



CENTRAL BALTIC  
INTERREG IV A  
PROGRAMME  
2007-2013

# Project Applicant's Programme Manual

Version 6.0

6<sup>th</sup> Call for applications

Approved by the Programme's Monitoring Committee on 23 March 2011



EUROPEAN UNION  
EUROPEAN REGIONAL DEVELOPMENT FUND  
**INVESTING IN YOUR FUTURE**

Dear project developer, dear applicant,

This Project Applicant's Programme Manual aims at providing you, the applicant for co-financing from the Central Baltic INTERREG IV A Programme 2007-2013, all the necessary information – this including all information you need to develop a project idea, to prepare your project, to write the project application and, if your project was approved for co-financing, to enable you to launch and successfully implement your project. And further, to hereby make the Central Baltic area a globally recognised, dynamic, sustainable and competitive region that is attractive for business and visitors and where people want to live, work and invest. The background for this Manual are the relevant regulations by the Council of the European Union, the European Parliament and the European Commission mentioned in the Programme Document (→ *its Chapter 1.3*) and partly listed in Chapter 8.1.1. of this manual.

This very document is the 5<sup>th</sup> revised version of the Programme Manual which had been issued originally in 2008 for the 1<sup>st</sup> call for applications. When preparing this revised version 6.0 for the 6<sup>th</sup> call, we have taken into account feedback received from you, the project level. But also changes on the national and the Programme level have been integrated. You can find in Annex 2 an overview on the main changes compared to the previous manual version 5.0. **Please be aware that each project has to follow the manual version which was in force when submitting the project application and getting the positive Steering Committee funding decision.** This means that you have to follow the manual version of "your" call for applications. You should however carefully study also later versions of the manual. In case the later, most recent manual version contains any changed rules or requirements which are favourable for you as approved project, **the more favourable rule applies.** Please keep in mind that this concerns only the rules on the Programme level set out in the Programme Manual, but does not apply to the national eligibility rules.

It is impossible to predict every single case for the programming period 2007-2013 as the Programme was designed to be flexible, to be able to adapt to the resources, needs and developments in the Central Baltic area. Therefore, it has again to be underlined that this Programme Manual also after this revision is a living document – and it has to be read together with the Programme Document. The Programme Manual should not be seen as a document imposed by the programme's management structures on you, the project owners. Rather see this manual as your document – your feedback was and is important, be it positive or constructively critical.

A lot can be written on paper, but often personal contacts and discussion are the better way. Therefore, use the Joint Technical Secretariat of the Central Baltic INTERREG IV A Programme 2007-2013 from the very beginning – we are at your service, at the service of the Central Baltic area. At the same time, we would like to strongly encourage you to also participate in one of our project development seminars which will be held for the 6<sup>th</sup> call during April-May 2011 at various locations. You can find our detailed contact information in Annex 1. Or visit our website at [www.centralbaltic.eu](http://www.centralbaltic.eu) to find out more about upcoming events.



Philipp Schwartz  
Head of the Joint Technical Secretariat

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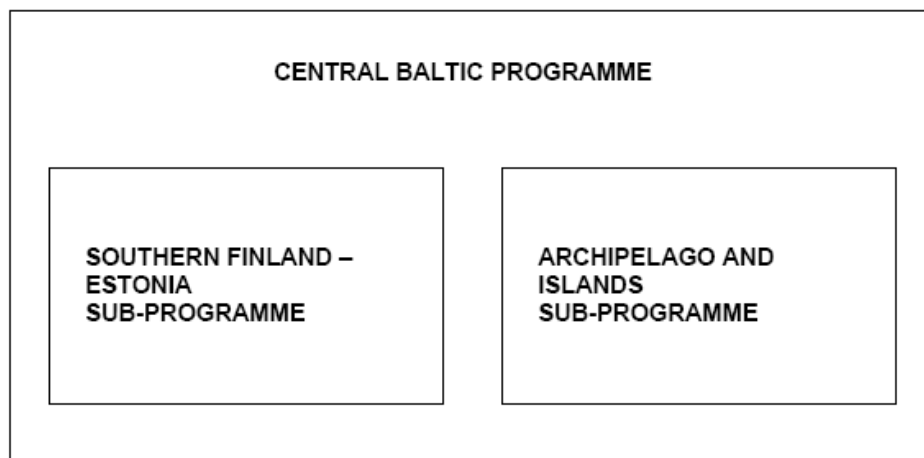
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# 1. The project life-span – A quick overview of the Manual

This chapter is to give you a quick overview on the main features of the Central Baltic INTERREG IV A Programme 2007-2013 and at the same time on this Programme Manual.

The **eligibility is geographically defined**. As the Central Baltic INTERREG IV A Programme 2007-2013 consists of the overall *Central Baltic Programme*, the *Southern Finland – Estonia Sub-programme* as well as the *Archipelago and Islands Sub-programme*, the first step in project preparation is to find out which (sub-)programme you need to apply for. This will allow you to read the proper guidelines and descriptions in the Programme Document and Manual.

## CENTRAL BALTIC INTERREG IV A PROGRAMME 2007-2013



*The structure of the Central Baltic INTERREG IV A Programme 2007-2013*

Projects with partners from two or more countries in the programme area, including adjacent areas, should submit their application to the overall *Central Baltic Programme*. This does, however, not apply to Finnish-Estonian bilateral cooperation. Whenever there are project partners solely from Finland and Estonia, the project has to be submitted to the *Southern Finland - Estonia Sub-programme*.

In all cases where the project focuses on sea island and archipelago issues and development the project application must be submitted to the *Archipelago and Islands Sub-programme*. This is the only exception where Finnish-Estonian bilateral cooperation is not submitted to the *Southern Finland - Estonia Sub-programme*.

Sometimes, it might be difficult to identify in which (sub-)programme your project should apply for co-financing. This might actually also concern other relevant INTERREG programmes as the Estonia-Latvia ([www.estlat.eu](http://www.estlat.eu)) or the South Baltic Programme ([www.southbaltic.eu](http://www.southbaltic.eu), both cross-border cooperation) as well as the Baltic Sea Region Programme (transnational cooperation, [www.eu.baltic.net](http://www.eu.baltic.net)). If you have any doubt which (sub-)programme you should go for with your project, contact the Joint Technical Secretariat at the earliest possible (→ *Annex 1 Contact Information*). We would then discuss together with you which (sub-)programme is the most suitable for your project.

When planning a project within the Central Baltic INTERREG IV A Programme 2007-2013 it is crucial to bear in mind the **principle of joint projects**. This requires that at least two of the following criteria are met: joint development, joint implementation, joint staffing and joint financing (→ *Chapter 4.1.1.*).

The projects are required to fulfil the programme's **content criteria of cross-border activities** (→ *Chapter 4.1.*) and have to follow the **Lead Partner principle** (→ *Chapter 4.2.4.*). The Central Baltic INTERREG IV A Programme 2007-2013 does not support projects that could be implemented independently in any one country.

Once the Lead Partner has sent the completed project application package to the Joint Technical Secretariat, it will be assessed and brought to the Steering Committee of the respective (sub-) programme for a funding decision. The Joint Technical Secretariat will then inform the Lead Partner in written about the **Steering Committee's funding decision**. In case the decision is positive, the Managing Authority will sign a Subsidy contract with the Lead Partner. Be aware that **no major changes** can be made to the project application **after it has been officially submitted** to the Joint Technical Secretariat. This does not exclude the possibility to clarify and complement the technical aspects of your application during the technical admissibility check (→ *Chapter 4.4.1.*). Therefore, it is highly recommended to use the services and expertise of the Joint Technical Secretariat from an early stage in your project preparation, not only when you have finalised the project application. Experiences have clearly proven the benefit for the projects of participating in training seminars or individual consultations offered by the Joint Technical Secretariat. We would therefore like to strongly encourage you to participate in one of our project development seminars which will be held for the 6<sup>th</sup> call during April-May 2011 at various locations.

Throughout the project there will be a strong emphasis on **information and publicity** in order to effectively disseminate the results of your project (→ *Chapter 11*). Each project will be **monitored** both in regard to how the project uses money and lives up to the content as described in the project plan (→ *Chapter 8*)

The **only language** of the Central Baltic INTERREG IV A Programme 2007-2013 with its overall *Central Baltic Programme* and its *Southern Finland – Estonia* and the *Archipelago and Islands Sub-programmes* is **English**. This concerns all official correspondence and documentation including the application forms and all reporting to be submitted in English. Though, there are some exceptions as e.g. invoices, necessary evaluations or permits, where for the latter it might be sufficient to include a short summary in English (in case of any doubt, consult the Joint Technical Secretariat). And further, the language requirement does not exclude that in the day-to-day contact and communication within your project or between your project and the Joint Technical Secretariat other languages are used on an ad-hoc base.

## 2. What is a project?

### 2.1. Defining a project by its objectives, tasks, duration and budget

A project is by definition an operation that is limited by its objectives and tasks, its duration and its budget.

- A project has limited and fixed objectives and tasks. Their implementation, the project activities must be additional to the activities normally carried out by the organisations involved and not part of their ordinary activities.
- A project has a limited budget. Objectives and tasks are to be met with the financial resources foreseen in the project budget.
- A project has a limited lifetime. Objectives and tasks are to be met within the time specified and the project is then closed.

The objectives and tasks of any project must be clearly defined. A project tackles a certain problem or task using a pre-defined set of measures. Tasks that are part of an organisations regular work and that are intended to carry on indefinitely cannot be labelled as projects and will not receive project funding. In order to avoid this, the Central Baltic INTERREG IV A Programme 2007-2013 does not finance follow-up projects with the same content and aims (i.e. Project I, Project II). Each project should set its individual aims. Projects are particularly good for trying out or spreading new innovative models or methods or to establish new cooperations.

The **duration** and the tasks of a project are interlinked. The duration of a project is set according to the objectives and tasks at hand, but should always be only a few years. The general rule for projects in the Central Baltic INTERREG IV A Programme 2007-2013 is that they should last no longer than three years – although this being more of an indication as the “suitable” project duration very much depends on the concrete content of the project. Please take also into account that projects cannot run longer than until 31 December 2013.

For achieving the set aims, a project must have a realistic and viable **budget**. As all other aspects of project life, the budget is pre-set for a certain period of time. Projects cannot be used to sustain operations or to fund the every-day work of the partner organisations.

The Central Baltic INTERREG IV A Programme 2007-2013 will only support projects that bear these realities in mind. The project proposals must also respond to a real need. Needless to say, projects should not be planned for the sole purpose of receiving funding, securing someone’s salary or as a favour to a partner organisation.

Despite the limited life-span of a project, it is crucial to consider the **sustainability** of the project activities and achievements. A successful project creates practices, models, solutions, networks and/or knowledge that live on after the project ends even without project funding. The sustainability of the results must already be taken into account when planning a project.

To facilitate the building-up of partnerships, the programme’s website [www.centralbaltic.eu](http://www.centralbaltic.eu) contains a partner and project search tool. If you have a project idea, you might use this partner search engine to publish your own idea to attract possible project partners. Or you might browse through the project ideas published by others looking for cooperation partners.

## 2.2. Cross-border cooperation

The Central Baltic INTERREG IV A Programme 2007-2013 always requires cooperation between eligible areas of **at least two of the programme's Member States**. Therefore, in case of a project involving partners from the Åland Islands, there has to be at least one other partner from Estonia, Latvia or Sweden. Projects with only Åland and mainland Finland participation are not considered as being international respectively cross-border. Cooperation should be equal and balanced between the participating countries and benefiting all partners.

Cross-border cooperation should always bring added value to the project – and vice versa. In the project application partners are asked to explain why the project is best carried out by cross-border cooperation and with the chosen partners. The aims of the project have to be best fulfilled in the chosen cross-border partnership, rather than with a different partnership constellation or with partners from only one country.

Cooperation in the Central Baltic INTERREG IV A Programme 2007-2013 is about working together to solve joint problems or support joint possibilities of the Central Baltic region or to disseminate and further develop good practices for the region. For this to take place, the Programme expects the partners to work together as equals. Each project partner should contribute to the project by bringing in expertise, ideas, personnel or other resources. The Programme does not support projects, where one partner has the role of a teacher and the other(s) simply copy a model. Keep the word "joint" in mind!

## 3. Eligible project partners

### 3.1. Geographical Eligibility

As already stated above, the **eligibility is geographically defined**. As the overall *Central Baltic Programme* as well as the *Southern Finland – Estonia* and the *Archipelago and Islands Sub-programmes* cover different geographical areas, the question if you are an eligible project partner depends on for which of the (sub-)programmes you are aiming for. The following table gives you a quick geographical overview on where you have to be located to be an eligible project partner for one of the (sub-)programmes.

	Estonia	Finland (except Åland)	Latvia	Sweden	Åland
Central Baltic Programme	Yes	Yes	Yes	Yes	Yes
Southern Finland – Estonia Sub-programme	Yes	Yes	No	No	No
Archipelago and Islands Sub-programme	Yes	Yes	No	Yes	Yes

To be an eligible project partner, the respective organisation/structure has to be located either **within the (sub-)programme area** or the adjacent area of the respective (sub-)programme. In practise this means that the legal address of the organisation has to be in the (sub-)programme or its adjacent area. Certain special rules apply for the Archipelago and Islands Sub-programme (→ *Chapter 3.1.3*). The difference between (sub-)programme area and adjacent area is that only up to 20% of the total ERDF funding of the programme may be used to finance operations or parts of operations in the adjacent areas.

Partners which according to their legal address are located outside the (sub-)programme or its adjacent area but within the national borders of the participating Member States/Åland and which are active in the (sub-)programme or its adjacent area in question may participate as full-fledged partners generating ERDF co-financing in case their jurisdiction (operational status) covers also the respective (sub-)programme area. The partner in question is obliged to verify this jurisdiction and its active engagement in the area in question by providing adequate proof in written to be annexed to the Registration Certificate/Statute and submitted with the Application Form. This means that even national and international organisations located in the participating Member State/Åland may participate as partners generating ERDF co-financing if they can verify their jurisdiction on national level and their activity covering the (sub-)programme or its adjacent area in question. These cases are handled on a case by case basis by the Joint Technical Secretariat to ensure the correct fulfillment of the jurisdiction definition. **NB! The above mentioned partners cannot act as Lead Partners.**

Other organisations/structures located **outside the respective (sub-)programme or its adjacent area but within the EU** can participate in a project as so called additional partners not generating ERDF co-financing. Though they must justify their participation in the project application and all activities related to these partners must always be targeted to and benefit the respective (sub-)programme area.

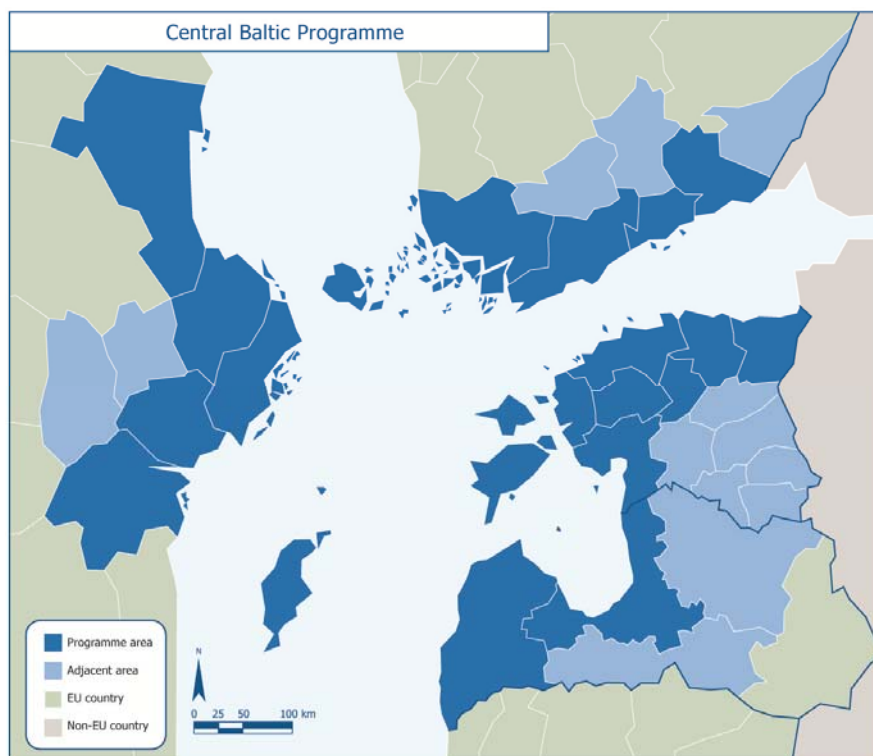
Special rules apply for possible **actors outside the EU**. Up to 10% of the total ERDF funding of the Central Baltic INTERREG IV A Programme 2007-2013 can be used to finance expenditure incurred in implementing operations or parts of operations outside the EU as long as they are for

the benefit of the area and the regions participating in the Central Baltic INTERREG IV A Programme 2007-2013. These expenditures would have to be included into the budgets of one or maximum two of the eligible project partners located within the Central Baltic INTERREG IV A Programme 2007-2013 area, i.e. in Estonia, Finland (including Åland), Latvia or Sweden.

Hereby, it should be ensured that special expertise and input which can come only from outside the EU can be an integral part of a project in the Central Baltic area. The reasoning behind being that some challenges to the Central Baltic region, certain issues to be tackled and solutions to be found cannot be limited geographically to the area covered by the Central Baltic INTERREG IV A Programme 2007-2013. Though, keep in mind that this 10% rule does not aim at enabling cross-border cooperation with partners from outside the EU as for such cooperation other EU funding programmes are available.

### 3.1.1. Central Baltic Programme

The Central Baltic Programme covers the following regions and adjacent areas:

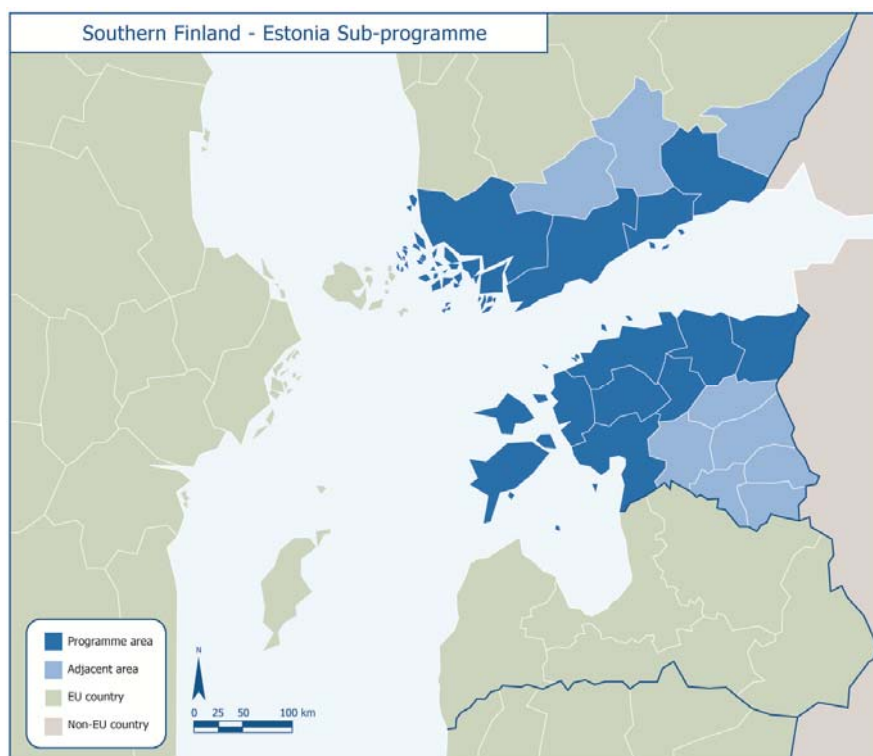


ESTONIA	FINLAND	LATVIA	SWEDEN
<b>Programme Area</b>			
Kesk-Eesti (Järvamaa, Lääne-Virumaa, Raplamaa) Kirde-Eesti (Ida-Virumaa) Lääne-Eesti (Hiiumaa, Läänemaa, Pärnumaa, Saaremaa) Põhja-Eesti (Harjumaa)	Kymenlaakso Uusimaa <sup>1</sup> Varsinais-Suomi Åland	Kurzeme Pierīga Rīga	Gotlands län Gävleborg län Östergötlands län Södermanlands län Stockholms län Uppsala län
<b>Adjacent Areas</b>			
Lõuna-Eesti (Jõgevamaa, Põlvamaa, Tartumaa, Valgamaa, Viljandimaa, Võrumaa)	Etelä-Karjala Kanta-Häme Päijät-Häme	Vidzeme Zemgale	Örebro län Västmanlands län

<sup>1</sup> As of 1 January 2011 Itä-Uusimaa was merged with Uusimaa. Partners which until 31.12.2010 belonged to Itä-Uusimaa should also further on in the Application Form and related documents indicate Itä-Uusimaa as their geographical origin.

### 3.1.2. Southern Finland – Estonia Sub-programme

The Southern Finland – Estonia Sub-programme covers the following regions and adjacent areas:

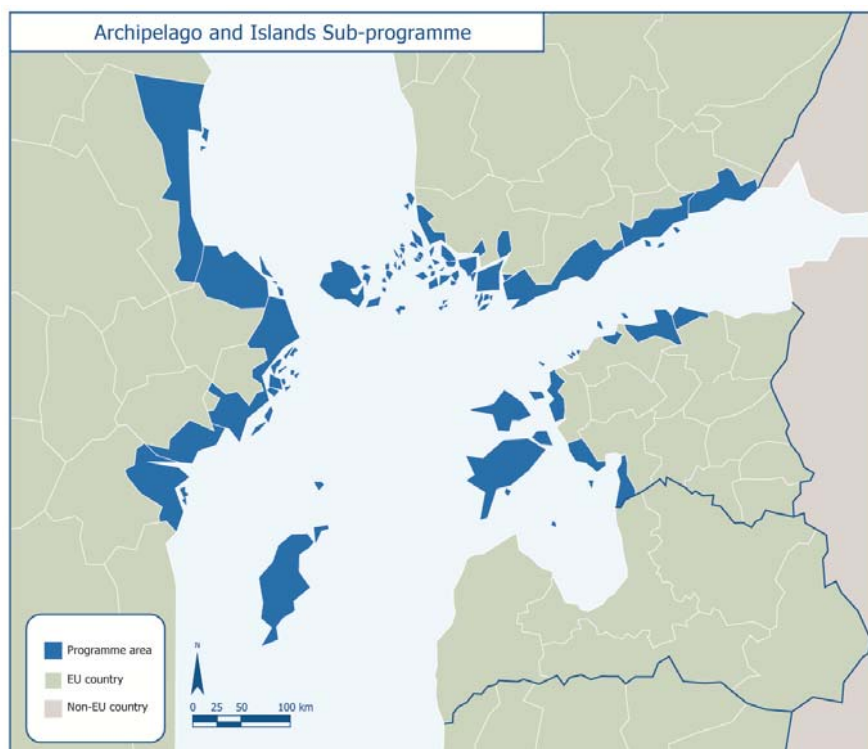


ESTONIA	FINLAND
<b>Programme Area</b>	
Kesk-Eesti (Järvamaa, Lääne-Virumaa, Raplamaa) Kirde-Eesti (Ida-Virumaa) Lääne-Eesti (Hiiumaa, Läänemaa, Pärnumaa, Saaremaa) Põhja-Eesti (Harjumaa)	Kymenlaakso, Uusimaa <sup>2</sup> , Varsinais-Suomi
<b>Adjacent Areas</b>	
Lõuna-Eesti (Jõgevamaa, Põlvamaa, Tartumaa, Valgamaa, Viljandimaa, Võrumaa)	Etelä-Karjala, Kanta-Häme, Päijät-Häme

<sup>2</sup> As of 1 January 2011 Itä-Uusimaa was merged with Uusimaa. Partners which until 31.12.2010 belonged to Itä-Uusimaa should also further on in the Application Form and related documents indicate Itä-Uusimaa as their geographical origin.

### 3.1.3. Archipelago and Islands Sub-programme

The Archipelago and Islands Sub-programme covers the in the below table mentioned municipalities:



<b>ESTONIA</b>
Hiiumaa (whole County)
Emmaste, Kõrgessaare, Käina, Kärkla, Pühalepa
Saaremaa (whole County)
Kaarma, Kihelkonna, Kuressaare city, Kärla, Laimjala, Leisi, Lümanda, Mustjala, Muhu, Orissaare, Põide, Salme, Torgu, Pihtla, Ruhnu, Valjala
<b>ESTONIA – Archipelago parts of:</b>
Harjumaa
Jõelähtme, Kuusalu, Paldiski, Tallinn, Viimsi
Läänemaa
Noarootsi, Ridala, Vormsi
Lääne-Virumaa
Vihula
Pärnumaa
Häädemeeste, Kihnu, Tahkuranna, Tõstamaa, Varbla

<b>FINLAND (except Åland) – Archipelago parts of:</b>
Kymenlaakso
Hamina, Kotka, Pyhtää, Virolahti
Uusimaa <sup>3</sup>
Espoo, Hanko, Helsinki, Ingå, Kirkkonummi, Loviisa, Porvoo, Raseborg, Sipoo, Siuntio
Varsinais-Suomi
Kaarina, Kimitoön, Kustavi, Masku, Naantali, Salo, Taivassalo, Uusikaupunki, Väståboland

Continued on the next page...

<sup>3</sup> As of 1 January 2011 Itä-Uusimaa was merged with Uusimaa. Partners which until 31.12.2010 belonged to Itä-Uusimaa should also further on in the Application Form and related documents indicate Itä-Uusimaa as their geographical origin.

<b>SWEDEN – Archipelago parts of:</b>
Gotlands län
Gotland
Gävleborgs län
Gävle, Hudiksvall, Nordanstig, Söderhamn
Södermanlands län
Nyköping, Oxelösund, Trosa
Stockholms län
Haninge, Norrtälje, Nynäshamn, Österåker, Södertälje, Vaxholm, Värmdö
Uppsala län
Östhammar, Tierp, Älvkarleby
Östergötlands län
Norrköping, Söderköping, Valdemarsvik

<b>ÅLAND</b>
Brändö, Eckerö, Finström, Föglö, Geta, Hammarland, Jomala, Kumlinge, Kökar, Lemland, Lumparland, Mariehamn, Saltvik, Sottunga, Sund, Vårdö

Project activities should **always benefit the islands and archipelago parts** of the sub-programme area. The Joint Technical Secretariat will evaluate if the benefit criterion is fulfilled on a case-by-case basis for each project application.

As a **minimum requirement, at least one partner** in each project has, with its legal address, to be **located within a municipality belonging to the sub-programme area** mentioned in the above table. For this "at least one partner", this requirement cannot be compensated by the jurisdiction of the organisation in question over the (sub-)programme area (→ *Chapter 3.1.*). However, other project partners (including the Lead Partner) can be located outside the Archipelago and Islands Sub-programme area as long as they are situated within the Central Baltic area of the Member States/Åland participating in the Archipelago and Islands Sub-programme (Estonia, Finland including Åland and Sweden). Such organisations located outside the sub-programme area need to justify their participation in the project application by proving that it actively operates in the Archipelago and Islands Sub-programme area and that its expertise is crucial for the implementation of the project.

### 3.2. Eligibility as project (Lead) Partner

All project partners are equal. There is, however, one project partner which bears the overall responsibility for the preparation and well-functioning of the project. This project partner is called the "Lead Partner". When designing your project, you have to decide which one of you will take over the role as the Lead Partner – a demanding task which requires sufficient organisational and personnel resources (→ *Chapter 4.2.4.*). Although the maximum number of project partners is 30, the key is always that the partnership must be the best possible one for achieving the objectives set by the project – which in many cases can be done by a relatively small partnership.

Please keep in mind that the eligibility of a partner and the eligibility of the funding of that partner are not always the same (for exceptions (Estonia) → *Chapter 4.2.3.*). In addition to establishing the eligibility of partners below, please read *Chapter 4.2.3.* in order to establish the eligibility of the funds of the partner.

Actors interested in participating in a project co-financed by the Central Baltic INTERREG IV A Programme 2007-2013 have to fulfil certain criteria to be an eligible project partner able to be funded by the programme. Besides the already mentioned geographical eligibility defined by the project partner's legal address or jurisdiction, the eligibility of a project partner also depends on its legal status and the aims of its activities.

The actors participating in a project can be divided into two categories: the Project Partners<sup>4</sup> and the Additional Partners. **Project Partners** have to fulfil the below criteria and generate ERDF co-financing with their eligible financial contribution. **Additional Partners** do not have to fulfil the below criteria, but still can participate in the project. Additional Partners have to finance their activities from their own resources however and are not entitled to co-financing from the Central Baltic INTERREG IV A Programme 2007-2013. It should also be mentioned that an actor which in general fulfils the below criteria and could participate as a Project Partner is naturally free to participate also as Additional Partner if it wants to support the project without contributing financially to the project budget and without receiving ERDF co-financing. Hereby, being an Additional Partner allows organisations that cannot or do not want to be Project Partners but nevertheless want to contribute to the project, to participate in the project.

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<sup>4</sup> This category includes also the Lead Partner which is nothing else than a project partner with special duties and responsibilities (→ *Chapter 2.4.2.*).

The following legal entities may be beneficiaries (Project Partners) of and co-financed by the Central Baltic INTERREG IV A Programme 2007-2013:

- Local and regional authorities
- State organisations
- Organisations established for general interest needs and Non-governmental organisations fulfilling the following conditions:
  1. Established under public or private law for the specific purpose of meeting needs in the general interest, not having only an industrial or commercial character<sup>5</sup> *and*
  2. Having legal personality *and*
  3. (FOR LEAD PARTNERS ONLY):
    - a. Is either financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law,
    - b. *or* is a subject to management supervision by those bodies,
    - c. *or* is having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.
- Private enterprises (NB! Only in the Southern Finland – Estonia Sub-programme can private enterprises be project partners, but not Lead Partners. Private funding by private enterprises generates co-financing from the Central Baltic INTERREG IV A Programme 2007-2013 only in Estonia, → *below*).

When applying for funding it is the obligation of the applicant to provide the necessary information on its legal nature and compliance with the above criteria thus proving its eligibility. If the provided documents do not allow the Joint Technical Secretariat during the technical admissibility check to decide if a project partner is eligible, it will contact the responsible national ministry and/or First Level Controller to verify the eligibility of the project partner in question.

**NB! Please note also that even though the organisation itself is in general by geography and its legal status eligible as a project partner, its own funding as part of the national co-financing<sup>6</sup> may not be eligible (→ Chapter 4.2.3).** In these cases the project partner in question must collect its share of the national co-financing from organisations which provide eligible public funding. Therefore, consult the Joint Technical Secretariat early in the application phase if you are uncertain if you fulfill the eligibility criteria and/or whether your own funding is regarded as eligible.

**Private enterprises:** Private enterprises can be project partners (but not Lead Partners) only within the Southern Finland – Estonia Sub-programme. When planning to involve private enterprises as project partners, please keep in mind the spirit and main aim of the Central Baltic INTERREG IV A Programme 2007-2013 which is to support only the development of the operational environment of the private sector in its cross-border activities in a way that does not distort competition. The majority of partners, however, should clearly come from the public sector and private participation should have a supportive role contributing to and complementing the input made by public sector actors.

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<sup>5</sup> This does not exclude bodies having only partly an industrial or commercial character from being eligible. NB! It is the applicant's responsibility to provide the necessary information to the Joint Technical Secretariat on the legal nature and organisational structure related to the public/commercial character of the organisation. The failure to do so will result in the application not being approved or in the termination of the Subsidy Contract and the repayment of granted co-financing if violations of partner eligibility rules are detected during the project life-span!

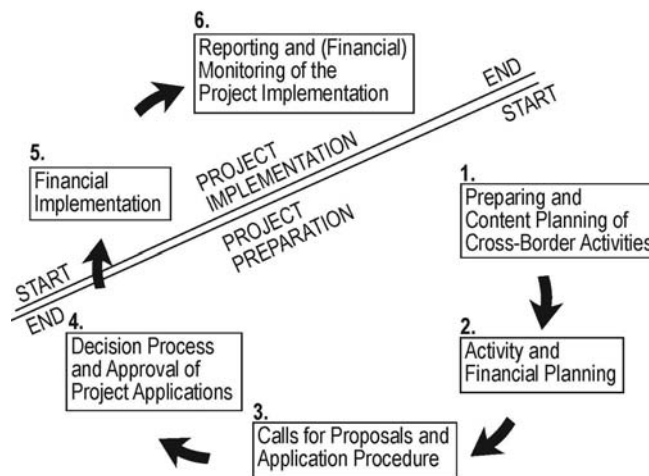
<sup>6</sup> Regarding the term "national co-financing" please see Chapter 4.2.3. for further explanations.

However, **in Finland**, the public support from the Central Baltic INTERREG IV A Programme 2007-2013 is granted to private enterprises according to the applicable national State Aid rules. Their private funding (own funding from the enterprises) does not generate ERDF co-financing in Finland. It is the responsibility of the project partners (including the private enterprises participating in the project) to guarantee that the needed amount of eligible national co-financing is available for the project and that the De minimis-rule is obeyed. **In Estonia**, private funding generates ERDF co-financing, but private enterprises have to obey the De minimis-rule (→ *Chapter 6.3*), which determines the funding of private enterprises.<sup>7</sup>

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<sup>7</sup> Key stakeholders (e.g. private enterprises) invited to participate for instance via a case specific selection process in targeted project pilots (e.g. training, marketing, new product development etc.) must be selected via open and transparent procedures to ensure that no discrimination takes place and to avoid any potential market distortion.

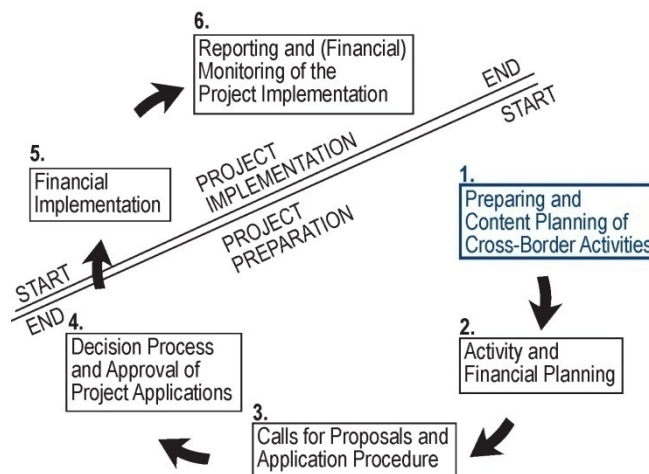
## 4. A project's life-span in detail



*The project's life-span*

The project's life-span encompasses the preparation period (→ *Chapter 4.1*), part of which is the activity and financial planning (→ *Chapter 4.2*). Once completed, the application will be submitted (→ *Chapter 4.3*). After this the Joint Technical Secretariat conducts the assessment of the project applications and initiates the decision-making procedure (→ *Chapter 4.4*). If the project is approved, the implementation period including reporting and monitoring of the project starts (→ *Chapter 8*).

### 4.1. Preparing a cross-border project



*Step 1 of the project's life-span*

When you start preparing a project for the Central Baltic INTERREG IV A Programme 2007-2013, there are some basic principles that you should keep in mind. The first and most important is how well your project supports the objectives of the relevant (sub-)programme which you have applied for (→ *Chapter 4.1.3.*).

There are also some more general aspects and overall requirements which you should take into account from the very beginning of the planning process. Your project has to be a joint project (→ *Chapter 4.1.1.*) and it has to have a clear cross-border relevance – as you apply for co-financing from an INTERREG IV A (cross-border cooperation) programme (→ *Chapter 4.1.2.*). In addition, general principles of the Programme (→ *Chapter 4.1.4.*) have to be met and finally, – content wise – your project should include only eligible types of action (→ *Chapter 4.1.6.*). Please be aware that in case of later updates of this manual always the most favourable rule applies (→ *Foreword*).

#### 4.1.1. Joint project

The Central Baltic INTERREG IV A Programme 2007-2013 supports real cooperation in joint projects. In order for this precondition to be met, all partners should participate in the project planning. The partners together plan the actions, set the targets, define the steps required for meeting the targets and plan the required budget.

The joint spirit is reflected through the following criteria of which your project should fulfil **at least two**:

- **Joint development** – meaning that your project must be designed by representatives from all partner organisations together under the leadership of the Lead Partner. The project proposal must clearly integrate the ideas, expectations, priorities and contributions from all participating partners.
- **Joint implementation** – meaning that activities must be carried out and co-ordinated by all participating partners. There must be a balanced division of tasks and responsibilities, links between the activities of each partner and regular contacts. Again, it is the Lead Partner's responsibility to ensure that activities are properly co-ordinated, schedules kept and the right quality levels achieved. Within your project, you will have to set up a Steering Group which in addition to the Lead Partner will follow the project's implementation and has to take necessary decisions in case of shortcomings (→ *Chapter 8.1.*).
- **Joint staffing** – meaning that the project structure should not duplicate functions. There should be one joint project manager, one joint financial manager etc. for the whole project. Normally, these would be the Lead Partner's responsibility.
- **Joint financing** – meaning that although each project partner has its own budget as part of the total project budget, the relevant one is the joint project budget and there is only one Subsidy Contract for co-financing per project. Each partner is responsible for holding one project bank account or an accounting centre separated from other book-keeping, the financial administration and distribution of project funding as well as for reporting on its use. The Lead Partner is responsible for putting together the financial information of all partners into one application and later into one Progress Report/Payment Claim.

Although the formal requirement is to fulfil a minimum of two of the above-mentioned criteria, your project will only benefit from all four criteria being fulfilled – and clear preference is given to projects that fulfil all four. Therefore, make sure that in your project application you clearly demonstrate the joint spirit of your project.

#### 4.1.2. Cross-border relevance of the project

All projects that receive funding from the Central Baltic INTERREG IV A Programme 2007-2013 must have a **clear impact on cross-border cooperation** and vice-versa, **cross-border cooperation must bring added value** to the project and improve its results.

Cross-border added value can be achieved by **knowledge transfer** (facilitating the transfer of environmental, economical and societal solutions and knowledge, and their practical application, from one country/region to another), **innovation** (working together to develop new or innovative development solutions that can be applied in practice in more than one country/region) and **organisational learning** (exchange of ideas, experience and good practice that improve the stock of organisational knowledge; the topics addressed being of strategic interest for the daily work of all project partners; for the utilisation of the project results, the project being fully integrated into the overall objectives of the organisation).

Projects should, generally speaking, address a common problem or strategic question, which the project partners then attempt to solve together developing and using a cross-border approach. By working together across borders, you and your partners should produce new knowledge, an innovative solution or services with cross-border character. Your project should draw on the similar needs and conditions within the respective (sub-)programme area, but also make the best out of the different conditions, knowledge and experiences – diversity being a challenge and an opportunity at the same time.

In your project application, you are required to justify both the benefit of cross-border cooperation compared to national and other types of cooperation and the impact of your project on cross-border cooperation. The project results should benefit all partners. Even if the results are anchored in one place, they should be transferable to other partner's regions or to the other (sub-)programme areas of the Central Baltic INTERREG IV A Programme 2007-2013.

#### 4.1.3. Specific criteria for each priority and (sub-)programme

Your project must meet the criteria of the chosen common priority of the Central Baltic INTERREG IV A Programme 2007-2013 and its specific focus deriving from the geographical and thematic needs and opportunities of the chosen (sub-)programme in which you want to implement your project. These are:

<b>Priority 1: Safe and healthy environment</b>	This priority focuses on protecting and improving our common environment and puts a special focus on the Baltic Sea. This priority supports a sustainable environmental development of the programme area, making it attractive for both inhabitants and visitors.
<b>Central Baltic Programme</b>	<b>Environmental awareness raising and expertise</b> <i>(e.g. regarding how the environment in the Baltic Sea can be improved or to improve environmental practices in the programme area)</i>  <b>Supporting sustainable spatial planning and environmental management</b> <i>(e.g. contributing to increased cross-border cooperation in the field of spatial planning and environmental management in energy, water and waste systems)</i>

	<p><i>Example of <u>eligible</u> activities:</i> Networking of experts; disseminating good practices; awareness-raising campaigns directed to the general public; investments in the field of environmental management; developing and testing new innovative models, methods or systems.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>
<b>Southern Finland – Estonia Sub-programme</b>	<p><b>Maintaining and improving the condition of the natural environment</b>  <i>(e.g. improving the environment of the Gulf of Finland and transferring increased environmental awareness of individuals and the community about their impact on the environment, creating reduced environmental loads, joint environmental management systems, improved risk management)</i></p> <p><b>Taking responsibility for our physical environment</b>  <i>(e.g. preserving values of the cultural landscapes in the Southern Finland – Estonia Sub-programme area)</i></p>
	<p><i>Example of <u>eligible</u> activities:</i> Developing and testing new innovative models, methods or systems; expert cooperation; training of people; investments in the field of environmental management and restoration of landscapes.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; analyses of the current situation or ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>
<b>Archipelago and Islands Sub-programme</b>	<p><b>Sustainable infrastructure</b>  <i>(e.g. targeting at improved conditions of the archipelago and islands environment in the sub-programme area by locally functional and sustainable solutions)</i></p> <p><b>Raising environmental awareness (finding new ways)</b>  <i>(e.g. awareness of the possibilities to protect island landscapes and sea environment as well as cooperation in the field of environmental management)</i></p>
	<p><i>Example of <u>eligible</u> activities:</i> Networking of experts; disseminating good practices; awareness-raising campaigns directed to the general public; investments in the field of environmental management; developing and testing new innovative models, methods or systems; finding solutions suited for the sub-programme area.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; Analyses of the current situation or ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>

<b>Priority 2: Economically competitive and innovative region</b>	<p>This priority focuses on enhancing the overall economic development and competitiveness of the programme area. It emphasises innovations and broad, qualitative cooperation. Moreover, the development of connections to facilitate cross-border cooperation and a better flow of goods and people is another focus, together with the utilisation of the labour force and the development of the tourism sector.</p>
<b>Central Baltic Programme</b>	<p><b>Supporting innovation and improving competitiveness</b> <i>(e.g. create an improved environment for innovations and increased economic activities in the Central Baltic area)</i></p> <p><b>Improving internal and external accessibility</b> <i>(e.g. facilitating transportation, travel and ICT within the Central Baltic area, improving the accessibility of the involved regions and sustainable ways of transport)</i></p> <p><b>Optimising the potential of the labour force</b> <i>(e.g. aiming at well matching skills throughout the Central Baltic area)</i></p> <hr/> <p><i>Example of <u>eligible</u> activities:</i> Developing and testing new innovative models, methods and services; development of services or products; studies, strategies, assessments and priorities of actions; expert cooperation and establishing networks; investments for joint tourism facilities or communication services; cooperation between research institutions, private and public bodies.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>
<b>Southern Finland – Estonia Sub- programme</b>	<p><b>Improving connections within the programme area</b> <i>(e.g. developing sustainable transport links and services for the benefit of the inhabitants and tourists in the Southern Finland – Estonia Sub-programme area)</i></p> <p><b>Creating and supporting innovative and competitive environments</b> <i>(e.g. increasing competitiveness and economic performance in the strategic relevant business branches)</i></p> <p><b>Meeting challenges of the labour market</b> <i>(e.g. improving the outputs and effectiveness of the regional economy by improving working conditions and by skilled labour force)</i></p>

	<p><i>Example of <u>eligible</u> activities:</i> Developing and testing new innovative models, methods and services; joint development of services or products; expert cooperation; training for young people and further training for adults; investments for joint tourism facilities or communication services; cooperation between research institutions, private and public bodies.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; analyses of the current situation or ex-post exchange of experience as the main activity of the project; “teacher-student-projects” without joint development of ideas.</p>
<p><b>Archipelago and Islands Sub-programme</b></p>	<p><b>Sustainable tourism</b>  <i>(e.g. broadening economic activities on the islands and in the archipelago by developing the tourism industry, supplying the regional and international market with high quality sustainable tourism products)</i></p> <p><b>Knowledge based economy</b>  <i>(e.g. broadening economic activities on the islands and in the archipelago)</i></p> <p><b>Developing archipelago and island specific economic activities – traditional small scale farming, fishing, handicrafts, maritime heritage etc.</b>  <i>(e.g. improving economic viability of the traditional island and archipelago economy and products)</i></p> <p><b>Supporting accessibility to and information about the archipelago and the islands</b>  <i>(e.g. improving physical and virtual connections in the archipelago and on the islands, improving the infrastructure for sustainable travel, improving the availability of information on the archipelago and islands outside the region)</i></p> <hr/> <p><i>Example of <u>eligible</u> activities:</i> Developing and testing new innovative models, methods and services; joint development of services or products; expert cooperation; investments for joint tourism facilities; cooperation between research institutions, private and public bodies.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; analyses of the current situation or ex-post exchange of experience as the main activity of the project; “teacher-student-projects” without joint development of ideas</p>

<p><b>Priority 3: Attractive and dynamic societies</b></p>	<p>This priority focuses on creating a better living environment for the programme area's inhabitants. Thus, it is important to address people's health, well-being and security as well as cooperation aiming at strengthening cultural exchange and the programme area's togetherness. Improving the quality of life for the citizens is an important aspect of sustainable development.</p> <p>This priority deals with creating a region with equal opportunities for different groups of the population. It also supports their active participation in society. The Lisbon objective of building a more inclusive EU is one element in achieving the strategic goal of sustainable economic growth, more and better jobs and greater social cohesion.</p>
<p><b>Central Baltic Programme</b></p>	<p><b>Improving living conditions and social inclusion</b></p> <p><b>Increasing cultural exchange</b> <i>(e.g. strengthening the sense of togetherness and awareness of uniting features in the Central Baltic area)</i></p> <hr/> <p><i>Example of <u>eligible</u> activities:</i> Creation and testing of new innovative models and methods; expert cooperation and network creation; people-to-people cooperation.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>
<p><b>Southern Finland – Estonia Sub-programme</b></p>	<p><b>Social security and well-being of different groups in society</b> <i>(e.g. increasing participation of inhabitants in their local communities)</i></p> <p><b>Stimulating and preserving our heritage and culture</b> <i>(e.g. strengthening regional identity through cooperation in the cultural field, both preserving historical values and creating new cultural activities, increasing cultural exchange and togetherness in the Southern Finland – Estonia Sub-programme area)</i></p> <hr/> <p><i>Example of <u>eligible</u> activities:</i> Creation and testing of new innovative models and methods; expert cooperation; people-to-people cooperation.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; analyses of the current situation or ex-post exchange of experience as the main activity of the project; "teacher-student-projects" without joint development of ideas.</p>
<p><b>Archipelago and Islands</b></p>	<p><b>Social and demographic issues, especially young people</b> <i>(e.g. increasing social and cultural viability and improving living conditions especially for young people with a holistic view on culture as a large network of stakeholders and participants)</i></p>

	<p><i>Example of <u>eligible</u> activities:</i> Creation and testing of new innovative models and methods; developing or improving products or services; building new innovative extensive networks; supporting grass-root activities.</p> <p><i>Example of <u>non-eligible</u> activities:</i> Networking without tangible outputs; analyses of the current situation as the main activity of the project; ex-post exchange of experience as the main activity of the project; “teacher-student-projects” without joint development of ideas.</p>
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#### 4.1.4. General principles

When planning your project, you should pay attention to a number of general principles that are laid down in the Programme Document of the Central Baltic INTERREG IV A Programme 2007-2013.

##### **Sustainable development**

Sustainable development means respecting the right of future generations to change the path of development, i.e. to further access resources that are difficult to renew or non-renewable and to maintain the elementary natural preconditions for life. In addition to the environmental aspect, sustainable development also covers economical, social and cultural aspects of sustainability. It is thus closely linked to the general objective of the Central Baltic INTERREG IV A Programme 2007-2013 to make the Programme area a better place to invest, work and live in. These aspects are emphasised in the Programme in various targets and objectives and further reflected in monitoring (indicators). In the application form applicants are already asked to present how the project contributes to a sustainable development, and in more detail, the environmental objectives at EU, national and local level.

Assessing the environmental impacts is an important aspect of project planning. In the application form the applicants are asked to clarify whether the planned project activities might have influence, either positive or negative, to the environment. The projects should consider both direct and indirect impacts. Negative impacts should be identified, and applicants should present how they will prevent or mitigate negative impacts. In case a project activity has negative impacts on the environment, the applicant is asked to specify, whether an environmental impact assessment is needed. Projects with clear negative environmental impacts cannot be financed. When an environmental impact assessment is needed this will be done by the responsible national authorities or other bodies to whom the task has been delegated in accordance with the respective national legislation.

##### **Integrated territorial development**

Actions under the European territorial cooperation programmes support integrated territorial development (see Art. 3 (2c) of the Council Regulation (EC) No 1083/2006 and Art. 6 (2) of Regulation (EC) No 1080/2006). This means that the projects should take into account territorial conditions, such as infrastructure, resources, settlements, economic, social, ecologic and cultural conditions, as well as impacts on other sectors to the given territory in order to support a balanced development. Policies adopted at national, Programme and European level, such as the European Spatial Development Perspective and the Territorial Agenda of the European Union adopted on 25 May 2007 should also be considered.

Further reading:

[www.vasab.org](http://www.vasab.org)

[http://www.bmvbs.de/EN/UrbanAndRuralAreas/SpatialDevelopment/TerritorialAgendaOfTheEU/territorial-agenda-of-the-eu\\_node.html](http://www.bmvbs.de/EN/UrbanAndRuralAreas/SpatialDevelopment/TerritorialAgendaOfTheEU/territorial-agenda-of-the-eu_node.html)

## **Equal opportunities**

The Central Baltic INTERREG IV A Programme 2007-2013 aims at ensuring equal opportunities between men and women. Another objective from the equality point of view is to prevent all kinds of discrimination, e.g. based on sex, racial or ethnic origin, age or disability (see also Art. 16 of Council Regulation (EC) No 1083/2006). Promotion of equal opportunities as well as other horizontal policies by your project will be regarded as a positive sign during the assessment and decision making procedures. All applicants are asked to integrate these issues in their projects, or at least, to consider the project's influence on matters of equal opportunities. Projects that build structures (e.g. men and women equally presented in project planning, decision-making or in the project target groups) or implement activities that aim at promoting equal opportunities will describe these activities in the application form and their results in the progress reports.

## **Partnership**

Projects can fulfill the partnership principle by ensuring that different levels of administration as well as different types of organisations participate in the project activities. This could be, for example, participation of national, regional and local levels or, correspondingly, public authorities, economic and social partners (such as SMEs, associations) and civil society (such as non-governmental organisations, environmental partners) (see also Art. 11 of Council Regulation (EC) No 1083/2006 and Art. 4 of Regulation (EC) No 1638/2006). However, a broad partnership should not take place by involving too many partners in one project. A large amount of partners often leads to a complicated management structure, contradictory targets between project partners and, thus, difficulties to implement the project successfully. Regarding the involvement of private partners, please observe the specifications indicated above (→ *Chapters 3.2. and 6.3.*).

## **Additionality**

The principle of additionality means that EU financing shall not replace public or equivalent financing of similar activities (see also Art. 15 of Council Regulation (EC) No 1083/2006). Projects selected for financing are expected to bring added value, something that would not have been possible without the programme financing. In addition, organisations involved in the project activities cannot finance their statutory tasks with the programme financing.

## **Competition and State Aid**

Project partners might feel stimulated by the Central Baltic INTERREG IV A Programme 2007-2013 to build up and/or involve public-private partnerships and private enterprises in their projects. The Programme does not however, allow direct support to private enterprises as such. The Programme can help to support only the development of the operational environment of the private sector in a way that does not distort competition (→ *Chapter 6.3.*).

### **4.1.5. EU Strategy for the Baltic Sea Region (EUSBSR)**

The EU Strategy for the Baltic Sea Region (EUSBSR) endorsed by the European Council in October 2009 is the first macro-regional strategy of and within the EU aiming at making the Baltic Sea region an environmentally sustainable place, a prosperous place, an accessible and attractive place and a safe and secure place. These four "pillars" and the activities in the 15 priority areas correspond to a large extent to the three priorities and 21 directions of support of the Central Baltic INTERREG IV A Programme 2007-2013. Projects applying for funding from the Programme are asked to indicate and explain in their application if and to which extent they see their project supporting the EUSBSR. The Programme would like to encourage applicants to take the EUSBSR into account when developing a project as the EUSBSR can be seen as the framework for regional activities in the Baltic Sea region. Therefore, even if it is not a formal selection

criteria, the relevance of a project application for the EUSBSR will be – based on the information provided in the application – assessed by the Joint Technical Secretariat and become part of the assessment reports provided to the Steering Committees for their funding decisions (→ *Chapter 4.4.2. and Practical Guide for filling in the Application Form 4.0*)

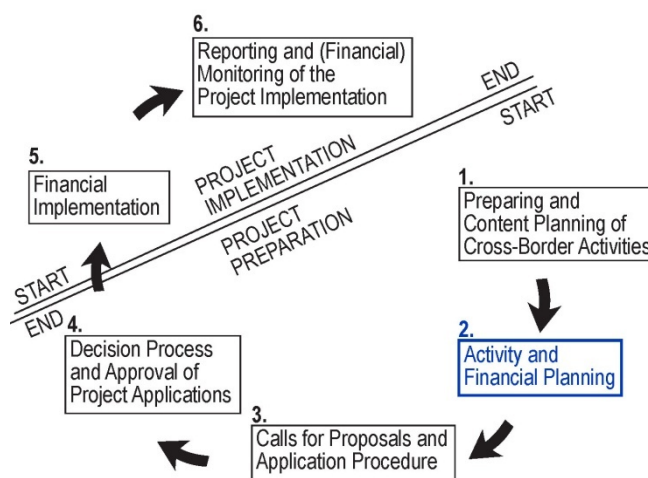
Further reading:

[http://ec.europa.eu/regional\\_policy/cooperation/baltic/index\\_en.htm](http://ec.europa.eu/regional_policy/cooperation/baltic/index_en.htm)

#### 4.1.6. Ineligible types of action

Your project always has to produce an added value beyond being a series of one-time events. Therefore, your project cannot consist merely of individual sponsorships for participation in or organisation of workshops, seminars, conferences or the like. Project funding will not be available for only supporting individual studies, training courses, tourism trips and tours or entertainment activities. Supporting studies and training courses might, however, be eligible if they are part of a bigger project. Also project partner’s organisation’s regular work or pure continuation projects with no added value will not be funded. Export aid focused on specific enterprises, loan or grant schemes, aid to private companies or activities that would distort competition or similar other activities are never eligible. More about eligibility rules can be found in Chapter 4.5.

## 4.2. Activity and financial planning



*Step 2 of the project's life-span*

When having set the general aim and outline of your project and after having found the right project partners, it is time to get more concrete and to start planning your activities and the timetable for their implementation (→ *Chapter 4.2.1.*). Based on your activities you should then draft the budget of your project (→ *Chapter 4.2.2.*) You must also choose the project’s Lead Partner and discuss the distribution of responsibilities between the project partners (→ *Chapter 4.2.4.*).

#### 4.2.1. The duration of the project

The **advised length** of projects in the Central Baltic INTERREG IV A Programme 2007-2013 is between two and three years. Projects should only exceptionally be shorter or longer. The actual project duration depends heavily on the set targets and activities needed for achieving those targets and no binding guidelines can be given. **Please note that projects cannot run longer than until 31 December 2013.**

The project can only **start after the positive financing decision by the Steering Committee has been taken** (for the 6<sup>th</sup> call expected in mid-October 2011). The earliest possible day for eligible expenditure is the first day of the month following the Steering Committee meeting day when the positive funding decision was taken (for the 6<sup>th</sup> call the 1<sup>st</sup> of November). If e.g. the Steering Committee met and approved a project on 12 May, the earliest day for eligible expenditure is 1 June. The dates of the relevant Steering Committee meetings will be published on the Programme website or you may consult the Joint Technical Secretariat for establishing the starting date. You have to indicate the actual duration of your project in the project application. The starting and finishing dates will then be fixed in the Subsidy Contract. Only costs incurred and paid during the duration of the project, as approved by the Steering Committee, are eligible.

Once your project has been approved, you will be invited to a so-called Lead Partner and Communication seminar, where Programme requirements will be explained in detail. It is highly recommended that you participate. The related costs are only eligible project costs if the project has already started.

While planning the project activities, make sure that you have reserved the **necessary time for the closure of the project**. In practice, this means that the activities should be finalised in good time before the end of the project implementation period so that the project accounts can be closed and the project personnel is able to finalise the Final Report and to submit it to the Joint Technical Secretariat.

#### 4.2.2. Planning the project budget

As all project planning, also the financial plans must be made jointly between all partners hereby striving for a realistic budget for each partner as well as for the project as a whole. The budget is based on the targets and activities set by the project partners and must be built in a way that ensures that these targets can be met cost-effectively. As the **budget size** depends heavily on the concrete content, set-up etc. of each individual project, its geographical coverage (which sub-programme) and thematical focus (which Programme priority), it is more or less impossible to give a very concrete answer on how big a "normal" project budget should be. Usually the total project budget should be above 200.000 EUR for a 3-year project. When planning your project you are advised to take into consideration the amount of money available for your (sub-)programme and priority as well as the shorter remaining implementation time (latest until 31.12.2013).

The starting point for drafting your budget should be a thorough analysis of which activities you need to reach the objectives and targets of your project. These activities should then be sorted as detailed as possible:

- thematically into **Work Packages**
- time-wise into **Milestones** (January-April, May-August, September-December)

Once you have clarified the project activities adequately, you have to identify the required resources to implement these activities. Taking into account the financial and human resources of each project partner, you also must decide who is going to do what. Each project partner would then have to calculate the budget for the activities it has taken the responsibility for.

In the project application the budget will be broken down in several dimensions (e.g. annually, by partner, by milestone, by work packages, by budget lines). This ensures that the partners have considered all aspects of the budget. The individual partner budgets are at the same time an important tool for the Lead Partner to keep the overview if/to which extent project partners fulfil their obligations (as the use of the budgeted money is one indicator for it).

The project budget should cover only the realistic costs enabling the activities of the work packages (NB! Budget only costs which you will also be able to spend!). However, the Lead Partner should also ensure that there is reasonable flexibility in the budget for unexpected costs. The project owners are obliged to follow the stipulations of the Subsidy Contracts (e.g. the defined project implementation and reporting timetables in order to avoid the risk of decommitment, or losing co-financing, → *Chapter 6.5.*)).

Bear in mind, that although you will receive a substantial co-financing, you will have to cover first all (100%) expenses and get the costs (up to 75% respectively 85%) reimbursed only afterwards. The reimbursement process after each milestone (→ *Chapter 8.2.1.*) might actually take quite some time and you therefore have to ensure that you have the financial resources available when conducting the activities.

The Central Baltic INTERREG IV A Programme 2007-2013 operates in **euros only**. This means that in the application documents and all payment claims you have to use euros. Planned total costs by budget lines in other currencies have to be converted according to the **average monthly exchange rate of the euro set by the European Commission for the last month of the respective reporting period** published at <http://ec.europa.eu/budget/infocoreuro/index.cfm?Language=en>. Likewise the ERDF funding is paid out to the Lead Partner and forwarded to the project partners in euros only. All costs foreseen in your budget should be **rounded to full euros**. Any exchange risk has to be borne by the Lead Partner and Project Partners.

#### 4.2.3. Planning national co-financing

All projects are required to have a share of **national co-financing** in the project in order to generate ERDF co-financing. The national co-financing means the contribution of the project partners (either money from the partner organisation or given to it from another eligible organisation) that is needed to generate the ERDF co-financing. It has to be admitted that the official term "national" is slightly misleading as not necessarily all project partners represent the national level and as it does not mean that all money has to come from the national level.

Together with the project application, **each partner** including the Lead Partner has to provide a so-called co-financing statement signed by a person entitled to make financial commitments on behalf of the organisation. A financial contribution which is not supported by a respective co-financing statement will not be accepted. Co-financing statements must also be filled in by any other possible organisation that is contributing to a project partner's financing (including national state co-financing in Finland and Åland). This means, that if a partner receives funding from another organisation to be used directly in this project, the other organisation must sign a co-financing statement for this contribution. In practice, this could mean that more co-financing statements have to be submitted together with the project application than the project has project partners. A template of the co-financing statement is available at the programme website at [www.centralbaltic.eu](http://www.centralbaltic.eu).

The requested partner's own contribution (minimum 25% for project partners from Finland including Åland Islands and Sweden and minimum 15% for project partners from Estonia and Latvia)<sup>8</sup> must consist of public

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<sup>8</sup> Which co-financing rate is applicable (up to 75% or up to 85%) depends only on the location of the paying project partner, not on where the costs in reality occur. If e.g. a Finnish project partner pays for conference facilities in Estonia, these costs might be co-

funds. The only exception applies for Estonia in the Southern Finland - Estonia Sub-programme (→ *below*). In some participating Member States/Åland funding provided by NGOs may be interpreted as private funding and thus not be eligible. Each partner must provide the needed co-financing either from its own funding or from other eligible funds. NB! Co-financing can not be covered by funding from other projects.

Therefore, this eligible national co-financing can consist of:

- Project partner's own eligible funding (NB! Project partner's own eligible funding must also come from similar eligible public sources as the other national co-financing)
- Other eligible public funding (e.g. municipalities, regional development organisations)
- National state co-financing (in Finland/Åland<sup>9</sup> and Latvia<sup>10</sup>)
- Private funding of Estonian enterprises in the Southern Finland – Estonia Sub-programme only

Please note that all national co-financing whether it is from a partner's own budget or given to it by some other source must fulfil the same criteria. Therefore co-financing is never automatically eligible (Please see below country specific information). All organisations providing co-financing have to submit documentation that allows an assessment by the Joint Technical Secretariat of the eligibility of its funding. Already at this point please be aware that later, during the project implementation phase, the national co-financing share has to be clearly visible in the project's accounting centre to enable the First Level Controller to verify it (→ *Chapter 9.2.*)<sup>11</sup>.

In the **co-financing statement** and the Application Form each financially contributing organisation must indicate the nature of its funding according its legal status (e.g. indicated in the organisation's registration certificate):

<b>State financing</b>	All funding of state organisations. In Finland/Åland also National State Co-financing must be filled into this line.
<b>Municipal financing</b>	All funding of municipalities or organisations with municipal ownership
<b>Other public financing</b>	All public funding that does not come from state or municipal organisations. The funding of organisations established for general interest needs and NGOs should be marked under this line if it can be interpreted as public financing.
<b>Private financing</b>	All funding of private origin (e.g. enterprises). Please note that private funding is eligible only for private partners from Estonia in the Southern Finland – Estonia Sub-programme.

Further, in the co-financing statement and the Application Form the funding should be divided into cash contribution (transfer of funds to the project account) and in-kind contribution. The amount of in-kind contributions will be fixed in the Subsidy Contract and the amount of the reported in-kind contributions cannot exceed the levels of the approved project application.

financed only up to 75%, not up to 85% percent. An Estonian project partner would receive, for the same expenditure, a co-financing of up to 85%.

<sup>9</sup> The National State co-financing authorities in Finland may have special instructions concerning the application procedure, the project co-financing, the project content and the reporting and payment procedures. Therefore Finnish project partners applying for national state co-financing should as early as possible get into contact with the respective authorities. A contact list of these authorities and basic instructions will be available at the Programme's website at [www.centralbaltic.eu](http://www.centralbaltic.eu).

<sup>10</sup> The National State co-financing authorities in Latvia have special instructions concerning the application procedure. Please refer to the description of the procedure at [www.likumi.lv/doc.php?id=196130](http://www.likumi.lv/doc.php?id=196130) and [www.likumi.lv/doc.php?id=200581](http://www.likumi.lv/doc.php?id=200581).

<sup>11</sup> In case of national co-financing in the form of in kind contributions, separate documentation must be provided to the First Level Controller to verify the generation of these contributions.

**National rules/specifications apply as follows:**

*Estonia:*

If an organisation is an eligible partner in the category it is applying for (Partner/Lead Partner), its funding will be automatically deemed eligible. In-kind contributions to the project cannot exceed the national co-financing (including unpaid voluntary labour) of the project partner. The value of the in-kind contribution to the project should be assessed by an independent certified evaluator. This assessment has to be provided before submitting the project application and it has to be organised by the respective project partner.

*Finland:*

1. In general if the Lead Partner organisation fulfils the criteria for being a Lead Partner its financing is considered to be eligible. Other project partners will have to prove that they are either financed by or have received financing from public sources and are subject to their adequate supervision to ensure that the public interest needs are fulfilled (using the criteria in *Chapter 3.2.* for organisations established for general interest needs and non-governmental organisations). These cases will be assessed on a case by case basis based on the documentation attached to the submitted Application Form.
2. Organisations funded from the state budget: Organisations financed directly from the state budget cannot as a general rule use funding from the state budget as their national co-financing for the project. As an exception to this rule, the following state organisations can use a part of the state funding for their operation (toimintamenomääräraha) to cover their costs for participating in structural funds projects (Finnish abbreviations): MTT, RKTL, Metla, ELY-centres, GTK, VTT, SYKE. However, the Finnish project partners of the proposed partnership are requested to clearly inform the Joint Technical Secretariat in the co-financing statements whether the proposed state financing (toimintamenomääräraha) is eligible by referring to the respective budget number/code (momentti) which allows the use of the respective budget funding as national co-financing in ERDF projects and provide a copy of the applicable budget chapter or other relevant information with the co-financing statement as instructed by the Joint Technical Secretariat. The obligation to justify the use of the respective funding is with the applicant.
3. The in-kind contribution of Finnish partners may not exceed 50% of the partners' own eligible national co-financing. This own eligible national co-financing does not include national state financing. In Finland the in-kind contribution covers the sub-budget line 2.2. "Other partner personnel contributing to the project" and budget line 8 "In kind contributions". The sub-budget line 2.3. "Unpaid voluntary labour" is not eligible in Finland since private funding does not generate ERDF co-financing.

The 50% ceiling must be respected and documented for each milestone when reporting the project financing to enable the verification of national co-financing by the national First Level Controller. The project partner must follow the accumulation to ensure the proper allocation per milestone as well as for the whole project duration.

*For Latvia and Sweden, see next page.*

Latvia:

Latvian National support scheme (regulation no. 890 adopted by the Cabinet of Ministers of the Republic of Latvia on 11 August 2009 and regulation no. 1306 adopted by the Cabinet of Ministers of the Republic of Latvia on 10 November 2009 available at [www.likumi.lv/doc.php?id=196130](http://www.likumi.lv/doc.php?id=196130) and [www.likumi.lv/doc.php?id=200581](http://www.likumi.lv/doc.php?id=200581)) stipulates the right of Latvian partners to partly cover their projects' co-financing.

Sweden:

In general if the Lead Partner organisation fulfils the criteria for being a Lead Partner its financing is considered to be eligible. Other project partners will have to prove that they are either financed by or have received financing from public sources and are subject to their adequate supervision to ensure that the public interest needs are fulfilled (using the criteria in *Chapter 3.2.* for organisations established for general interest needs and non-governmental organisations). These cases will be assessed on a case by case basis based on the documentation attached to the submitted application form.

#### **4.2.4. The Lead Partner principle - Distribution of responsibilities and Partnership Agreement**

The project partners must decide on the division of tasks and responsibilities within their partnership. One of the project partners will be chosen as the Lead Partner, which is also the project partner who later will sign the project application and other relevant documents (e.g. the Subsidy Contract). The Lead Partner is the only one who can submit the Payment Claim for ERDF co-financing as part of the Progress Report. The individual division of duties and responsibilities will be laid down in the Partnership Agreement to be concluded between the Lead Partner and the other project partners. Detailed information on who can act as Lead Partner is provided in → *Chapter 3.2.*

The Lead Partner does play a central role not only towards the other project partners, but also towards the management structures of the Central Baltic INTERREG IV A Programme 2007-2013, namely the Joint Technical Secretariat, the Managing Authority and the Certifying Authority. These structures see each project as an entity with one project plan, one set of targets and one budget and communicate during the whole project's lifespan only with the Lead Partner. The Lead Partner therefore is the link between the project (partners) and the programme management, responsible for co-ordinating the information flow between these. The Lead Partner must understand that it has the overall responsibility for the project implementation and reaching the set targets. In case the project fails, it also is the Lead Partner which will be held (financially) responsible by the Managing Authority. Nevertheless, all project partners have their role to play and should take an active part in the project preparation, the project work, information and communication and in good management.

The following table in detail describes the different and partly complementing duties and responsibilities of the Lead Partner and the other project partners:

	<b>Lead Partner</b>	<b>Project Partner</b>
<b>General</b>	Ensure the implementation of the entire project according to the responsibilities defined in the partnership agreement	Fulfil the project activities responsible for or involved in, as defined in the project application and partnership agreement
<b>Management Structure</b>	Set up an efficient and reliable system for the project management and co-ordination (incl. thematic activities, administrative and financial management)	
	Appoint or sub-contract a Project Manager fluent in English and qualified to handle the thematic co-ordination of project activities, to act as a driving force in the partnership and to mobilise the partners to achieve the project objectives	Nominate a co-ordinator to be the contact point between the project partner and the Project Manager
	Appoint or sub-contract a Financial Manager fluent in English responsible for the accounting, financial reporting, internal handling of the ERDF funds and national co-financing according to audit guidelines set up by the national first-level controllers and national laws  It is advisable, that the tasks of Project Manager and Financial Manager are carried out by two different people.	Nominate a book-keeper responsible for book-keeping in the project partner organisation
<b>Financial Management</b>	Guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid	Manage the co-financing according to the principle of sound financial management
	Ensure that expenditure presented by project partners has been paid for the purpose of implementing the project and corresponds to the activities agreed upon between the project partners	Assume responsibility in case of any irregularity in the expenditure which the project partner has declared

	Verify that expenditure presented by project partners has been validated by the First Level Controllers	Have its expenditure verified by the First Level Controller and send the Declaration of Validation of Eligible Expenditure (DVEE) and Control Report to the Lead Partner. NB! In Estonia, the First Level Controller sends the DVEE and Control Report directly to the project's Lead Partner, and not first back to the project partner.
	Transfer the ERDF contribution to the project partners without delay as soon as received from the Certifying Authority	Repay to the Lead Partner amounts unduly paid in accordance with the Partnership Agreement
<b>Progress and Financial Reporting</b>	Produce regular Progress Reports and Payment Claims on the entire project and a Final Report at the end of the project (NB! Observe the duty to keep the relevant documents like any other project partner)	Keep available all its documents related to the project until 2025 (NB! Observe eventually stricter national rules)
<b>Others</b>	Information and publicity measures on the project level	Information and publicity measures on the project partner level

The individual division of duties and tasks as well as the financial obligations of the Lead Partner and the other project partners is determined in the **Partnership Agreement**, which all the project partners must sign at the start of the project. Keep in mind that clearly defined procedures and responsibilities make cooperation easier and are of special importance to the Lead Partner. Please also keep in mind, that the Managing Authority respectively Joint Technical Secretariat are not a party to the Partnership Agreement and all legal disputes that may arise from the Partnership Agreement are solely between the parties to this agreement, meaning the project partners.

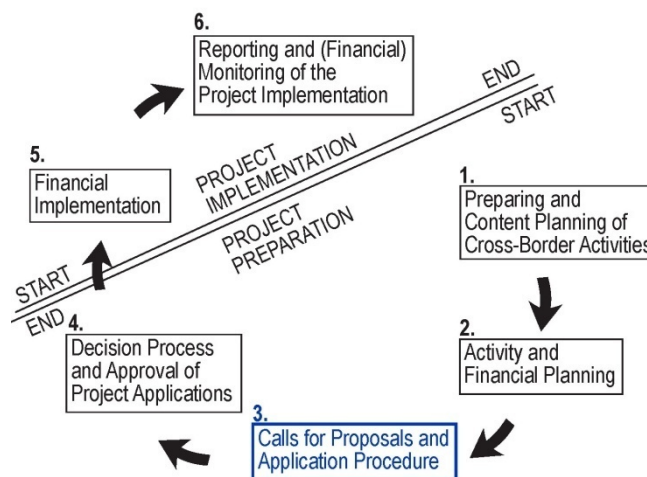
The agreement must be concluded and signed by the partners at the earliest possible and before any ERDF funding can be paid out. Therefore, a copy of the signed agreement has to be sent to the Joint Technical Secretariat within the same deadline as the first Progress Report/Payment Claim. The Joint Technical Secretariat will then check that the document fulfils the basic content requirements and that there are no inconsistencies with the approved application or with the Subsidy Contract. The Partnership Agreement will be included into the already received project material and uploaded to the monitoring system.

As the Partnership Agreement is an agreement between the Lead Partner and each project partner it is up to these to agree about the exact content of the partnership agreement. The MA has on the Programme's website made available a basic template Partnership Agreement. A Partnership Agreement should include at least the following:

- Role and obligations of each project partner (including the Lead Partner) in the partnership and the project implementation
- Budgetary principles
- Financial management provisions for accounting, reporting, financial control, receipt of ERDF payments

- Distribution of the ERDF co-financing between the project partners (partner budget tables annexed) according to the approved project application
- Liability in case of failures in project delivery and project spending including provisions for changes in the work plan
- The partner's financial liability and provisions for the recovery of funds in case of amounts incorrectly reported and received by project partners
- Information and publicity requirements
- Resolutions of conflicts in the project partnership
- Ownership rights of the project results

### 4.3. Call for application and application procedure



*Step 3 of the project's life-span*

During the programming period until 2013 several (open or targeted) calls for applications will be launched, setting a fixed deadline until when your project application has to be submitted to the Joint Technical Secretariat (→ *below Chapter 4.3.2.*). The day the call is launched is also the earliest day you can submit your application. In good time before each call, the relevant documents (application form etc.) and instructions will be published. Therefore, when preparing your project application, always make sure to use the most updated information and instructions – not least the most recent version of the Programme Manual – as they might be slightly amended from call to call taking into account past experiences and changed situations.

#### 4.3.1. Preparing the application

The electronic Application Package, together with detailed instructions on how to fill in the various forms (Practical Guide for Filling in the Application Form), is provided on the website of the Central Baltic INTERREG IV A Programme 2007-2013 at [www.centralbaltic.eu](http://www.centralbaltic.eu). Please ensure to always use (and save your Application Form in) Microsoft Excel 97-2003, otherwise the Application Form will not be compatible with the Programme's monitoring system.

In the application form, you have to:

- describe the **planned activities** (divided into Work Packages and Milestones)
- specify the **project budget** (divided into Work Packages and Milestones)

The overall project activity plan and overall project budget is based on the individual activity plans (Work Packages) and budgets (Annex 6) of the various project partners. Although the total project budget is the binding budget, the individual project partner budgets have to be annexed to the application form and will be used during the project assessment and the First Level Control. In addition, they are an essential tool for the Lead Partner to keep track and eventually stimulate too passive or slow down overactive project partners. It is strongly recommended to be as detailed as possible when drafting the planned activities and budget.

In addition to the application form, **co-financing statements** from each (organisation providing funding to a project partner have to be submitted to support the individual partner budgets. Further, the **following mandatory annexes** have to be submitted together with the application form,<sup>12</sup> whereas a separate project plan is not demanded. The annexes can be sent either by e-mail as scanned copies (pdf-format), in paper together with the confirmation letter (→ *Chapter 4.3.2.*) or by fax. The following annexes can be in the national language, if official certificates cannot be received in English:

- **VAT Declaration** by each project partner including the Lead Partner (only in case VAT is presented as a final expenditure):

In cases when VAT is presented in the project budget as final expenditure, the VAT declaration must show that the VAT is not recoverable by whatever means for the costs in the project budget. This has to be proven by an official declaration by the national tax authority. In cases where the official VAT declaration does not explicitly provide enough information it must be complemented by documentation regarding the justification of VAT as a final cost signed by an authorised person in the financial administration of the organisation.<sup>13</sup>

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<sup>12</sup> For the exceptional case that a mandatory annex is not available at the moment of submitting the project application due to circumstances beyond the responsibility of the project partners and the extended deadlines for submitting such mandatory annex → Chapter 4.4.1.

<sup>13</sup> Due to the complexity of the VAT practises within different and even within the same organisation depending on the nature of the activity carried out, it is of utmost importance to provide solid written evidence/proof by the national tax authority on cases when the VAT is presented as final expenditure.

**National rules/specifications apply as follows:**

*Estonia:* The VAT liability of the partner has to be proven with the printout from the website of Maksu- ja Tolliamet <http://www.emta.ee> (→ Eesti KMKR nr otsing - käibemaksukohustuslase registreerimise numbri otsing).

If the partner is not VAT liable then no other documents are needed. In case a project partner is VAT liable but only for its business activities, a certification from Maksu- ja Tolliamet that VAT is final cost in the project has to be submitted together with the Application Form.

*Finland:* A certificate of paid taxes (todistus verojen maksamisesta or verojäämätodistus) can be ordered via Verohallinto's website at [www.vero.fi](http://www.vero.fi) (→ ePalvelut/verovelkatodistus). In case a project partner is VAT registered only for its business activities, a certification that VAT is final cost in the Central Baltic INTERREG IV A project has to be submitted together with the Application Form. An agency of the State of Finland or a municipality can submit reliable certification signed by an authorized person in the financial administration of the organization. All other partners need to submit an official document called "ohjauspyyntö arvonlisäveron jäämisestä lopulliseksi kustannukseksi EU-hankkeessa" which can be ordered from the tax agency. The delivery of the certificate takes about 1,5 months.

*Latvia:* State Revenue Service's contact information can be found at [www.vid.gov.lv](http://www.vid.gov.lv)

*Sweden:* Tax agency's contact information can be found at [www.skatteverket.se](http://www.skatteverket.se).

- **Registration certificate** of each project partner including the Lead Partner:

Various documents can be accepted as the registration certificate. The determining factor is that the document shows that the organisation has legal status, the nature of this status and that it enables the Joint Technical Secretariat to check the project partner's eligibility.

**National rules/specifications apply as follows:**

*Estonia:* For NGO's, Foundations and private companies a copy of the certificate from Äriregister (<https://ariregister.rik.ee/>). For national or municipal organisations a copy of the certificate from Riigi- ja kohaliku omavalitsuste asutuste riiklik register (<http://register.fin.ee/register/index.php>). The partners can print the certificates from these registries themselves.

- Documentation by the Lead Partner on who has the **authority to sign on behalf of the Lead Partner** organisation.
- In case of private enterprises in Estonia and Finland,<sup>14</sup> the De minimis declaration confirming that the **De minimis threshold** has been observed (NB! Private enterprise participation only within the Southern Finland – Estonia Sub-programme).

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<sup>14</sup> NB! The public assistance, which is allowed to an amount of up to 200.000 EUR within a 3-years-period (De minimis), comprises all aid granted by national, regional or local authorities, regardless of whether the resources are provided from domestic sources or are co-financed by the EU. The project's Lead Partner is responsible of verifying the information in the application form. In case private enterprises have received a limited amount of aid, the total amount of aid received by the private enterprise (de minimis aid and limited amount of aid together) cannot raise during the period 1.1.2008-31.12.2011 to a level above the ceiling of 500 000 EUR. Limited amount of aid is stipulated in the Communication from the Commission - Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis, point 2.2. (h) (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:006:0005:0015:EN:PDF>)

- In case of activities that require permits (e.g. environmental or research projects) the necessary permits should be attached.
- The **necessary permits** (e.g. permits required for environmental projects) **or supporting documents required for the implementation of an investment** (investment plan, long-term financial plan, action plan including feasibility study, permits, Strategic Environmental Assessment etc.) by each project partner including the Lead Partner. Note that if **investment related permits** are not yet available before submitting the project application, they have to be submitted latest before signing the Subsidy Contract with the Managing Authority. The risk that these permits will not be issued is born solely by the applicants and in such case the Managing Authority is entitled to refuse signing the Subsidy Contract.
- In case **in-kind contributions** have been included, documentation of the value of the in-kind contribution. In addition, a short summary in English on the included material should be attached. The partner organisation must also provide information how they are linked to and what is their relevance for the project (→ *Chapters 5.2.3. and 5.8.*).

Finally, (for Central Baltic Programme applications only, not Southern Finland – Estonia Sub-programme or Archipelago and Islands Sub-programme projects) in case the project considers itself being (part of) an **EUSBSR Flagship project** listed in the Action Plan accompanying the EUSBSR, the project would have to submit additionally a **recommendation letter issued by the respective EUSBSR Priority area coordinator**. A template of the recommendation letter can be found at [www.centralbaltic.eu](http://www.centralbaltic.eu). However, the use of this template is not mandatory as long as the same information proving the support by the Priority area coordinator can be provided in written (e.g. e-mail).

#### 4.3.2. Submitting the application

Please remember that the application should be ready when it is submitted to the Joint Technical Secretariat and that only minor corrections respectively clarifications can be done to it afterwards (→ *Chapter 4.4.1.*). Therefore, if you have any questions, it is advisable to contact the Joint Technical Secretariat before officially submitting your project application.

Once the project application with all the mandatory annexes has been completed, the Lead Partner sends the whole **application package electronically** by e-mail to the Joint Technical Secretariat at [application@centralbaltic.eu](mailto:application@centralbaltic.eu). Once your e-mail has been received, an automatic confirmation notification will be sent to you. The **mandatory annexes** can be sent **either by e-mail** as scanned copies (pdf-format) **or in paper** together with the confirmation letter.

In addition, the mandatory **confirmation letter** has to be sent **in paper form** within the same deadline by traditional mail to:

Central Baltic INTERREG IV A Programme 2007-2013  
 Joint Technical Secretariat  
 c/o Regional Council of Southwest Finland  
 P.O. Box 273  
 FI-20101 Turku, FINLAND

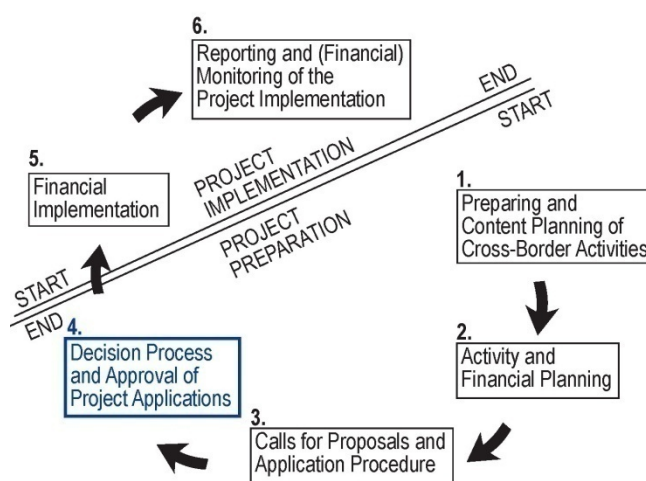
The confirmation letter template is available on the Programme's website at [www.centralbaltic.eu](http://www.centralbaltic.eu) and only this filled in template will be accepted. The confirmation letter has to be signed and stamped by the authorised representative of the Lead Partner organisation.

The confirmation letter provides assurance that the applicant has sent the electronic application with all mandatory annexes by e-mail to the Joint Technical Secretariat and that it contains only relevant information based on the instructions given in the Programme Manual and Practical guide on Filling in the Application

Form. The confirmation letter includes relevant information from the Application Form and the Lead Partner, by signing the confirmation letter, guarantees the relevance and correctness of the information provided in the electronic Application Form and that the indicated total applied ERDF co-financing, the indicated total project budget and all relevant identity information (name of the project, acronym, Lead Partner organisation etc.) are identical to the information in the actual electronic Application Form. The reference number of the confirmation letter and Application Form is the legally binding link between the documents and an identical code should therefore be provided in both of them. Please note that whenever the application form is updated during the project implementation, the update needs to be confirmed with a new version of the application form verified with a new confirmation letter. This updated version of the application form and confirmation letter should then have a new "reference of the applicant" so that the versions can be kept apart.<sup>15</sup>

The Central Baltic INTERREG IV A Programme 2007-2013 has **fixed application deadlines**. That means that applications (application form, mandatory annexes and confirmation letter) can be submitted **the earliest** on the day the call is launched and have to be sent electronically **the latest** on the last day of the deadline of the call. Furthermore, the confirmation letter in paper form has to be sent within the deadline (confirmed by the postal stamp). If a postal stamp is missing, it is decisive if the Confirmation Letter has been received and registered in the Joint Technical Secretariat Main Office in Turku/Finland the latest by 15:00 local Finnish time on the last day of the call. A Confirmation Letter with a later postal stamp or received and registered after the deadline will not be considered and the whole application will be deemed ineligible.

#### 4.4. Decision process and approval of project applications



*Step 4 of the project's life-span*

When the deadline for submitting project applications has expired, the call for applications will be closed and all applications received in time will be assessed technically (→ *Chapter 4.4.1.*). For those projects that pass the technical admissibility check, a content assessment will be done (→ *Chapter 4.4.2.*). Based on both the technical admissibility check and the content assessment, the Joint Technical Secretariat will prepare for the respective Steering Committee a suggestion on which projects to co-finance and which ones to reject (→

<sup>15</sup> Please note that a similar confirmation letter is used in the context of the later reporting process (Progress Report/Payment Claim).

*Chapter 4.4.3.*) The technical and content related selection criteria approved by the Programme's Monitoring Committee are available at the programme website [www.centralbaltic.eu](http://www.centralbaltic.eu).

#### 4.4.1. Technical admissibility check

The Joint Technical Secretariat will first perform a technical admissibility check of the project application within 20 working days after the closure of the call. The criteria of the admissibility check are identical with the questions of the Checklist in the Application Form and are of a purely technical nature (e.g. if the application has been submitted in time including all required annexes; if the project partners and their funding are eligible; if the project activities will take place in the (sub-)programme area and if the project has applied for the right (sub-)programme; if all relevant budget information is delivered etc.).

If technical deficiencies are detected in the submitted application (e.g. information or mandatory annexes missing), the Joint Technical Secretariat will send a written request by e-mail to complement the application to the project's contact person. The request to complement can concern missing information, missing documents and/or clarifications. The project then has to answer the questions within a given short deadline of five working days. **The missing information/documents will be requested only once and this is not an opportunity to improve substantially incomplete applications e.g. in case the project had not yet decided all relevant questions (e.g. which partners will participate in the project).**

The Joint Technical Secretariat will then finalise the technical admissibility check and only if all missing information respectively documents have been submitted within the deadline and only if all selection criteria can now be answered with "yes", the project application will pass the technical admissibility check. If not all open questions have been answered in a satisfactory way, the application will fail in the technical admissibility check and will not move on to the content assessment.

In case it is already at the moment of submitting the project application clear that the project will not be able to submit all mandatory annexes in time due to reasons which are not within the project partners' responsibility, the project is requested to inform the Joint Technical Secretariat in written in the Confirmation Letter accompanying the application form. The missing mandatory annexes are then to be submitted within 10 working days after the call has been closed (except investment related permits which have to be submitted latest before signing the Subsidy Contract with the Managing Authority). If the missing annexes are not submitted within the 10 days, the project will be assessed on the basis of the information provided so far. No additional possibility to submit missing annexes will be given.

Project applications fulfilling all selection criteria will pass on to the content assessment (→ *Chapter 4.4.2.*). Project applications for which one (or more) selection criteria had to be answered with "no" will fail in the technical admissibility check and will not pass on to the content assessment. The respective formal decision will be taken by the responsible Steering Committee wherefore official information on the results of the technical admissibility check can be provided only after the respective Steering Committee meeting (→ *Chapter 4.4.3.*).

#### 4.4.2. Content assessment

The content assessment of the project applications which have passed the technical admissibility check consists of the **quality evaluation** made by the Joint Technical Secretariat and the **evaluation of the general strategic relevance** of the project done by the respective Steering Committee.

When conducting the content assessment the Joint Technical Secretariat uses the selection criteria approved by the Programme's Monitoring Committee published on the Programme's website. The Joint Technical

Secretariat assesses the project's relevance for the (sub-)programme, the cross-border impact as well as the quality and maturity of the project (e.g. if it has a clear and realistic work plan, schedule and budget, if all partners benefit from the project). Additionally, the Joint Technical Secretariat will assess the relevance of the project application for the EUSBSR based on the information provided in the application form and, in case of the project being (part of) a EUSBSR Flagship Project, the recommendation letter issued by the EUSBSR Priority area coordinator. The quality evaluation should be done in no more than 60 working days. Please be aware that during the content assessment, there will be no chance to complement or correct your application. A communication between the Joint Technical Secretariat and the project's Lead Partner similar to the one during the technical admissibility check is not possible during the content assessment. This is to guarantee a fair and equal treatment of all project applications.

To ensure a neutral and equal assessment the Joint Technical Secretariat will use a **Joint Assessment Tandem** which involves more than one person in the assessment. It combines the overall programme expertise, but also the special (sub-)programme expertise. If necessary, external expertise will be involved in the quality assessment where special expert knowledge is required to ensure an appropriate evaluation of the project application. These experts have to have the necessary sector knowledge, e.g. in environmental issues, education, transport or business development and need to be well informed on the current situation in the (sub-)programme area in their field of activity.

#### 4.4.3. Decision-making by the Steering Committee and following procedures

Based on the outcome of the technical admissibility check and the content assessment, the Joint Technical Secretariat will prepare a separate proposal for each of the three Steering Committees. The three Steering Committees have to confirm and reject the projects failing in the technical admissibility check, will discuss the project applications which have passed the admissibility check and especially their general strategic relevance. The Steering Committees then select the projects that receive ERDF co-financing from the Central Baltic INTERREG IV A Programme 2007-2013. The proposal prepared by the Joint Technical Secretariat is **in no way binding for the Steering Committees**. Therefore the Steering Committees are free to choose the projects to be co-financed (including the total budget and the duration of the project).

The decision is not only between "yes" and "no", but the Steering Committee can also decide to approve a project under certain conditions to be fulfilled before signing the Subsidy Contract or to give recommendations to the project. If once approved, this approval covers the whole project duration. No annual "re-approval" by the Steering Committee is necessary. If a project fails to fulfil the conditions set by the Steering Committee, the Subsidy Contract (→ *Chapter 4.4.4.*) will not be signed by the Managing Authority and the project can not start its implementation. Please be aware that the decisions by the Steering Committees are **not appealable** at any place of jurisdiction.

The Joint Technical Secretariat is responsible for **sending the decision to the Lead Partner within 7 working days** after the Steering Committee's decision has become final by the approval of the Steering Committee meeting's minutes. It is then the responsibility of the Lead Partner to inform the other project partners about the (positive or negative) decision. The Managing Authority signs the Subsidy Contract with the Lead Partner (after eventual conditions laid down in the Steering Committee decisions have been fulfilled) and hereby the funding decision enters into force. Further, all approved projects will be assigned a concrete contact person in the Joint Technical Secretariat for the whole project duration.

You can now (and have to) **start** to implement your project at the date indicated in the approved application and in the Subsidy Contract. Should you finally not be able to start your project at all or should the start be **delayed**, the Lead Partner has to inform the Joint Technical Secretariat and where applicable other possible financiers (e.g. national state co-financer) immediately. To support a smooth launch of your project, the Joint Technical Secretariat will organise relevant training events for Lead Partners, project managers, financial managers, communication managers etc. to discuss the details of project management,

reporting and communication. The first important and mandatory event is the so called Lead Partner seminar.

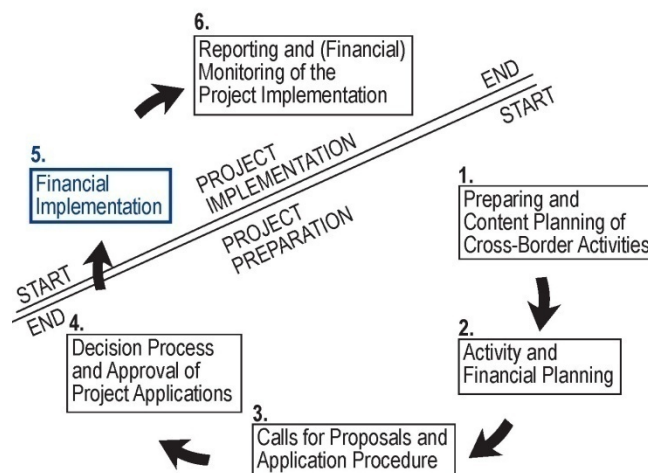
For the sake of transparency, a list of all final beneficiaries and the amount of ERDF co-financing to be received will be published on the programme's website (→ *Chapter 11*).

#### 4.4.4. Subsidy Contract and administrative decision on rejection

The Managing Authority signs a so-called **Subsidy Contract** with the Lead Partner of an approved project at the earliest when eventual conditions set by the respective Steering Committee have been met and when all the required permits are available. The Subsidy Contract constitutes the main and only legally binding agreement between the Central Baltic INTERREG IV A Programme 2007-2013 represented by its Managing Authority and the approved project represented by its Lead Partner. By setting out the rights and obligations of the contracting parties including the appeal options during various later procedures and confirming the final commitment of EU grants to each project, the Subsidy Contract regulates the legal and financial framework for the implementation of the project activities. A standard Subsidy Contract template will be available on the programme's website at [www.centralbaltic.eu](http://www.centralbaltic.eu). The approved Application Form and Annex 6 as well as the protocol note of the respective Steering Committee meeting are annexed to the Subsidy Contract.

**Projects rejected** by the Steering Committees will receive an **Administrative Decision on Rejecting the Project Proposal** by the Managing Authority. This includes the reasoning behind the decision (protocol note of the respective Steering Committee meeting) and instructions for the Lead Partner how to appeal against this Managing Authority's administrative decision.

## 5. Eligibility of project costs



*Step 5 of the project's life-span*

This chapter will cover the different budget lines used in the application and reporting forms of the Central Baltic INTERREG IV A Programme 2007-2013 and explain which costs are eligible under these budget lines. Please be aware that in case of later updates of this manual always the most favourable rule applies (→ *Foreword*).

### Eligibility of costs

The eligibility of costs is based on EU regulations as well as national legislation. Relevant parts of these national eligibility rules are indicated at the end of the explanations for the various budget lines. As there might be some changes or new regulations being approved in the meantime, it is still strongly recommended – if not even necessary – that you consult the relevant national eligibility rules of your country made available by the responsible authorities. Please remember that in case of different interpretation between EU, national and programme rules, always the stricter one will be applied.

In general, the national eligibility rules are available at:

<b>Estonia</b>	Ministry of the Interior (Siseministeerium) at <a href="http://www.siseministeerium.ee/kesk-laanemere-interreg-iva-programm/">www.siseministeerium.ee/kesk-laanemere-interreg-iva-programm/</a>
<b>Finland</b>	<a href="http://www.rakennerahastot.fi">www.rakennerahastot.fi</a> Ministry of Employment and the Economy (Työ- ja Elinkeinoministeriö) at <a href="http://www.tem.fi">www.tem.fi</a> FINLEX ® Valtion säädöstietopankki (Finnish Legal Data Base) at <a href="http://www.finlex.fi">www.finlex.fi</a>
<b>Latvia</b>	Ministry of Environmental Protection and Regional Development at <a href="http://www.varam.gov.lv">www.varam.gov.lv</a> <a href="http://www.likumi.lv">www.likumi.lv</a>
<b>Sweden</b>	Swedish Agency for Economic and Regional Growth at <a href="http://www.tillvaxtverket.se">www.tillvaxtverket.se</a>
<b>Åland</b>	Government of Åland (Ålands landskapsregeringen): Landskapsregeringens beslut om stödberättigande utgifter som medfinansieras av Europeiska Regionala Utvecklingsfonden (Bilaga 1 till N1208E04_25012008) <a href="http://www.regeringen.ax/composer/ls-prot/NARING/2008/N1208E04_250108.html">http://www.regeringen.ax/composer/ls-prot/NARING/2008/N1208E04_250108.html</a>

It is crucial to bear in mind that costs can be eligible only if they are:

- real and paid out costs
- incurred during the duration of the project
- related to the project
- necessary for the implementation of the approved project plan
- not shared with any other project partner

Therefore, expenditure cannot be reimbursed unless it is/has been:

- occurred the earliest on the day defined in the subsidy contract as the project start date after the decision has been taken by the Steering Committee
- related to products or services that have actually been delivered
- paid by the project partner and separated in the book-keeping
- supported by invoices or documented by accounting documents of similar value properly accounted, certified, audited and reported within the respective reporting period
- included under an expenditure category (budget line) listed in the project budget
- directly linked to the project budget and to the project activities described in the approved project application
- not claimed before in this or any other EU co-financed programme or other donor programmes (to avoid double financing)

In case you have any question about the costs you plan to include in your project and their eligibility, it is advisable to discuss this issue with the Joint Technical Secretariat at the earliest possible during the project planning. If during the project reporting the First Level Controllers find in your Payment Claims costs that cannot be considered eligible, these will be deducted immediately by the First Level Controllers and the project partner in question will receive less co-financing. The ineligible costs found in the second level control are recovered afterwards from the Lead Partner by the Certifying Authority in the first instance (→ *Chapters 8-9*).

### **Budget flexibility rule**

The budget flexibility rule allows the project to make within certain limits an adjustment of the project budget during the whole project duration. Under the flexibility rule the project may adjust the total budgets of all budget lines and work packages whenever it is needed (not only once) as long as the cumulative amount of the reallocated sum (the sum of all adjustments done from the beginning of the project) does not exceed:

- on the **project level 10%** of the total project budget or a cumulative total of **40.000 EUR** transferred between budget lines

AND

- on the **partner level 10%** of the total partner budget or cumulatively up to **20.000 EUR** transferred between budget lines.

Please note that within the budget flexibility rule it is not possible to change the nature and intended use of equipment/investment items/other activities. Further, the following budget lines are excluded from the budget flexibility rule:

- BL 2.2. Other partner personnel contributing to the project
- BL 2.3. Unpaid voluntary labour
- BL 6 Investments
- BL 8 In-kind contributions

Any budget reallocation which falls under the flexibility rule must be **confirmed** by the Joint Technical Secretariat before submitting the partner payment claim to the national First Level Controller in order to ensure that the nature of the reallocation and the costs is acceptable as such.

In case the costs to be included into some budget line after reallocation would be seen ineligible by the Joint Technical Secretariat beforehand (i.e. before reallocation) and the costs would still be reallocated, these costs would be deemed ineligible.

The form (reallocation table) for applying the budget flexibility rule is to be provided by the projects contact person in the Joint Technical Secretariat. Please note that further information regarding the procedure can be found in the Practical Guide for Reporting and from the project's contact person.

## Currency

Please note that the Central Baltic INTERREG IV A Programme 2007-2013 operates in euros only. This means that the application package and reporting forms will have to be filled in euros and all payments to the Lead Partner will be done in euros. When filling in the budget in the Application Forms the applicants must use rounded figures with no decimals (full euros, 3 EUR instead of 3,12 EUR). Later in the project reporting the occurred total costs in other currencies have to be converted into euros according to the average monthly exchange rate of the euro set by the European Commission for the last month of the respective reporting period and published at <http://ec.europa.eu/budget/infoeuro/index.cfm?Language=en>. Any exchange risk has to be borne by the Lead Partner and Project Partners.

## 5.1. Office and rent costs (Budget line 1)

This budget line refers to office and rent costs of the project and can be:

- Office rent
- Electricity, heating, water, cleaning and other maintenance costs
- Operation costs for internet, copying, phone, fax, mail and consumables

All office and rent costs included in this budget line must be essential for the implementation of the project and supported by invoices that are directly attributable to the project. Please note that administration costs cannot at the same time be financed from other sources or be included in other budget lines or cost items.

**Direct general costs** (for example phone bills of project employees) can easily be identified to belong to the project. **Other office and rent costs that are to be partially allocated to the project** (for example a share of regular monthly payments such as rent, electricity, data/communication) must be calculated based on real, paid out costs and allocated to the project on a pro-rata basis according to a duly justified, fair and equitable method. Costs calculated simply on the basis of coefficients or percentages proportioned to payroll costs are not an adequate proof of an actual expense and will therefore be deemed ineligible. Overheads are not eligible.

The **allocation** of the organisation's eligible office costs to the operation could be done on the basis of the below ratio (depending on which best reflects the type of costs), though the standard calculation method of the organisation should be followed and the calculation method for the indirect costs should remain the same during the whole project implementation period:

- Number of people working for the project **vs.** number of people working in the organisation or department **or**
- Number of hours worked for the project **vs.** number of hours worked in total in the organisation or department **or**
- Surface used by personnel working for the project **vs.** total surface of the organisation or department.

Note that purchases of office equipment (e.g. PC, monitor, printer, incl. software, mobile phones, and office furniture) must be included in budget line 5 "Equipment". If e.g. IT-services are outsourced and provided by external experts they must be included in budget line 4 "External expertise". Rental costs for seminars and similar activities should be marked under budget line 7 "Other direct costs".

## 5.2. Personnel (Budget line 2)

Under this budget line salary costs of employees working full or part-time for the project are eligible, though no more than 100% working time is allowed. Also in-kind contributions in form of unpaid voluntary labour should be marked into this budget line.

### 5.2.1. Sub-budget line: Personnel employed by the project

This sub-budget line should contain personnel costs of the staff **directly working for the project** and employed by a project partner institution on the basis of an employment/labour contract according to the applicable law in the country the project partner is located. The personnel costs can include salaries, compulsory employment taxes, social security costs, health insurance, pension contributions and holiday payments.

The budgeted personnel costs have to be based on the actual salary of the individual employee involved in the project activities and the actual hours worked for the project. In practice this is the employee's gross salary plus employer's charges in accordance with the national legislation and collective agreements. Please note that the salary of the project personnel cannot differ considerably from the salary that is paid for similar tasks in a comparable structure (either public or private).

Personnel costs must always be supported by documents that permit identification of the employment relationship with the project partner organisation (working contract, pay slips, payment proofs, working time recording/timesheets).

#### Part-time employees

Part-time in this context means employees who spend only part of their working time on the project and have been assigned also some other tasks not related to the project. Someone working only part-time (e.g. only half-days) for the project partner organisation, but all this time is allocated to the project, is not considered as a part-time employee in this context as he/she is 100% working for the project (although only half-days). Such salary costs must be in accordance with the actual work time allocated to the project. The calculation must be based on the hourly rate resulting from the actual salary of the employee divided by the total number of hours worked by the employee. The share worked for the project has to be registered as project work in the time recording system of the partner institution. This hourly rate is then multiplied with the number of hours actually spent for project activities.

Note that during the project reporting for all part-time employees timesheets filled in on a daily basis will have to be provided monthly and separately for each person involved in the project. The timesheets must also briefly state the activities performed within the project by the person in question. In the project timesheets, the hours worked both for the project and for other tasks as well as the salary of the employee have to be reported. Ensure that the timesheets are always signed by the employee and his/her supervisor.

Other mandatory information included in the reporting of part-time employees covers information on the total hours worked per month so that the national First Level Controllers (as well as the Joint Technical Secretariat and the Certifying Authority) can verify that the total percentage share of hours per person does not exceed 100%. Because in some cases the employment contracts do not necessarily reveal the nature and division of working time assigned to the project and other tasks of the employee it is mandatory to indicate also other tasks performed by the project personnel outside the project (e.g. work carried out for another project or statutory tasks within the organisation in question).

Not eligible personnel costs:

- Optional social security costs
- Additional unjustified payments or voluntary bonuses not based on the employment/labour contract or collective agreements

**National rules/specifications apply as follows:**

*Finland:* The payroll expenditure for civil servants or other public office holders together with employer contributions are eligible only in the following cases:

1. When the employee has been assigned temporarily by the employer to work for the project
2. The tasks handled by the employee in the project are not part of his/her normal duties
3. The employee's normal duties must be handled by a substitute
4. The employee must work under the guidance of the project manager

**5.2.2. Sub-budget line: Other partner personnel contributing to the project**

**(NB! For Finnish, Swedish and Åland project partners only!)**

Costs should be included into this sub-budget line when an employee of a project partner organisation has been assigned by an internal decision to provide research or professional work for the project and the salary is paid from another accounting centre of the partner organisation than the project accounting centre. The assignment to work for the project must be done in writing and provided to the First Level Controller with the first Progress report and Payment Claim.

In these cases, the partner organisation plans to use these employees' working time also as their co-financing and therefore, such costs will be **considered as in-kind contribution** to the project. Although they are considered as in-kind contribution, costs for other personnel contributing to the project should not be included into budget line 8 (In-kind contributions), but here.

These salary costs will have to be traceable from the bookkeeping system of the organisation and clearly reported in the partner's reports. During the reporting phase you must provide the documentation related to the internal decision assigning these persons to work for the project. Please note that the same person cannot both work directly within the project and at the same time be assigned to work temporarily for the project elsewhere in the partner organisation. **Organisations contributing in this way must always be project partners. Please keep in mind that the capability of providing this kind of in-kind contribution to a project depends on the general eligibility of the organisations money to generate ERDF co-financing (→ Chapter 3.2).** These salaries have to be paid from the partner organisation's own budget and cannot be covered by other projects or funding sources and cannot be given to other project partners. The project partner must remember to take into account also these in-kind contributions when filling in the co-financing statement and the different financial tables (e.g. Annex 6).

**National rules/specifications apply as follows:**

*Finland:* Be aware that the maximum share of the in-kind contributions of Finnish (excl. Åland) partners own financing is 50%, which includes both costs under this sub-budget line and budget line 8 "In kind contributions".

### **Part-time employees**

For part-time employees under this sub-budget line (employees who spend only part of their working time on the project and have been assigned also some other tasks not related to the project) the partner organisation must provide similar time-sheets as described above for sub-budget line "Project personnel".

### **5.2.3. Sub-budget line: Unpaid voluntary labour**

(NB! For Estonian and Latvian project partners only!)

Unpaid voluntary labour of a public or private beneficiary can be eligible as **in-kind contribution** if it fulfils the following conditions:

- It consists of unpaid voluntary labour
- Its value can be independently assessed and audited as no payments/transfer of money takes place
- It is based on a written agreement

Examples of unpaid voluntary labour are volunteers working for an NGO not receiving any salary/wage for the work done within the project.

Unpaid voluntary labour must be certified by an independent assessor and documented in a way that enables the identification of the value of the in-kind contribution in relation to the project. The partner organisation must also provide information to which project activities the in-kind contributions are linked and what is their relevance for the project. The project partner must provide a timesheet, showing what was done, by whom, when and for how many hours. Please also note that the same person cannot receive any salary payments or be employed by the project partner organisation and at the same time contribute with un-paid voluntary labour to the project. The eligibility of in-kind contributions in form of unpaid voluntary labour must always be discussed with the Joint Technical Secretariat before submission of the application. It is strongly recommended also to be in contact with the national First Level Controllers to verify the possibility to use unpaid voluntary labour in the country of the partner organisation and the relevant methods for the certification of the value of the unpaid voluntary labour as well as necessary documentation related to the

reporting of these costs. The amount of in-kind contributions will be fixed in the Subsidy Contract and the amount of the reported in-kind contributions cannot exceed the levels of the approved project application.

**National rules/specifications apply as follows:**

Estonia: Only project partners can budget and report in-kind contributions to the project.

In-kind contribution in form of unpaid voluntary labour to the project (including all in-kind contributions) cannot exceed the national co-financing of the project partner to the project. The official national annual minimum net salary level is to be followed when calculating the value of an unpaid voluntary labour contribution. An independent assessment by a certified assessor has to be provided before submitting the project application if a higher salary level is used. The assessment has to be organised by the respective project partner.

Finland: Unpaid voluntary labour is not eligible in Finland.

Latvia: In-kind contributions in form of unpaid voluntary labour to the project cannot exceed the national co-financing (including all in-kind contributions) of the project partner to the project. The official national annual minimum net salary level is to be followed when calculating the value of an unpaid voluntary labour contribution. An independent assessment by a certified assessor has to be provided before submitting the project application if a higher salary level is used. The assessment has to be organised by the respective project partner.

Sweden: Unpaid voluntary labour is not eligible in Sweden.

### 5.3. Travel and accommodation (Budget line 3)

This budget line refers first of all to travel and accommodation costs of employees of the project partner's organisations involved in the project implementation within the geographical area of the Central Baltic INTERREG IV A Programme 2007-2013. Travel and accommodation costs of key stakeholders and others not employed by the project can be eligible in well justified cases. These cases will have to be well justified and explained in the project application.

Travel and accommodation costs included in this budget line must be directly related to and essential for the effective implementation of the project (e.g. meetings, Steering group meeting, seminars or conferences including Lead Partner seminars and other programme events. In this context, please note that participation in the Lead Partner seminar is mandatory!).

Travel and accommodation costs are eligible on the basis of the applicable state regulation on travelling or equivalent national regulations. All costs for travel and accommodation must be cost-effective and public transport should be used whenever possible. Note that travels in first/business class are deemed ineligible unless it is clearly proven that there was no other option.

**Daily allowances** that occur for employees of the project partner's organisations involved in the project implementation when travelling in the framework of the project implementation are eligible. The allowances paid must comply with national rules. Regardless of the project partner's legal status, the subsistence allowance rates of the public authorities must be followed.

Costs for travels and accommodation **outside the area of the Central Baltic INTERREG IV A Programme 2007-2013** must always be included in the project budget and justified in the Application Form. The Application Form contains separate input sections for travels inside and outside the Programme area. The sub-budget line "Travel costs outside the Programme area" covers both travels outside the Programme area, but within the European Union on the one hand and travels outside the European Union on the other hand. These travels are always an exception and it is advisable to discuss these costs with the Joint Technical Secretariat before submitting the application. If co-financing for such travels is claimed afterwards in the Progress Report/Payment Claims without the costs being included into the approved Application Form, these costs will be deducted from the Payment Claim and will not be reimbursed.

**National rules/specifications apply as follows:**

*Finland:* Finnish Tax Administration determines tax-free travelling allowances once a year and the rules are found at the end of the previous year at [www.vero.fi](http://www.vero.fi) from the section "actual" (Ajankohtaista) or at the Ministry of Finance website at:

[www.vm.fi/vm/fi/04\\_julkaisut\\_ja\\_asiakirjat/02\\_henkilostohallinnon\\_asiakirjat/02\\_sopimukset/index.jsp](http://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/02_henkilostohallinnon_asiakirjat/02_sopimukset/index.jsp)

The eligibility of travel costs of Finnish members of the project's Steering Group is determined in accordance with the national eligibility rules/instructions: [www.rakennerahastot.fi](http://www.rakennerahastot.fi)

#### 5.4. External expertise (Budget line 4)

Costs for external expertise included in this budget line must be essential for the project activities and must be described in the project application. The service must be clearly definable and transparent and the purchase and use of external expertise and services has to be based on either contracts or invoices.

The costs must be a defined salary or fee (which may include costs for travel, accommodation and food as well as subsistence allowances – daily allowances paid according to national regulations). Be aware that you cannot subcontract your project partners or employees of project partners, who already are assigned to the project within their organisation.

**Examples** of external expert services are:

- External project coordination or financial management
- In Finland external independent financial First Level Control (in countries with centralised First Level Control these costs will be covered by the Member State)
- External IT consultants, website design and hosting; external drafting, layouting and printing of promotional material (e.g. newsletters, leaflets, brochures)
- External IT-maintenance services
- External companies organising events related to the project implementation
- External interpretation/translation services
- Externally provided studies and surveys, consultancy fees
- External researchers
- External speakers/participants in project meetings/seminars if their participation in these events brings added value for the project and the added value is clearly justified and demonstrated in the project application
- External evaluations of the project

All contracts/costs on expert services have to be based on written and documented processes if the programme tendering limit of 1.500 EUR is estimated to be exceeded (→ *Chapter 6.4. Public Procurement Procedures*). Even if the threshold of 1.500 EUR is not reached, the project partner should be able to justify

the choice of the supplier/expert service. If the expert service used e.g. represents unique skills not available elsewhere in the market and as such the call for tender is unnecessary or even impossible, no tender procedure has to be arranged. This must be documented in a detailed way to prove that the service could not have been bought from any other supplier.

Projects exceeding a certain project size (2.000.000 EUR) need to carry out an external evaluation. The evaluation should be done in the different stages of the project life cycle: ex ante (before), mid-term and ex-post (after the project). The minimum requirements are the mid-term and final evaluations. In addition, the Steering Committee may decide to approve some projects under the condition that they add external evaluations to their project application.

**National rules/specifications apply as follows:**

*Estonia:* In case a project buys expert services, the fees of the expert should be paid directly to the expert's personal account, rather than to a firm. Partners must follow the requirements established for the contracting authority in the Public Procurement Act.

In case similar service costs from the same service provider exceed 3.000 EUR (without VAT) during the period of 24 months, price comparisons have to be provided to prove the reality of the costs. It is also recommended to ask for price offers in case of smaller costs. This helps to decrease the number of questions by the First Level Controller and the risk of cutting eligible costs.

## 5.5. Equipment (Budget line 5)

Equipment means a tool or device which is purchased by the project partner or already in the possession of a project partner and used in order to carry out project activities. It is important to note the difference between equipment and investment. The term investment refers to an output or a result of project activities that has an impact on a wider set of countries and project stakeholders. The investments are also supposed to stay in the use of the target group when the project is finalised (→ *Chapter 5.6.*).

Examples of equipment:

- IT equipment (PC, monitor, printer, including common software)
- Scanner
- Digital video camera, projector
- Mobile phones
- Office furniture
- Exhibition equipment
- Special measurement equipment
- Laboratory equipment

The equipment's functions/features must be in line with the project's needs. Any equipment that the project needs to purchase must be included in the project budget and specified further in the project application.

The costs of equipment are eligible only if they are not (co-)financed by any other EU, international or national financial instruments or other financial sources. The rules on when the project equipment can be sold will be specified in the Subsidy Contract. If the whole acquisition price cannot be considered an eligible project costs (project duration shorter than depreciation period of the equipment, *cf. below*), please fill in to the partner budgets in the application only the depreciation share belonging to the project, instead of the whole acquisition price. The costs must be reasonable and any purchase of equipment must be made well

before the end of the project. Otherwise, these purchase costs are not considered eligible. If, for some well justified reason, it is necessary to purchase equipment close to the project end, the full cost will not be eligible, but depreciation will have to be taken into account.

Acquisitions such as furniture for the office or a computer with accessories are considered as one. For instance, if the operation of a project requires the acquisition of a desk, chair and shelves, they shall all be considered together. Similarly, the screen, central processing unit, keyboard and other equipment are considered as one acquisition. Also a group of small technical equipments for e.g. laboratory use or special measurement equipment are considered as one acquisition.

Calls for tender must be organised for all of items of equipment if the total estimated purchase price of the item exceeds 1.500 EUR. Even if the threshold of 1.500 EUR is not reached, the project partner should be able to justify his/her choice of supplier/expert service.

If the equipment is not exclusively used by the project, only a share of the actual cost, depreciation or rent can be included into the project budget. The costs for purchasing or renting equipment can only be eligible for the time the project uses it.

An inventory of the purchased items as well as the documentation of the method for reporting them (single declaration or depreciation, full or partial use for the project) has to be kept for accounting, control and audit purposes.

### **Renting and leasing equipment**

In case of renting equipment, renting must be the most economic and cost-effective way of getting the equipment for the project. Any other costs related to renting or leasing (such as administration, financing, insurance, repairs or others) are not eligible.

For technical machinery and devices outside the ordinary project partner's office use (e.g. laboratory use of technical measurement devices in the pilot projects) a rental/leasing procedure (based on tender process) is strongly recommended.

**Second-hand equipment** can be bought only under the following conditions:

- The seller of the equipment must provide a declaration stating its origin and that the equipment at no point during the previous seven years has been purchased with the aid of national or Community grants
- The price of the equipment shall not exceed its market value and shall be substantially less than the cost of similar new equipment
- The equipment shall have the technical characteristics necessary for the operation and comply with applicable norms and standards

## Depreciation of equipment

Only the depreciation costs are eligible in project reporting. Please note that the depreciation period of equipment can be longer than the project implementation period. In such cases, only the depreciation share can be included in the project budget. When calculating the depreciation the organisation's depreciation plan and national legislation has to be followed. Depreciation rates may vary between project partner's countries.

In addition, in all cases the depreciation has to be in relation with the working time the person is spending for the project. Therefore, for a person working half-time (50%) for the project, only half of the depreciation cost of the equipment is eligible. However, if a person is working part-time for the project and the purchased equipment is solely used by the project, in justified cases the whole depreciation cost can be eligible. In these cases the project partner must beforehand clarify the issue with the national First Level Controller and assure the sole use by the project in written as attachment to the project partner's Payment Claim submitted to the First Level Controller after the acquisition of the equipment.

For purchased individual items with a price **up to 1.499 EUR** a one-time full payment is considered eligible. However, if the depreciation time of the equipment is longer than the project implementation time, only the depreciation related to the project implementation time is eligible. E.g. if the depreciation time of the equipment is three years (36 months) and the project duration is two years (24 months), 2/3 of the cost of equipment can be depreciated as a project cost as a one-time full payment. When defining the depreciation time of an equipment the organisation's own depreciation plan as well as national legislation has to be followed.

For individual equipment with an original price **starting from 1.500 EUR** only the depreciation cost resulting from applying the national accounting regulations is eligible and the normal depreciation method of the project partner organisation should be used. However, if the depreciation time for the individual equipment is less or the same as the project implementation time left after the item has been purchased for the project, one full time payment can be considered eligible.

For items purchased before the eligible project duration, only the depreciation costs related to the project implementation period are eligible. If the duration of the project is shorter than the depreciation period, the purchasing project partner has to cover the remaining costs outside the project implementation period.

When the payment of machinery or equipment is reported for the first time in the partner's Payment Claim, a copy of the invoice must be attached together with the depreciation plan. The depreciation plan must show for each purchase individually:

- date of acquisition
- acquisition price
- depreciation of the instalments of the equipment
- depreciation timetable
- residual value

The calculation of depreciation starts from the beginning of the month following the acquisition month. The monthly share of the depreciation cost should be calculated and multiplied by the month(s) of the equipment's use for the project. The minimum depreciation period is determined in accordance with national legislation. E.g. for a computer, the depreciation period is usually estimated to be three years.

Calculation Example:

Project: X			Implementation time: 1.9.2008-31.8.2010				
Device	Price (€)	Month of acquisition	Depreciation period	Depreciation period (months)	Depreciation price	Total	Organization's share
Computer	2000	September	01.10.2008-30.8.2010	23	23 x 55,56	1 277,88	2000-1277,88
Boat	20500	December	01.01.2009-30.8.2010	20	20 x 113,89	2 277,80	20500-2277,80
Equipment	2000	October	01.11.2009-30.8.2010	10	10 x 166,67	1666,70	2000-1666,70

Computer: depreciation time of three years (36 months),  $2000/36 = 55,56$  EUR/month

Boat: depreciation time of 15 years (180 months),  $20500/180 = 113,89$  EUR/month

Equipment: depreciation time of one year (12 months),  $2000/12 = 166,67$  EUR/month

## 5.6. Investments (Budget line 6)

Investments funded under the Central Baltic INTERREG IV A Programme 2007-2013 should be clearly linked to the development of a cross-border operational environment and support the overall aims of the Programme. The project owners are strongly advised to develop projects having a pilot nature paving the way for future larger and sustainable investments which would be later (co)financed through other, mainly national sources.

A clear difference between project equipment and investment needs to be made. An investment is an output or a result of wider set of project activities and has a positive impact on the project's target group whereas project equipment is a tool purchased by a project partner or already in possession of a project partner and used for the implementation of project activities. Note that an investment is always a part of a large set of cross-border activities having sustainable impact on the project's target group years after the project has ended. For example a computer is regarded as (a part of) an investment if it belongs to a technical network that the project has created in order to support the cross-border performance of SMEs. On the other hand a computer is regarded as equipment if it is used by a project partner in order to implement the project and does not belong to any project outputs that are of benefit to project target groups after the project has ended.

Cross-border character and relevance of an investment can be achieved either through an extensive geographical coverage, by establishing functional relations between different regions and countries or by a pilot character of the investment. The project partners from different regions and countries should carry out the investment in joint working arrangements. This way the transfer and input of ideas and knowledge is the most effective. Without a clear proof of cross-border relevance, investment-only projects cannot be approved. Therefore, you are strongly advised to consult the Joint Technical Secretariat while planning and developing an investment project and before submitting the project application for a project containing investments.

Examples of investments not considered as cross-border investments:

- Local projects with no cooperation character
- A series of investments interlinked only through a vague thematic connection
- A series of investments with only an ex-post exchange of experience and no joint implementation or cross-fertilisation.

Investments co-financed by the Central Baltic INTERREG IV A Programme 2007-2013 are aimed at public use only. Neither their ownership nor their purpose should be changed during five years after the project has been finalised.

No indications will be given on the minimum or maximum amount of an investment. Investments will be evaluated on a case-by-case basis and they will also be monitored on the Programme level. All projects carrying out investments have to be aware of and follow the national and EU regulations concerning the implementation of the investment (permissions, licenses, detailed eligibility issues, tender processes etc.).

### **Co-financing rate of investments**

The co-financing rate for the cost of investments depends entirely on the location of the project partner paying for it. Unless stricter national rules apply (cf. the national specification boxes), the co-financing rate follows the normal co-financing rate for the partner's country (up to 75% respectively 85%). In case national state co-financing is included in the project budget, the project partners have to follow in addition the rules and procedures regarding investments set by the national state co-financer. Please, be also aware that national rules may differ considerably and that eventually stricter national rules and/or different co-financing rates may be applied.

### **Documentation for the projects containing investments**

It is of utmost importance that you can provide credible information on the investment. In your project application, you therefore have to present beside the normal information and documentation a well-analysed investment plan as a part of the project application including a long-term financial plan for the investment part and a feasibility study (an analysis of possible alternative solutions to a problem or development area and a recommendation of the best alternative) to determine and document the viability/sustainability of the planned investment. Based on national legislation some other documentation may also be required. All the documentation related to the investment including legally obligatory documents available during the application process must be annexed to the application package submitted to the Joint Technical Secretariat. Investment related permits have to be submitted latest before signing the Subsidy Contract with the Managing Authority.

These documents must enable the Joint Technical Secretariat to assess the realism of the planned investment and whether it is possible to be carried out according to the plan presented in the project application. When needed, national experts will also support the Joint Technical Secretariat in the assessment and will provide their opinion or statement on the relevance of the investment, whether the investments follow national regulations and whether it is possible to keep the proposed timetable. The information presented in the documents must also be detailed enough to enable the Steering Committee to take a decision on the proposed project.

### **National rules/specifications apply as follows:**

*Estonia:* National public procurement rules should be followed while selecting the company or individual providing the investment. It is also recommended to ask for price offers to prove the reality of the costs. A project application which includes construction works must be in line with the national building regulations.

*Finland:* Investments are to be carried out according to the national regulations and applying the rules set by the national state co-financer when state financing is involved. In general, the co-financing rate is lower in investment projects than the maximum co-financing (e.g. 50% of the value of the investment).

*Latvia:* National public procurement rules should be followed while selecting the company or individual providing the investment. For national procurement rules consult the Procurement Monitoring Bureau ([www.iub.gov.lv](http://www.iub.gov.lv)).

*Åland:* Government of Åland (Ålands landskapsregering): Ålands Landskapsregerings beslut gällande vissa upphandlingar (Ålands Författningssamling 2006 Nr 41) 11.04.2006 and Landskapslag om ändring av landskapslagen angående tillämpning i landskapet i Åland av lagen om offentlig upphandling (Ålands Författningssamling 2007 Nr 50) 31.07.2007/09.08.2007 (Åland landskapsregeringen) at <http://www.regeringen.ax>

## **5.7. Other direct costs (Budget line 7)**

All direct costs relevant for the project implementation which cannot be included in any other budget line should be included here – if they fulfill the following conditions:

- Be essential for the project implementation
- Would not have incurred if the project had not been carried out
- Supported by invoices or other equivalent accounting documents directly attributable to the project.

This budget line covers activities aiming at promoting the objectives as well as the (interim/final) results of the project. Meetings and seminars can be arranged to inform the key stakeholders and when necessary the general public on the objectives and achieved results. The interim and final outcomes can also be disseminated by official publications. All such information and promotion activities must be included in the approved project plan and project budget to be implemented during the official project life time observing the requirements for publicity and dissemination activities. This cost category may also cover the most essential meetings costs of the project's Steering Group, e.g. rental costs for meeting facilities and costs for basic catering (coffee/tea and refreshments).

Examples of eligible other direct costs:

- Financial charges and guarantee costs (charges for international financial transactions between the project partners; bank charges for opening and administering bank accounts of the project)
- Promotion costs (articles; newspaper inserts; press releases; publications etc.) except for those provided by external services
- Seminar/event announcements in newspapers
- Information and dissemination costs for events directly related to the project (rent of premises; catering) and not provided by external services)

- In case the website hosting is carried out by the project partners themselves, it should be included into this budget line if it cannot be interpreted as administration costs
- Participation fees in external events if relevant for the project
- Event related rental costs (meeting venue) and costs for lunch

Examples of non-eligible other direct costs:

- Reserves and other bookkeeping adjustments
- Vindictive damages, penalties and costs caused by legal disputes
- Representation costs as e.g. gifts, membership fees, tokens or donations
- Fees/remuneration for participating in the work of the project's Steering Group (except travel costs)

Costs for lunch are eligible for a whole-day meeting (minimum six hours including lunch). For a shorter meeting coffee with coffee bread can be offered. Costs for dinner are eligible only in exceptional and well justified cases and of reasonable amount. These cases are the kick-off meeting of the project and the final work/evaluation seminar where a dinner can be offered to a clearly defined set of persons limited to project personnel and key stakeholders related to the project. Alcoholic beverages are eligible only at special occasions together with a meal and in moderation. The dinner is to be an integral part of the event contributing to the outcome of the seminar/meeting. Please remember that these costs have to be specified already in the project application. In case they are not adequately specified and justified, these costs might be deducted afterwards in the payment procedure. Therefore, it is advisable to consult beforehand with the Joint Technical Secretariat and the national First Level Controller.

## 5.8. In-kind contributions (Budget line 8)

Eligible in-kind contributions consist of provision of land or real estate, equipment or raw materials by private or public beneficiary. Please note that in-kind contributions in form of unpaid voluntary labour (for Estonian and Latvian partners) and other partner personnel costs contributing to the project (for Finnish, Åland and Swedish project partners) are to be included under budget line 2.

In-kind contributions are contributions for which no charge is made. Therefore, they cannot contain costs that are a real cost for the project partner (e.g. rents which are paid by the organisation, phone costs, copying, travel and accommodation costs). In case of provision of in-kind contributions, the value must be certified. The in-kind value of equipment must be determined based on its current real value used in the organisation (e.g. in the form of rent) taking into account the duration time of the project. The responsibility of organising the assessment of the in-kind values is with the partner organisation and the respective documentation must be attached to project application. The partner organisation must also provide information to which project activities the in-kind contributions are linked and what their relevance for the project is. Note also that the eligibility of in-kind contributions must always be discussed with the Joint Technical Secretariat before submission of the project application. In addition it is advised to discuss with the national First Level Controller the value of the in-kind contributions as well as the documentation needed later in the reporting these in-kind contributions.

### National rules/specifications apply as follows:

*Estonia:* Only project partners can budget and report in-kind contributions to the project. In-kind contribution (including unpaid voluntary labour) to the project cannot be higher than national co-financing of the project. The value of in-kind contribution has to be assessed by an independent evaluator/assessor before submitting the project application. The assessment has to be organised by the respective project partner. Items which are calculated as in-kind value to the project cannot be partner organisation's own items which have been bought at some time and have a value in the partner organisation's book-keeping/accounting system.

## 5.9. Income (Budget line 9)

Income (net revenue) refers to all financial contributions paid to the project excluding the ERDF and national co-financing.

**For all projects regardless of the size of the total budget, the reported incomes received from the project activities will proportionally reduce the ERDF co-financing.** During the project application phase, all applicants are requested to indicate any estimated income. During the reporting phase all the generated incomes are to be deducted from the total costs of the project. Thus, the eligible project costs are only the total costs minus project related income and as mentioned above the granted ERDF co-financing will be decreased proportionally.

Projects with a total budget over 1.000.000 EUR are subject to definitions and procedures as indicated in Article 55 (1-4) of the Council Regulation (EC) 1083/2006. This means that projects including infrastructure investments and other projects with the possibility to objectively estimate the income in advance are subject to advance estimation method and procedures on the income to be generated already during the application phase. In these cases, the eligible expenditure cannot exceed the current value of the investment cost minus the current value of the net income from the investment over a specific reference period. The estimated income referred to will proportionally reduce the ERDF subsidy to be granted and therefore the ERDF co-financing rate will be lower than the maximum rates defined for the Programme.

In the calculation procedure for projects with a total budget over 1.000.000 EUR the following factors are taken into account: the relevant reference period appropriate for the type of investment, the type of project, the expected profitability of the investment, the polluter pays principle and if appropriate, considerations of equity linked to the relative prosperity of the Member State concerned.<sup>16</sup>

Projects with net revenue generation in general and/or including investments **must in any case** consult the Joint Technical Secretariat to ensure the appropriate calculation method and procedure in relevant cases.

Projects not directly subject to the advance procedure referred to above must report any income in each Progress Report and Payment Claim. All the reported income will be taken into account by the Joint Technical Secretariat at the latest at the end of the project and will be deducted by the Certifying Authority from the final amount of the received ERDF co-financing. After the project has been completed, any income generated within five years after the completion has to be reported to the Joint Technical Secretariat (→ *Chapter 10.3.*) if it has not been subject to advance estimation as indicated above. The reported income has to be paid back at the latest at the end of 2015.

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<sup>16</sup> Additional calculation and other relevant instructions (MA Guidance Note on Revenue Generating Projects) are available at [www.centralbaltic.eu](http://www.centralbaltic.eu).

## 6. Other financial issues

### 6.1. Value Added Tax (VAT)

VAT does constitute an eligible expenditure if it is genuinely and definitely borne by the project partner and is shown in the bookkeeping. It must be noted that if the VAT is recoverable by whatever means, it cannot be considered eligible, even if the beneficiary (project partner) does not actually recover it.

Whether VAT is genuinely and definitely borne by the project partner will be **defined for each project partner separately** in the project application. There can be partners for whom VAT is eligible and others for whom it is not. