



# IMPLEMENTATION MANUAL

**Version 1.0**

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## Table of Abbreviations

AF	Application form
AfR	Application for reimbursement
ASP	Associated strategic partner
CCY	Cost category
CA	Certifying authority
CP	Cooperation programme
CPR	Common Provisions Regulation (EU) No 2021/1060
DRP	Danube Region Programme
DSP	Danube Strategy Point
EC	European Commission
EUSDR	EU Strategy for the Danube Region
Jems	Joint electronic monitoring system
FM	Financial manager
LP	Lead partner
MA/JS	Managing Authority/Joint Secretariat
MA/JS FO	Financial officer of the Managing Authority/Joint Secretariat
MA/JS PO	Project officer of the Managing Authority/Joint Secretariat
MC	Monitoring committee
NCP	National contact point
OLAF	European Anti-Fraud Office
PAC	Priority Area Coordinators of EUSDR
PM	Project manager
PP	Project partner
PPR	Project progress report



PR	Partner report
PraG	Practical Guide to contract procedures for EU External actions
QAM	Quality assurance manager
SC	Subsidy contract



## Glossary

### Application for reimbursement

The application for reimbursement (AfR) is a document prepared on the basis of a completed Project progress report (PPR), submitted by the lead partner (LP) to the MA/JS in order to claim the contribution from Interreg Funds for the project on the basis of verified expenditure, which needs to be signed by the LP. Therefore, it is always submitted together with the PPR.

### Applicants Manual

The purpose of the Applicants Manual is to provide stakeholders and potential project applicants with appropriate and high-quality information about the programme, the options and conditions for the development of their project ideas into full-fledged project proposals and the assessment and selection procedures for proposals.

### Control certificate

It is a document issued by the controller to the project partner containing the amount of verified expenditure for the concerned reporting period. By issuing this document, the controller verifies the legality and regularity of the expenditure according to EU, programme and national rules.

### Control guidelines

The purpose of this document is to support the work of the controllers to fulfil the verification of expenditures of project partners in a harmonised way in each partner state, in accordance with the requirements set by the DRP.

### Final report

An additional section of the last Project progress report that needs to be filled in by the LP, with the support of the partnership, which summarises what the project has achieved.



## Joint electronic monitoring system (Jems)

Jems is the electronic data exchange system used by the Danube Region Programme, for the management and monitoring of programme and project level implementation (including the management verifications tasks).

## Output factsheet

An output factsheet is summarising and presenting the main characteristics of an output (general feature, how and by whom to be used, what benefit it brings and how can it be sustained) delivered by the project. For each delivered output the LP has to prepare a separate output factsheet according to the type of the output (strategy, solution, pilot action), which shall be prepared in accordance with the template Annex C2 and uploaded to the relevant Project progress report.

## Output quality report

A output quality report is a written opinion (including both positive and negative aspects) issued by the quality assurance manager of the project in order to validate the quality of a delivered project output based on his/her assessment. The quality report is to be prepared separately for each single finalised output from the category strategy, solution and pilot action based on Annex C1 template and uploaded to the relevant project progress report to which the delivered output belongs to.

## Partner report

A tool to be used by the project partners (PP) 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 verification to the responsible controller at national level. The partner report consists of an activity report and a financial report. The financial part of this report serves as basis for the control certificate to be issued by the controller. On the other hand, the PP provides via the partner report adequate information for the LP concerning the activities carried out and the financial progress made in its project part, based on which the LP will prepare the regular Project progress report of the whole project. The partner report shall be prepared and submitted to the controller in Jems.

## Project progress report

A monitoring tool of the programme that shall be regularly prepared and submitted in Jems by the lead partner, in order to provide up-to-date information about the progress





of the project implementation as well as to justify those expenditure that are claimed in the Application for reimbursement, submitted together with the Project progress report for each reporting period.



## 1. Introduction

The purpose of the Implementation Manual (which together with the Applicants' Manual form the Danube Region Programme Manual) is to provide detailed guidance for lead partners and project partners of the approved projects in the implementation phase (from contracting to project closure), including reporting obligations, payment of the contribution from the Interreg Funds and other programme-related requirements set in the subsidy contract. The project implementation has to be executed according to the regulations and rules relevant for the financial instrument of the programme (Interreg Funds). This Manual describes the implementation rules for the project partners of the programme, as well as the joint requirements for all partners. For specific problems related to particular operations, the Danube Region Programme (DRP) Managing Authority/Joint Secretariat should be contacted for advice.

This Manual outlines the steps to be taken during the project implementation.

**ATTENTION: Deadlines in the Implementation Manual always refer to calendar days!**



## 2. Contracting

### 2.1 Contracting Procedure

Contracting is the procedure carried out in order to conclude a subsidy contract between the lead partner (LP) and the Prime Minister's Office of Hungary hosting the Managing Authority/Joint Secretariat (MA/JS) of the DRP, for the implementation of a project approved by the decision of the Monitoring Committee (MC). The contracting starts after the final MC approval of the project application, i.e. after the successful fulfilment of conditions (if relevant).

Following the MA/JS notification about the final MC approval of the application, the LP has to submit the following documents in original format hard copy to the MA/JS **within 15 days from the date of receiving the MA/JS notification letter by email:**

1. *Statement on project bank account:*

- (a) document officially issued and signed by the bank of the LP proving that a **separate EUR bank account** has been opened for the project by the LP (**Annex A1.1**)

*or*

- (b) document officially issued and signed by the bank of the LP proving that the **single EUR bank account** of the organisation is available for the project (**Annex A1.2**).

In this case, a separate sub-account or technical code or other technical arrangement allowing to identify, track and report all financial transfers and expenditure related to the project shall be established in relation to the existing single EUR bank account.

2. *Proof of signature of the legal representative of the LP (Annex A2):* document presenting the authorised signature of the person(s) entitled to sign the subsidy contract and the Application for reimbursement. The document has to contain the original authorised signature of the legal representative(s) countersigned according to national rules, e.g. countersigned by a notary / legal department / private individual, etc.).
3. In case of any change in the legal status of the LP, the documents proving the new legal status.
4. *Lead partner Confirmation and Signature (Annex A7)* officially signed and stamped by the legal representative of the LP organisation.



5. *Original Declarations of co-financing (Annex A3)* – one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
6. *Original State aid Declarations (Annex A4)* - one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
7. *Original Declaration of International Organisations (Annex A6)* – (if relevant) one per each respective financing PP; officially signed and stamped by the legal representatives of the PP(s).
8. *Original ASP Declarations (Annex A5)*- (if relevant) one per each respective ASP; officially signed and stamped by the legal representatives of the ASP(s).
9. *Original partnership agreement* – officially signed by the LP and each financing PP. The LP has to submit the last version of the Partnership Agreement in accordance with the AF approved by the MC and signed by the duly authorized representative of each project partner.

Following the check of the submitted documents, the MA/JS will inform the LP in written form if any correction or further completion is necessary. In such case the LP will be requested to submit **within 10 days** from the MA/JS communication the completed documents.

Once the LP submits all necessary documents, the MA/JS prepares the Subsidy Contract. The subsidy contract is to be signed first by the Head of MA on behalf of the Prime Minister's Office of Hungary and will be sent to the LP for signature in two originals, out of which one original remains with the LP. The LP has to send back to the MA/JS one signed original **within 15 days** from the date of receipt of subsidy contract. The estimated timeframe of the contracting procedure is in general one month, depending on the time needed for the LP to send all necessary documents for contracting. In case the necessary documents for contracting are not provided within three months from the date of receipt of the MA/JS notification letter, the MA/JS notifies the MC to decide whether or not the MA/JS should withdraw from the contracting.

Once the signed subsidy contract is received by the MA/JS, Jems system will be updated by setting the project to Contracted. Once the project is set to contracted the LP can upload the signed Subsidy Contract and insert additional information as per the MA/JS instructions.



## 2.2 The subsidy contract

The subsidy contract and its annexes establish the legal framework for the implementation of the project by specifying the awarded amount of Interreg Funds, the eligibility timeframe, the conditions for support, implementing arrangements (including reporting, verification and reimbursement of expenditure), and determining the rights and obligations of the LP and the MAJS. The approved application form and the partnership agreement (and its amendments) form an integral part of the subsidy contract.

The general framework of the project implementation is regulated by the subsidy contract and the details are described in the different Chapters of this Manual, e.g. reporting and application for reimbursement, information and publicity requirements, audits, etc. The main rules for the modification of the subsidy contract are outlined in the subsidy contract, and regulated in detail in Chapter 5 - *Project changes* of this Manual.



## 3. Project implementation

### 3.1 Project management

#### 3.1.1 Starting up the project

The project implementation can start only after the final approval of the application by the monitoring committee(MC). Therefore, expenditures related to the project implementation are eligible from the start date of the project, which cannot be earlier than the date of the final approval of the application by the MC. The project implementation period, defined by its start and end dates, is explicitly stated in the Subsidy Contract.

**EXCEPTION:**in case of EUSDR PAC and DSP projects the starting date is included in the call announcement and it is not linked to the MC approval.

#### 3.1.2 Project management

Project management and coordination have crucial role to ensure successful implementation and to achieve the project objectives. It is important that the partnership:

- Establishes effective management structure (with sufficient capacity) and procedures;
- Ensures appropriate flow of information among the project partners within this management structure;
- Constantly monitors the progress of implementation in order to identify potential risks and deviations that make corrective interventions necessary;
- Controls the quality of the work done and the deliverables, outputs produced;
- Keeps regular contact and communication with the programme management, the MA/JS on the project level, the NCPs and controllers on the partner level;
- Evaluates the results (what has been achieved, how much the results are in line with the original objectives, what the conclusions and the possible follow-up measures can be).



In case of EUSDR PAC/ DSP call for proposals it is advised that each project partner nominates at least one person in charge of the reporting towards the programme. LP should nominate also the contact person in charge of ensuring the smooth information flow between the project and the MA/ JS.

**The section below is applicable only for the classic projects:**

Immediately after the project approval the partnership should set up the governance of the project, which in general consists of the following:

- Steering Committee (SCOM) (which is the decision making body inside the project). Detailed rules on the functioning of the SCOM are included in the partnership agreement.
- Project management team
- Quality management structure

The size of the **project management** team can vary from one project to the other, yet at least 4 key positions should be ensured for the proper implementation:

A. **Project manager** (PM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. PM is responsible for:

- liaising between the project and the MA/JS
- the overall management and coordination of the project implementation,
- daily monitoring of project progress with the support of specific objective and activity leaders, using appropriate monitoring tools, detecting problems and deviations and acting in time to find solutions, manage modifications, if necessary
- compiling the content parts of the project progress reports and timely submission thereof, achievement of project objectives within the planned period of time and for the quality control of delivered outputs,
- keeping close contact with the MA/JS and the project partners.

