Application (i.e. overall eligible amount of the expenditure category Staff costs can be higher than 30 % of the project's total eligible cost).

The **reimbursement model** that each project partner (PP) has chosen within the Application (and which is part of Subsidy Contract) shall be applied during the **entire project implementation period**.



## 1) Staff costs

The costs of the personnel employed by the partner institution and executing tasks for the project management (project coordinator, project manager, assistant, financial manager, etc.) and / or tasks for project content related activities are eligible to be reimbursed by the Programme.

**Overtime** (including weekends and holidays) is eligible **only in case when it is directly related to the project** and is in line with national legislation and relevant procedure used by a project partner institution (internal act). Overtime must be recorded and visible from salary payslip, payroll and timesheet / periodic staff report.

Staff costs may be reimbursed in two ways:

1. on a real cost basis (proven by the employment document and payslips),
2. as a flat rate of up to 20% of project direct costs other than staff costs.

<b>REAL COSTS</b>		
<b>General supporting documents mandatory for all staff costs based on a real cost basis<sup>5</sup></b>		
<ol style="list-style-type: none"> <li>1. <b>List of personnel working on the project</b></li> <li>2. <b>Employment document</b></li> <li>3. <b>Job description or other relevant document providing information on tasks and responsibilities related to the project (annex to the employment document or decision on assignment of tasks on project - e.g. Assignment Order, etc.)</b></li> <li>4. <b>Proof of payment of gross salary cost (e.g. payslip, payroll, bank statement) and accounting record</b></li> </ol>		
<b>Type of engagement on project</b>	<b>Calculation method</b>	<b>Specific supporting documents</b>
<b>Full-time on the project</b>	Staff member is contracted specifically for the project implementation and spends 100% of its working time on the project (full time or part-time contracts are acceptable).	

<sup>5</sup> In case of changes (% of working time, gross salary unit amount; tasks, etc.) during the assignment, the employment document (or related annex) must be revised and the related calculation of costs must be adjusted.

<p><b>Example:</b></p>	<p><u>The calculation:</u> Staff costs = total gross salary amount Monthly gross salary cost = 1,500 EUR Staff cost claimed in 6-month reporting period = 9,000 EUR</p>	
<p><b>Part-time with a fixed percentage of time spent working on the project per month</b></p>	<p>An individual dedicates a fixed percentage (%) of his / her working hours to the project. Staff cost = fixed percentage of the gross salary cost</p>	<p>Periodic staff report with a summary description of the tasks and missions carried out by the employee in each reporting period * <i>*Template is available as Annex 2.</i></p>
<p><b>Example:</b></p>	<p>Staff member works 40 % of his / her work time on the project (stated in his / her employment document).</p> <p><u>The calculation:</u> Monthly gross salary amount = 1,500 EUR % of time worked in the project = 40% Staff cost claimed = 1,500 EUR * 40% = EUR 600 X 6 months (reporting period) = 3,600 EUR per reporting period.</p>	
<p><b>Part-time with a flexible number of hours worked on the project per month</b></p>	<p>Staff cost = cost calculated according to number of hours actually worked on the project.</p> <p>Hourly rate = Latest documented annual gross salary amount / 1720 hours</p>	<p>Monthly data from the working time registration system (Time sheets), covering 100% (full month) of the actual working time of the staff. Calculation methodology of the cost for the related reporting period** <i>**Template is available as Annex 3.</i></p>
<p><b>Example:</b></p>	<p>One staff member has 2 years of experience in the beneficiary institution. His employment document / job description state his assignment to the project, without establishing a fixed percentage of time spent working per month. The calculation of the cost will depend on <u>the number of hours spent working per month on project activities</u>.</p> <p>For reporting purposes and documenting the costs following calculation methods may be applied:</p>	

	<p>In case that the hourly rate is calculated based on <u>historical data</u> (person working more than 12 months within a partner organisation), the following calculation may be used (the proposed amount is only for example):</p> <ul style="list-style-type: none"> <li>• HRK/RSD 300,000 (annual gross salary – the latest available data covering a 12-month period) / 1720 = HRK/RSD 174,41 / hour (this is the unit cost of a working hour)</li> <li>• Timesheets calculating the number of hours spent working during the reported month (e.g. 125 hours in a 1-month period)</li> <li>• Total cost claimed for 1 month (in a 6-month reporting period) in the <b>national currency</b>: HRK/RSD 125X174,41 = HRK/RSD 21,802.32</li> <li>• Calculation should be repeated for all 6 months covering the reporting period (if applicable)</li> <li>• The total cost calculated in the national currency (HRK/RSD) will be automatically recalculated into EUR in eMS.</li> </ul>	
<p><b>On an hourly basis</b></p>	<p>Staff cost = cost calculated according to number of hours worked on the project</p>	<p>Monthly data from the working time registration system (e.g. time sheets), with the number of hours spent working on the project. Where applicable, the number of hours spent working in other activities, including other EU or nationally co-funded projects implemented by the beneficiary's institution, together with the reference of the concerned project(s), so as to cover 100 % of the actual working hours of the employee of the beneficiary institution in the month in question.</p>
<p><b>Example:</b></p>	<p>A new staff member has been hired by the beneficiary institution with an employment contract on an hourly basis and an agreed hourly rate.</p> <p><u>The calculation on the staff cost:</u> The hourly rate stated in the employment document = EUR 30</p>	

	<p>Number of hours spent working on the project in the period in question (as stated in the time-sheet covering 100% of the employee's working hours time) = 50                  Staff cost claimed = EUR 30 / hour * 50 hours = EUR 1,500</p>	
<b>FLAT RATE</b>		
<p><b>General supporting documents mandatory for all staff costs based on flat rate</b></p> <ul style="list-style-type: none"> <li>• <b>Supporting documentation is not mandatory for the verification of costs (List of personnel shall be submitted within first PR)</b></li> <li>• <b>Supporting documentation must be recorded within the partners organisation's accounting system and filled as project documentation</b></li> </ul>		
<b>Type of engagement on project</b>	<b>Calculation method</b>	<b>Specific supporting documents</b>
	<p>up to 20% of eligible direct costs other than staff costs                  The expenditures planned under office and administrative expenditure category and under preparatory and closure expenditure category are not included in the basis for the calculation of staff costs.</p>	N / A
<p><b>The LP / PP has to demonstrate that it has at least one employee involved in the project. This can be done by issuing a declaration certifying that at least one employee of the beneficiary institution has worked on the project in the reporting period in question. The Declaration has to be issued by the LP / PP's legal representative or delegated person.</b></p> <p><b>In the case of small institutions with no staff employed, and the work is provided by institution's owner(s) / director(s), the institution's legal representative has to issue a self-declaration confirming that the owner / director of the institution has directly worked on the project in the reporting period in question.</b></p> <p><b>In case when the LP / PP is not able to prove that it has at least one employee / owner of the company involved directly into the project, staff costs calculated according to this methodology (and accepted in advance) may be considered ineligible.</b></p>		

## 2) Office and administrative expenditure

Office and administrative expenditures related to project implementation shall be declared on a flat rate basis of a fixed percentage<sup>6</sup> (in line with approved Application) of the eligible staff costs of the project (i.e. costs declared under budget line “Staff costs” no matter if the flat rate or real costs method is used for the staff costs).

No further justification or supporting documents are needed from the PPs to justify the Office and administrative costs declared.

Office and administrative expenditures cannot be claimed as direct costs under other budget lines of other Expenditure categories. The list of costs that can be included in this expenditure category is given in Programme rules on eligibility of expenditures.

Certification of Office and administrative expenditures by the FLC is directly linked on the **amount of staff costs declared as eligible (certified)** by the FLC for the relevant reporting period.

## 3) Travel and accommodation costs

Costs under this budget category refer to the travel and accommodation expenditures of **the staff of the project partners’ institutions (project team members)** for missions necessary for the project implementation (e.g. participation in project meetings, seminars, conferences, Programme events or upon Programme bodies’ invitation etc.).

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<sup>6</sup> This percentage remains the same during the entire project implementation.

Eligible costs	Calculation method	Specific supporting documents
<b>Travel costs</b> (e.g. tickets, travel and car insurance, fuel, car mileage, toll, parking fees, etc.)	Real costs basis	<p>Invoices and other relevant supporting documentation (including reports from travel mission and travel orders / travel invoices).</p> <ul style="list-style-type: none"> <li>▶ Proof of expenditure for all costs incurred (e.g. invoices of travel agents, plane tickets, e-tickets, boarding passes, bus or metro tickets).</li> <li>▶ In case of <b>traveling by private car</b>, the costs must be in line with the calculation method in the travel sheet indicating the distance covered, the cost per unit according to national or institutional rules / legislation and total cost planned in the Application (budget section).</li> <li>▶ In case of <b>traveling by institution's car</b>, the calculation formula given in <i>Annex 4</i> (template) should be applied.</li> </ul>
<b>Costs of meals</b>	Real costs basis	Invoice and other relevant supporting documentation (including reports from travel missions and travel orders / travel invoices).
<b>Accommodation costs</b>	Real costs basis	Invoices and other relevant supporting documentation (including reports from travel mission and travel orders / travel invoices).
<b>Visa costs</b>	Real costs basis	Visa invoices and other relevant supporting documentation.
<b>Daily allowances</b>	Real costs basis	Approved / signed travel orders / travel invoices of the institution (usual internal template) according to the national law. Other supporting documents (e.g. reports from travel missions, invitations, agendas, lists of participants, minutes, if applicable).
<b>Per diem</b>	Method approved in application	Approved travel orders / travel invoices of the institution (usual internal template) according to the national law. Other supporting documents (e.g. reports from travel missions, invitations, agendas, lists of participants, minutes, invoices for overnight stays, etc., if applicable) stating that minimum requests per diem (overnight stays) are met.

Any cost which is covered by a daily allowance (or per diem) must not be declared in addition to the daily allowance – **no double funding** is permissible.

The principle of sound financial management shall be respected and applied when choosing transport and accommodation, always using the approach of result-oriented policy and cost-efficiency.

**In exceptional cases**, when the only option is to travel in business or first class by an airplane, travel by a private car or a taxi, and the available accommodation is in a hotel with a rating higher than 4\*, costs can be approved. However, a short justification of such costs incurred must be provided in the report from travel missions, as well as proof that the relevant costs are in line with the principles of sound financial management (meaning - it is the most economical travel option) or that they are cost-effective (e.g. through screenshots or booking webpages, etc.).

Note that the following costs are not counted towards the 20% ceiling, therefore those costs should not be marked in the field “Expenditure Outside of the Programme Area” in the report:

1. travel and accommodation costs related to promotion and capacity building activities;
2. travel and accommodation costs of staff of the beneficiaries located in the Union part of the programme area who travel to the location of an event or an action outside the Union part of the programme area

However, travel and accommodation costs incurred in relation to other activities in relation to projects fully or partially located outside the Union part of the programme area are counted towards the 20% ceiling, therefore those costs should be checked in the field “Expenditure Outside of the Programme Area” in the PR.

#### **4) External expertise and services costs**

External expertise and services costs represent services subcontracted by project partners (respecting public procurement principles) to carry out certain tasks or activities which are essential for the implementation of the project and cannot be carried out by the project partners themselves (lack of internal resources).

Eligible costs	Calculation method	Specific supporting documents
<ul style="list-style-type: none"> <li>• <b>Studies or surveys (e.g. strategies, concept notes, design plans, handbooks, brochures, surveys),</b></li> <li>• <b>Training services (e.g. lecturers fees), travel and accommodation for external experts, speakers, chairpersons of meetings, service providers and stakeholders, external researches,</b></li> <li>• <b>Translation services,</b></li> <li>• <b>IT system and website development, modifications and updates, promotion, communication, publicity or information services linked to the project,</b></li> <li>• <b>Financial management, legal consultancy and notarial services,</b></li> <li>• <b>Services related to the organisation of events or meetings (organisation, registration or participation fees),</b></li> <li>• <b>Travel services (organized by external provider)</b></li> <li>• <b>Technical and financial expertise,</b></li> <li>• <b>Other consultancy and accountancy services, intellectual property rights,</b></li> <li>• <b>Environmental impact assessment studies, feasibility studies, other external expertise and services related to the investments in infrastructure, etc.</b></li> </ul>	<p>Real costs basis</p>	<ul style="list-style-type: none"> <li>• Evidence of the procurement procedure in line with Programme procurement rules set in this document.</li> <li>• Contract / order form laying down the services to be provided, with clear reference to the project and the Programme.</li> <li>• An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules, as well as references to the project and the programme and a detailed description of the services provided in line with the contents of the contract.</li> <li>• For experts paid based on a daily / hourly fee, the invoice must include a clear quantification of the days / hours charged, price per unit and total price.</li> <li>• Any changes to the contract must comply with the programme procurement rules and must be documented.</li> <li>• Outputs of the work of external experts or service deliverables, respecting the publicity / visibility rules, where applicable.</li> <li>• Proof of payment (e.g. a receipt, bank account statement, etc.) and an accounting record (e.g. extract from a reliable accounting system of the beneficiary), etc.</li> <li>• Evidence of the procurement procedure in line with Programme procurement rules set in this document.</li> </ul>



Costs related to external expertise must be properly documented and must be a result of a procurement procedure applied prior to service contract signature (in line with the Programme rules). Retroactive service contracts are **not acceptable**.

Conditions / criteria that might limit service providers / experts and prevent their participation in tender procedures implemented by beneficiaries (project partners) are **not acceptable** (e.g. geographical limitation, nationality, gender, age limitation, etc.) and may lead to ineligibility of costs. However, the tender dossier must clearly indicate what type of external expertise is needed for the project.

**Advance payments** to external service providers may be acceptable when it is in line with the applicable public procurement rules and when it is agreed in the external service contract.

## 5) Equipment expenditure

Costs under this budget category refer to equipment purchased, rented or leased by the LP / PP, which is necessary for the project implementation as stated in the Application. The list of costs that can be included in this expenditure category is given in Programme rules on eligibility of expenditures.

Renting or leasing costs of equipment shall be eligible if the following rules are respected:

- Full cost of renting or leasing equipment can be reported where the equipment is used 100% for the implementation of a Project.
- For the equipment that is rented or leased by Project Partners for a certain period during the implementation of a project, only the rental or leasing costs for the respective time period are eligible.

Eligible costs	Calculation method	Specific supporting documents
<ul style="list-style-type: none"> <li>• <b>Office equipment,</b></li> <li>• <b>IT hardware (computers, monitors, printers, scanners, digital projectors, digital / video cameras, etc.) and software,</b></li> <li>• <b>(office) furniture and fittings, laboratory equipment, machines and instruments, tools or devices,</b></li> <li>• <b>vehicles,</b></li> <li>• <b>spare parts / equipment for machines, tools,</b></li> <li>• <b>measuring instruments, exhibition equipment,</b></li> <li>• <b>guarantee for the thematic equipment,</b></li> <li>• <b>purchase of consumables necessary for the operation of laboratory equipment, machines and instruments, and other tools or devices (e.g. chemicals, reagents, fuel, protective clothing, etc.) and</b></li> <li>• <b>other specific equipment required for project implementation (e.g. animals, plants, seeds, etc.)</b></li> </ul>	<p>Real costs basis</p>	<ul style="list-style-type: none"> <li>• Evidence of the procurement procedure applied in line with programme procurement rules.</li> <li>• Contract / order form laying down the equipment to be purchased, with clear reference to the project and Programme Any changes to the contract must comply with the Programme procurement rules and must be documented.</li> <li>• An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules, as well as references to the project and the Programme.</li> <li>• Proof of payment (e.g. a receipt, bank account statement) and accounting record (e.g. extract from a reliable accounting system of the beneficiary).</li> <li>• Proof of existence for all items of equipment (e.g. deliverable notes, pictures).</li> <li>• Proof of respect of Programme publicity / visibility rules and, where relevant, EU and national legislation in terms of environmental impact.</li> </ul>

## 6) Infrastructure and work expenditures

Costs under this budget category refer to activities related to investments in infrastructure and works<sup>7</sup>. These investments may refer either to an object (e.g. a building) that will be set up *ex-novo* or to the adaptation of an already existing infrastructure.

Costs under this category may be linked to the **costs related to technical documentation** (preparation phase of an investment) or **to the implementation phase of an investment** for which such documentation (e.g. project design, ownership, legal permissions) already exists and is delivered to the Managing Authority during the contracting phase.

Please note that, within one Interreg project, it is not possible to plan, claim and reimburse costs related to both the preparation and implementation phase of an investment.

Eligible costs	Calculation method	Specific supporting documents
<p><b>A) Consultancy, surveys preparation, technical assistance related to infrastructure and works, organisation and preparation of the site designated to the project, land preparation – any works aimed at the preparation of the project;</b></p> <p><b>B) Main investments, including building material and labour, natural landscape and environment protection related activities, specialised interventions, supervision of works, in line with the relevant national legislation.</b></p>	Real costs basis	<ul style="list-style-type: none"> <li>Evidence of the appropriate procurement procedure applied (in line with Programme procurement rules),</li> <li>Contract or written agreement laying down the infrastructure / works to be provided with a clear reference to the project and the programme. Any changes to the contract must comply with the applicable procurement rules and must be documented;</li> <li>Invoice or interim payment certificate or final payment certificate providing all relevant information in line with the applicable accountancy rules as well as references to the project and the programme and a detailed description of the infrastructure / works carried out in line with the contents of the contract. For contracts also including a a daily / hourly fee, the invoice must include a clear quantification of</li> </ul>

<sup>7</sup> Article 2(1) of the Directive 2014 / 24 / EU of the European Parliament and of the Council of 26 / 02 / 2014 defines a “work” as “the outcome of building or civil engineering works taken as a whole which is sufficient in itself to fulfill an economic or technical function”.

		<p>the days / hours charged, price per unit and total price;</p> <ul style="list-style-type: none"> <li>• Proof of payment (e.g. a receipt, bank account statement) and accounting record (e.g. extract from the beneficiary's reliable accounting system) etc.</li> <li>• Proof of visibility requirements for investments (e.g. photographs of a visibility plate, etc.)</li> </ul>
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In case of purchase of land during project implementation, the following documents must be available for monitoring and control purposes (and as an audit trail):

- Legal documents specifying any legal right under the real-estate law concerning the land and / or buildings where the works will be carried out;
- Where applicable, necessary permissions for the execution of works, issued by the national / regional / local relevant authorities.

## 7) Preparation and closure costs

Approved projects are entitled to receive reimbursement of their preparatory costs in the form of a lump sum in the total amount of up to EUR 3.000 and reimbursement of their closure costs in the form of a lump sum in the total amount of up to EUR 2.000.

Eligible costs	Calculation method	Specific supporting documents
<p><b>A) Preparation costs</b>  <b>Costs of meetings between potential beneficiaries, related staff costs, travel costs, external experts' costs for preparation of the documentation, studies, translation of documents, consultations and any other cost related to the preparation of the Project activities carried out before the signing of the Subsidy Contract.</b></p> <p><b>B) Closure costs</b>  <b>Costs related to activities of the preparation and submission of the final progress report.</b></p>	Lump sum	<p>No documentation under this budget category is required.            These costs are reported in "0" reporting period and reimbursed after signing the Subsidy contract.</p>

### 3.1.1.2. Expenditure for activities outside the Programme area

As a basic principle, the Programme supports project activities implemented in the Programme area as those are primarily intended for the benefit of the Programme area. However, 20% of the Programme funds are allowed to be spent outside of the Programme area in case certain conditions are met.

Note that the following costs are not counted towards the 20% ceiling, therefore those costs should not be marked in the field “Expenditure Outside of the Programme Area” in the report:

- travel and accommodation costs related to promotion and capacity building activities;
- travel and accommodation costs of staff of the beneficiaries located in the programme area who travel to the location of an event or an action outside the programme area.

However, travel and accommodation costs incurred in relation to other activities in relation to projects fully or partially located outside the programme area are counted towards the 20% ceiling, therefore those costs should be marked in the field “Expenditure Outside of the Programme Area” in the report.

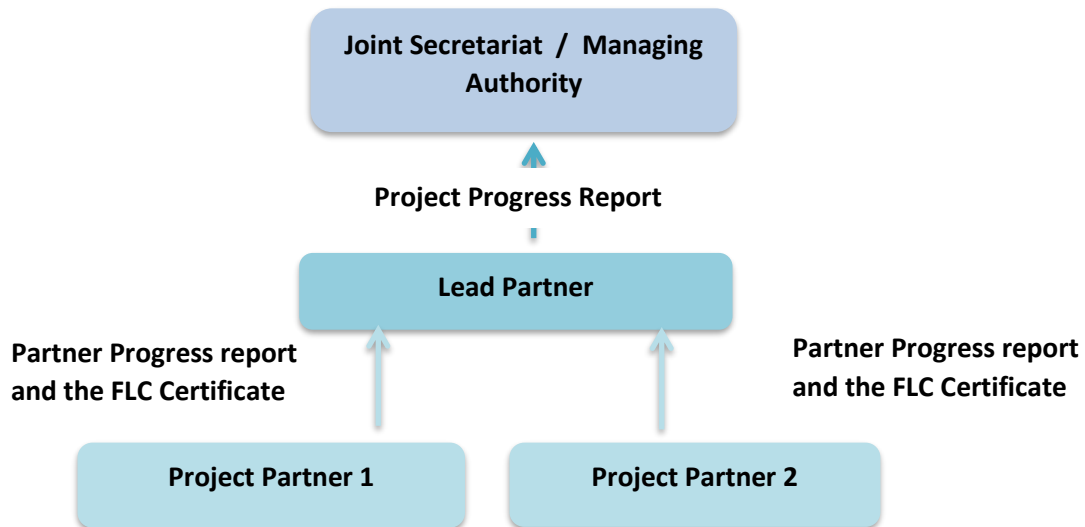
### 3.1.2. Project Progress Report

The Project Progress Report is prepared by the LP, but each PP must contribute to the compilation of the Project Progress Report by preparing and submitting their Partner Reports (PR). PPs have to provide adequate information for the LP concerning the activity and financial progress of their project part via the Partner Report in relation to a certain reporting period. It is important that the LP describes the progress of the project implementation in sufficient details and quality.

In the Project Progress Report, the LP is expected to regularly present the progress in achieving the project outputs, implementing the activities and reaching the deliverables, including the progress towards reaching the related target values.

The LP is responsible for the submission of the Project Progress Report to the Joint Secretariat / Managing Authority within one month from the date on which the last FLC certificate was issued for the relevant reporting period. That means that FLC certificates must be issued to all PPs for the relevant reporting period, even if there were no expenditures declared by a certain PP.

## Reporting Process



- The LP compiles the Project Progress Report on the basis of information provided in verified Partner Reports from all other Project Partners;
- LP reports on the progress of the project as a whole towards the Programme;
- In the activity part of the report, LP must provide information on:
  - highlights of main achievements
  - level of achievement of the project specific objectives
  - project main output achievement
  - details on target groups reached
  - description of activities per work packages
  - main deliverables and outputs produced
  - justification of deviations from the original plan (where relevant) and problems that occurred during the reporting period.
- In the financial part of a Project Progress Report, the LP will include relevant FLC certificates from all PPs containing Lists of expenditures verified by the national controllers. The financial part of the Project Progress Report serves as a payment claim;

- LP verifies that:
  - the expenditures declared by the PPs has been incurred only for the purpose of the Project implementation and are in line with the approved Application;
  - all expenditures reported within the implementation of the project have been verified by the designated first level controllers;
  - FLC certificates of the PPs are issued and submitted online through eMS;
  - the expenditures declared and / or certified have not been included in any other previous Project Progress Report.

### Creating a Project Progress Report

Only the LP can create, modify and submit Project Progress Reports.

After the project has been contracted, the “Reports overview” is the default view when accessing the project. Each Lead Partner has two roles to select from - ‘PP’ for creating their own Partner Reports and ‘LP’ for creating the Project Progress Reports.

The LP can see other partners’ Partner reports, but cannot create, modify, delete or submit Partner Reports.

**Figure 11: Selecting roles and creating a new Project Progress Report**

The screenshot shows a navigation bar with tabs for Partner #1 Abb through Partner #5 Abb. Below this is a 'Select Role' dropdown menu with 'Lp' selected. The main content area is divided into two sections: 'Project Reports' and 'Partner Reports'.

**Project Reports**

Report	Report Start	Report End	State	Date Of Project Report Submission	Total Expenditure Submitted To Js	View Report
Period 0	01.03.2017	01.05.2017				
Period 1	01.06.2017	31.08.2017				
Period 2	01.09.2017	28.02.2018				
Period 3	01.03.2018	31.08.2018				
Period 4	01.09.2018	28.02.2019				
Period 5	01.03.2019	31.08.2019				
Period 6	01.09.2019	30.11.2019				

Below the table is a 'Create Report For' button with a dropdown menu set to 'Period 1' and the date range '01.06.2017 - 31.08.2017'.

**Partner Reports**

1 - Partner #1 En - Partner #1 Abb

Report	Report Start	Report End	State	Date Of Partner Report Submission	Date of fic verification	Included In Project Report	Total Partner Expenditure Declared	View Report	Certificate
Period 0 01.03.2017 - 01.05.2017									
Report 0.1	31.05.2017	31.05.2017	Report Submitted	26.05.2017		Not Certified	€ 3 000.00		
Period 1 01.06.2017 - 31.08.2017									
Report 1.1	01.06.2017	31.08.2017	Report F Lc Certified	29.05.2017	29.05.2017	Not Included	€ 4 215.45		
Period 2 01.09.2017 - 28.02.2018									
Period 3 01.03.2018 - 31.08.2018									

To create a Project Progress Report, please click on “**Create report for**” (and select the period of the report to be submitted). Each Project Progress Report is given a number which consists of the period number and the report number.

It is possible to delete the report only prior to submission to JS. In order to delete Project Progress Report, the LP needs to click on the “**Delete Report**” button in the left-side menu.

**Figure 12: Report name and delete report**

Partner #1 Abb
Partner #2 Abb
Partner #3 Abb

Select Role

Lp
▼

### Project Reports

Report	Report Start	Report End	State	Date Of Pr
Period 0 01.03.2017 - 01.05.2017				
Period 1 01.06.2017 - 31.08.2017				
Report 1.1	01.06.2017	31.08.2017	Report In Progress	In Progress
Period 2 01.09.2017 - 28.02.2018				
Period 3 01.03.2018 - 31.08.2018				
Period 4 01.09.2018 - 28.02.2019				
Period 5 01.03.2019 - 31.08.2019				
Period 6 01.09.2019 - 30.11.2019				

S

SAVE

- Check Saved Report
- Delete Report
- Application Form
- Supplementary Information
- Print Project Report
- Report Partner #2 En Period 2

- Exit



## ***Filling in / editing the Project Progress Report***

The Project Progress Report consists of 5 sections:



### **Section 1 - Report**

The "Report" section focuses on activities implemented in the relevant reporting period. It contains general descriptions of activities and information on achievement of project specific objectives and outputs, target groups reached, problems encountered (if any) and solutions found.

#### **Highlights of Main Achievements**

This part represents the summary of the progress achieved in the reporting period. It should be precise, interesting and understandable for non-experts. Particular attention should be paid to the quality of the text and information provided. The focus of the reporting is on the overall progress of the Project as a whole, therefore particular achievements of each PP should be avoided, as well as simply copy-pasting information from the Partner Reports. The following has to be considered:

- The style of writing should be similar to a news release about the reporting period for non-experts. As a general rule, this part should clearly describe main points related to the project management, as well as the functioning of the partnership, emphasizing that the main activities implemented as per the workplan, and significant procurement procedures completed (for example, related to investments). Finally, main communication and visibility points should be mentioned since this element should be an integral part of each activity. Abbreviations should be avoided or explained and neither work packages nor project partners should be mentioned. It should always be the project that achieved something.
- Information should be cumulative: i.e. the summary should provide an overview of key achievements from the start of the project until the end of the reporting period.
- It should cover the main content-related activities carried out, the outputs delivered, and the project specific objectives reached so far. The summary should not contain information on project management issues (e.g. delays, low performance of certain PPs, etc.).

NOTE: When reporting about main achievements, try to include:

- quantified data (i.e. number of participants per event, number of project team meetings, workshops attended, number of media appearances, articles etc.,
- timeframe for each activity within the reporting period,
- general information on how visibility of the project and Programme was ensured during the reporting period.

NOTE: When reporting on the main achievements, try to avoid:

- repetition of information about project goals, intentions, imperatives etc.
- Names of the persons involved in a specific activity, names of hotels where an activity took place, names of providers for certain purchases, names of experts engaged for delivering education, who delivered a presentation, etc.
- information about what you were doing on project meetings, trainings, what was discussed etc.

**Figure 13: Report section**

Project Progress Report

Period 1 - 01.06.2017 - 31.08.2017

Start Date: 01.06.2017 End Date: 31.08.2017

Highlights Of Main Achievements

Description

List Of Partner Flc Certificates

Partner Abbreviation	Number Of F L C Certificate	Date Of F L C Certificate	Total Expenditure Certified By F L C	Include In Project Finance Report
1 Partner #1 Abb	Partner #1 Abb 1.1	29.05.2017	€ 0.00	<input checked="" type="checkbox"/>
2 Partner #2 Abb	Partner #2 Abb 0.1	29.05.2017	€ 0.00	<input type="checkbox"/>
2 Partner #2 Abb	Partner #2 Abb 1.1	29.05.2017	€ 5 995.30	<input checked="" type="checkbox"/>
3 Partner #3 Abb	Partner #3 Abb 0.1	29.05.2017	€ 0.00	<input type="checkbox"/>
3 Partner #3 Abb	Partner #3 Abb 1.1	29.05.2017	€ 0.00	<input checked="" type="checkbox"/>
4 Partner #4 Abb	Partner #4 Abb 1.1	29.05.2017	€ 0.00	<input checked="" type="checkbox"/>
5 Partner #5 Abb	Partner #5 Abb 0.1	29.05.2017	€ 0.00	<input type="checkbox"/>
5 Partner #5 Abb	Partner #5 Abb 1.1	29.05.2017	€ 0.00	<input checked="" type="checkbox"/>

The LP needs to include the FLC certificates of every PP (of the relevant period) into the Project Progress Report by ticking them. Please note that, prior to submitting the Project Progress Report to JS, all FLC certificates from all Project Partners for the relevant reporting period need to be selected.

### Project specific objectives achieved

For each of the project specific objectives, the level of achievement in the reporting period has to be indicated and briefly explained, as well as what the progress towards the specific objectives is, as defined in the Application. The information provided should be cumulative.

**Figure 14: Project specific objectives achievement**

Objective number	Level Of Achievement	Explanations
1 - Establishing multi-national cooperation R&D network	<input type="text" value="-"/> <ul style="list-style-type: none"> <li>-</li> <li>Fully achieved</li> <li>to a large degree</li> <li>to a minor degree</li> <li>not achieved</li> </ul>	<input type="text" value=""/> <p style="text-align: right; font-size: small;">2000 Characters Remaining</p>
2 - Establishing Medico-Tech Laboratories for Cardiovascular Medicine		<input type="text" value=""/> <p style="text-align: right; font-size: small;">2000 Characters Remaining</p>

### Project Main Outputs Achievement

The table for achievement of project main outputs is automatically generated by the eMS from the information provided in the section “Work packages” of the Project Progress Report (LP needs to fill in Workpackage section first). It presents cumulative information from the project start to the last reporting period and will help the LP to monitor the progress in achieving project outputs against targets set in the Application.

The evidences for the achieved indicators (technical documentation, signature lists, images, etc.) need to be uploaded in the Attachment section of the related specific Project Main Output. Please note that only one document can be uploaded in the Attachment section so in case evidence for certain project output consists of several documents, make a zip file and upload it as a single document. Maximum

attachment size is 10 MB. For detailed instructions, please see Annex 5 *Reporting on achievement of project outputs*.

**Figure 15: Project main outputs achievement**

Project Main Outputs	Project Main Output Description	Programme Output Indicator	Planned Delivery Month	Main Output Quantification Target	Reached So Far (Not Including This Reporting Period)	Achieved In This Report	Level Of Achievement	Attachment
T1.8 Joint Central Danube Tourism Routes	1 cross-border tourism route will be created as the result of this activity. Elaboration of new cross-border route will be based on following tourist products: rural tourism, nature based products (cycling, fishing, hunting, bird/animal watching, ecotourism, active tourism), culture tourism and wine tourism (includes culinary). External experts will support the process of route development.	Number of joint tourism products developed and promoted	Mar.2019	1.00	0.00	0.00	proceeding according to work plan	
T1.9 Trained and educated stakeholders in tourism reached higher level of competences	At least 60 tourist operators and relevant stakeholders educated in destination management and promotion, event organisation, interpretation programs, tourism service quality upgrading, etc. Output result of 4 joint 2-day thematic workshops, 10 thematic workshops focused on hospitality service upgrade (eno-gastro Danube hospitality workshops, 5 workshops in Croatia, 5 to be organized in Serbia) and study visit to cross-border tourism destination in Italy.	Number of persons educated in quality assurance, standardisation on cultural and natural heritage and destination management	Mar.2019	60.00	0.00	196.00	completed	Attached File (.)
T1.10 Increased number of visitors to Central Danube Tourism Destination	Minimum 1000 visits' increase per year to sites of cultural and natural heritage of Central Danube Tourism Destination is expected at result of promotion of new destination at 3 tourism related fairs (Zagreb, Belgrade, Berlin) and as result of communication activity - organisation of 6 Central Danube related tourist events in project area.	Increase in expected number of visitors to supported sites of cultural and natural heritage	Mar.2019	1000.00	0.00	0.00	not started	

## Target Groups Reached

In this section, eMS automatically shows the categories of target groups selected in the Application. The LP should provide the number of the institutions reached in the reporting period in the *Target Groups Reached Current Report* field, briefly explain involvement of each target group in the reporting period in the *Description of Target Group* field and indicate sources of verification of the target groups' involvement in the *Source of Verification* field. Please refer to Annex 6 *List of communication indicators*.

Double counting of institutions which have been reached by more than one PP or which have already been reported under the target groups reached in previous reporting periods must be avoided.

**Figure 16: Target groups**

Target Groups Reached						
Target Groups	Target Value	Target Groups Reached Previous Periods	Target Groups Reached Current Report	Source Of Verification	Description Of Target Group	Target Groups Reached So Far Percentage
infrastructure and (public) service provider	3.00	0.00	0.00	2000 Characters Remaining	2000 Characters Remaining	0.00 %

### Problems and Solutions Found

Overview of the problems, deviations / delays encountered in the reporting period as well as required modifications in project implementation compared to the approved Application should be reported here. Also, it is required to provide a description or suggestion of planned or applied solutions to the reported problems.

This section should provide a summary of the problems encountered in the reporting period, therefore a similar style of writing to the section Highlights of Main Achievements should be applied. More detailed descriptions of problems, deviations, delays and modifications should be provided in the Work packages part of the report.

Examples of problems: changes and difficulties in the partnership, changes / problems noticed during implementation of the activities, delay of the activities and / or deliverables for later periods, problems in the Public procurement process, modification of the budget, etc.

## Horizontal Principles

Project contribution to each of the three Programme’s horizontal principles in the reporting period should be indicated and thoroughly explained. If possible, please back your explanation with quantitative data.

**Figure 17: Problems and solutions found and horizontal principles**

### Problems And Solutions Found

Problems And Solutions Found Description

Rich text editor toolbar: Cut, Copy, Paste, Undo, Redo, Bold, Italic, Underline, Text color, Background color, Bulleted list, Numbered list, Indent, Outdent, Link, Unlink, Full screen.

Characters (including HTML): 0 (Limit: 2000), Words: 0

### Horizontal Principles

Horizontal Principles Description

Horizontal Principles	Contribution In This Reporting Period	Description Of The Contribution
Equality between men and women	<div style="border: 1px solid #ccc; padding: 2px;">as planned</div> <div style="background-color: #8ebf40; padding: 2px;">as planned</div> <div style="padding: 2px;">additional positive effects</div> <div style="padding: 2px;">less then planned</div>	<div style="border: 1px solid #ccc; height: 20px; width: 100%;"></div> <p style="text-align: right; font-size: x-small;">krs Remaining</p>
Sustainable development (environment)		<div style="border: 1px solid #ccc; height: 20px; width: 100%;"></div> <p style="text-align: right; font-size: x-small;">krs Remaining</p>

The part “**Reporting per work packages overview**” is **automatically generated** and displayed when required information is filled in the relevant WP section. Work packages overview can also be used to access individual work packages.

Figure 18: Reporting per workpackages overview

The screenshot shows a web interface for reporting. At the top left, there is a section titled 'Fully Implemented' with a sub-section 'Implemented' containing a tick box and the text 'Implemented On'. Below this is a table titled 'Reporting Per Workpackage Overview' with the following data:

Id	Start	End	Type	Title
952	Mar.2017	May.2017	preparation	Preparation
953	Jun.2017	Nov.2019	management	Management
954	May.2017	Oct.2019	implementation	Medical Imaging and Visualization
955	May.2017	Oct.2019	communication	Communication

Below the table is a 'Save' button.

A tick box under the section *Fully implemented* (please see Figure 18 above) which indicates that the project has been fully implemented should be selected only for the Final Project Progress Report.

## Section 2 – Workpackages

To fill in this section, please select the relevant WP from tab “Workpackages”.

The screenshot shows the 'Workpackages' tab selected in a navigation menu. Below the menu, there is a list of workpackage types with radio buttons: Preparation, Management, Medical Imaging and Visualization, and Communication. Below the list, there is a section for 'Period 1' with a 'Start Date' field containing '01.06.2017' and an end date field containing '31.08.2017'.

For each Workpackage, the LP needs to describe the implementation of each Workpackage in detail, including information on activities carried out and contributions by the PPs, as well as information on any problems or deviations from the initial plan set in the Application.

For each Workpackage, the LP needs to choose “WP Status” from the drop-down menu (not started, completed, proceeding according to work plan, behind schedule, ahead of schedule) as shown in Figure 19.

**Figure 19: Workpackages**

Wp Nr	Wp Title	Wp Start Month	Wp End Month	Wp Status	Wp Expenditure Current Report	Percentage Of Wp Reported So Far
T1	Medical Imaging and Visualization	May.2017	Oct.2019	not started	€ 4 014.72	0.00 %

Partners Involvement

Abbreviation	Name	Responsible partner
Partner #1 Abb	Partner #1 (lead Partner)	
Partner #2 Abb	Partner #2	
Partner #3 Abb	Partner #3	
Partner #4 Abb	Partner #4	
Partner #5 Abb	Partner #5	

Please Describe The Progress In This Reporting Period And Explain How Were Partners Involved And Who Did What

2000 Characters Remaining

Please Describe And Justify Any Problems And Deviations Including Delays From The Work Plan Presented In The Application Form And The Solutions Found

2000 Characters Remaining

**Please Describe the Progress in This Reporting Period and Explain How the Partners were Involved and Who Did What**

A summary clearly describing implemented activities and achieved progress in the reporting period has to be provided for each Workpackage. A summary should contain following information:

- Brief explanation of the status of the Workpackage;
- Planned activities, activities that are being implemented and ones that are implemented in the reporting period should be described;
- Clear and precise description of the involvement of each project partner;
- Outputs and results achieved.



**Please Describe and Justify any Problems and Deviations Including Delays From the Work Plan Presented in the Application Form and the Solutions Found**

Information on problems encountered, minor deviations or delays as well as solutions and / or mitigation measures adopted during reporting period and related to the implementation of the activities under the selected Workpackage, should be reported here.

**Project Main Outputs** (applicable for WP Implementation and WP Investment)

An overview of the foreseen outputs (including their targets) as well as the linkage to the Programme output indicators is automatically displayed in the eMS for WP Implementation and WP Investment (if applicable). The LP needs to indicate the Level of achievement for each Project output and briefly describe what is achieved in the relevant reporting period.

Project Main Outputs	Project Main Output Description	Programme Output Indicator	Planned Delivery Month	Main Output Quantification Target	Achieved So Far (Not Including This Reporting Period)	Achieved In This Report	Level Of Achievement	Attachment
T1.7 3D medical animations for education purposes	Computer animations which will help cardiovascular patients to better understand the health problem, prevent developing disease or have a clearer understanding about how to change their lifestyle to cure themselves.	Number of jointly developed tools and services that enable better quality of social and health care	Aug.2019	1.00		0.00	not started	Upload
		Number of persons related to improving health care services and/or social care services trained	Aug.2019	60.00		0.00	not started	Upload
<b>Please Describe Progress Achieved In This Reporting Period</b>								
<b>A.T1.1</b>								
Activity Title	Start Month	End Month	Act Status					
Survey, analysis and selection of medical cardiovascular issues in the region.	05.2017	03.2019	not started					
<b>D.T1.1.1</b>								
Deliverable Title	Deliverable Description	Planned Delivery Month	Del Status					
Survey of cardiovascular illnesses in the region	This deliverable will contain a detailed survey of cardiovascular illnesses that are most common and most critical within the region of Vojvodina, Slavonia and Baranja.	09.2017	not started					
Del Description							Deliverable Evidence	Upload

**Communication Objectives** (applicable only for WP Communication)

The LP needs to indicate the progress toward the achievement of Communication Objectives as defined in the Application. The Level of Achievement indicated should be cumulative. However, the explanation in field *Explanations* should describe achievements in related reporting period.

**Please Describe Progress Achieved In This Reporting Period**

The eMS displays, for each work package, the description of activities and deliverables (including timeline) as defined in the latest version of the approved Application. For each planned activity and

deliverable, the progress reached at the end of the reporting period has to be indicated according to the categories defined below:

- Not started
- Proceeding according to work plan
- Behind schedule
- Ahead of schedule
- Completed

Furthermore, a brief qualitative explanation on progress made in view of each deliverable should be given in field Del Description. Evidences of deliverables achieved within the current reporting period must be uploaded in the eMS as annexes to the progress report. Only one attachment that can be uploaded per deliverable. If the deliverable evidence is already uploaded within the Partner Report, there is no need to upload it again in the Project Progress Report, the LP should only indicate, in the Description, which part of the respective Partner Report it is uploaded in (for example: "Deliverable Evidence: agenda, media invitations, photos, press articles available under the LP DM.2.1 section, and the partners' DM.2.1 sections.").

**Communication output indicators** (applicable only for WP Communication)

In line with the Programme Communication Strategy, all projects need to monitor and report on the achievement of the following communication output indicators:

- Number of trainings conducted;
- Satisfaction of the beneficiaries indicated within feedback data collected at events / trainings / meetings above 4 (scoring system 1-5).

In order to report on communication output indicators achieved within Project Progress Report, please provide explanation for the trainings, educations and similar events in the field Del Description of relevant activities and deliverables. Evaluation forms provided as annex to the Programme Visibility Guidelines should be used for evaluating satisfaction of beneficiaries. The evidences proving the achievement of the communication output indicators should be uploaded under *Deliverable Evidence* of the related deliverable.

### Section 3 - Certificates

Details of FLC certificates are accessible in this section. All FLC certificates selected in Section 1 - Report (List of Partner FLC Certificates) will appear as a drop-down list under the tab "Certificates". In this section, the LP may select the FLC certificate for further review.



When selecting a certificate, the table with the list of expenditures connected to the opened certificate will appear. Each expenditure item can be opened, the list can also be exported in Excel. The LP can see if the FLC amended any item and / or included any comment.

**Figure 20: List of expenditures**

Report Number	Budget Line	Wp	Int Ref No	Inv No	Inv Date	Paym Date	Description1	Partner Comment	Currency
Partner #1 Abb 0.1	External expertise and services	P Preparation		LS	N/A	N/A			EUR - EURO

## Section 4 - Project Report tables

This section contains various summary tables of the expenditures included in the Project Progress Report. Please note that the tables are updated before the report is submitted.

Please note that the 'Currently reported' column updates its values and field name each time a Project Progress Report changes its status. Before the report is submitted to the JS the filed name is entitled 'amount to be declared to the JS' and once it is submitted it changes into 'amount declared to the JS' whereas the financial value updates upon submission of each Project Progress Report.

**Figure 22: Project financial report tables**

Project Report Expenditure Summary

Programme Co-financing	Project Total Budget	Previously Reported( Certified By C A)	Currently Reported (amount to be declared to the js)	Total Reported	%of Total Budget	Remaining Budget	Total Amount Declared By Partner(s)	Total Amount Certified By Fic	Total Amount Included In Project Finance Report
Total Co-financing	€ 691 198.04	€ 0.00	€ 5 096.00	€ 5 096.00	0.74 %	€ 686 100.04	€ 39 679.58	€ 5 096.00	€ 0.00
Of Which IPAll	€ 691 198.04	€ 0.00	€ 5 096.00	€ 5 096.00	0.74 %	€ 686 100.04	€ 39 679.58	€ 5 096.00	€ 0.00
Partner Contribution	€ 121 975.78	€ 0.00	€ 699.30	€ 699.30	0.74 %	€ 121 076.48	€ 7 002.31	€ 699.30	€ 0.00
Total Eligible Expenditure	€ 813 171.82	€ 0.00	€ 5 995.30	€ 5 995.30	0.74 %	€ 807 176.52	€ 46 681.89	€ 5 995.30	€ 0.00

Export

## Section 5 - Attachments

It is possible to upload additional attachments relevant for the entire Project Progress Report. In order to do so, please use the "Attachments" tab

Report > Workpackages > Certificates > Project Report Tables > **Attachments**

---

Upload

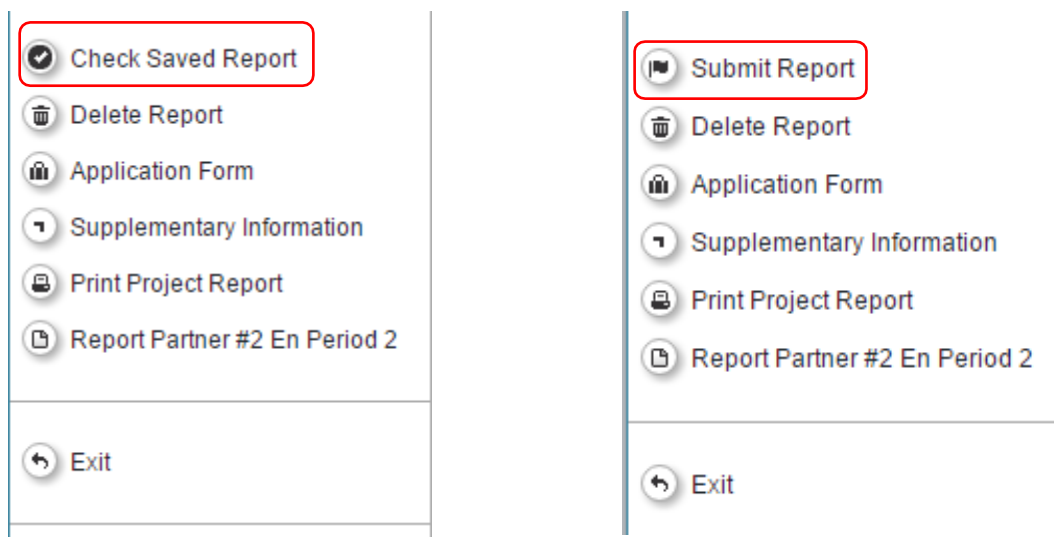
**+ Upload**

## Submission of the Project progress report to the JS

Before submitting a Project progress report, the saved report needs to be checked by clicking “**Check Saved Report**” button in the left-side main menu.

Once checked and saved, a message of success will appear on the upper right corner. The “**Submit report**” button will appear on the left menu.

*Figure 22: Checking and submitting the report*



The Project Progress Report is submitted to the JS. The report state is changed from “Report in Progress” into “Report Submitted” and a submission date is displayed in the overview table. After submission, the LP can see the report but cannot modify it anymore. A new Project Progress Report can be opened once the previous one has been submitted to JS.

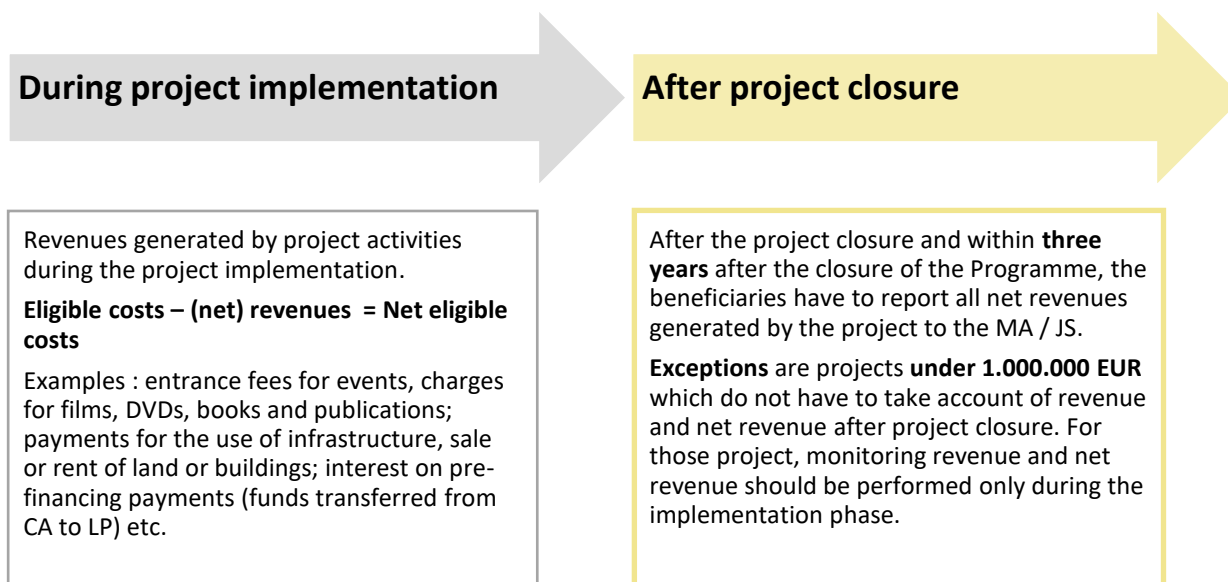
## 3.2. Net Revenues

According to paragraph 1 of Article 61 of (EU) Regulation No 1303 / 2013, “net revenue” means cash in-flows directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services minus any operating costs and replacement costs of short-life equipment incurred during the corresponding period. Interest on pre-financing payments (on the funds transferred by the CA to the LB) is also considered as revenue and shall be deducted from the eligible expenditure before the final payment to the project.

### Net revenues generated by project activities are not eligible.

Net revenues occurred during implementation and / or within 3 years after the closure of a Project shall be deducted from the eligible EU contribution. **Exceptions** are projects **under 1.000.000 EUR**, which do not have to monitor net revenues after project closure. For those projects, monitoring revenue and net revenue should be performed only during the implementation of the project.

During the project implementation phase, each PP, generating revenue under a project, should keep detailed, timely, adequate and traceable information concerning the generated revenues.



### 3.3. Project Modifications

A project should be implemented in accordance with the approved Application. However, due to unforeseen reasons, some changes may be necessary in relation to the specific elements of the project implementation defined in the approved Application and Subsidy Contract.

Depending on the impact of the changes on the project, there are minor and major project changes. Minor changes require only the confirmation / approval of the JS, while major changes need the approval of the MA or, in certain cases, the MA and the JMC. Some changes (minor and major) may also result in an Addendum of the Subsidy Contract.

Modifications will be accepted only in duly justified cases. It is important to note that project modifications should not in any way put into question the basic purpose of a project and the JMC decision on selection of the project.

#### **The project may be modified only during its implementation period!**

Every request for modification should be officially submitted, in writing, through the eMS by the LP in English language.

However, before submitting the official request, the LP must contact the JS PM without delay via e-mail using the Modification request form (Annex 7). The JS PM will confirm the receipt of the request and clarify if the request is justified and inform the LP about the procedure to be followed and the necessary documents to be submitted.

After the modification has been agreed with the JS PM, the LP may request modification officially via eMS. The Modification request form, together with the relevant documentation, needs to be uploaded in the eMS.

It is crucial that the LP keeps an accurate and real-time status of the project implementation, in order to timely identify the need for project modification. It is therefore strongly recommended to seek advice and guidance from the JS as soon as the risk of deviation is identified by the LP.

#### **Minor modifications**

Minor modifications are adjustments of the project, which do not have a significant impact on the project objectives and / or its implementation. The **request for minor project modification** can be submitted to the JS **no later than one (1) month** before the project end date.

Minor modifications are limited to the following:

- a) Modifications of administrative elements
- b) Modification of the workplan
- c) Budget modifications.

#### **a) Modification of administrative elements**

Administrative modifications are all changes concerning the basic information relevant to the project. The LP should inform the JS PM via e-mail on the change of administrative information and update the relevant sections in the Application.

For example:

- change of contact / address information of the LP or PPs,
- change of bank account of the LP or PPs,
- changes in project staff member(s),
- changes of legal representative(s) of the LP or PPs,
- change of name of the LP / PPs (when it does not affect their legal status),
- change of the legal status of the LP or PP(s) (e.g. legal succession), etc.

The legal succession of the LP or PP is considered as an administrative change and not as a partner change if it can be proved, based on the legal act, that the new legal entity is the legal successor taking over the duties and obligations of the previous one (predecessor), as well as it still fulfils the partner eligibility criteria of the 2<sup>nd</sup> Call for Proposals.

#### **b) Modifications of the workplan**

Minor changes of the workplan are modifications related to project activities and deliverables (e.g. changes in timeline, location, quantity of deliverables etc.).

Changes in the workplan must not:

- affect the project intervention logic (i.e. achievement of project main and specific objectives, quantity of project output and result indicators) and the cross-border character of the project;
- affect the quality, nature and use of the planned outputs and investments (technical / professional equipment and / or infrastructure and works);
- change the nature and intended use of equipment items.



### c) Budget modifications

Budget modifications refer to reallocations among work packages, expenditure categories or budget lines within each partner budget.

Budget modifications must be agreed upon in a partnership and communicated to the JS by the **LP only**. Budget reallocations must be inserted in the Budget Reallocation Template (Annex 8) which should be uploaded in eMS.

Each financial reallocation must be justified. Savings during implementation of project activities may be reallocated only if there is a real need to redistribute the surplus to some other expenditure category / line.

Any budget modification should be carefully prepared by involving all partners and clarifying their needs. The LP is responsible for coordinating the project budget of the whole partnership.

#### Restrictions for budget modifications:

- the project total budget cannot be increased during the implementation of the project;
- budget modifications cannot affect the nature and purpose of the project as per approved Application,
- it is strongly recommended not to reallocate amounts from / to staff costs; in exceptional and duly justified cases such reallocations may be accepted.

### Major modifications

Major modifications are substantial deviations from the approved Application. They are considered as exceptional cases, which need the previous decision of the MA / JMC, based on thorough justification.

The following modifications are considered as major modifications:

- a) changes in the composition of the partnership;
- b) budget reallocations between project partners (max. 10% of the total partner budget);
- c) prolongation of the Project implementation period (not exceeding the maximum implementation period defined in the Call for Proposals);
- d) changes related to indicators.

The Request for major modification must be initiated by the LP **at the latest three (3) months before the project end date**. Exceptionally, the change of partnership must be initiated at the latest 9 months before the project end date.

The JS shall give written response to the request and clarify if the request is justified and inform the LP about the procedure to be followed and the necessary documents to be submitted.

In case the request for major modification is approved by the MA / JMC, the Application needs to be modified accordingly. When approved change has an effect on the contents of the Subsidy contract, the Addendum to the Subsidy contract will be issued.

#### **a) Changes in the composition of the partnership**

The partnership is a core feature of a project and, as such, it is assessed in the application phase and approved by the JMC. Therefore, modifications of the partnership **should be avoided**, and other possible solutions should be explored before requesting a partnership modification. In any case, a partnership modification requires the approval of the programme bodies (JMC). It should be noted that the concept of partnership modifications requiring the approval by the programme bodies refers to any change that has impacts on the legal relationships within the partnership.

##### Restrictions for partnership modifications:

- the change must not affect the cross-border character of the project,
- the total project budget cannot be increased.

In case the change in the composition of partnership cannot be avoided, the Programme has the following options for the remaining partners:

##### A) The redistribution of the budget and activities between the remaining partners

This option means that one or more remaining partners partly or fully take over the role and activities of the withdrawing partner. Therefore, this also means that the budget of the withdrawing partner is reallocated among other partners taking over tasks of the withdrawing partner.

##### B) Replacement of the withdrawing partner

This option should only be considered in exceptional cases if option A is not possible for the remaining partners.

The replacing institution / body must have the necessary experience and technical, organisational and financial capacity to properly implement the project. Additionally, the replacing institution must comply with all relevant administrative, quality and eligibility criteria of the 2<sup>nd</sup> CfP.

In case the withdrawing partner has not yet started the implementation of its activities, tasks and the related budget, they can be fully taken over by the new partner. If the withdrawing partner has already carried out some of the planned activities, only the remaining tasks and budget may be taken over by the new partner. It is nevertheless to be highlighted that funds of the withdrawing partner become available for the new partner only after the official approval of the replacement by the Programme bodies.

#### **b) Budget reallocations between project partners (max. 10% of the total partner budget)**

There is a possibility to reallocate budget between project partners only in duly justified cases that are substantial to the project implementation and achieving the project outputs / results as planned. Budget reallocation between project partners is allowed in the amount of max. 10% of the total partner budget, taking into account the budget from which the funds will be reallocated.

#### **c) Prolongation of the Project implementation period (not exceeding the maximum implementation period defined in the Call for Proposals)**

Prolongation of the project duration can be requested only once during the project's lifecycle. Projects with initial maximum duration of 30 months cannot request prolongation of project duration. The prolongation of the project duration means the extension of the timeframe for the eligibility of expenditures and, if relevant, the revision of the spending forecast of the project.

In exceptional and well justified cases, partnerships can request a modification of the project duration, which then needs to be approved by the MA (e.g. if, without an extension of the project duration, it would not be possible to achieve the set project overall and specific objectives).

#### **d) Changes related to indicators**

The LP and PPs have to assure that the project intervention logic is respected as defined in the approved Application, and that the envisaged project objectives, result(s) and outputs are achieved.

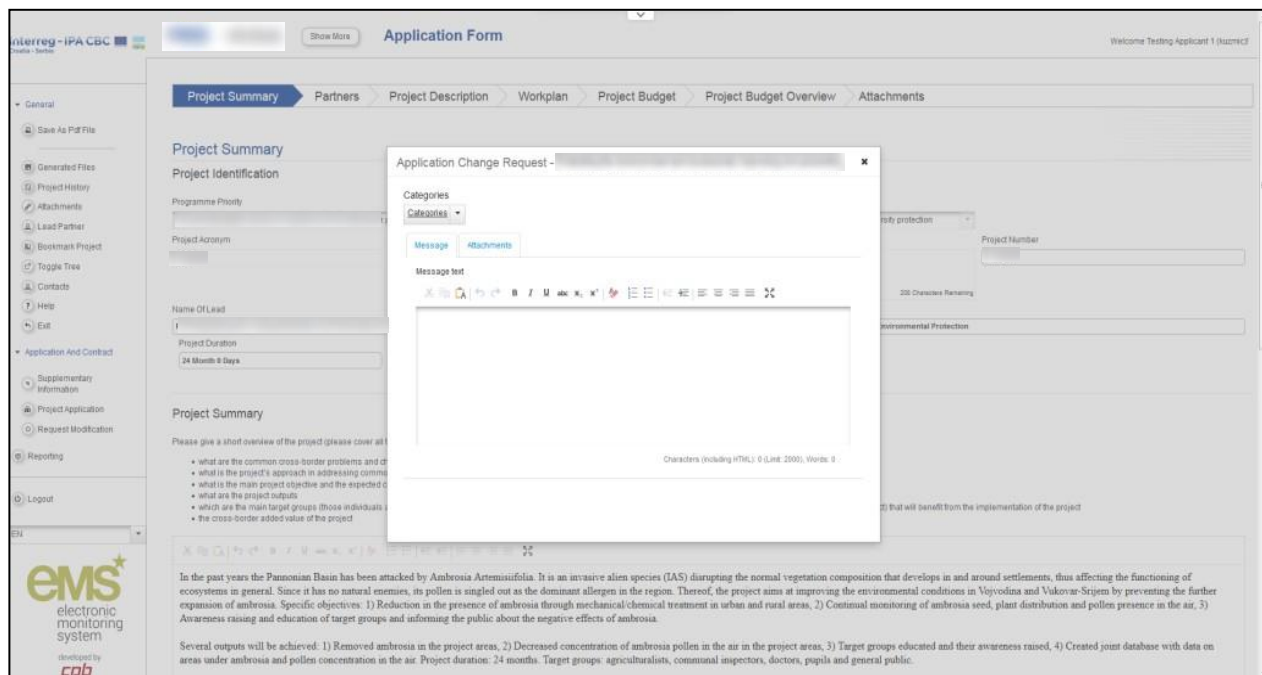
Modifications of the project content which have impact on the achievement of project outputs or results (modifications of the quantitative or qualitative aspects of certain project outputs), defined in the approved Application are considered to be major changes of the project. Changes related to project outputs are considered major only if the project outputs are linked to Programme output indicator(s).

Requests for modification related to programme output indicators have to include an exhaustive justification, especially if they are decreasing the target values of project outputs.

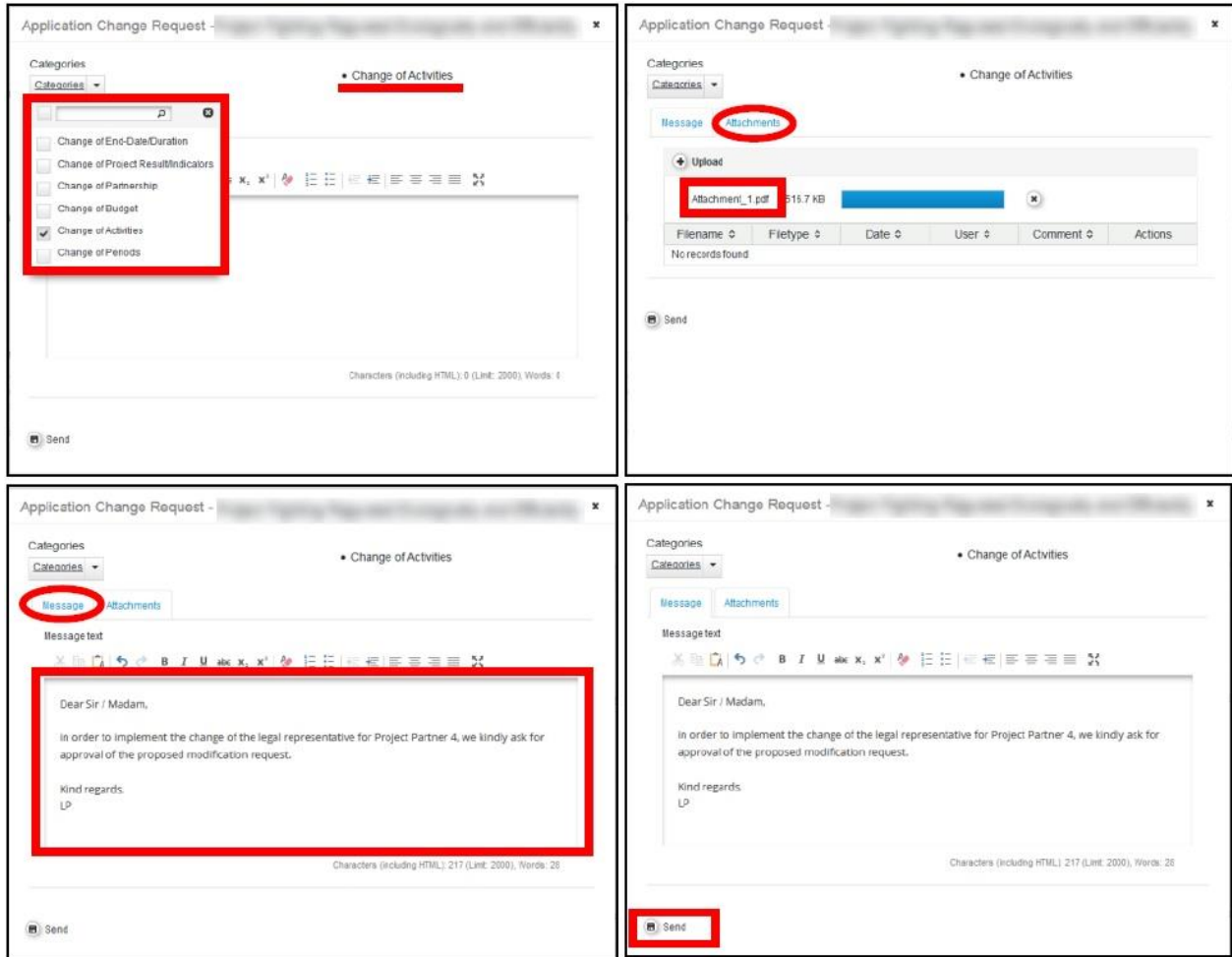
### 3.3.1. Guide on submitting a modification request in eMS

The LP can request a modification using the left-side menu item *Application and Contract > Request Modification*. Clicking on *Request Modification* item opens a pop-up window *Application Change Request*.

The screenshot displays the 'Application Form' interface. On the left, a navigation menu is visible with the following items: General (Save As Pdf File, Generated Files, Project History, Attachments, Lead Partner, Bookmark Project, Toggle Tree, Contacts, Help, Exit), Application And Contract (Supplementary Information, Project Application, **Request Modification**), and Reporting. The main content area is titled 'Application Form' and features a breadcrumb trail: Project Summary > Partners > Project Description > Wo. The 'Project Summary' section is active, showing 'Project Identification' fields: Programme Priority (1), Specific Objective (To enforce integrated cross-border), Project Acronym, Project Title \*, Name Of Lead, Project Duration (24 Month 0 Days), and Start Date (01.06.2017). Below this is a 'Project Summary' section with a text area containing a list of bullet points: 'Please give a short overview of the project (please cover all the points below):' followed by 'what are the common cross-border problems and challenges that will be jointly tackled in your project', 'what is the project's approach in addressing common challenges and/or joint assets', 'what is the main project objective and the expected change your project will make to the current situation', 'what are the project outputs', 'which are the main target groups (those individuals and/or organisations positively affected by the project)', and 'the cross-border added value of the project'. At the bottom, a rich text editor is visible with the text: 'In the past years the Pannonian Basin has been attacked by Ambrosia Artemisiifolia.'



In the Application Change Request window, the LP selects category(ies) which need to be modified, uploads relevant attachments (supporting documents, Annex 7 - Modification request form and, if applicable, Annex 8 - HR\_RS Budget Reallocation Template) and briefly describes the subject of the modification request. By clicking the *Send* button, the modification request is submitted to JS, which is confirmed with a message *Change Request Successful*.



\* The Request for modification should be in English.

The JS can then either accept the modification request and open the Application for editing or reject the modification request (in case of a lack of information / justification for modification).

After the JS has accepted the Modification request, the LP receives a decision message in the eMS and the Application is open for editing.

Request 6	
Request Date	28.07.2017 13:57:09
Message	Dear Sir/Madam,  in order to implement the change of the legal representative for PP4, we kindly ask for approval of the proposed modification request.  Kind regards, LP,  Dear LP,  your request has been accepted.  Kind regards, JS
Decision Message	
Date Decision	28.07.2017 16:04:09
Approval Message	
Date Approval	
Decision State	Accepted (Modification request open for modifications)

**Note:** changes are allowed only in the project section regarding the proposed modification.

When the Application is modified, the LP should follow these steps:

1. Click the **Save** button on the left side to save the changes

2. Click the Check Modification button (left-side menu item Application and Contract > Check Modification)

\* In case of errors or if the required fields are not filled-in, an error message will appear (e.g. E-mail Address Required). \* If all the fields have been correctly filled-in, an additional confirmation message will appear with Yes / No answers. By clicking Yes, eMS will generate a message Successfully Checked.

3. Click the **Submit Modification** button (left-side menu item Application and Contract>Submit Modification).

\*eMS will generate a message **Change Request Submitted**, which confirms submission of a Modification Request to the JS

Depending on the justification and necessity of the modification, attached documentation and description, JS has the following options:

- To approve a modification request > new version of the Application is generated.
- To request further modifications > LP modifies the Application > JS approves the modification > a new version of the Application is generated.
- To reject a modification > Application remains unchanged.



## 3.4. Visibility, Publicity and Communication

In this Programme, communication has strategic importance in reaching programme results and goals and plays a crucial role in the implementation of projects. Communication can help raise awareness and knowledge on project activities and results – and ultimately improve attitudes towards working with the project and capitalising on the results of a project.

For that reason, communication objectives, audiences, approaches and activities need to be already planned in the project development phase, especially because the communication objectives are intrinsically linked to project specific objectives.

Therefore, as communication is considered a horizontal project task which is not limited to one project partner but to the entire partnership, it is recommended that all partners are included in the development of communication activities as well as in the implementation of those activities.

According to the Subsidy Contract, project outcomes and results have to be made available to the general public free of charge.

The LP / PPs must ensure that all official communication (e.g. any information to final recipients, notice, publication, internal and annual report, website, Project events, including conferences or seminars, etc.) clearly states that the project is co-financed by the Interreg IPA Cross-Border Cooperation Programme Croatia - Serbia 2014-2020. This means that the Programme logo must be displayed on all communication materials and visibility elements. Also, a reference to ERDF and IPA II funds must be clearly indicated on these materials. This is described in details in Programme Visibility Guidelines, as well as other requirements concerning use of Programme logo, language, disclaimer and mandatory materials. The beneficiaries must consult Programme Visibility Guidelines during project implementation.

### 3.4.1. GDPR

The EU General Data Protection Regulation's (GDPR) purpose is to harmonize data privacy laws across Europe, to protect and empower all EU citizens' data privacy, and to reshape the way organizations across the region approach data privacy. GDPR applies to 'personal data', meaning any information relating to an identifiable person who can be directly or indirectly identified, in particular, by reference to an identifier. This includes, for instance: name, surname, home address, e-mail address or location data from the map on your mobile. Typically, the data you might have on your employees, clients and suppliers. GDPR applies to all handling of personal data, such as how to collect, handle, store and delete the data.

The Regulation 679/2016 (General Data Protection Regulation – GDPR) introduces strict rules on data protection. Interreg programmes are obliged to collect some personal data necessary for project monitoring. Nevertheless, access to some of the data (e.g. salary information reported by project partners

under the budget line staff costs) need to be limited: only programme bodies responsible for cost verification should be able to see personal data related to salaries of partner employees.

In order to limit access to these data, a new approach was introduced in the current version of eMS. Therefore, the following was added:

a) Access to the following data was hidden by default for all users except the project partner users:

- All attachments uploaded to the List of Expenditure in the budget line Staff costs. Only a list of uploaded files is visible but without showing the name of the file (the name of the file is replaced by the text "hidden due to GDPR"). Without the special privilege, users cannot download the attachments.
- All 'comment' fields (Partner comments and FLC comments) and 'Description1' and 'Description 2' related to items in budget line staff costs are not readable for people not having the special privilege. The text 'hidden due to GDPR' is shown instead.
- All the information is hidden both in the popup and in the table 'List of expenditure'.

b) an additional tab called 'Personal data attachments' was added to the partner report. All files uploaded in this tab are hidden by default and only visible to privileged users (i.e. those with the user privilege 'PERSONAL\_DATA\_ACCESS'). The files are hidden in the same way as in the staff cost items upload, i.e. file title and description is replaced by 'hidden due to GDPR' text.

All users except for the project partner for his/her own report now need a special privilege to access the sections described above.

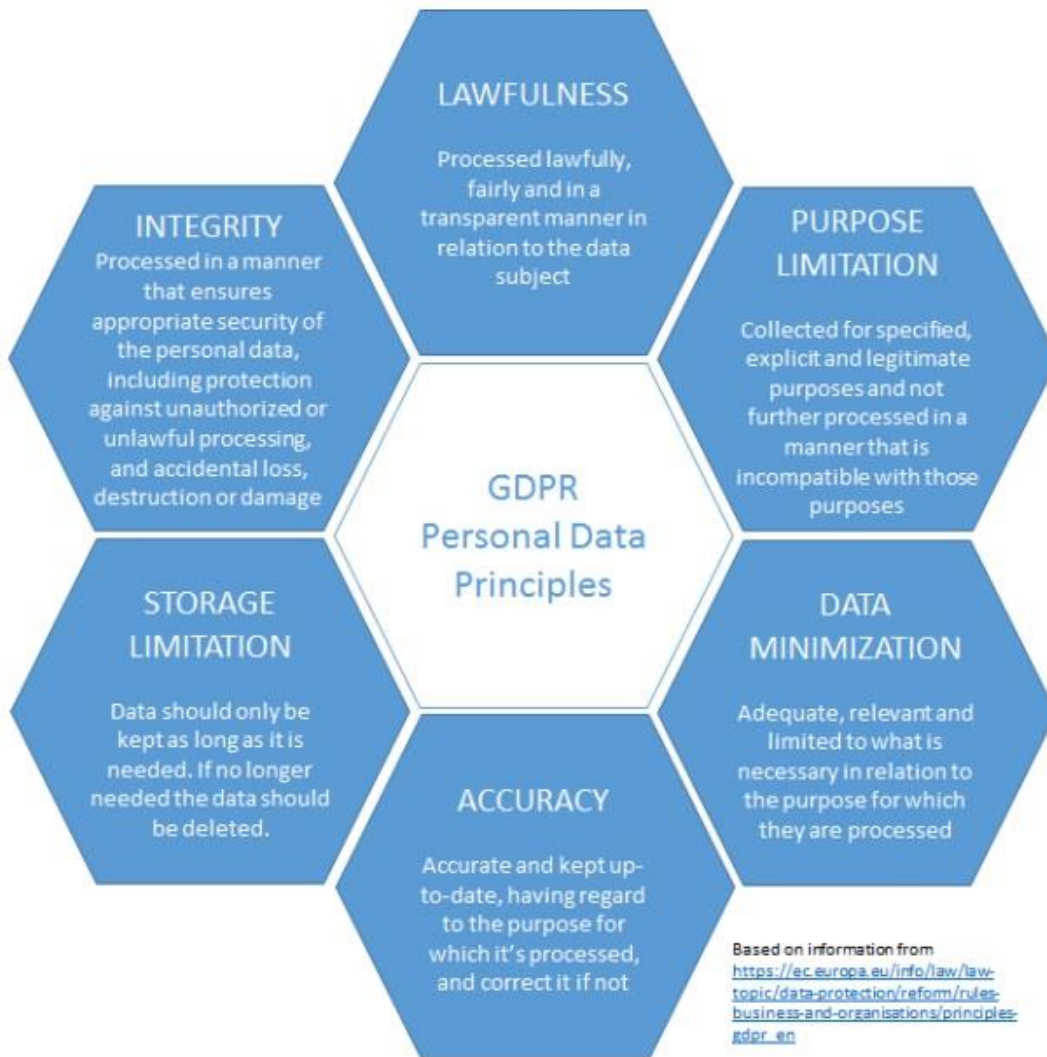
It is important to note that it is possible to move files from the "Attachments" section to "Personal data attachments" and the other way around. The partner user is able to move attachments from one section to the other for his/her own report. For the partner user, this functionality is always available – independent of the state of the report.

If other users need the privilege of moving files from and to Attachments/personal data attachments, it has to be approved by the Project Manager or eMS officer.

During implementation of project activities, please bear in mind the following:

- Collect personal data with a clearly defined purpose and don't use it for anything else. For collection and processing of personal data consent must be obtained.
- Don't collect more data than you need.
- Delete data that is no longer used.

Personal data shall be handled with consideration to six principles that provide good guidelines on how to handle personal data:



## 3.5. Public Procurement

Procurement procedures by all PPs shall follow:

1. **Programme rules** on public procurement procedure in line with Regulation (EU, Euratom) No 1046 / 2018 - the provisions in Chapter 1 and 3 of Part I of Title VII and Chapter 1 and 3 of Annex 1 of the Regulation;
2. **National rules**<sup>8</sup> - Public Procurement Act of the **Croatia** (only for PPs in Croatia that fall under the scope of National Public Procurement Act<sup>9</sup> on public procurement).

Rules for procurement in the PIM set the minimum requirements for public procurement procedures that are to be respected by all PPs both in the Member State (Republic of Croatia) and in IPA II beneficiary's (Republic of Serbia) territory.

All project partners must follow the **rules on public procurement procedure**<sup>10</sup> described in this document. Failure to comply with the procurement rules set out in this document may have financial consequences, by means of application of correction rates based on the type and significance of the non-compliance<sup>11</sup>. In this respect, this document seeks to set out **minimum rules** which will assure that project partners comply adequately with procurement rules at all levels (EU, Programme and national).

### 3.5.1. General principle applying to procurement

All contracts shall respect the principles of transparency, proportionality, equal treatment and non-discrimination.

#### Transparency

Project partners must ensure openness and clarity on procurement policy and its delivery. This obligation consists in ensuring, for the benefit of any potential tenderer, a degree of advertising sufficient

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<sup>8</sup> Applicable only for beneficiaries from the Republic of Croatia which are public bodies or bodies governed by public law and are obliged to follow respective national legislation on public procurement, depending on the amount in question.

<sup>9</sup> HR: <http://www.zakon.hr/z/223/Zakon-o-javnoj-nabavi>.

<sup>10</sup> Respecting Programme rules requires following the described procedure in PIM and allowing use of different templates and tender documentation that may be used by PPs. Templates may be PRAG, annexed Programme templates, templates used in national procurement.

<sup>11</sup> For additional information please consult Guidelines for determining financial corrections to be made to expenditure financed by the for non-compliance with the applicable rules on public procurement

to enable the market to be opened up to competition and the impartiality of procurement procedures to be reviewed.

## Equal treatment and non-discrimination

All interested parties should be treated the same, meaning that all tenderers must be afforded equal opportunities when formulating their tenders, which therefore implies that the tenders of all competitors must be subject to the same conditions.

## Competition

Procurement should be carried out by competition, unless there are justified reasons to the contrary; this obligation also means that the estimated value of a contract may not be established in such a way as to avoid the competitive tendering procedure or to circumvent the rules which apply to certain procurement procedures or above a certain threshold, nor may a contract be split for that purpose. Moreover, as pointed out by the Court, the widest possible opening-up to competition is also in the interest of the Contracting Authority itself, which will thus have a greater choice as to the tender that is the most advantageous and the most suited to the needs of the public authority.

## Sound financial management

Budget appropriations must be used in accordance with the principles of economy, efficiency and effectiveness.

## Visibility

All PPs, including contractors, must ensure the visibility of EU financing. National rules or institutional requirements might request additional visibility arrangements and they have to be taken into account.

## The rule of language to be used

**English** as a Programme language is applicable for project implementation, including procurement procedures. However, PPs are not obliged to use English only (e.g. templates and notices and contracts) when implementing procurement procedures. Templates used in procurement procedures may be in:

- in English only,
- in programme participating countries languages and the Latin alphabet only (with possibility of translation upon request), or
- bilingual.

The tender documentation may be in any of official languages of the countries participating in the programme, in the Latin alphabet, with the possibility of translating such documentation upon request from relevant programme bodies for monitoring / auditing purposes.

## The rules of nationality

Participation in the award of procurement contracts and other award procedures for actions financed under the Programme shall be open to all natural persons who are nationals of, and legal persons which are effectively established in the participating countries, other Member States, other IPA II beneficiaries, contracting parties to the Agreement on the European Economic Area and partner countries covered by the European Neighbourhood Instrument (hereafter referred to as 'eligible countries'), and to International Organisations.

The rules do not apply to, and do not create, nationality restrictions for natural persons employed or otherwise legally contracted by an eligible contractor or, where applicable, subcontractor.

## The rules of origin

All supplies purchased under a procurement contract, or in accordance with a grant agreement, financed under IPA II shall originate from an eligible country or from any country which is eligible under the rules of the partner or other donor or member state or determined in the constitutive act of the trust fund.

**As the Croatian national rules do not contain any restrictions regarding the rules of origin, all goods can originate from any country, irrespective of any thresholds.**

## Conflict of interest

Conflict of interest occurs when the impartial and objective exercise of the functions of the PP, or respecting the principles of competition, non-discrimination or equality of treatment of candidates / tenderers / applicants / contractors regarding the award procedure or contract, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary of an EU funded programme.<sup>12</sup>

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<sup>12</sup> More provisions on conflict of interest can be found under Section 2.5.4. of PRAG: <http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=2.5.4> and National Public Procurement Act of Republic of Croatia <http://www.zakon.hr/z/223/Zakon-o-javnoj-nabavi> (articles 75-83)

**Sub-contracting** PPs of the same project or any of the other PP staff of the same project as an external expert or a subcontractor to carry out project activities within the same project is **not allowed** within this Programme.

### **No retroactive awards**

Contracts are considered to take effect from the date of signature of the last signatory. Contracts or contract addendums cannot be awarded retroactively (i.e. after the end of the execution period) under any circumstances. This means that no disbursements can be affected, and no goods and services provided prior to the signature of the contract and / or addendum.

All contracts must show the dates of signature of the contracting parties.

### **Record keeping**

Written records of the entire tender procedure must be kept confidential and retained by the PPs in accordance with the provisions of the subsidy contract.

### **“Green public procurement”**

In order to choose environmentally friendly goods, services and works, which can make an important contribution to sustainable consumption and production, please use the “**Green public procurement**” procedures where appropriate. For more information please consult European Commission website.

## **3.5.2. Procurement rules for PPs in Croatia that fall under the scope of the national public procurement act**

PPs in the Republic of Croatia falling under the scope of application of the procurement laws stemming from the National Public Procurement Act on public procurement must apply:

1. **Programme rules** - for procurements of value below national thresholds from the National Public Procurement Act, and
2. **National rules** – for procurements of value equal or above national thresholds from the National Public Procurement Act, while respecting the minimum requirements of Programme rules on public procurement procedures.

Thresholds	Rules to be applied
Services / Supply < 200 000 HRK	Programme rules
Works < 500 000 HRK	Programme rules
Services / Supply ≥ 200 000 HRK	National public procurement Law
Works ≥ 500 000 HRK	National public procurement Law

Internal rules for procurement of values below<sup>13</sup> the national thresholds from the National Public Procurement Act thresholds for Public procurement are not applicable. In such cases, Programme rules described in this document must be followed.

In case any national or internal rules for procurement contradict Programme rules, Programme rules shall prevail and must be respected.

In case a wrong set of rules is used, financial corrections may be applied.

### 3.5.3. Procurement rules for other PPs

All other PPs shall follow the Programme rules on public procurement procedure described in this document. For these purposes, **PPs may use the Practical Guide (PRAG)<sup>14</sup>** as an additional guidance and good international practice for public procurement for EU funded projects, or they may use the tender dossier templates annexed to this document (please see Annexes section). However, please bear in mind that the suggested PRAG templates (or annexed templates) **should be adapted by PPs to their specific needs** (e.g. translation to national languages, additional requirements within documentation, deletion of non-relevant articles / sections, etc.).

<sup>13</sup> Jednostavna nabava= procurement of small value below financial thresholds

<sup>14</sup>[http://ec.europa.eu/europeaid/prag/?header\\_description=DEVCO+Prag+to+financial+and+contractual+procedures+applicable+to+external+actions+financed+from+the+general+budget+of+the+EU+and+from+the+11th+EDF&header\\_keywords=ePrag%2C+europa](http://ec.europa.eu/europeaid/prag/?header_description=DEVCO+Prag+to+financial+and+contractual+procedures+applicable+to+external+actions+financed+from+the+general+budget+of+the+EU+and+from+the+11th+EDF&header_keywords=ePrag%2C+europa)



### 3.5.4. In house contracting

In house contracting is considered as contracting bodies governed by public law (in house provider), which are controlled by the contracting authority (PPs) for the purchase of goods, services and works.

This kind of contracting represents an exemption from the public procurement procedure if the conditions for in-house contracting given by the EU regulations are fulfilled<sup>15</sup>.

Expenditure referring to tasks contracted with the in-house provider by the beneficiary (including staff and travel and accommodation costs) shall be planned under external expertise and services expenditure category if the following conditions are met:

- costs incurred by the in-house provider are charged on a real costs basis without any profit margin;
- the contracting of the in-house provider complies with national public procurement rules.

Please note that the intention of in-house contracting must be indicated in the Application!

### 3.5.5. Exclusions from the application of procurement rules

**Private entities** do not have to apply these procurement rules to the following contracts:

- the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property or concerning rights thereon;
- arbitration and conciliatory services;
- employment contracts;
- contracts for the acquisition, development, production or co-production of programme material intended for broadcasting by broadcasters;
- contracts for broadcasting time;
- costs of fair space, if predefined in the grant contract and necessary to achieve project results;
- paying invoices or obligatory costs by the provisions of national law.

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<sup>15</sup> Directive 2014 / 24 / EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004 / 18 / EC

Procurement rules do not apply to employment contracts, but they do apply for any type of service contracting (under Expenditure category External expertise and services), such as “ugovor o djelu”, “autorski ugovor”, etc.

### 3.5.6. Financial thresholds and related procurement procedures

The procedures applicable to different types of procurement always depend on the nature of procurement (supplies, services or works) and the size of the contract.

A brief overview of procedures, including thresholds for the use of each type of procedure is listed below<sup>16</sup>:

<b>SERVICE CONTRACTS</b>	<p>≥ 300 000 EUR</p> <p>International open tender procedure</p>	<p>&lt; 300 000 EUR but &gt; 20 000 EUR</p> <p>Simplified procedure<sup>17</sup></p>		<p>≤ 20 000 EUR</p> <p>Single tender procedure</p>
<b>SUPPLY CONTRACTS</b>	<p>≥ 300 000 EUR</p> <p>International open tender procedure</p>	<p>&lt; 300 000 EUR but ≥ 100 000 EUR</p> <p>Local open tender procedure</p>	<p>&lt; 100 000 EUR but &gt; 20 000 EUR</p> <p>Simplified procedure</p>	<p>For service / Supply / works contracts, a payment may be made against invoice without prior acceptance of a tender if the expenditure is ≤ 2 500 EUR</p>
<b>WORKS CONTRACTS</b>	<p>≥ 5 000 000 EUR</p> <p>International open tender procedure</p>	<p>&lt; 5 000 000 EUR but ≥ 300 000 EUR</p> <p>Local open tender procedure</p>	<p>&lt; 300 000 EUR but &gt; 20 000 EUR</p> <p>Simplified procedure</p>	

Regulation (EU, Euratom) No 2018 / 1046 and PRAG envisages both a restricted and an open procedure for any type of the contract with a value equal or greater than certain thresholds. Although this manual prescribes only open procedure, in exceptional cases, when the nature of works or services would demand it, restricted procedure may be used.

<sup>16</sup> In line with Regulation (EU, Euratom) No 2018 / 1046.

<sup>17</sup> Simplified procedure = former „competitive negotiated procedure“ (CNP)

The **thresholds given in the table** are based on the maximum budget for the contract in question (including any co-financing) **without VAT**. Where contracts are subdivided into lots, the total estimated value of all lots must be considered when calculating the overall threshold and procedure to be applied.

**The procurements must not be split artificially to circumvent the procurement thresholds.**

A mixed contract covering two or more types of procurement (works, supplies or services), shall be awarded in accordance with the provisions applicable to the type of procurement that characterises the main subject matter of the contract in question. This determination is made based on the main component (works, supplies or services) in terms of value.

In case of mixed contracts consisting of supplies and services, the main subject matter shall be determined by a comparison of values of the respective supplies or services.

If project partners have any doubt on how to estimate the type of contract and which procedure to use, project partners are advised to consult the JS of the Programme before initiating the procedure.

The JS or other Programme bodies (MA, FLC) **do not undertake ex-ante control** of procurement procedures implemented by project partners. Please note that the **role of JS is advisory**, and any recommendation provided by the JS (upon request) does not represent prior approval of the procurement procedure and / or tender dossier. As stated in SC and Partnership Agreement, PPs undertake responsibility for implementing the project.

All procurement procedures should be implemented respecting the signed SC and Partnership Agreement and will be verified by the FLC during the reporting procedure and expenditure verification.

After signing the SC between the MA and LP, all PPs should deliver a Project Procurement Plan (template annexed to PIM) comprising the list of all procurement procedures within a project (indicating the budget line, amount, procedure and key milestones). The LP is responsible for the timely delivery of Procurement plan to the JS Project Manager in charge of a particular project. The programme bodies will use the procurement plans to easily monitor project implementation, to identify possible delays, as well as discrepancies, in the procedure (for example, the absence of procurement procedure for relevant activities, as described in the Application).

### 3.5.6.1. Payment against invoices

Procedure for contracts / payments for items of estimated value **less than or equal to 2 500 EUR** may simply consist of payment against invoice(s) without prior acceptance of a tender.<sup>18</sup>

Despite the availability of this procurement option, the purchase has to be performed with regard to the value for money principle, avoiding any potential conflict of interest. Costs must be in line with the approved Application and the procedure / payment must be properly documented, i.e. it must contain:

- Invoice
- Proof of payment

### 3.5.6.2. Single tender procedure

Contracts whose value is **less than or equal to 20 000 EUR**<sup>19</sup> may be awarded based on a single tender procedure.

In the single tender procedure, the PP places an order based on a single tender (**only one tenderer is invited to submit a formal offer**).



Steps in a single tender procedure are as follows:

#### 1. MARKET RESEARCH

With a view to prepare the procedure and in order to comply with sound financial management principle (in particular, to enable **effective procurement and efficient spending of public funds**) it is recommended that the PP conduct a preliminary market research / consultation prior to the formal launch of a single tender procedure that may consist of one, or be a combination, of the following:

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<sup>18</sup> Project partners may also conclude contracts directly, or to use order form (narudžbenica).

<sup>19</sup> Estimated value of service / supply / work that is subject to a procurement procedure must be calculated without including the VAT.

- Pro-forma offers
- Reference prices through Internet pricelists or using centralised e-procurement services
- Other, as appropriate.

The market research may follow the “**three-reference prices**” principle meaning that the PP should obtain a minimum of three references that are comparable, containing the following parameters:

- description of technical specifications / terms of reference;
- quantities;
- expertise;
- price<sup>20</sup>;
- other descriptions of the subject-matter of the procurement, if applicable.

Such may be the delivery / implementation / performance period, guarantees durations and types, payment options, other conditions of contract implementation, etc.<sup>21</sup>

## **2. INVITATION TO TENDER**

The formal single tender procedure starts with the invitation to tender sent from PP to one potential tenderer. When inviting the potential tenderer, the PP shall include following documents and or information:

- Invitation to tenderer or any other equivalent document specifying the closing date and time for receipt and the address to which they are to be sent or delivered or the internet address in case of electronic submission

The tenderer should be given **enough time** for submission of its offer. It is recommended (but not mandatory) to give **10 days** for the **supply, service or works contracts**.

Invitation to tenderer accompanied with a simplified tender dossier may be sent and an offer may be received via e-mail.

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<sup>20</sup> Potential tenderers should indicate whether the VAT is included in the offer / price.

<sup>21</sup> Please note that these parameters should not have effect of narrowing the competition on the market.

**Tender dossier - specifications (i.e. terms of reference or technical specifications)<sup>22</sup> containing the:**

- Declaration on exclusion criteria (please see section 2.6.10.1. of PRAG);
- selection criteria for potential tenderer;
- award criteria, and
- characteristics required for service / supply / works including minimum requirements so that they fulfil the use for which they were intended by the PP (please refer to the parameters stated in point 1. *Market research*)

The minimum requirements included in the terms of reference / technical specifications and the very final tender are **not negotiable**.

**Draft contract – optional**

There are no specific annexes for the single tender procedure, however, templates for simplified procedure may be used, such as:

- Invitation letter
- Terms of reference / technical specifications
- Contract notice
- Instruction to tenderers
- Tender submission form
- Administrative compliance grid

Templates should be adjusted to the procedure, including deleting non-relevant sections.

### **3. EVALUATION OF RECEIVED OFFERS**

Appointing an evaluation committee is **never mandatory** for single tender procedure.

The PP shall perform an evaluation of received offers using the **specifications set up in advance in the tender dossier** and record them in a Single tender report.

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<sup>22</sup> Terms of reference (for service contracts) and technical specifications (for supply and works contracts).

#### **4. SINGLE TENDER REPORT**

Following the evaluation of received offers, PPs shall prepare a Single tender report which should contain all the important information on conducted procurement.

The **single tender report** must be prepared, explaining how the tenderer was chosen, how the selection criteria was met, how the price was set and the ground for the award decision for each single tender procedure.

Regardless of the method of obtaining the reference prices, PP shall prepare report in which the method / criteria of selection and award criteria must be described.

#### **5. CONTRACT SIGNATURE and DELIVERY OF SERVICE / SUPPLY / WORKS**

Parameters and specifications should be followed and reflected in the signed contract (i.e. they should not be negotiable) and later serve as the tenderer's mandate during project implementation.

If parameters (subject matter of the procurement, technical specification, contract conditions) are essentially modified, new reference / offers should be obtained.

Please note that failure to exhibit compliance with sound financial management principles may lead to financial corrections.

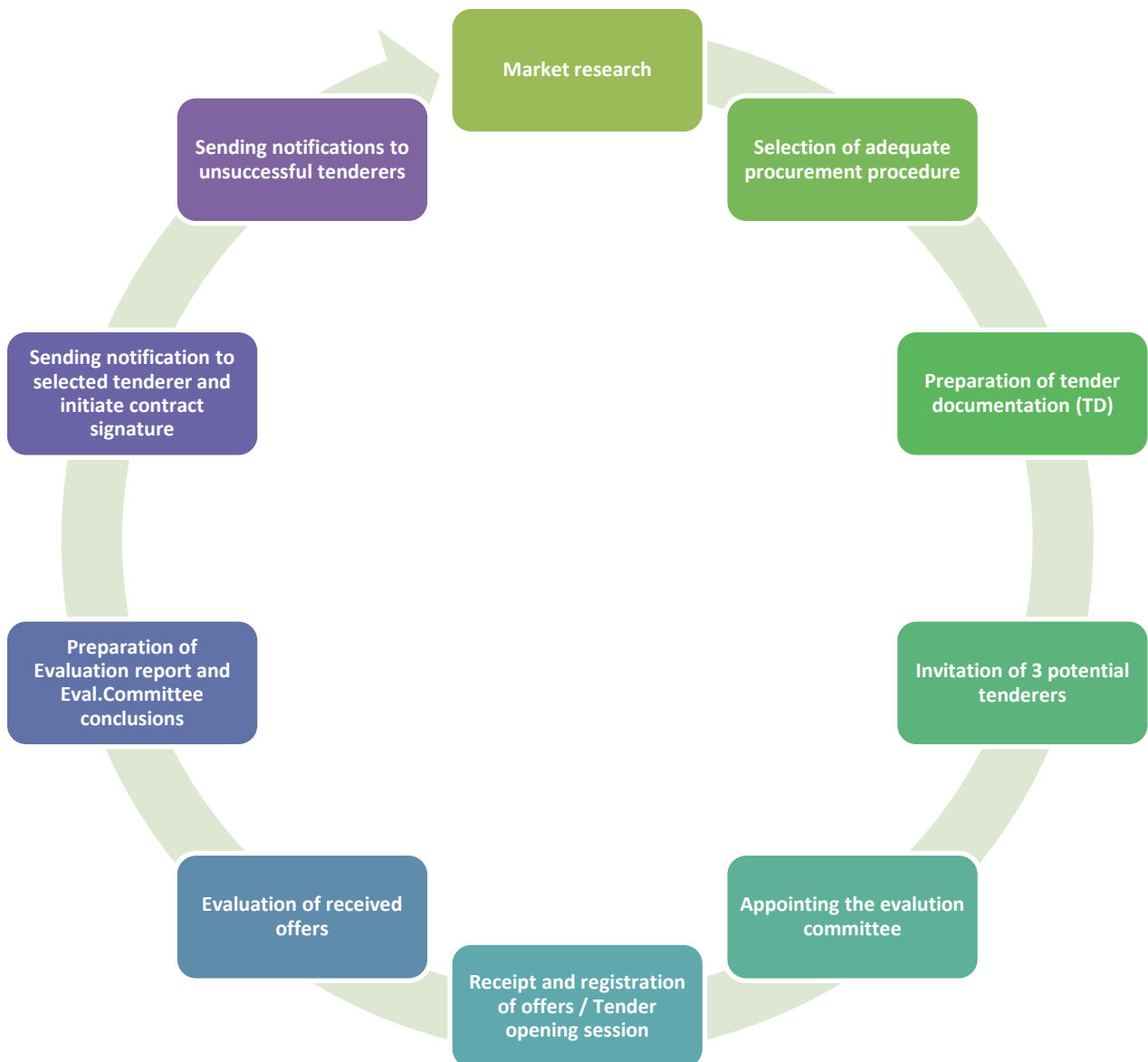
**A clear and easy to follow audit trail for all the steps of the procurement procedure must be ensured.**

In this regard, project partners are obliged to keep record of all communications with potential contractors / tenderers (e-mails, letters, etc.). It is therefore strongly recommended to always communicate with potential contractors in writing.

The template for a single tender report is annexed to this document, please see Annexes section.

### 3.5.6.3. Simplified procedure

Under the simplified procedure, the Project Partner invites at least three justified candidates of its choice to submit tenders. The evaluation (including the use of an evaluation committee) and the award of the contract follow the rules of the open procedure.





The simplified procedure includes the following steps:

- Market research - project partners get information about current market prices and the criteria that will be set out in the tender dossier and make a shortlist of potential contractors.
- The Project Partner draws up a list of at least three potential contactors and justifies its choice. **The List of invited entities must be a part of the Tender Dossier available to all invited entities.** Invited entities may not create alliances / consortia between themselves when preparing their tenders.
- Preparation of the tender dossier (example templates are annexed to this document, please see Annexes section). Project partners prepare relevant templates (Administrative compliance grid, Contract Notice, Invitation to Tenderers, Instructions to Tenderers, List of invited tenderers, Technical Specifications / Terms of Reference, Tender Form, Evaluation Grids, draft Contract and other as appropriate). A complete Tender Dossier must provide clear instructions and requirements to the potential contractors.

It is recommended that Technical Specifications / Terms of Reference are approved by two relevant employees in partner's organization for all purchases above EUR 20.000,00.

- The project partner invites **at least three (3)** potential tenderers based on the conducted market research (please make sure that invited tenderers are able to meet prescribed selection criteria). A **letter of invitation to tender** is accompanied by a prepared tender dossier (TD). The **contract notice** is not published, but it is included in the tender dossier as it contains important information for the candidates invited to tender, notably the selection criteria. The potential tenderers shall be allowed **at least 30 days** from the date of dispatch of the letter of invitation to tender to submit their offers. **Invitation to tenderers and tender dossier may be sent via e-mail if appropriate.**
- Appointing the Evaluation committee – the Evaluation committee must have an **odd number of members, at least three (3)**, with all the technical and administrative capacities necessary to give an informed opinion on the tenders. All members of the evaluation committee must sign a declaration of impartiality and confidentiality. In the simplified procedure, there is no need to appoint a Chairperson and Secretary. However, if internal staff capacity allows it, appointing a Chairperson and Secretary is recommended.
- Receipt of offers - each offer shall be registered by recording the date and time of receipt. Received offers shall be kept unopened and safe until the **opening session**. All documentation shall be kept in a safe place until the completion of the evaluation process.
- Evaluation of received offers - tenders must be opened and evaluated by an evaluation committee with the necessary technical and administrative expertise, appointed by the project partner implementing the procurement procedure. The Evaluation Committee ranks the offers using the criteria set up in advance in the tender dossier and records the whole process in the Evaluation report.
- The Evaluation Committee checks that all the received offers comply with the administrative requirements of the tender dossier (i.e. the administrative compliance grid). The administrative

compliance of each of the tenders must be recorded in the Evaluation report. The detailed technical evaluation of the tenders takes place after the administrative compliance check. The criteria to be applied are those published in the tender dossier and, accordingly, the evaluation grid included in the tender dossier must be used. Under no circumstances may the Committee or its members change the evaluation grid communicated to the tenderers in the tender dossier. Once the technical evaluation has been completed, the Committee checks that the financial offers contain no obvious arithmetical errors.

- Preparation of the Evaluation report – a report in which the Evaluation Committee records all stages of the evaluation, discussions and decisions / recommendations. The report shall be accompanied by administrative and technical evaluation grids, offers and other relevant documentation. The Evaluation report, as well as the whole evaluation procedure, is **confidential** and serves only for official use.
- Notification to the successful tenderer, information that validity of the successful tender is automatically extended for a period of 60 days.
- Notification to the unsuccessful tenderers about the outcome of the procurement procedure **at the same time** as a notification to the successful tenderer (notification letters shall be sent only to the tenderers who submitted offers).
- Contract preparation and signature.

Procurement procedures under Simplified procedure may also **last for several months** so please bear this in mind when planning implementation of other project activities and procurement procedures.

The tender dossier for simplified procedure is annexed to this document, please see Annexes section. It is not mandatory to use these templates, but they serve as a tool for simplified tender procedure implementation.

### 3.5.6.4. Local / International open procedure

In 'open' calls for tender (international or local) all legal entities (private or public) may submit a tender.

#### *For local procedure:*

The procedure starts with a contract notice and tender dossier which is published on a **national** level at least in the official gazette of the recipient State or in any equivalent publication for local invitations to tender.

- **Publication of Contract Notice and Tender Dossier** on the web page of the Project partner and in national media (**Official Journal of the project partner's country** or any equivalent media (in the national press of the country where the project is being implemented, etc.)).

Publication of information on the launch of open procedure on the Programme website (<http://www.interreg-croatia-serbia2014-2020.eu/>) is a **mandatory requirement**.

**Project Partners shall notify the JS and provide a link to relevant web sites where Contract Notice and TD is published.**

- **The time limits for the receipt of tenders**, running from the date when the contract notice and TD is published, shall be at least<sup>23</sup>:
  - a) **60 days for works and service contracts;**
  - b) **30 days for supply contracts.**

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<sup>23</sup> However, in certain exceptional cases other time limits may be authorised.

### ***For international procedure:***

The procedure starts with a contract notice and tender dossier which is published on the **international** level.

- **Publication of the Contract Notice and Tender Dossier** on the web page of the Project partner and in the **Official Journal of the European Union**.

Publication of information on the launch of international procedure on the Programme website (<http://www.interreg-croatia-serbia2014-2020.eu/>) is a **mandatory requirement**.

**Project Partners shall notify the JS and provide a link to relevant web sites where the Contract Notice and TD is published.**

- **The time limits** for the receipt of tenders, running from the date when the contract notice and TD are published, shall be at least<sup>24</sup>:
  - a) **90 days for works contracts;**
  - b) **60 days for supply and service contracts.**

After the publication of the contract notice and Tender dossier, the open procedure follows the same steps as the simplified procedure. Therefore, the same templates may be used in both procedures with some adjustment to the procedure, including deleting non-relevant sections.

- **Evaluation Committee in open procedure**

Tenders are opened, evaluated and ranked by an Evaluation Committee appointed timely and formally by the Project partner. This committee shall comprise of a **non-voting Chairperson**, a **non-voting Secretary** and **an odd number of voting members (minimum of three)**, with all the necessary technical and administrative expertise to assess the tenders. Therefore, the Evaluation Committee is comprised of **minimum 5 (five) members**.

All members of the Evaluation Committee must sign a Declaration of Impartiality and Confidentiality. Any Evaluation Committee member who has a potential conflict of interest with any tenderer must declare it and immediately withdraw from the Evaluation Committee.

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<sup>24</sup> However, in certain exceptional cases other time limits may be authorised.

### 3.5.7. Content of the tender dossier (for simplified and open procedure)

Tender documents must be carefully drafted, to ensure that the contract is complete, and that the procurement procedure is carried out correctly.

These documents must contain all the provisions and information that candidates need in order to submit a tender: the procedures to follow, the documents to provide, cases of non-compliance, award criteria and their weighting, etc.

The tender dossier must clearly state that the tender must be made with firm, non-revisable prices. According to the applicable rules, guarantees (pre-financing and / or performance guarantee) could be required or not. If so, this must be mentioned in the tender dossier.

Besides the Contract Notice, within the Tender Dossier (TD), instructions and guidance to contractors at the tendering stage about the nature of the tender are given in:

- Instruction to Tenderers;
- Draft contract;
- Tender submission form;
- Terms of Reference – for service contracts;
- Technical Specifications – for supply and works contracts.

As with the terms of reference for service contracts, attention must be paid to drafting the technical specifications since they are the key to successful procurement, a sound service / supply / works contract and a successful project.

Technical specifications also specify what is required of a product, service or material or work to achieve the purpose for which they are intended.

**The Terms of Reference or Technical Specifications** will become an annex of the eventual contract awarded as a result of the tender procedure.

Terms of Reference / Technical Specifications and budget must ensure equal access and competitive tendering. In that respect, Technical Specifications **may not point to particular brands**. If a certain brand or producer / supplier is named, this reference should be followed by the expression "**or equivalent**".

Technical Specifications / Terms of Reference should be approved by two relevant employees in the partner's organization for all purchases above EUR 20.000,00.

The persons involved in the preparation of the Terms of Reference / Technical Specifications must sign a Declaration of Objectivity and Confidentiality. The Terms of Reference and the Technical Specifications

may not be disclosed to any third party and must be kept confidential until they are made available to the tenderers simultaneously in the procedure.

The project partner is obliged to include elements set in Point 16 of Annex I, Chapter 1, Section 2 of Regulation (EU, Euratom) No 1046 / 2018 when preparing tender documents. These are summarized as follows<sup>25</sup>:

Service
<ul style="list-style-type: none"> <li>a) Contract notice including:                             <ul style="list-style-type: none"> <li>- selection criteria,</li> <li>- award criteria and their weightings if applicable, etc.</li> </ul> </li> <li>b) instructions to tenderers including:                             <ul style="list-style-type: none"> <li>- whether variants are permitted,</li> <li>- the proportion of sub-contracting which may be authorized,</li> <li>- the maximum budget available for the contract,</li> <li>- the currency of tenders, etc.</li> </ul> </li> <li>c) general conditions for service contracts</li> <li>d) specific conditions which amplify, supplement or derogate from the general conditions</li> <li>e) terms of reference indicating the planned timetable for the project and dates from which the principal experts must be available, according to the plans</li> <li>f) budget breakdown (for completion by the tenderer)</li> <li>g) tender form</li> <li>h) contract form</li> <li>i) if applicable, a bank (or similar) guarantee forms for the payment of pre-financing</li> </ul>
Supply
<ul style="list-style-type: none"> <li>a) Contract notice including:                             <ul style="list-style-type: none"> <li>- selection criteria,</li> <li>- award criteria, etc.</li> </ul> </li> </ul>

<sup>25</sup> Please be reminded that example templates are annexed to this document, please see Annexes section; Project partners may also use PRAG templates.

- b) instructions to tenderers, including:
  - whether variants are authorized,
  - the possibility of interviews and the timetable for them,
  - the currency of tenders, etc.
- c) general conditions for supply contracts
- d) specific conditions which amplify, supplement or derogate from the general conditions
- e) technical annex containing any plans, technical specifications and the planned timetable for the performance of the contract
- f) budget breakdown (for completion by the tenderer)
- g) tender form
- h) contract form
- i) if applicable, a bank (or similar) guarantee forms for the tender, payment of pre-financing and / or proper performance.

#### Works

- a) Contract notice including:
  - selection criteria,
  - award criteria, etc.
- b) instructions to tenderers, including:
  - whether variants are authorized,
  - the currency of tenders, etc.
- c) general conditions for works contracts
- d) specific conditions which amplify, supplement or derogate from the general conditions
- e) technical annex containing any plans, technical specifications and the planned timetable for performance of the contract
- f) budget breakdown (for completion by the tenderer)
- g) tender form
- h) contract form
- i) if applicable, a bank (or similar) guarantee forms for the tender, payment of pre-financing and / or proper performance.

Please note that PRAG stipulates that both open and restricted procedures can be used for service and supply contracts, however, only the templates for restricted procedure are available for services, and templates for open procedure for supplies are available as annexes of PRAG.

Furthermore, PRAG contains a specific tender dossier (template) for the simplified procedure, however only for service and works contracts. For any other document of the tender dossier, regular annexes may be used.

### **3.5.8. General rules applicable to all procurement procedures**

#### ***Clarifications during tender evaluation***

A tender which does not respect the requirements demanded in the tender documents shall be eliminated. However, the Project Partner may request candidates or tenderers to provide additional materials or clarify the submitted documents, within the time limit they specify and ensuring the equal treatment of tenders. Any request for clarification requiring communication with the tenderers during the evaluation process must be conducted in writing. Copies of any such communication must be annexed to the Evaluation Report.

#### ***Exclusion criteria***

Grounds for exclusion of candidates / tenderers from participation in award procedures are stated in Article 136 of Regulation (EU, Euratom) No 1046 / 2018 as well as in Section 2.6.10.1.1. of PRAG (Exclusion criteria from participation in procurement and grant procedures) and listed here: <http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=2.6.10.1.1>

Candidates / tenderers participating in the procurement procedure must sign a declaration of honour as stated in Section 2.6.10.1.3. of PRAG, certifying that their entity does not fall into any of the exclusion situations.

Upon request of the Project partner, for procurement contracts with a value equal or greater than the international thresholds (services  $\geq$  EUR 300 000, supply  $\geq$  EUR 300 000, works  $\geq$  EUR 5 000 000), following the notification of award, tenderer(s) to which the contract is to be awarded (including consortium members), must supply evidence<sup>26</sup> that they do not fall into exclusion situations.

#### ***Selection criteria***

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<sup>26</sup> Requested evidences are listed here: <http://ec.europa.eu/europeaid/prag/document.do?nodeNumber=2.6.10.1.3&id>



The project partner shall draw up clear and non-discriminatory **selection criteria** for the purpose of assessing that the tenderer has enough financial, economic, technical and professional capacity to implement the tasks of the contract. The chosen criteria shall be proportionate and may not go beyond the scope of the contract.

The selection criteria should be described in the contract notice.

For the economic and financial capacity, the reference period may be no more than the last 3 years for which accounts have been completed. For the professional and technical capacity, the timeline depends on the type of contract and it should refer to the activities implemented in the last 3 years for services and supplies, and to the activities implemented in the last 5 years for works.

For the purposes of these rules, it shall be considered that the **minimum annual turnover** tenderers are required to have **shall not exceed two times the estimated contract value**.

For the purposes of these rules, it shall be considered that the **minimum value of references (technical capacity)** the tenderers are required to have (one or a sum of more references) **shall not exceed the estimated contract value**.

#### **Examples of selection criteria not to be used:**

- requesting disproportionate annual turnover, number of staff, number of previous projects, etc. as regards the amount of the contract;
- using imprecise terms such as 'sufficient', 'major', 'relevant' as they are too ambiguous;
- requesting a percentage of the staff working in specific fields as this may be discriminatory for large companies;
- requesting technical experience relating to EU projects only, as this may in general be regarded as discriminatory;
- requesting prior experience in the partner country, unless specific justification is provided, as this could in general be regarded as discriminatory;
- requesting technical experience in an overly prescriptive manner that effectively restricts the number of eligible candidates to one or a few firms.

Selection criteria described in this Chapter also applies for single tender procedures. However, regarding the capacity to pursue a professional activity, the Project Partner may require a tenderer to fulfil at least one of the following conditions:

- a) be enrolled in a relevant professional or trade register, except when the economic operator is an international organisation;
- b) for service contracts, hold a particular authorisation proving that it is authorised to perform the contract in its country of establishment or is a member of a specific professional organisation.

**Verification of selection criteria prior to signing the contract signature:**

Prior to signing the contract, project partners may request proof of economic and financial capacity, as well as technical and professional capacity of the tenderers.

Project partners ask the successful tenderer to submit the evidence substantiating the statements made in the tender within 15 days of the date of the notification letter. The project partner must examine this evidence before sending the contract to the tenderer to sign.

However, Project Partners may, depending on their assessment of risks, decide not to require evidence of the legal, regulatory, financial, economic, technical and professional capacity of the successful tenderer when the value of the contract does not exceed the threshold of EUR 300.000,00 for service and supply and EUR 5.000.000,00 for works.

Where the project partner decides not to require evidence of the legal, regulatory, financial, economic, technical and professional capacity of economic operators, pre-financing should not be made, except in duly justified cases.

***Award criteria***

Contracts are awarded based on **the most economically advantageous tender** established for the call for tender in one of the following two ways:

- under the best price-quality ratio, in which case the project partner considers the price and other quality criteria linked to the subject matter of the contract, and applies a weighting formula;
- under the lowest price, provided the tender satisfies the minimum requirements laid down.

**The criteria must be precise, non-discriminatory and not prejudicial to fair competition.**

Best price-quality ratio may include criteria which:

- are related to the subject-matter of the procurement, and
- can be quantified, and it must include relative weighting which it gives to each of the criteria.

Project Partners should take into consideration criteria such as:

- quality, including technical merit, functional characteristics, accessibility, social, environmental and innovative characteristics and trading and its conditions;
- organisation, qualification and experience of staff assigned to performing the contract, where the quality of the staff assigned can have a significant impact on the level of performance of the contract;
- after-sale service and technical assistance.

Criteria is related to the subject-matter of the procurement where they relate to the works, supplies or services to be provided under that contract in any respect and at any stage of their life cycle, including factors involved in the specific process of production, provision or trading those works, supplies or services; or a specific process for another stage of their life cycle.

Life-cycle costs cover:

- costs of use (such as consumption of energy and other resources),
- maintenance costs,
- end of life costs (such as collection and recycling costs),
- costs imputed to environmental externalities linked to the product, service or works during its life cycle, provided their monetary value can be determined and verified (such as the cost greenhouse gas emissions and other pollutant emissions and other climate change mitigation costs).

### ***Distinction between the selection and award criteria***

In the tender procedure, a firm distinction between the selection and award criteria should be made, especially when preparing the tender specifications and when tenders are evaluated in order to avoid any legal uncertainty regarding the conditions of the award of the contract.

Confusing selection and award criteria constitute a procedural defect that may result in the annulment of the procedure in case of dispute.

At the stage of award criteria evaluation, the project partner can no longer review the capacity or ability of the tenderers as already assessed during the selection phase. Only the technical and financial offers must be evaluated at this stage by reference to the award criteria which are to be directly related to the tender specifications in order to assess the intrinsic quality of the offer and which may not relate to the capacity of the tenderer.

In this regard, particular attention should be paid when defining award criteria for experts in order to avoid overlapping and double evaluation with the requirements related to staff (professional capacity) in the selection criteria.

### ***Period of validity***

Tenderers are bound by their tenders for the period specified in the letter of invitation to tender or in the tender dossier. This period must be enough to allow the Evaluation Committee to examine tenders, approve the contract award proposal, notify the successful and unsuccessful tenderers and conclude the contract. The period of validity of tenders is fixed at 90 days from the deadline for the submission of tenders.

### ***Standstill period***

The contract with the successful tenderer can only be signed after the expiry of the standstill period. The duration of the standstill period is 10 calendar days when using electronic means or 15 days when using other means, starting from the day following the date on which the notification to tenderers was sent.

It is not necessary to apply the standstill period in the following cases:

1. when the value of the contract does not exceed the threshold of EUR 300 000 for service and supply contracts; and EUR 5 000 000 for works contracts;
2. in a procedure where only one tender has been submitted;
3. in a simplified procedure
4. in a single tender procedure

### ***Publicising the award of the contract***

After having received the countersigned contract from the successful tenderer, the contracting authority fills in the appropriate award notice template and publishes the results of the tender procedure in the Official Journal (where applicable). If the award notice is also published locally, the contracting authority must directly arrange local publication.

**An award notice is published if the value of the contract above international thresholds (services > EUR 300 000, supplies > EUR 300 000, works > EUR 5 000 000), unless the contract was declared secret (and the secrecy is still relevant at the time of the award), or where the performance of the contract must be accompanied by special security measures, or where the protection of the essential interests of the EU or the partner country so requires, and where the publication of the award notice is deemed inappropriate.**

### **3.5.9. Complaints to the contracting authority<sup>27</sup>**

Without prejudice to other remedies, where a tenderer believes she / he has been adversely affected by an error or irregularity allegedly committed as part of a selection or procurement procedure, or that the procedure was vitiated by any maladministration, they may file a complaint to the contracting authority.

The complaint shall be substantiated, and its sole subject shall not be to obtain a second evaluation for no reason, except if the complainant disagrees with the final award decision.

The contracting authority will endeavour to investigate the complaint and respond within a maximum of 30 calendar days. Alternatively, if the candidate, tenderer is not satisfied with the answer received, they may also file ordinary actions, provided the conditions stipulated in the national legislation are met.

### **3.5.10. Contract implementation**

The Contract must be implemented in line with conditions set out in the Tender Documentation and the selected offer.

Modifications of the contract are allowed. However, modifications are not allowed if they would be of such a nature that they could, if introduced in the Tender Documentation, change the award conditions prevailing at the time the contract was awarded.

In any case, parties may request a variation or even termination of the contract if after entering into a contract, extraordinary circumstances arise, that were impossible to foresee at the time of entering into a contract, making it excessively onerous for one party to perform or, if under such circumstances, a party would suffer an excessive loss as a result of the performance.

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<sup>27</sup> Contracting authority= beneficiary / project partner

### 3.6. Underspending

The LP must ensure that each PP strictly follows its spending forecast according to the approved Application. The project has the possibility to deviate from the spending forecasts to a minor degree as laid down in the Subsidy Contract (Art. 9).

In case the LP does not report validated eligible expenditure according to the approved spending forecast, the MA / JS will assess the level of underspending and the reasons for the lower financial performance of the project.

The LP is responsible for ensuring that a minimum of 80 % of the total Project budget is reported to the Managing Authority / Certifying Authority.

In case the project reports amounts representing less than 80% of the total budget of the Project planned for the specific reporting period, the MA may reduce the total Project budget in line with the provisions of the Subsidy Contract.

Please note that, if Programme funds are being automatically de-committed by the EC in case of non-use and / or underspending compared to the foreseen budget, timetable, expected outputs and results, the MA, after receiving an official communication from EC, has the right to pass on the reduction on the projects is reserved. In such cases, projects which report underspending of funds will be the first ones affected.

### 3.7. Monitoring and audits

In order to have a more direct contact between the programme management bodies and the partnership of individual projects and to get a closer, more real view of the project implementation, the work being carried out, the progress and the achievements, the JS visits contracted projects at least once during the implementation period and in case it is considered necessary, additional visits might be needed based on the project financial and technical performance. The MA carries out on-the-spot (OTS) checks to projects based on the risk analysis. In principle, MA on-the spot checks is performed at least once in a lifetime for the project marked as highly risky. However, the frequency of the MA on-the spot checks may be adjusted in relation to the specific project needs and/or difficulties.

The JS PM / MA will inform the LP / PP of the planned visit in advance. The date and time will be agreed with the LP / PP via e-mail. PPs should be prepared for these visits and ready to provide all required information and documents.

The focus of the review and meeting will be on the progress of activities, their timely implementation and the related reported and validated costs, the progress towards project objectives and output targets,

management and communication of the project, potential risks, problems, delays and their possible solutions, and a realistic forecast for the remaining implementation. It is to be based on a constructive dialogue between the programme management and the project partnership to get direct feedback on both sides about the status and perspectives of the project.

### 3.7.1. Monitoring and achieving Project outputs

The indicators are measurable units used to assess the efficiency and effectiveness of the implementation of the Programme. They serve as a tool for monitoring and evaluating the extent to which the Programme has achieved its objectives and how efficiently:

- **Output indicators** - measure the achievement of the quantitative targets of the Programme at the level of a specific objective.
  - **Result indicators** - measure the level of achievement of the intended positive change defined by a specific objective.
- 
- ! Project main (overall) objective must clearly target one Programme specific objective within the chosen Priority axis.
  - ! Project specific objective needs to show direct contribution to the project's main (overall) objective.
  - ! Each project (and respective result) must contribute to the achievement of a Programme result indicator and this contribution must be clearly described, demonstrated and verifiable (measurable in numbers or percentage).
  - ! Project activities and related deliverables need to contribute to the project outputs (project outputs represent outcomes obtained following the implementation of project activities).
  - ! Project outputs need to be captured by the Programme output indicators. Project outputs and Programme output indicators need to have the same measurement unit.

For each Specific objective, the Programme has identified one or more programme output indicators and defined a target value for each indicator. Failure to fulfil the set target values means that the Programme has not achieved its goals and may result in suspension of payments to the Programme or, finally, in a financial correction.

Therefore, it is crucial that the project also achieves set targets of project outputs, especially those directly contributing to the Programme output indicators. If, following the completion of all activities related to specific project output, the project output reported value is under 65% of the planned target value, the Managing Authority may apply a financial correction as defined in the Subsidy Contract.

### 3.7.2. Audit

As defined in the Subsidy Contract, competent auditing bodies of the EU, the auditing bodies of the participating countries, as well as the Audit Authority, MA / JS and Certifying Authority may audit the use of funds by the beneficiaries.

The audits will take place at the premises of the LP and PPs. The LP and the PPs concerned will be notified in due time by the relevant authorities about any audit to be carried out on their reported expenditure.

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority include, in general, checking of the validated and reported expenditure against the supporting documents and other relevant information at the premises of the LP and / or PPs in order to verify the accuracy and validity of the related FLC Certificate(s), checking the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful audit, the LP has to make available all documents required, provide necessary information and give access to its business premises. Audits may occur at any time until the end date for the retention of documents as described in chapter 4.3.

## 3.8. Irregularities

According to CPR, 'irregularity' means any breach of Union law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the Funds, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.

Irregularities can be detected by the Control Body, JS, MA, CA, NA, AA, EC, European Court of Auditors, European Anti-Fraud Office (OLAF), whistle-blowers, Lead Partners, Project Partners, other bodies authorised to carry out financial verifications on projects, or other bodies and individuals, including anonymous ones.

The following mechanisms for identifying irregularities may be used:

- detailed checking of Progress Reports,
- on the spot checks and *ad hoc* controls,
- monitoring visits,
- cross checks and follow up checks,
- notification by other grant recipients,
- local knowledge (press / members of the public),



- national and Commission audit reviews.

The suspicion of irregularity can be reported to the MA by sending the signed and scanned Irregularity alert form (Annex 9) in writing on the following e-mail addresses: [irregularities\\_fraud@interreg-croatia-serbia2014-2020.eu](mailto:irregularities_fraud@interreg-croatia-serbia2014-2020.eu).

A suspicion of irregularity can be reported avoiding regular reporting channels, i.e. anonymously. Apart from informing the MA via the Irregularity alert form, anybody can also inform the Independent Service for Combating Irregularities and Fraud (ISCIF) within the Ministry of Finance of the Republic of Croatia and / or European Anti-Fraud Office (OLAF) about suspicions of fraud and irregularities affecting the financial interests of the European Union. Any available documents to support the information should be provided as well.

### **3.8.1. Anti - fraud policy**

#### ***Definitions***

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. The key element that distinguishes fraud from irregularity is the intention.

Fraud does not just have a potential financial impact but can also cause damage to the reputation of organisations responsible for effectively and efficiently managing funds. This is of particular importance for a public organisation responsible for the management of public funding in general and EU funding in particular.

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

#### ***Anti-fraud policy***

Programme Authorities have zero tolerance for fraud.

The MA is responsible to put into place effective and proportionate anti-fraud measures taking into account the risks identified, in line with article 125(4)c of CPR.

In that respect, the MA implements effective Programme anti-fraud policy that, inter alia, includes conducting fraud risk assessment procedures and implementing effective and proportionate anti-fraud measures. The objective of this policy is to promote a culture which prevents and detects fraudulent

activities and the development of procedures which provide assistance in the investigation of fraud and related offences and ensure that such cases are dealt timely and appropriately.

The MA is responsible for carrying out fraud risk assessment which represents an assessment of the impact and possibility (likelihood) of common fraud risks occurring in the key steps of Programme implementation. Based on the assessment, the MA applies corresponding mitigating measures and controls in order to mitigate the effect of the potential risks.

### **Prevention**

All of those involved in implementing a Programme or projects are responsible for spotting potentially fraudulent activity and then acting upon it. The key points in preventing fraudulent activities is raising awareness of what could constitute potential fraud warning signs and to report potential suspicion on fraud.

For this purpose, the Commission has provided the following documents:

- COCOF 09/0003/00 of 18.2.2009 – Information Note on Fraud Indicators for ERDF, ESF and CF
- OLAF Compendium of Anonymised Cases – Structural Actions
- OLAF practical guide on conflict of interest
- OLAF practical guide on forged documents.

By signing the Subsidy Contract and the Partnership Agreement, the LP and PPS are responsible not to take any action which may bring their own interests into conflict with those of the Union. In that way, the LP and all partners are obliged to comply with the principle of "zero tolerance" in terms of fraud prevention.

If any conflict of interests arises or may arise during the project implementation, the LB / PPs must immediately take all necessary steps to resolve it and notify the JS / MA. The partners must ensure that any member of its staff in such situation is replaced immediately.

The MA may verify the measures taken to resolve conflict of interests and may require additional measures to be taken, if necessary. In case the MA establishes that the proposed measures have not been implemented, the MA reserves the right to terminate the Contract.

### **Reporting**

Any suspicion of fraud in management, implementation and / or use of ERDF / IPA II Funds can be reported to the MA through the Irregularity alert form (Annex 9) at the following e-mail address: [irregularities\\_fraud@interreg-croatia-serbia2014-2020.eu](mailto:irregularities_fraud@interreg-croatia-serbia2014-2020.eu). The information is also displayed on the Programme website.

Apart from informing the MA via Irregularity alert form, partners can also inform the European Anti-Fraud Office (OLAF) about suspicion on fraud affecting the financial interests of the European Union in the following ways:

1. By letter to:  
OLAF – European Anti-Fraud Office, European Commission  
Rue Joseph II, 30  
1000 Brussels, Belgium
2. By e-mail using link to the General form enquiries (“OLAF General enquiries”) available at:  
[http://ec.europa.eu/anti\\_fraud/investigations/report-fraud/index\\_en.htm](http://ec.europa.eu/anti_fraud/investigations/report-fraud/index_en.htm).
3. By filling in an online form to report fraud (available at:  
[http://ec.europa.eu/anti\\_fraud/investigations/report-fraud/index\\_en.htm](http://ec.europa.eu/anti_fraud/investigations/report-fraud/index_en.htm)).

### **3.8.2. Follow up measures**

If an irregularity is detected and confirmed by the MA before the CA makes a payment to the LB, the MA applies a financial correction to the LB / PP following the instructions provided within the currently valid COCOF Guidelines<sup>28</sup>. The correction applied is entered in the eMS.

If an irregularity is detected and confirmed by the MA after the payment has been made to the project, the MA may deduct the irregular amount from the next payment to the project and / or initiate the recovery procedure. The decision shall be made on a case by case basis, depending on the remaining amount to be paid to the project.

In case the final payment has been made or the deduction cannot be applied on the final report, the MA will request the recovery of funds from the LB. The LB shall request funds from the partner responsible for the irregularity and transfer the funds to the MA / CA.

In case the irregularity involves a suspicion of fraud, after confirming the suspicion with the relevant information and documentation, the MA shall forward the case to the competent authority in the participating country.

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<sup>28</sup> Guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement.

## 3.9. State Aid and De-minimis

### *State Aid*

Public support granted by the Programme must comply with State aid rules applicable at the point of time when the public support is granted. According to Article 107 of the Treaty on the functioning of the European Union, State aid is defined as “any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods”, therefore affecting trade between Member States.

State aid is present when all the following criteria are met:

- Existence of state resources: the aid is granted from the state or through state resources (including national, regional or local authorities, a private or public intermediate body appointed by the state, etc.);
- Selectivity: the aid facilitates only the development of certain entrepreneurship or of certain products;
- Economic advantage: the aid constitutes an economic advantage that the undertaking would not have received in the normal courses of business. An indirect advantage may also be granted (indirect State aid) if the funds received by entities which are direct beneficiaries of the programmes are channelled to only certain undertakings / groups of undertakings;
- Effect on competition and trade: the aid distorts, or has the potential to distort, competition and trade within the European Union.

Please note that the **first two criteria are always present** in the context of EU funded projects.

### *De-minimis*

The De-minimis Regulation defines a ceiling under which the aid has a negligible impact on trade and competition. The maximum amount of aid granted to a single recipient (undertaking) should not exceed EUR 200.000 over a period of three fiscal years. This ceiling takes into account all public assistance given as de minimis funding for the current and previous two fiscal years, which can take various forms (grants, loans, subsidised contracts, etc.).

The application of de minimis rule includes the obligation to ensure that the de minimis threshold is not exceeded at the moment of awarding the grant.

De minimis aid cannot be cumulated with any other aid grant.

All beneficiaries must:

- immediately inform the JS and MA of any grants of public funding received after the completion of the self-declaration,
- keep all records regarding the *de minimis* aid for a minimum of 10 years after receiving the final payment, if applicable.

### 3.10. Accounting

The responsibility for keeping the accounting records and preparing the financial reports lies with the project partners. Project partners are obliged to use an accounting system that provides accurate, complete and reliable information in a timely and regular manner clearly distinguishing costs accepted and payments made. Records should be identifiable and verifiable. Accounting documents must be properly prepared and contain data in accordance with the Programme and national rules.

It must be possible to clearly identify which expenditure has been allocated and reported for the project and to ensure that expenditure is not reported twice (in two different budget lines, reporting periods, projects / funding schemes). Therefore, it is strongly recommended that the LP and all PPs ensure clear identification through:

- a separate accounting system or
- an adequate accounting code for all expenditures relating to the project.

All PPs are obliged to submit to the FLC an accounting record for all expenditures reported in the specific reporting period!

PPs shall:

- Keep an analytical accounting system for the project or other accounting methods to allow the identification of costs.
- Have all invoices issued with reference to the Programme and acronym of the project.
- Have the actual paid amounts registered in the accounting system.
- That each reported expenditure is justified by an invoice or an accounting document with equivalent value, according to the national accounting and fiscal rules.
- That each reported invoice is accompanied by a proof of payment (e.g. payment order, account statement, home register, confirmation on bank transfer, receipts etc.).
- That the goods, services and works purchased within the project are registered in the accounting system.

## 4. PROJECT CLOSURE

All projects have to undergo a formal closure procedure, which typically requires the gathering and collection of both content and financial information related to the project, and co-ordination between the Lead Partner and each of the Project Partners. During this process, project managers will need to demonstrate that the results and impacts of the project have been achieved in comparison to the targets proposed in the application. Thus, attention needs to be paid to indicators and the completion of all work packages, as well as satisfactory final reporting by all project partners on the activities they have carried out. Certain responsibilities of project partners do not stop with the finalisation of a project, and project partners should be familiar with the specific requirements regarding ownership, generating revenue and record keeping after the completion of projects and the submission of the Final Project Progress Report.

### 4.1. Closure Process

Although the end date of a project means that all activities are finished, the actual obligation of a partnership goes beyond its implementation period. The Lead Partner should coordinate the closure process and ensure that:

- Project documentation is available and organized in a way that anyone with no knowledge of the project can ensure smooth control.
- Communication lines are kept with all partners during project closure.
- Project partners are aware of their obligations after project closure.

The final implementation period ends on the official end date of the project, as indicated in the Subsidy Contract. All project costs (except closure costs) must be incurred during the implementation period of a project and paid at the latest within one month after the implementation end date.

All activities and tasks must be carried out during the project implementation period, therefore, during the closure phase, the projects should be finalizing all activities planned within the Application. If certain activities or outputs have not been realised, there might be financial consequences in the form of deduction of part of the EU grant.

At the end of project implementation, the outcomes, results, legacy and future of a project shall be communicated to the general public. In the closure phase, the project will be asked to develop a final communication product in the form of a success story, such as a testimonial, story, promotional movie, etc. The idea is to showcase what the project changed in the project area from its start to its end. Access to knowledge and outputs produced by the project needs to be ensured on a project website (if there is one), a project partner website, a designated info point or any other way that ensures a long-term impact.

## 4.2. Final Project Progress Report

In order to receive the final payment, projects need to submit a Final Project Progress Report. The Lead Partner is responsible for the preparation and submission of the Final Project Progress Report to the JS / MA within one month from the date on which the last FLC certificate was issued for the relevant reporting period.

The final report provides an overview of the project's activities and results / achievements. It also highlights how cross-border cooperation has contributed to attaining the expected results and it includes a description of the measures foreseen in order to ensure their durability.

During this process, projects will need to demonstrate that the results and outcomes of the project have been achieved according to target values indicated in the Application. The Final Project Progress Report is an opportunity to express what changes the project brought about on the local community and territory. It is also the moment to share any lessons learned from participating in a cross-border project and the effects on the participating organisations and reflect on follow-up measures for utilising project outputs in the long term. Within the final report, the concrete contributions to horizontal principles, macro-regional strategies and EU 2020 targets, as well as synergies and coordination with other projects or initiatives, have to be reported.

The Final Project Progress Report has the same structure as all previous project reports. However, projects should use the Final Report to reflect on the entire project duration and include project milestones, the achievements that allow the project to track direct and indirect impacts, as well as to demonstrate how a project has been able to meet the contracted outputs, especially with regard to the contribution to the selected programme specific objectives and result indicators.

This report should be filled in by the Lead Partner. However, consulting the project partnership beforehand is highly recommended, since project partners were involved in specific project tasks.

Furthermore, this consultation shall allow the integration of experiences and perspectives of the whole partnership. When filling in the report, the LP needs to be concise, honest and realistic.

This report should be used to give an overview of what has been done and achieved, including information for communication purposes and Programme statistics.

The main objectives of the Final Report are:

- To assess project performance;
- To collect evidence of contribution to the Programme and project commitments;
- To understand the durability and transferability potential and readiness of project outputs and results at project, Programme and policy level;
- To serve for capitalisation activities, at project and Programme levels;
- To publicise project results on a Programme level;
- To capture the added value of cross-border cooperation.
- The Final Report consists of the following main elements:
  - Information on project overall implementation, its objectives, results, outputs and main achievements, including its contribution to strategies and horizontal principles, as well as the added value of cross-border cooperation;
  - Information regarding communication activities, and specifically a story telling or testimonial;
  - A focus on future outlook, in terms of durability, transferability and replicability of project results and outputs after project closure and impact of the project;
  - Identification of net revenues.

In addition to all other sections within the Report, it is important to complete the section *Outputs* under *Supplementary Information* in the eMS. In this section, each output is pre-filled, based on Application data, and a number of fields have to be completed by the project. The purpose of providing evidence for outputs achieved is to allow a wider dissemination as well as to open the opportunity of open source knowledge transfer. Fields that have to be completed include a description of the final state of the output and who it is meant for, how durability is ensured, contact details for the responsible partner, and a classification of the type of output.

The Programme will monitor carefully whether the project has implemented all activities and delivered all outputs as defined in the approved Application.

In case of serious underperformance or changes done during the project implementation, but not approved by the Programme, the Programme reserves the right to reduce the EU grant.

### **4.3. Retention of project documents**

All supporting documents related to the project must be retained for audit purposes at least for a period of two years. This period starts from December 31, following the submission of the payment claim to the European Commission by the MA that contains the last expenditure of the project following its



completion. The Managing Authority will individually inform each LP on the exact deadline for the above-mentioned retention period.

These documents shall be made available for any audit, control or verification after project closure. They either shall be kept in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.

## **4.4. Durability and ownership**

### ***Ownership of project outputs and results***

Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs to the extent allowed by the national regulation of the LP / PP.

Concerning the use of outputs and results of the project, the LP shall guarantee a widespread publicity of such outputs and results and make them available to the public free of charge in line with the relevant national law.

The MA / JS, as well as the National Authorities of the Participating Countries, reserve the right to use the outputs and results of the project for Programme information and communication activities.

In principle each PP is considered as the owner of the equipment which is purchased during the project implementation, in line with the Partner budget/Application. However, the partners are obliged to define who will be responsible for specific thematic equipment and investments (if applicable) in Partnership Agreement.

### ***Durability***

The changes induced by the project are not limited to the project's lifetime. The project impacts should last long after the project's end. In order to support the durability of project impacts, the project has to adopt durability measures before and after the project closure.

To ensure this, contractual obligations have been set regarding durability, especially for projects including investments in infrastructure and works. Article 71 of CPR sets out requirements that investments supported for the benefit of the Programme area are maintained and continue to provide the same benefit for a reasonable period after the end of the project.

In line with the mentioned article, a project comprising investment in infrastructure or productive investment must ensure that the investment is not subject to any of the following:

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

The abovementioned conditions must be respected within five years from the final payment to the LB, otherwise the project shall be obliged to recover the granted funds in proportion to the period for which the requirements have not been fulfilled.

Additionally, the project partners are responsible to ensure that the productive activity related to the investment is not reallocated outside the EU within 10 years from the final payment to the LP.

Following the final payment, the LP / PP in charge of the investment is obliged to sign and submit the durability statement (provided by the MA) in order to confirm that the abovementioned conditions will be respected.

Regarding durability of projects, the MA will perform durability checks to ensure compliance with the rules listed above.

## ANNEXES

a) General Annexes:

- Annex 1 - Project Communication Plan
- Annex 2 - Periodic Staff Report
- Annex 3 - Timesheet template
- Annex 4 - Calculation method HR-RS
- Annex 5 - Reporting on achievement of project outputs
- Annex 6 - List of communication indicators
- Annex 7 - Request for modification form
- Annex 8 - HR-RS Budget Reallocation template
- Annex 9 - Irregularity alert form

b) Procurement Annexes:

- Annex 1 - Project Procurement plan
- Annex 2 - Single tender
- Annex 3 - Simplified/open