B. **Financial manager** (FM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. An experienced financial manager is vital for the proper financial implementation of the project and for ensuring the timely reimbursement of funds. Therefore, in case the institution does not have the necessary expertise, then externalising these services is highly recommended. FM is responsible for:



- permanent monitoring of all financial aspects, including internal management of funds, expenditure, spending rates, budget shifts, etc.
  - financial reporting.
- C. **Communication manager** (CM) can be nominated from the institution of the LP or can be externalised in case no internal resources are available. CM is responsible for:
- developing and implementing the internal project communication strategy,
  - defining communication objectives, approaches, activities and key messages to be disseminated,
  - preparation of information materials and promotional items,
  - preparation and distribution of newsletters and press releases to identified stakeholders.
  - coordination of communication within the partnership by setting up internal communication rules and monitoring tools, as well as updating the information on the project section in the DRP website etc.
- D. The partnership should set up from the beginning an effective **quality assurance management structure**. The quality assurance of the project outputs is mandatory for all regular projects approved in the framework of the Danube Region Programme. Without quality validation of the outputs, expenditure cannot be reimbursed. The quality management structure shall consist of experts responsible for proofreading, analysing and reviewing the project outputs (strategies, solutions and pilot actions) from a qualitative point of view. The quality assurance management shall be led by an independent **quality assurance manager (QAM)** (who can be an internal or externalised expert of the LP/PP organisation in charge of a specific task). The QAM could be supported by a team of (internal and/or external) experts, forming either a quality management board or being individually involved in specific thematic reviews. The programme requires that these experts are independent from the implementation team. The partnership should also agree on internal procedures for the quality management, including follow up of the funding during the checks (e.g. how the partnership would correct /remedy the inconsistencies / information gaps, etc. found during the quality assurance check of the outputs) and measures for correction of the deficiencies.

A QAM bears the responsibility for the information provided in the output quality report. The quality assurance activity should always have a follow up, i.e. all recommendations/findings of the QAM should be taken into account by the partnership





and all the actions implemented based on these findings shall be included in the quality report of the specific output.

Quality assurance manager is responsible for:

- reviewing all the project outputs (strategies, solutions and pilot actions) and providing feedback to the partnership;
- ensuring that the findings are included in the final outputs to be submitted to the MA/JS;
- validation of the outputs before submission to the MA/JS;
- informing the MA/JS about any obstacles/problems encountered during the process.

### **3.1.3 Project evaluation**

At project level, the evaluation should offer a clear picture of the effectiveness, efficiency, impact and durability of the project outputs and results. Even though the evaluation is not mandatory at project level, the programme recommends that an assessment of the impact of the project at the level of the target groups should be done once during the project implementation. In general, the project can choose from the following evaluation options:

- Operational type of evaluation to analyse the effectiveness of the project management and implementation in terms of: procedures, workflow and project governance.
- Evaluation of the project achievements in terms of objectives, outputs and results.
- Evaluation of the impact of the project at the level of the target groups.

Many projects plan the evaluation already in the AF, however it is not excluded that some introduce this exercise only after the project is approved (this would require a minor project modification within the existing project budget in case insufficient financial resources have been allocated for management). The important aspect is that the evaluation planning is flexible enough in order to adapt it to the changing environment.

### **3.1.4 Cooperation with the EU Strategy for the Danube Region**

The Danube Region Programme finances projects which significantly contribute to the EU Strategy for the Danube Region (EUSDR), this being a requirement already in the project preparation phase. Furthermore, it is expected that the approved projects are building a strong link with the EUSDR through the Priority Area Coordinators (PACs)



throughout the project duration. Working closely with the PACs can prove to be a win-win situation since the projects can benefit from the professional networks developed around the PACs, while the EUSDR will have direct access to important results achieved by the projects. Consequently, PACs can be invited to participate in project meetings, projects events, peer-reviews etc. (PACs contacts can be found on the EUSDR website- <http://www.danube-region.eu/contact/priority-area-coordinators>). The DRP will facilitate close cooperation between the projects and the EUSDR through the capitalisation strategy of the programme.

### **3.1.5 DRP Capitalisation and synergies**

Internal (among DRP projects) and external (between DRP projects and other programmes' projects) cooperation among complementary projects is a powerful tool to ensure a better utilisation and performance of results..

Furthermore, this will allow for addressing existing disparities between regions and the uneven development of regions in the cooperation area more effectively. In this respect, the programme also encourages partnerships to reach out to relevant stakeholders and professionals in order to ensure effective networking beyond the partnerships.

The Danube Region Programme supports synergy building activities between projects working on similar topics which should enable them to exploit and consolidate one another's achievements, and create a higher leverage effect. This will enhance the visibility and impact of both projects and programme. Furthermore, it will improve the results and performance of the projects.

### **Objectives**

The main objectives of the DRP capitalisation activities are:

- To valorise and further build upon the knowledge resulting from projects working on similar and/ or complementary topics
- To fill knowledge-gaps by linking actors with complementary thematic specialisation, experiences, methodological approaches or geographical scope
- To increase the visibility of the projects and the programme and to ensure their impact on the policy making process at local, regional, national and European levels
- To strengthen strategic thematic networks in the programme area
- To encourage the wider take-up of project outcomes from outside the DRP programme area



- To contribute to the EUSDR (as the involvement and coordination with the EUSDR Priority Areas will increase real implementation and impact of results)
- To contribute to the design and/or implementation of future transnational cooperation activities in the area

### **Target groups**

- Beneficiaries of DRP project outputs
- DRP stakeholders
- DRP programme management bodies
- EUSDR bodies and stakeholders
- Projects and stakeholders outside the programme area, relevant in the identified thematic field

**Activities** (synergies and capitalisation activities are mandatory but the listing below is not exhaustive)

Possible capitalisation activities could include:

- Joint communication actions (e.g. newsletters, etc.)
- Sharing good practices and methodologies in order to identify solutions to common challenges
- Joint thematic meetings to exchange on projects' content and outputs
- Joint thematic studies, elaboration of policy recommendations, common policy guidelines
- Peer review or benchmarking of project outputs
- Exchange visits between projects, if this enables cross-fertilisation and/or take-up of results
- Joint dissemination activities such as joint (final) conferences addressing relevant stakeholders

### **Outcomes**

DRP capitalisation empowers involved projects to improve the quality and sustainability of outputs, strengthen their communication to relevant stakeholders, and enables the reinforcement of existing or forming of new cooperation networks and projects. In addition, DRP capitalisation increases the knowledge of programme bodies about cooperation gaps, territorial needs and/or potentials in the programme area.



## 3.2 Information and communication management

### 3.2.1 Introduction

This chapter has been developed with the purpose of clarifying and streamlining the requirements in the field of information and communication to be fulfilled by the projects in the programming period 2021 – 2027.

In order to complement and strengthen the measures set up in the programme Communication Strategy, an important role will be played by the projects themselves. Communication activities are an important and integral part of the project implementation, and thus require a good planning in order to correctly link the project communication objectives to the specific project objectives. The rules and recommendations included in this chapter aim to help projects plan and implement their communication activities successfully.

The MAJS will provide communication training and supporting documents, moreover, the MAJS supervises the appropriate implementation of the communication activities, including minimum quality standards and the efficient use of the funds committed for communication purposes.

#### Legal Basis

The obligations of beneficiaries regarding information and communication measures for the public are included in the Art. 36. of the [Interreg Regulation](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1059&from=EN) (https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1059&from=EN)).

The regulation contains a set of general and compulsory measures. In addition, each programme can develop additional requirements, which will be inserted in the Subsidy Contract and the partnership agreement.

The **Branding Guidelines for projects** provided by the DRP shall be the basic document to be used by the projects during the implementation of their communication activities.

#### Communication: a shared responsibility

The responsibility for communicating about the DRP is shared by the programme management (ensuring general communication about the programme) and the beneficiaries, who are responsible for promoting the projects and their results. Communication at programme level is delivered by the MAJS, with the help of the



National Contact Points. Communication at project level is the responsibility of the beneficiaries. All project partners must be involved in communicating the project results.

To ensure consistency, the LP shall appoint a **communication manager**. The communication manager should be a qualified person in charge of the planning, coordination and implementation of the project communication and of the involvement of all partners in communication activities. This person shall also liaise with the MAJS on project communication issues.

### **Transparency**

Full transparency of the activities implemented by the projects and the use of EU funds must be guaranteed. The MAJS is responsible for the publication (electronically or otherwise) of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. Beneficiaries shall be informed that acceptance of funding means an acceptance of their inclusion in the published list of beneficiaries. The MAJS and NCPs shall also be authorised to publish other information about the projects if considered relevant and/or to distribute/publish any project output/deliverable.

All information and communication measures provided by the beneficiary shall acknowledge and promote the EU support received from the Programme by displaying the DRP logo along with the project acronym, **together with a reference to the Fund/s supporting the operation.**

### **3.2.2 Requirements**

The requirements to be followed are included in the CPR, the Subsidy Contract and the partnership agreement to be signed by the beneficiaries, as a means to enhance projects' communication and visibility and facilitate the sharing of knowledge and experience and future collaboration among projects.

#### **Project webpages within the programme website (only applicable to regular projects)**

**The DRP website will include and host one website for each project.** The integrated system of programme and project websites will facilitate the monitoring of project activities and it will save financial and human resources. No costs will be charged for creating and maintaining the project website since these services will be offered by the programme free of charge.



The MAJS will give projects access information (username and password) and guidance (a User Manual) on how to produce and upload content to their webpages. The project webpages will have the same structure for all projects allowing some flexibility to create new sub-sections according to the projects' requests. All projects need to update their webpages regularly with content designed to attract new visitors during the implementation. The webpages should contain interesting project descriptions that would be meaningful to people unaware of Interreg, focusing, whenever possible, on the story, on the people and on the added value of the project actions referring to EUSDR as well.

The "micro-sites" will include:

- Pre-filled information fields with data from the AF: partnership, budget, etc.
- Dynamic information to be filled in manually by projects: project results, news and events, online newsletters, etc.

Projects might still develop a separate website for tools or products with a life reaching beyond the project implementation period (i.e. an online platform) or in case the website is a project output itself and not a simple communication tool. The development of such a separate website will be subject to approval by the MAJS requiring specific justification. In the event that this separate website is approved, the project will be required to follow the programme's corporate design.

Apart from the project's webpage, a **short description of the project**, including its aims and results and highlighting the financial support from the European Union, **must be included on each project partner's website**, where such a website exists.

Beyond the website, the programme encourages the projects to develop their own communication strategies and presence online through social media and to use digital communication tools, when relevant to their communication objectives, target groups in general.

### **Logos and visual identity**

Article 36. of the Interreg Regulation requires all beneficiaries to follow a number of rules regarding the use of the logo of the European Union and the respective fund. The logo must always be visible in a prominent place. The DRP logo already respects all the programme requirements, and all approved projects are obliged to use it (already customised for each project) on all their communication materials, outputs and deliverables (both hard copy and electronic) as well as to display it in events.



**In general, DRP projects are not allowed to develop their own project logo.** Developing a logo is costly, it has a limited lifetime and numerous logos might bring confusion to the audience. For this reason and in order to limit costs, projects will share the programme's logo by adding the project acronym below in the colours of the priority each project belongs to. The DRP MAJS will provide the approved projects with their own logo in different formats.

A specific logo might exceptionally be considered for an output/result/brand with a lifetime going beyond the project if well justified in the AF and approved by the MAJS.

The DRP provides **Branding guidelines for projects** with rules to be followed by all projects and non-binding templates. This document will be available on the DRP website. Non-compliance with the rules on branding could lead to a decision on non-eligibility of costs by national controllers and other programme bodies, in line with article 36 (6) of the Interreg Regulation. The MAJS will help the projects in fulfilling these rules and support them constantly in all their communication activities.

## **Poster**

Within six months after the approval of the project, each project partner has to place at least one poster with brief information about the project (minimum size A3), including the financial support from the EU, at a location visible to the public, such as the entrance area of a building in accordance with the Art. 36. of the Interreg Regulation.

The poster needs to stay visible for the whole duration of the project. An editable template of a poster will be provided by the MAJS but projects are free to create their own posters as well.

## **Events**

At least two major events must be organised by the project to raise awareness and disseminate the project results. A kick-off event should be organised, whenever possible, within four months after the beginning of the project implementation and a final dissemination event should be organised at the end of the implementation period.

These events shall not only be attended by the project partners but also key stakeholders/ end-users/ decision-makers should be invited and the audience should be as wide as possible. During the events, projects are encouraged to place the EU flag and ensure the visibility of the programme logo.

Other activities/events can be organised by the project (i.e. targeted small-scale events) or the partners can decide to participate in an activity organised by others if relevant for the project implementation. Projects are invited to participate, whenever requested, in



other events organised by the programme with the purpose of presenting/discussing/developing/sharing project results and creating synergies with other projects and relevant organisations.

Projects are encouraged to seek capitalisation opportunities and joint activities with other projects during the whole implementation period.

### **Internal communication**

The internal communication shall facilitate the smooth management of the project by ensuring effective and fluent communication among project partners as well as by articulating clear distribution of responsibilities according to the work plan. The LP should take responsibility for establishing tools and procedures that keep all partners connected and constantly informed.

The success of the programme communication depends both on valuable project results as well as good and regular cooperation between the communication managers and the MAJS. The MAJS also expects projects to actively participate in the programme bodies' communication initiatives at programme and national level (e.g. by delivering content and photos for digital and printed materials) and to involve the MAJS and the relevant NCPs in major communication events.

## **3.3 Financial management**

### **3.3.1 Control System in DRP**

#### **3.3.1.1 National Control System**

According to Article 69(1) of the CPR each partner state shall have a management and control system for their programmes and ensure their functioning.

Controllers will be identified by each partner state to ensure that management verifications referred to in point (a) of Article 74(1) of the CPR are carried out on its territory. Controller shall be responsible for verifying the legality and regularity of the expenditure declared by each project partner participating in the project.

**The identified (responsible) controllers** and the control system requirements for each partner state are available at the programme's website (<https://www.interreg-danube.eu/uploads/media/default/0001/53/972f2245982579f9d6c464cbe811e1efcc165239.pdf>).





### 3.3.1.2 Management verification procedure

The **Danube control guidelines** are developed at programme level in order to ensure the common understanding of the rules and the requirements for management verification. The requirements and procedures related to the verification of expenditure set by the DRP are described in the Danube control guidelines.

The Control checklist for projects is a standard template of the Danube control guidelines, containing the eligibility rules and the documentary evidence needed to verify project expenditure. Therefore, it can be used as self-assessment tool by the lead partners/project partners before submitting the project expenditure to the controllers for verification.

**The Danube Control Guidelines are available for download on the programme website.**

**The control costs** are financed by national public sources in case of centralised control systems<sup>1</sup>. Therefore, the verification of expenditure is ensured free of charge for the project partners coming from these partner states. In case of decentralised control systems<sup>2</sup>, the control costs need to be planned in the project budget and paid by the project partners respectively.

### 3.3.1.3 Control certificate

**The Controller verifies the expenditure** declared by the PP, as well as the LP, on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU rules and relevant national rules.

Having completed the verification of expenditure, **the controller issues the control certificate** in Jems. There is no requirement at programme level to issue the control certificate on paper in original version (however, at national level it can be regulated differently).

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<sup>1</sup> *Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Romania, Serbia, Slovakia, Slovenia and Ukraine*

<sup>2</sup> *Austria, Germany and Moldova*



The **Control certificate contains** detailed information on the administrative verifications and on-the-spot checks performed for the given reporting period as well as on irregularities, and includes the detailed list of invoices on the verified expenditure.

### 3.3.1.4 Timeframe for management verification

Controllers shall verify the expenditure of the PPs in due time (in any case within the timeframe specified in Article 46(6) of the Interreg Regulation) in order to ensure the timely submission of the project progress report and the application for reimbursement at project level.

Considering the timeframe needed for the preparation of the partner report at PP level and the preparation of the PPR and AfR by the LP, the controllers shall fulfil the verification of expenditure within **60 days**<sup>3</sup>.

Verification process	Verification timeframe and indicative deadlines		
Preparation and submission of the partner report by the <b>project partner</b> to the controller from the end of each reporting period	<b>15 days</b>		
Verification of expenditure and issuing the control certificate by the <b>controller</b>		<b>60 days</b>	
Preparation and submission of the PPR and the AfR for the whole project by the <b>lead partner</b> to the MA/JS			<b>15 days</b>

**Please note:** Controllers can set up different reporting deadlines for the project partners (instead of 15 days) in the national control guidelines (if any). In case less than 60 days are available for verification by the controller, the submission deadline of the project progress report and application for reimbursement might be missed jeopardizing the due reimbursement of expenditure to the project.

<sup>33</sup> **DRP Programme complement (PC) 4.3 Control systems and management verifications:** “ In order to do so, each Partner State should establish procedures so that expenditure can be verified within a period of two months from the submission of the documents by the project partners allowing for timely submission of project progress reports by the lead partners within a three months period from the end of each reporting period.”



### **3.3.2 Eligibility of expenditure**

The sound financial management of the project is based on the eligibility of expenditure. The rules on eligibility of expenditure for the Danube Region Programme are developed in accordance with CPR, ERDF Regulation, Interreg Regulation and in line with other applicable EU Regulations. Detailed rules on the eligibility of expenditure are laid down in the Annex (DRP Manual on Eligibility of project expenditure).

In principle, the same eligibility rules apply to Interreg Funds. Exceptions due to different rules for PPs from non-EU countries are explicitly mentioned under the relevant sections of the Manual. The eligibility of expenditure will be verified by the controllers for each PP at national level according to the requirements of the DRP and the relevant EU and national rules.

### **3.3.3 State aid rules**

Interreg Funds provided by DRP must comply with the State aid rules. According to the Article 107 paragraph 1 of the Treaty on the Functioning of the European Union<sup>4</sup> (hereinafter referred to as: "TFEU") 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 shall, in so far as it affects trade between Member States, be incompatible with the internal market". This definition can be further detailed in five cumulative criteria:

1. The aid is granted to an undertaking that performs economic activity.
2. The aid is granted by the State or through State resources and it is imputable to the State.
3. The aid confers an advantage.
4. The aid selectively favours certain undertakings, regions or sectors or the production of certain goods.
5. The aid distorts or threatens to distort competition and affects trade between Member States.

Consequently, if a certain measure (aid granting) meets each of these five criteria and the recipient of the aid carries out an economic activity in the context of the project,

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<sup>4</sup> Treaty on the Functioning of the European Union 2012/C 326/01



such measure falls under the state aid rules, regardless of the legal status of the entity that benefits from the measure and regardless of whether the entity aims to make profit or not.

Therefore, such measures to public and private entities are subjected to the State aid rules.

In case that the granting of the Interreg Funds provided by DRP meets each of the five criteria under TFEU Article 107 paragraph 1, the granting of the Interreg Funds is subjected to the State aid rules.

DRP operates under the Commission Regulation (EU) 651/2014<sup>5</sup> (hereinafter referred to as: “GBER”), which provides block exemption for certain categories of aid.

DRP provides the following categories of aid as set out in Chapter III of GBER:

- a) Aid for costs incurred by undertakings participating in European Territorial Cooperation projects granted under GBER Chapter 3 Article 20 taking into account the provisions of GBER Chapter I-II (**direct aid granted under GBER Article 20**), and
- b) Limited amounts of aid to undertakings for participation in European Territorial Cooperation projects granted under GBER Chapter 3 Article 20a taking into account the provisions of GBER Chapter I-II (**indirect aid granted under GBER Article 20a**).

DRP does not support “undertakings in difficulty” as defined in GBER Article 2 point 18.

**a) Aid for costs incurred by undertakings participating in European Territorial Cooperation projects (direct aid granted under GBER Article 20)**

GBER provides block exemption for aid granted in the context of Interreg projects. State aid compliance in DRP will be assessed based on the five above mentioned criteria. If each of the criteria is met, then the project partner implements State aid relevant activities. State aid relevant partners can request up to EUR 2 000 000 of total aid amount per undertaking, per project. Maximum co-financing rate of the programme is 80%, which cannot be exceeded with any additional aid granting (e.g. from a national or regional co-financing scheme).

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<sup>5</sup> Commission Regulation (EU) 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Article 107 and 108 of the Treaty, as amended by Commission Regulation (EU) 2017/1084 of 14 June 2017, Commission Regulation (EU) 2020/972 of 2 July 2020, Commission Regulation (EU) 2021/452 of 15 March 2021 and Commission Regulation (EU) 2021/1237 of 23 July 2021



## **b) Limited amounts of aid to undertakings for participation in European Territorial Cooperation projects (indirect aid granted under GBER Article 20a)**

Project activities might result in granting funds to third parties outside the project partnership that would not receive funds under normal market conditions, e.g. in the absence of funding granted by DRP. These project activities are for example services granted free of charge, training, or consultancy to companies. In these cases indirect State aid is granted under GBER Article 20a because the final beneficiaries of the project activities are entities outside the project partnership.

The aid granted to an undertaking that is the final beneficiary of the project activities is compatible with the internal market under GBER Art. 20a if the following conditions are met:

- ✓ The maximum amount of aid granted to final beneficiaries is EUR 20.000 per undertaking and per project.
- ✓ The project activities that are affected by indirect State aid are determined by the concerned partner and approved by the MAJS.

During implementation, partners need to keep control that the total amount of EUR 20 000 per undertaking is not exceeded in their project. Partners estimate the aid amount by means of market price or project price.

**Market price:** The project partner determines the aid amount based on market prices for benefits comparable to those given through the project (e.g., services, training, consultancy). The project partner is requested to document the related market research (e.g., internet search, collected offers).

**Project price:** If no comparable offers exist on the market, the project partner calculates the amount of the aid according to an estimation of the costs planned for offering the services. Partners can assume that the total value of the training/service is equal to the total planned costs for providing it. Total planned costs cover, for example, costs for equipment, room rentals, cost of speakers, travelling. The project partner then uses the total planned costs to calculate total costs per third party that benefits from the service.

### **Compliance with the EU State aid rules**

The procedure of the State aid assessment is described in the Application Manual. Project applicants are asked to provide a self-assessment on the State aid relevance in the Application form.



Partners that consider their activities in the project State aid relevant need to choose from the two options above (GBER Article 20 or GBER Article 20(a)). The self-assessment on the State aid relevance in the application form is assessed by the DRP. Approved projects will be contacted by the MAJS and may be requested to amend their Application forms.

Activities of those partners that receive more than 80% public co-financing for the project, are not eligible and have to be removed from the Application form. If partners receive direct aid, the entire budget allocated to the concerned partner is regarded as aid granted under GBER Article 20. In case of indirect aid granted to third parties outside the project partnership, a contractual condition setting a threshold to the aid granted to third parties is prescribed.

## **4 Monitoring project progress**

### **4.1 Reporting**

Reporting is the main tool used by the programme to monitor the physical and financial progress and performance of the project, its deliverables/ milestones, outputs, achievements and contributions to the programme objectives and output indicators on a regular basis or at certain stages of the project implementation. Reporting is also the basis for the reimbursement of the EU contribution part (Interreg Funds) of the project expenditure to the LP and eventually to the PPs. Based on the contractual obligation, the LP has to regularly submit Project progress reports (PPRs) and Applications for reimbursement (AfRs), according to the deadlines set in the SC. In the PPR, the LP reports about the project progress in order to prove that the implementation is in accordance with the approved AF and to justify the reported and verified expenditure included in the AfR.

While the PPR is prepared by the LP, each PP contributes to the compilation of the PPR by preparing and submitting their partner reports (PRs). PPs shall provide adequate information for the LP concerning the activity and financial progress of their respective project parts in the PR in relation to a certain reporting period.

The partner report contains the financial data of the expenditure reported by the PP that needs to be verified by the controller at national level in order to issue the Control certificate. The PP has to submit the PR through the Jems to its identified/ responsible



controller by the deadline defined by the respective controller in the national control guideline or, if no national control guidelines are available, by the deadlines outlined in point 3.3.1.4. of this Manual.

#### **4.1.1 Reporting system and process**

The reporting procedure is integrated into and managed through Jems. The MA/ JS will provide guidance for the LP and each PP on how to access Jems.

All PPs (including the LP) have to prepare and submit their PRs through Jems to their responsible Controller at national level. The MA/ JS will provide guidelines for partner report detailing how the PR is to be prepared and submitted in Jems. The Controller, after verification of the PP's reported expenditure issues the Control certificate to the PP in Jems. Further information on the control process can be found in the Control Guidelines. The LP has read-only access to the PRs and the Control certificates of each PP, based on which the LP compiles the PPR in Jems and AfR signed by the LP and uploads the necessary supporting documents,. The MA/ JS will provide guidelines for project progress report preparation and submission in Jems.

The MA/JS checks the submitted PPR (including the AfR) and its annexes and verifies their content before initiating the reimbursement of the related Interreg Funds to the LP's bank account by the certifying authority. The LP is responsible for transferring the Interreg contributions to the PPs according to the approved AfR.

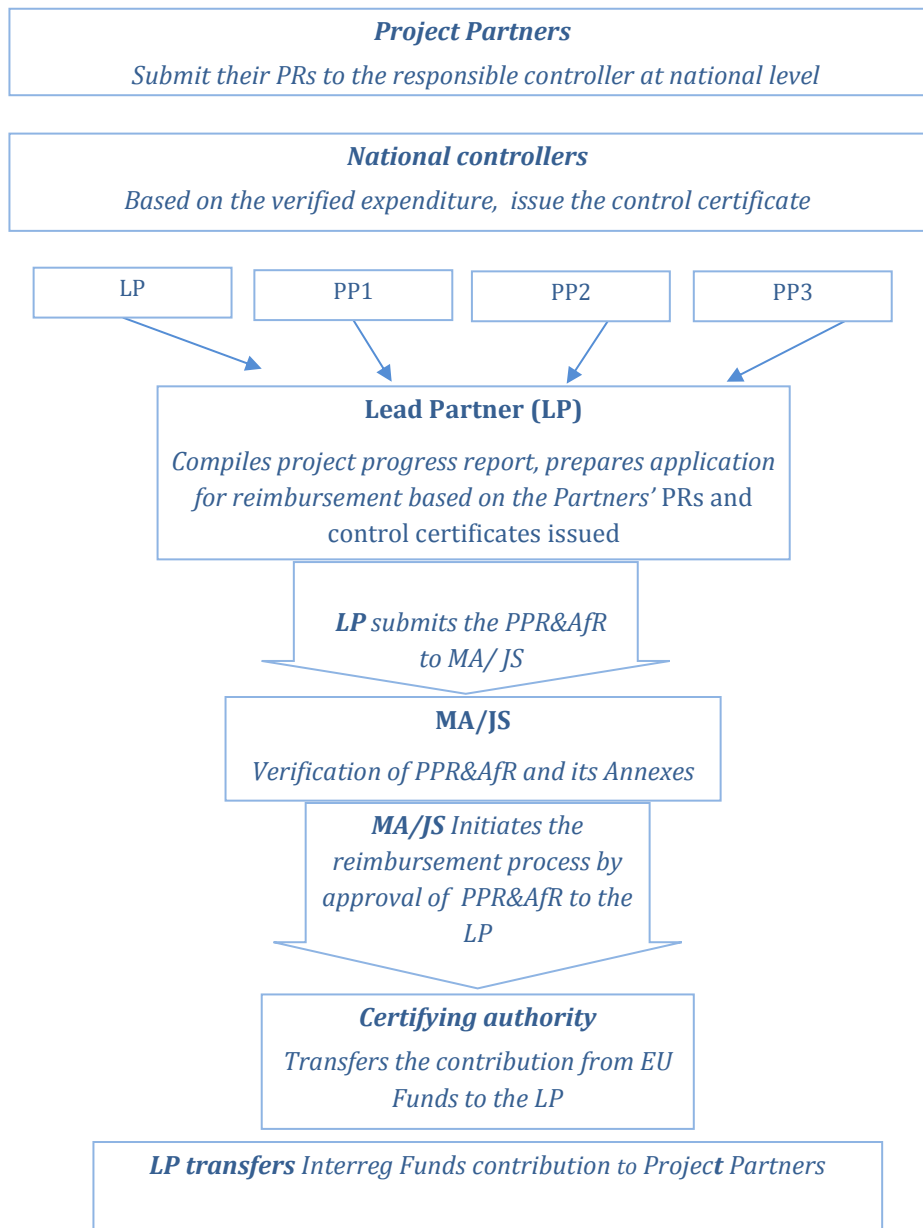
#### **4.1.2 Reporting deadlines**

The LP has to submit the PPR, including the AfR, **twice a year**, on a **six-month basis** starting from the month of the approval date of the project, except for the first and the last reporting period which might be shorter or longer than 6 months depending on the time plan of the project. The deadlines for submission of the PPR and AfR are defined explicitly in Article 5 of the Subsidy Contract.

**EXCEPTION: the first reporting period for PACs and DSP is one year. The following reports of the PAC and DSP will be submitted on the six-month basis.**



The PPR and AfR have to be submitted by the LP to the MA/JS **within 3 months from the end date of each reporting period.**



The first PPR and AfR have to cover the *preparation costs* of the project as well as the project expenditure incurred and paid within the first reporting period.

PPRs received after the deadlines may be rejected. In this case, the PPR can be submitted in the next reporting period.





As the LP can submit PPRs only on the basis of information received and expenditure verified on partner level, meeting the deadline for submission of the PPR depends on the time schedule for preparing PRs, verification of expenditure at partner level, and preparation of PPR by the LP. The LPs have to consider that generally about 2 months are needed for the controllers to issue the Control certificate from the date of submission of a PR.

#### **4.1.3 Preparation of the project progress report (PPR)**

The **reimbursement of the EU contribution part of the reported expenditure** will be processed and initiated by the MA/JS **only in case** the related **PPR and the AfR are approved by the MA/JS**. Therefore it is important to stress that the LP shall describe the progress of the project implementation in sufficient details and quality in each PPR and also that the PPs help the LP by preparing their PRs at adequate quality level. The *MA/JS will provide guidelines that* details the structure of the partner and the project progress report, as well as clarify what the LP and the PPs should focus on, when filling in the different parts of their respective reports besides the description of the technical details.

#### **Reporting about project outputs**

In the activity part of the PPRs, the LP is expected to present regularly the progress in achieving the project outputs, implementing the activities and reaching the deliverables, including the progress towards reaching the related target values.

In addition to this, when a certain project output is finalised, the *output quality report*, as well as *output factsheet(s)* are to be enclosed to the relevant PPR.

#### *Output quality report (only applicable to regular projects)*

It is the responsibility of the independent quality assurance manager assigned by the project to ensure that the outputs delivered by the project partnership meet sufficient quality. Accordingly, the QAM is expected to prepare an output quality report to be submitted together with the PPR of the respective period in relation to each project output strategy, pilot action, solution finalised in that particular reporting period. In case no output has been delivered in the respective period, no output quality report has to be submitted. The QAM is expected to proofread, analyse and perform a peer-review on project outputs from the qualitative point of view, assessing and validating the quality of the final output by giving its written opinion (including both positive and negative aspects) in the output quality report. For the validation of the quality of a final output, external qualified experts can also be involved. The *output quality report template* is provided by the DRP as Annex C1 of this Manual.



### Output factsheet

The LP has to present each finalised output of the project in an Output factsheet for which the relevant template is provided by as Annex C2 of this Manual.

This description is expected to be non-technical, easy to understand also by someone not having specific expertise in the given field and also sufficient for communicating the output to the general public. The following aspects shall be described in the factsheet:

- General description of the output
- How the output contributes to EUSDR actions and/or targets
- How (by which activities) and by whom (key contributors) the output has been achieved
- How the output can be used and by whom (target group), what is the benefit and the impact for the target groups and the target area/Danube Region
- How the sustainability of the output can be ensured and to whom and how it is going to be transferred
- Pictures, technical documentation, if applicable

**For EUSDR PAC and DSP projects** the structure of the output fact sheet Annex C2.1 is the following:

- General description of the output
- How the output contributes to programme and project objectives, output indicator and result, as well as how the output contributes to the targets set for the Priority Area concerned;
- How the output can be used and by whom (target group), what is the benefit and the impact for these target groups and the target area / Danube Region
- How the sustainability of the output can be ensured and where and to whom it is going to be transferred

### **Final report**

After the finalisation of the project implementation, the LP must prepare the Final Report (FR) along with the last PPR..



In addition to the periodical focus of the PPR, the final report shall provide a comprehensive overview of the project achievements, their contribution to programme and project objectives, the outputs delivered, how the relevant target groups were involved and how they will use these outputs; the measures ensuring durability and transferability of the outputs, etc. The report shall also give account of the expected impact, as well as its potentials for capitalisation; the added value of cooperating on transnational level and the lessons learnt, reference to EUSDR. The final report should be focusing mainly on the qualitative aspects of the implemented project.

### ***Financial part of the project progress report***

The **financial report** part of the PPR presents the expenditure verified by the controllers at national level in relation to the reported activities of the project, which have been incurred and paid by the LP and the PPs during the reporting period.

**Only verified expenditure can be reported by the project partners to the lead partner, according to the following procedure:**

Each PP (including the LP) has to submit, in relation to the activities reported in the PR for a given reporting period, its expenditure incurred and paid as well as related supporting documents, for verification to the responsible controller in its Partner State. **Each PP, including the LP is responsible separately for having its expenditure verified by the responsible controller in its partner state.**

**Project partners can submit maximum 2 partner reports for different reporting periods** (one current and one previous which is delayed) to the controller for verification for the same reporting deadline set in the subsidy contract for the LP. In this case, two control certificates will be issued by the controller which will be included in one project progress report. Project periods shall not be merged by the PPs/controllers.

### **Application for reimbursement (AfR)**

The **AfR** is the document for claiming the reimbursement of the contribution from the Interreg Funds by the LP for the project based on the amount of verified expenditure of PPs. The AfR shall be prepared when the PPR is completed and finalised and signed by the LP and submitted to MA/ JS together with the PPR



The data of the AfR is based on the verified expenditure reported in the financial part of the PPR. The related Control certificates selected by the LP in Jems will automatically be enclosed in the PPR.

In case control certificates and PRs are not available from each PP for a given reporting period, the LP shall submit the AfR on the basis of the control certificates available until the reporting deadline. The expenditure of the project partners not verified for the given reporting period within the reporting deadline shall be requested in the subsequent AfR.

Before submitting the AfR, in compliance with the Article 26(c) of the Interreg Regulation, the LP shall verify the following:

- the expenditure declared by the PPs participating in the project has been incurred only for the purpose of implementing the project and corresponds to the activities agreed among those PPs in the frame of the approved AF;
- the expenditure declared by the PPs and included in the AfR has been verified by the responsible controller at national level;
- the expenditure declared in the AfR concerned has not been included in any other previous AfR;
- the information included in the AfR, the related PPR and its Annexes are true and correct.

### Language of reporting

The language of reporting is **English**: the partner report, the project progress report, including all additional parts (i.e. output quality report, output factsheet, final report), the AfR and the control certificate shall be prepared in English.

#### 4.1.4 Submission of project progress reports

The PPR (incl. annexes) has to be submitted in the Jems to the MA/JS. The submitted PPR has to be fully completed.

Modification of a submitted PPR is possible only in case the MA/JS requires it.

#### Documents to be submitted together with the project progress report

In order to prove the progress of the project, the following documents have to be submitted, only in electronic/scanned version, together with the PPR (certain documents are to be submitted only in given implementation stages, specifically indicated):

SECTION B – Specific objectives	Only for the <b>finalised outputs</b> : ➤ Output factsheet
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	<ul style="list-style-type: none"> <li>➤ Output quality report</li> <li>➤ Output evidence</li> </ul> <p>All three above mentioned documents have to be archived in a single zip folder and uploaded in Jems.                  Only for the <b>finalised deliverables/ outputs</b>:</p> <ul style="list-style-type: none"> <li>➤ Deliverable/ output evidence</li> </ul>
SECTION E – Attachments	<ul style="list-style-type: none"> <li>➤ <b>Application for reimbursement (if applicable);</b></li> <li>➤ <b>Bank statement(s)</b> proving the transfer of the previous contributions to the partners</li> <li>➤ <b>Updated budget minor reallocation tool of the project</b></li> </ul>

#### 4.1.5 Completion and rejection of the progress report

When the MA/JS detects inconsistencies or insufficient information in the PPR or in the AfR and related document(s), the MA/JS requests the completion from the LP and the re-submission of the PPR and/or AfR by the given deadline.

#### Completion of the project progress report and application for reimbursement

- a) In case the PPR has to be completed or additional clarifications or missing documents have to be submitted, and the control certificates do not need correction, the completed PPR should be re-submitted within **maximum 10 days** (shorter deadlines might be given according to the urgency or the type of completion) after the notice sent by the MA/JS.

If the completion is not full, or other clarifications are deemed necessary the MA/JS can ask for a second completion. The LP is given an additional **maximum 5 days** after receiving the notice of the MA/JS to correct the mistakes of the PPR and re-submit it.

- b) In case the PPR and AfR have to be completed implying the correction of one or more control certificates, the revised PPR and AfR, including the corrective version(s) of the control certificate should be resubmitted to the MA/JS within **maximum 20 days** from the receipt of the e-mail notification by the MA/JS. In case it is not possible to reissue the control certificate by the responsible controller within the given deadline, or the reissued and resubmitted Control certificate is still not acceptable to the MA/JS, the related costs of the given partner(s) shall be deducted from the amount of the AfR. In this case, the



corrective (re-issued) Control certificate can be submitted along with the subsequent AfR.

### **Rejection of the project progress report and the Application for reimbursement**

After the second unsuccessful completion round, the PPR and AfR might be rejected, in case it is still not possible to gain appropriate information on the following:

- the activities carried out by the project partnership in the given period;
- the progress of the project implementation and the status of achievement of project objectives, the quality of the outputs delivered and deliverables in the given period;
- clear and justifiable relation of the reported activities, deliverables and outputs to the verified and reported expenditure of the PPs, etc.

In case a PPR is rejected due to reasons listed above, the amount requested in the related AfR will not be paid to the LP and the MA/JS is entitled to apply a proportional reduction to costs related to the project budget up to 5% based on the prior decision of the Monitoring Committee.

A rejected PPR and AfR can be resubmitted only once. In such a serious case, when the resubmitted PPR and AfR (that had already been rejected) still do not meet the programme requirements, the MA/JS has to finally reject the PPR and AfR of the project and as a consequence, the Interreg contribution part of the expenditure reported in the rejected PPR will not be reimbursed. This would also entail that the MA/JS is entitled to withdraw from the Subsidy Contract (in accordance with Art. 14(2)) thereof based on the prior decision of the Monitoring Committee, for the LP failed to appropriately fulfil its reporting obligations deriving from the Subsidy Contract.

#### **4.1.6 Reimbursement of Interreg funds**

##### **Lead partners**

The following procedure applies for the reimbursement of the contribution from Interreg Funds to the lead partners:

1. The reimbursement of contribution from Interreg Funds to the LP will be initiated only after the MA/JS verifies and accepts the PPR and the AfR.
2. The reimbursement of contribution from Interreg funds will be transferred by the certifying authority after the verification process of the MA/JS.
3. In case the Interreg balance of the DRP bank account handled by the certifying authority does not cover the total amount of contribution to be reimbursed, the

certifying authority will temporarily suspend the reimbursement process until the contribution from the Funds is transferred to the DRP bank account by the EC. In this case, the MA/JS notifies the LPs of the projects concerned on the suspension and the estimated timeframe.

4. Reimbursement of the contribution from Interreg Funds will be executed on the EUR project bank account of the LP (as indicated in the Subsidy Contract) in order to ensure that all financial transactions related to the project can be identified and tracked.

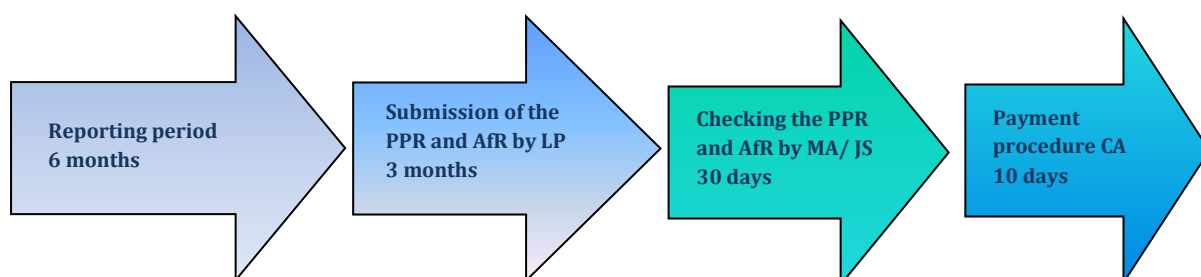
The **LP is responsible to transfer the contribution from Interreg funds** to each PP according to the approved AfR as soon as possible but **within the deadline given in the partnership agreement at the latest**. No deduction, retention or any other specific charges shall be made by the LP concerning the approved amount. Furthermore, no legal dispute between the LP and the PP concerned could be subject to any compensation from the approved amount to be transferred by the LP to the PPs.

**Bank statements proving the transfers of EU contribution to each project partner** within the timeframe set in the Partnership Agreement have **to be submitted to the MA/JS with the following PPR and AfR**. In case of the last AfR, the proof of transfers shall be submitted to the MA/JS within 30 days from the date of transfer of the Interreg Funds to the LP by the CA. In case the LP does not transfer the Interreg funds in due time, an irregularity procedure would be initiated by the MA/JS.

### Timeframe of reimbursement

The LP and the project partners have to consider the timeframe of the reimbursement of Interreg funds when preparing the time plan of their project activities.

The following flowchart **presents the procedures described in the previous sections showing the indicative timeframes**.





It should be also taken into consideration that the timeframe for checking the PPR by the MA/JS could be prolonged with the time needed for the completions by the LP.

The MA/JS needs in general 30 days for the verification of the PPR. In case the content part or the financial part of the PPR needs to be completed, additional 15 days for checking the resubmitted PPR and AfR by the MA/JS should be calculated. After approval of the PPR and AfR by the MA/JS, the certifying authority initiates the transfer of the contributions from the Interreg Funds to the LP generally within 10 days.

#### **4.1.7 Financial progress and decommitment of the project**

The **LP has to ensure that each PP strictly follows its spending forecast** according to the approved AF.

The **Partnership has the possibility to deviate from the spending forecast** laid down in the Subsidy Contract taking into consideration that in case of underspending (with reference to the original spending forecasts), the MA/JS is entitled to decommit the budget of the project by reducing the original project budget and the corresponding contribution from Interreg Funds (based on the prior decision of the MC)..

In case the **LP does not report verified eligible expenditure according to the approved spending forecast**, the MA/JS will assess the level of underspending and the reasons for lower financial performance and, in such a case, the MA/JS is entitled to initiate the decommitment of the EU Funds from the project (based on the prior decision of the MC).

In case the **MC decides on the decommitment of funds from the project**, the MA/JS initiates the **modification of the Subsidy Contract** (detailed in section 5.2.5 of this Manual). The process will define the distribution of the Funds to be decommitted at project partner level taking into consideration the financial performance of the different PPs.

In case the **LP submits the PPR and the AfR** or the project modification request **with unjustified delays, or more than two completions** of the same PPR and AfR are attributable to the LP, the MA/JS is entitled to apply a proportional **reduction of the total project budget up to 5%** on the basis of the decision of the monitoring committee.





## 4.2 Monitoring visits by the MA/JS (applicable only to classic projects)

The major source of information for the MA/JS in monitoring the project implementation and progress is the PPR. Further to that, in order to have more direct contact between the programme management bodies and the partnership of the individual projects and to get a closer, more real view on the project implementation, the work being carried out, the progress and the achievements, the MA/JS visits contracted projects at least once during the implementation period, in the framework of the First-Year Review process. In case it is considered to be necessary, additional visits might be organized based on the project financial and technical performance.

### First-year review (FYR)

All classic projects approved in the framework of the DRP must undergo the first-year review, which aims at understanding the progress of the project in terms of objectives, outputs and result achievement, as well as in terms of financial spending.

Before the first year review, no major project modification concerning the budget and activities is allowed.

The first-year review is based on:

- The project first project progress report
- The *Summary of project implementation* (Annex D1) which is a template to be filled in by the LP before the meeting, highlighting the actual progress of the project in terms of implemented activities, achieved outputs, current financial spending per cost category, deviation from the spending forecast and proposal for a new financial forecast by the end of the project. The LP should also provide the monitoring templates used at project level, internal procedures, list of public procurements already initiated/ finalised. The completed summary has to be submitted to the MA/JS 10 days before the review meeting.
- First year review meeting is to be organised (in-person, or online format) preferably together with a steering committee meeting, as the presence of all PPs is important, in coordination with the MA/JS PO.

The review and the meeting focus on the progress of the activities, their timely implementation and the related verified expenditure, the progress towards the project objectives and output targets, management and communication of the project, potential risks, problems, delays and their possible solutions, a realistic forecast for the rest of the implementation period. It shall 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.

Based on the above, the first-year review has a preventive scope, in the sense of gathering information on the rules and procedures, cooperation inside the partnership and reviewing the objectives, activities, outputs and spending.

Based on the review, the MA/JS informs the project partnership about the outcome (as well as the MC and NCPs), and may identify recommendations, including concrete measures and actions summarised in the form of *First Year Review recommendations* (Annex D2) to be sent to the LP. The LP is obliged to inform the MA/JS about the fulfilment of the recommendations in the progress reports. In case of delays and poor financial performance, the programme might decide the project decommitment.

The first-year review meeting should be organised well in advance by the LP, in coordination with the MA/JS PO, who should be informed about the time and location preferably two months before the planned steering committee meeting, or other related project event. The NCP of the LP country and the NCP of the country where the meeting is taking place is invited to attend the meeting. The first-year-review meeting can be organised also online/ hybrid, but in case of projects having considerable problems in implementation and management the meeting will be organised in-person. The LP, in agreement with MA/JS will draft the agenda of the first year review meeting which shall contain at least the following: a general presentation of the status of the project by the LP (progress, delays, difficulties in implementation, etc.), presentations of the partners responsible for certain activities and other PPs on specific issues, discussions, MA/JS follow up and next steps.

### **Monitoring Visits**

Beyond the first-year review meeting, in case the content and financial performance of a project makes it necessary, additional monitoring visits of the project, or meeting between the MA/JS and the project management can be held at the premises of the LP/PP, at an event organised by the LP/PP (e.g. project Steering Committee meeting, etc.), or at the premises of the MA/JS, where the main objective of a monitoring visit can be fulfilled. Compared to the first year review, the monitoring visit has an advisory role as the main goal is to solve issues and problems encountered during implementation. The MA/JS will inform the LP at least one month in advance about the upcoming monitoring visit, including the necessary documents to be submitted. The procedure for the monitoring visits will follow the same approach as the first year review and will also be based on:



- The project progress reports submitted up to that date
- The *Summary of project implementation* (Annex D1) is to be filled in by the LP before the meeting, highlighting the actual progress of the project in terms of implemented activities, achieved outputs, current financial spending per budget lines, deviation from the spending forecast and justification. The LP should attach the list of public procurements already initiated/ finalised, spending per partner, relevant decisions taken by the partnership and other documents that might be requested by the MA/JS on a case by case basis. The completed Summary has to be submitted to the MA/JS 10 days before the monitoring visit.

The purpose of the monitoring visit is to maximise the impact of the programme; to ensure the proper use of the funds; to support, advice, assist and assess the partnership. The monitoring visit is not considered as an audit, but it contains checking certain criteria related to the implementation of the project. After the monitoring visit, the MA/JS will draft the *Monitoring Visit recommendations* report to be sent to the LP and shared with all the partners (as well as with the NCPs). The LP has to report about the fulfilment of the recommendations similarly as in case of the First Year Review process. Moreover, the MA/JS can propose specific actions, including withdrawal from the Subsidy Contract in case the project implementation is significantly different from the objectives indicated in the Subsidy Contract or irregularity is suspected.



## 5 Project changes

During the project lifecycle, due to unforeseen reasons, some changes might be necessary in relation to the specific details of the project implementation as defined in the subsidy contract, as well as in the approved AF and the partnership agreement that are integral parts of the subsidy contract. In all such cases, **the LP has to immediately contact the MA/JS PO to inform about the situation and the planned modification, with the exceptions of cost categories reallocations within 15% of PP's budget which do not require the confirmation of the MA/ JS. Based on the information provided, MA/JS PO will establish if it is a minor or major modification and inform the LP about the procedure to be followed and the necessary documents to be submitted.**

Project changes will be accepted only in **well justified cases**.

Depending on their impact, changes can be either minor or major. **While minor changes only require MA/JS PO's confirmation, with the exception of cost categories reallocations within 15% of PP's budget, major changes, besides the formal approval by the MA/JS, imply the modification of the subsidy contract.**

A major modification requested by a project can be implemented and the related expenditure will be eligible only after its approval. The exceptional case, when a new project partner joining the partnership is described in section 5.2.1 of this Manual.

**ATTENTION: In case of EUSDR PAC/ DSP projects the request for major project modifications are approved by the MC.**

### 5.1 Minor changes

Minor changes have more an administrative and technical character and cannot in any way:

- affect the project intervention logic (i.e. project main and specific objectives, outputs and results)
- affect the transnational character of the project
- reduce the quantity (except for merging outputs), or quality of the planned outputs
- affect the nature and use of the planned investments



- bring any change in terms of State Aid relevance

Minor changes can be:

- Administrative changes
- Change of an ASP (without budgetary consequences on the sponsoring partner's total budget)
- Minor adjustment of the project content
- Budget reallocations among cost categories (CCY)

Minor changes, except for administrative changes, need confirmation of the MA/JS PO, however do not entail the modification of the subsidy contract.

The minor change process is managed outside Jems, using the DRP templates and supporting documents as defined along the type of minor changes below and once the process is concluded, at a certain stage, in agreement with the MA/JS PO, the LP enters the modified project data, except for minor budget reallocations between cost categories, into Jems and uploads all documents related to the respective minor change.

### 5.1.1 Administrative changes

Administrative changes can be the following:

- Change of the project management team (project manager, financial manager, communication manager), and/or their contact details
- Change of the contact details (e.g. address, email) of the LP/PP
- Change of LP/PP Legal Representative
- Change of bank account of the LP
- Legal succession of LP/PP

### Necessary documents and procedure

Type of modification	Action to be taken by LP
Change of the project management team	Informs the MA/JS PO about the change via email and updates the data in Jems
Change of the contact details of the LP/ PP	Informs the MA/JS PO about the change via email
Change of: - PP/ LP legal representative	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides Annex A2_<i>Proof of signature</i> in case of LP legal representative change (electronic + original)</li> <li>▪ Uploads the scanned <i>Proof of Signature</i> in Jems</li> </ul>



	<p>which will be clearly earmarked as being a new proof of signature!</p>
<p>Change of: - LP bank account</p>	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides Annex A1.1 or A1.2_ <i>Bank account statement</i> (electronic + original)</li> <li>▪ Updates the data in Jems and uploads the <i>Bank account statement</i></li> </ul>
<p>Legal succession <i>The legal succession of the LP (Article 11 of the subsidy contract) or PP is considered an administrative change and not a partner change if, based on the relevant legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the predecessor, as well as it fulfils the partner eligibility criteria of the DRP.</i></p>	<p>Informs the MA/ JS PO about the change via email within 10 days from the date the legal act stating the legal succession enters into force and provides the legal act (in original language – to be checked by the relevant NCP) proving that the new legal entity is the legal successor of the previous one, taking fully the duties and obligations of its predecessor</p> <p>* In case the legal representative or the LP bank account changes as well, documents and procedure described above will additionally need to be submitted/ followed.</p> <p>* In case the legal succession is not confirmed by the relevant NCP, a partner change procedure will be followed.</p> <p>Documents for legal succession will be uploaded in Jems!</p>

### 5.1.2 Change of an associated strategic partner (ASP)

Changes such as when an ASP is being replaced by a new ASP, or withdraws without substitution, or an additional, new ASP joins the partnership, are considered as minor changes. If the change in relation to an ASP however, affects in any way the budget of the sponsoring partner (due to budget relocations between partners), than such a change is considered as a major change and a different procedure is to be followed.

#### Necessary documents and procedure

Type of modification	Action to be taken by LP
<p>ASP withdrawal/replacement Additional ASP</p>	<ul style="list-style-type: none"> <li>▪ Submits via email to MA/JS PO Annex B1_ <i>Change Log File</i>, providing justification for withdrawal/ replacement or arguments for involving a new ASP</li> <li>▪ Provides <i>ASP Declaration</i> in case of new ASP</li> </ul>



	<ul style="list-style-type: none"> <li>▪ B2/B2.1_ <i>Minor Reallocation Tool</i> if relevant, to indicate modified ASP allocations</li> </ul>
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In case of an additional ASP joining the partnership, the total budget of the project cannot be increased. The new ASP shall be sponsored from the budget of an existing PP, or from own resources of the ASP organisation.

### 5.1.3 Minor changes in the content of the project

Minor adjustments of the work plan that do not affect the strategic approach of the project and do not put at risk the completion of the project by the end date are considered minor changes and need MAJS PO confirmation.

Minor adjustments of the content can refer to:

- timing, duration, location or format of activities
- timing, number (only increase or merging is allowed) or format of deliverables or outputs
- adding/ changing equipment to be used for reaching the project objectives, ensuring the same quality of the activity

### Necessary documents and procedure

Type of modification	Action to be taken by LP
Minor adjustments of the project content	Submits via email to MAJS PO Annex B1_ <i>Change Log File</i> providing justification for the changes and Annex B2/B2.1_ <i>Minor Reallocation Tool</i> , if applicable

### 5.1.4 Budget reallocations

Adaptation of the project budget to the actual needs of the project is possible within certain flexibility limits. Minor budget reallocations refer only to budget shifts between cost categories (CCY) within a certain PP's budget, but neither to periods, nor to reallocations between PPs.

It is the responsibility of each PP to timely inform the LP whenever they intend to reallocate budget among cost categories and get their confirmation for control purposes. Similarly, it is the responsibility of the LP to permanently monitor the budget reallocations made by partners (using Annex B2\_ *Minor Reallocation Tool*, which are provided by the programme) to make sure that MAJS PO's confirmation is requested in



any of the following situations:

- Budget reallocations within 15% of PP’s budget related to the increase of cost of equipment or infrastructure and works
- Budget reallocations above 15% of PP’s budget

Once the cost category budget reallocations of a PP reach 15% of their respective total budget, the LP shall always request the confirmation of the MA/JS PO for any further reallocations of that PP.

The LP shall upload Annex B2 *\_Minor Reallocation Tool*, reflecting the budget shifts made during a certain reporting period, together with the next project progress report.

### Necessary documents and procedure

Type of modification	Action to be taken by LP
Budget reallocations within 15% of PP’s budget related to the increase of cost of equipment or infrastructure and works	Submits via email to MA/JS PO Annex B1 <i>_Change Log File</i> providing justification for the reallocations and Annex B2, or B2.1 <i>_Minor Reallocation Tool</i>
Budget reallocations above 15% of partner's budget	

- The 15% limit is considered **cumulatively on PP level**
- The original percentage of staff costs (20% of direct costs) if the case or office and administration (0% or 15%) flat rates or travel and accommodation costs (15%) cannot be changed as a result of a budget shift
- The expenditure connected to budget reallocations above 15% can be eligible and will be possible to be reported only after the MA/JS PO confirms the change request

## 5.2 Major changes

Classicprojects: major changes are approved by MA/JS

EUSDR PAC/ DSP projects: major changes are approved by MC





Major changes are considered to be substantial deviations from the approved AF. They are considered as exceptional cases, which need the previous approval of MA/JS, based on the thorough justification provided by the project through the LP. In case such change is approved by the MA/JS, the subsidy contract and the AF of the project in Jems is to be modified accordingly. Prior to the approval the MA/ JS will inform the MC members from the countries involved in the project.

Major changes may refer to:

- Partnership
- Content of the project
- Budget reallocations between partners
- Duration of the project
- Decommitment of the project

Major project changes can be requested only:

- after the first-year review of the project implementation (according to the project duration), except for partnership changes (NOT applicable in case of PAC/ DSP projects)
- 3 months before the project end date at the latest

### **General process of a major project change:**

The LP should immediately contact the MA/JS PO in case the project faces problems that would make necessary a major project change. In case the MA/JS PO acknowledges the necessity of a major change, asks the LP to fill in and submit Annex B3\_*Request for project modification* template. The MA/JS PO checks the submitted request document and once the details of the request are clear, the LP shall fill in the related project AF data modification, upload the necessary supporting documents and submit in Jems. In this phase, if necessary, completion rounds are foreseen.

The MA/JS PO notifies the LP about the MA/JS or MC (in case PAC/ DSP projects) decision and, in case of approval, requests the original, signed versions of the applicable documents to be submitted by the LP **within 15 days**.

The Addendum to the subsidy contract will be signed by the Head of MA on behalf of the Prime Minister's Office of Hungary and sent to the LP. The Addendum should be signed also by the LP and one original shall be sent back to the MA/JS **within 15 days** from its reception.



When the signed Addendum arrives to the MA/JS, the project AF data modification will be approved by the MA/JS also in Jems concluding the major change process.

The expenditure related to the modified project part can usually be eligible from the date of the MA/JS or MC (in case of PAC/ DSP projects) approval (for specific rules in case of new PP entering the partnership see section 5.2.1). The related costs can be verified only after the amendment of the subsidy contract is signed by the contracting parties.

### **5.2.1 Changes in the partnership**

The project partnership is the backbone of the project implementation as each project partner has its role and task in it. Therefore, it is important that the partnership tries to explore all solutions in order to avoid partner changes.

If, despite all efforts of the partnership, a partner is to withdraw, or be debarred from the project with or without substitution, the LP is obliged to inform immediately the MA/JS PO in written form and such change always needs the approval of the DRP MA/JS or the MC (in case of PAC/ DSP projects), as well as the modification of the subsidy contract and the AF.

The LP should also inform immediately the MA/JS PO in written form in case the partnership wishes to add a new partner (without replacing existing ones).

### **Principles**

- The LP has to ensure that, following the change(s) in the partnership, the project still fulfils the minimum requirements for the transnational partnership of the DRP and does not alter the general character and the intervention logic (objectives, outputs and results) of the original project.
- *In case of PAC/ DSP projects the new partner is confirmed by the EC (and the related EUSDR National Coordinator) as PAC.*
- The partner leaving the project will remain fully responsible and liable for all activities that were carried out and outputs that were delivered by them until the date of withdrawal and will be financially responsible for the activities completed including the responsibility for repayment of the amount unduly paid. Expenditure of the withdrawing partner are eligible if they are incurred and paid until the date of withdrawal as indicated in the related Annex B4\_ *Declaration of withdrawal* and the Addendum of the subsidy contract, and can be verified and must be reported by the LP until the reporting deadline of the reporting period, following the period in which the MA/JS approved the partner's withdrawal.



- In case a withdrawing PP is replaced, the new PP shall comply with applicable partner eligibility criteria of the DRP (to be confirmed by the relevant NCP). The new partner shall have equal relevance for the partnership and similar competences as the one leaving, as well as bearing sufficient financial and organisational capacity to be able to fulfil its duties and responsibilities within the project. The expenditure related to the activities of any new partner can be eligible already from the date of new PP entry (which can be the earliest the day after the PP withdrawal), based on the *Annex B5\_Declaration of commitment*, signed by the new partner and countersigned by the LP and indicated also in the related Addendum of the subsidy contract - provided that the DRP MA/JS approves the partnership change. The costs of the new project partner can be verified only after the amendment of the subsidy contract is signed by each contracting parties.
- As a general rule, the withdrawn partner should be replaced by another partner who has similar competences /responsibilities and is preferably located within the same country as the withdrawing one.
- The activities and related budget of the withdrawing partner can be taken over by a new partner or by one or more existing partners.
- In case a PP withdraws and, due to the circumstances, the activities and deliverables for which they were responsible cannot entirely or partly be taken over by the replacing PP(s), new activities and deliverables can be introduced provided that those guarantee equivalent value and clearly contribute to the elaboration of relevant outputs and the achievement of the project objectives and results.
- Depending on the type of partnership change, the total budget of the project may be adjusted accordingly.
- In case of LP change, the new LP shall fulfil the LP eligibility criteria of DRP and have appropriate competences and capacities for this role. Instead of an Addendum to the original subsidy contract, a new, tripartite (withdrawing LP, new LP and MA/JS) Transfer Contract shall be concluded and signed by all three parties.

Similarly to a PP change, the withdrawing LP shall remain fully responsible and liable for the whole project activities, outputs and deliverables/ milestones until the withdrawal date as specified in the *Declaration of Withdrawal* and Transfer Contract. The new LP takes over the full responsibility and liability for the project from the date indicated in the *Declaration of Commitment* and Transfer Contract.



## Necessary documents and procedure

Type of modification	Action to be taken by LP
Partnership	<p>Submits via email to MA/JS PO the drafts of the following documents, <b>as applicable</b>:</p> <p><i>Annex B3_Request for project modification + supporting documents</i></p> <p><i>Annex B4_Declaration of withdrawal</i></p> <p><i>Annex B5_Declaration of commitment</i></p> <p><i>Annex A3_Co-financing declaration</i></p> <p><i>Annex A4_State Aid declaration</i></p> <p><i>Annex A6_International organisation declaration</i></p> <p><i>Annex B6_Addendum to partnership agreement</i></p> <p><i>Annex A7_LP confirmation and signature</i></p> <p>Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS</p>
LP change	<p>Submits via email to MA/JS PO the drafts of the following documents, <b>as applicable</b>:</p> <p><i>Annex B3_Request for project modification + supporting documents</i></p> <p><i>Annex B4_Declaration of withdrawal</i></p> <p><i>Annex B5_Declaration of commitment (of the new LP)</i></p> <p><i>Annex A3_Co-financing declaration</i></p> <p><i>Annex A4_State Aid declaration</i></p> <p><i>Annex A6_International organisation declaration</i></p> <p><i>Annex B6_Addendum to PA</i></p> <p><i>Annex A7_LP confirmation and signature</i></p> <p>Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS</p>

In case the partnership change entails other modifications (e.g. budget reallocations among partners, content-related changes), they will be indicated and justified in the *Request for project modification*.

### 5.2.2 Changes in the content of the project

Normally the LP and the whole project partnership has to ensure that the focus of the project, including its intervention logic is kept and all objectives, outputs and result defined in the AF will be achieved and delivered.

Significant modification of the project content that would affect its focus, having impact on the project objectives, or results, or modify the quantitative (decreasing), or



qualitative aspects of certain outputs, defined in the approved AF are considered to be major changes affecting the basis of the original approval of the project. **Modifying activities that due to the actual modification turn to be State aid relevant is not possible.**

### Principles

The new modified activities and the related expenditure are eligible from the date of the MA/JS (or MC in case of PAC/ DSP projects) approval. These costs can be verified only after the addendum to the subsidy contract is signed by each contracting parties.

If following the change, the originally approved activities or outputs cannot be delivered anymore, or replaced by justified new activities or deliverables that guarantee equivalent value and quality for the whole project, the budget part related to the non-delivered activities, outputs will be proportionally reduced for the affected partners.

The LP and the project partnership should also consider Article 14.2. of the subsidy contract regarding the right of the MA/JS to withdraw from the contract and reclaim the Interreg contribution.

### Necessary documents and procedure

Type of modification	Action to be taken by LP
Major change of the project content	Submits via email to MA/JS PO the draft of the following documents, <b>as applicable:</b> <i>Annex B3_Request for project modification + supporting documents</i> <i>Annex A4_State Aid declaration</i> <i>Annex A7_LP confirmation and signature</i>  Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS



## SPECIAL PROCEDURE FOR PAC/ DSP PROJECTS – 2 year review and project modification

Every two year the PAC/ DSP projects will go through a 2 year review of the content and the budget.

The two year reviews will be performed as follows:

- 1<sup>st</sup> review – until March 2025
- 2<sup>nd</sup> review – until March 2027

MA/ JS will notify the relevant PAC/ DSP LPs about the review and agree on the date in the at least 3 months before. The LP will submit to the MA/ JS, at least 1 month before the agreed date of the review the following documents:

- the revised AF with the detailed activities to be implemented in the following two years.
- the detailed explanation on the project spending, including procurements and committed funds.

During the review meeting the MA/ JS will discuss and agree with the LP the revised activities and potentially revised budget which will be afterwards submitted in Jems and send for approval to the MC.

### **Necessary documents and procedure**

Type of modification	Action to be taken by LP
Major change of the project content	Submits via email to MA/JS PO the draft of the following documents, <b>as applicable</b> : <i>Annex B3_Request for project modification + supporting documents</i> <i>Annex A7_LP confirmation and signature</i> <i>Budget calculation (justification of underspending and updated spending targets for the next 4 reporting periods)</i> Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS.



### 5.2.3 Budget reallocations between partners

Budget reallocations between project partners are possible:

- In justified case (without partnership change), if not affecting the main objectives, results and outputs of the project
- Due to changes in the partnership (distributing activities and related budget among the project partners)
- When one PP takes over the responsibility to finance the participation of an ASP from another PP and the related budget part reallocated between these PPs.

The budget reallocation shall not negatively affect the transnational character of the project and cannot result that any of the affected partners will not be able to deliver its contribution to the planned project outputs as the consequence of the modification.

#### Necessary documents and procedure

Type of modification	Action to be taken by LP
Budget reallocations between partners	Submits via email to MA/JS PO the draft of the following documents, <b>as applicable</b> : <i>Annex B3_Request for project modification + supporting documents</i> <i>Annex A3_Co-financing declaration</i> <i>Annex B2_Minor reallocation tool</i> (indicating the modified allocations for ASP sponsoring – sheet 6. ASPs) <i>Annex A7_LP confirmation and signature</i> Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS

**The spending forecast of a project is fixed in the subsidy contract and can be modified only in connection to substantial project changes affecting the project budget or duration of the project (i.e. more than 3 months).**



## 5.2.4 Prolongation of the project duration

Prolongation of the project duration can be requested **only once**. The prolongation of the project duration **cannot exceed 6 months**. However, when requesting the prolongation of the project duration, the LP has to take into consideration that according to the DRP eligibility rules, all activities within the projects must be **completed before 31 December 2028**.

The prolongation of the project duration implies the extension of the eligibility time and, if relevant, the revision of the spending forecast of the project (i.e. in case the project is prolonged with more than 3 months).

### Necessary documents and procedure

Type of modification	Action to be taken by LP
Prolongation of project duration	Submits via email to MA/JS PO the draft of the following documents, <b>as applicable</b> : <i>Annex B3_Request for project modification + supporting documents</i> <i>Annex A7_LP confirmation and signature</i> Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS.

## 5.2.5 Decommitment of the project

Decommitment of a project can occur in the following two situations:

- In case the DRP is affected by decommitment of Interreg Funds, or in case the financial performance of a project has serious problems – based on the decision of the monitoring committee – the MA/JS is entitled to decommit the project by reducing the original project budget and the corresponding Interreg contribution
- The partnership decides that the budget of the project should be reduced (e.g. due to less costly implementation of activities or the prospect of a lower spending percentage to be reached by the end of the project than initially foreseen)





## Necessary documents and procedure

Type of modification	Action to be taken by LP
Decommitment of the project	<p>Submits via email to MA/JS PO the draf of the following documents, <b>as applicable</b>:</p> <p><i>Annex B3_Request for project modification + supporting documents</i></p> <p><i>Annex A7_LP confirmation and signature</i></p> <p>Fill in and submit the related project AF data modification, upload the finalised, signed, scanned necessary supporting documents and submit in Jems to MA/JS.</p>

### 5.2.6 Summary table of types of project changes and related procedures

Type of project change	Procedure	
	Minor changes Previous confirmation of MA/JS PO No addendum to subsidy contract	Major changes MA/JS approval Addendum to subsidy contract
<b>Partnership change, including LP change</b>	-	<ul style="list-style-type: none"> <li>➤ MA/JS approval</li> <li>➤ PAC/ DSP projects MC approval</li> </ul>
<b>Project content change</b>	Minor changes <ul style="list-style-type: none"> <li>➤ MA/JS PO confirmation</li> </ul>	Major content changes <ul style="list-style-type: none"> <li>➤ MA/JS approval</li> <li>➤ PAC/ DSP projects MC approval</li> </ul>
<b>Budget reallocations</b>	Cost categories reallocations within 15% of PP's budget related to increase of costs of equipment and/ or infrastructure and works  Cost categories reallocations above 15% of a PP's Budget	Budget reallocations between PPs <ul style="list-style-type: none"> <li>➤ MA/ JS approval</li> <li>➤ PAC/ DSP projects MC approval</li> </ul>



	➤ MA/JS PO confirmation	
<b>Project duration prolongation</b>	-	MA/JS approval PAC/ DSP projects MC approval
<b>ASP change</b>	➤ MA/JS PO confirmation	-
<b>Decommitment</b>	-	MA/ JS approval PAC/ DSP projects MC approval



## 6 Audit of the project

### 6.1 Audit and process

As it is defined in the subsidy contract, the LP is obliged to guarantee fulfilment of the audit of the projects in relation to all other PPs of the project, to be carried out by any of such responsible auditing bodies of the EU, the auditing bodies of the participating partner states as well as the Audit Authority, MA/JS and certifying authority of the Danube Region Programme. The aim of these audits is to check the proper use of funds by the LP or by the PPs.

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

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority include in general sample checking of the verified 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 control certificate(s), checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing, the LP has to make available all documents required, provide necessary information and give access to its business premises.

### 6.2 Irregularity and repayments of contribution from EU Funds

#### 6.2.1 Handling of Irregularity

An “irregularity” is to be considered as any infringement of a provision of EU law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

The body which suspected the irregularity (controller, MA/JS, audit authority, etc.) reports it to the responsible body for handling of irregularities at the given partner state whose territory the project partner concerned is located.



The **detection** of the irregularity and the **decision on the sanction is made at national level** by the responsible body at partner state level, and **then reported to the European Commission** (OLAF report - **according to the EU Regulation no.1060/2021, from Annex XII**) and to the **MA/JS (OLAF report/Summary report)**.

In case the irregularity affects **partly the project** (one project partner) and the decision on sanction by the responsible body of the partner state **is the recovery of the contribution** from EU Funds unduly paid, the **MA/JS initiates the recovery procedure from the LP in each case**.

When the irregularity reported by the partner state **affects the whole project**, the monitoring committee is also entitled to make a decision about the irregularity. The decision can be the **withdrawal from the subsidy contract, reduction of the contribution from Interreg Funds to the project financing under the Danube Region Programme**.

### 6.2.2 Repayment of contribution from Interreg funds

1. In case of repayment, the **MA/JS sends a request for repayment** on the amount of EU Funds unduly paid to the LP.
2. The LP is obliged to secure repayments from all the PP(s) concerned and repay the amount specified by the MA/JS before the due date. However, according to **Article 52(2) of the Interreg regulation the MA/JS may decide not to recover an amount unduly paid** if the amount of contribution from the EU Funds – considered by Interreg Fund– **does not exceed 250 EUR**.
3. Based on the request for repayment of the MA/JS, the **LP has to ask the PP(s) concerned to repay the amount of EU Funds to the LP’s project bank account in due time**, considering the deadline given by the MA/JS for the repayment. The LP has to transfer this amount to the DRP bank account specified in the request for repayment of the MA/JS.
4. If a project partner commits an irregularity and the **lead partner cannot recover** the contribution from EU Funds unduly paid to a project partner on the basis of the Partnership Agreement existing among them, the LP **shall inform the MA/JS in written form within the deadline for the repayment**.
5. The **repayment by the LP is due within two months** from the receipt date of the request for repayment. The due date for the repayment will be explicitly given in the request for repayment. The receipt date of the request for



repayment shall be the date of sending the email, regardless of the date of receiving any official letter in hardcopy version.

6. The MAJS has the right to impose **interest on late payment** on the amount paid back by the LP belatedly. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the calendar day following the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.
7. The MAJS also has the right to recover the amounts specified in the request for repayment by deducting them from the AfR submitted by the LP. In case of **compensation**, the MAJS informs the LP on the **amount deducted from the AfR** concerned (including PP and PPR concerned).



## 7 Project closure

### 7.1 Project closure

In case the project is completed and the final project progress report, together with the Final Report section is accepted by the MA/JS, the project closure of the project will be initiated by the MA/JS.

**Project closing and final payment cannot be initiated in case other processes related to the project are not closed such as audit report, irregularity and recovery procedures.** In those cases, the provisions of the subsidy contract apply: article 13 (7) of SC: “The MA/JS shall be informed by the LP in case an investigation on irregularity is ongoing for the project after its end date. In case the decision on irregularity is not available at the time of the submission of the final PPR, the financial closure of the project might be suspended by the MA/JS for a maximum of 6 months from the deadline of submission of the final Report, considering the Programme closure deadlines as well.”

**After the final payment to the LP, the proof of transfers to the PPs shall be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the last AfR to the LP for the closure of the project by the MA/JS.** In case this obligation of the LP is fulfilled the project is considered closed and the LP is informed about the closure.

In case the LP does not submit the proof of transfers of the EU Funds to the project partners within the deadline, an irregularity procedure could be initiated by the MA/JS.

### 7.2 Retention of project documents

The LP and all other PPs of the project are obliged to retain for audit purposes all files, documents and data about the project for a two year period from 31<sup>st</sup> December following the submission of the accounts by the CA to the EC in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two year period.

The following documents have to be retained as the project’s audit trail.



No.	Document	Lead partner	Project partner
1.	Approved application form	original	copy (of original signed by LP)
2.	Partnership Agreement (and its amendments)	original	original
3.	Subsidy contract	original	copy
4.	Addendum to the subsidy contract	original	copy
5.	Project progress reports and final report (including quality reports)	only electronic version	only electronic version
6.	Applications for Reimbursement	only electronic version	only electronic version
7.	Partner reports	only electronic version	only electronic version



8.	Control certificate	only electronic version/ only LP's control certificate in original <sup>6</sup> ;	only electronic version/original <sup>11</sup>
9.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)	only the LP's invoices in original	only PP's invoices in original
10.	All supporting documents related to project expenditure (e.g. payslips, bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned	only the supporting documents of the LP in original	only the supporting documents of the PP in original
11.	All project deliverables and outputs (materials produced during the project period including project communication related documents and materials)	all project deliverables and outputs in original	only the project deliverables and outputs of the PP in original
12.	Output quality reports	copy	Not relevant
13.	Output factsheets	copy	Not relevant
14.	If relevant, documentation related to on the spot checks of the controllers (to be retained at the premises of the project partner concerned)	only LP's on the spot check documentation in original	only PP's on the spot check documentation in original
15.	If relevant, documentation of monitoring visits of the MAJS	original	copy
16.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports in copy	PP's audit report in original

### 7.3 Durability of the project

<sup>6</sup> and <sup>11</sup> depending on national requirements





According to Article 65 of the CPR, the Member State shall repay the contribution from the Funds to an operation comprising investment in infrastructure or productive investment, if within 5 years of the final payment to the beneficiary or within the period of time set out in state aid rules, where applicable, that operation is subject to any of the following:

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

The Member State may reduce the time limit set out in the first subparagraph to 3 years in cases concerning the maintenance of investments or jobs created by SMEs.

Repayment by the Member State due to non-compliance with this Article shall be made in proportion to the period of non-compliance.

## **7.4 Ownership of project results**

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

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

The MAJS as well as the National Authorities of the Partner States of the programme – including NCPs – reserves the right to use the outputs and results of the project for information and communication actions related to the programme.



## 8 Annexes

### Annex: Eligibility of project expenditure

#### A. Regular annexes

- A1.1 Bank account statement\_separate
- A1.2 Bank account statement\_single
- A2 Proof of Signature
- A3 Co-financing Declaration
- A4 State Aid Declaration
- A5 ASP Declaration
- A6 International Organisation Declaration
- A7 LP confirmation and signature

#### B. Change-related annexes

- B1 Change-log file
- B2 Minor Reallocation Tool
- B3 Request for Project Modification
- B4 Declaration of withdrawal
- B5 Declaration of commitment
- B6 Addendum to partnership agreement

#### C. Reporting-related annexes

- C1 Output quality report
- C2 Output factsheet
- C2.1 Output factsheet PAC/DSP
- C3 Application for reimbursement (AfR)

#### D. FYR/MV-related annexes

- D1 Summary of project implementation



## D2 FYR and MV recommendations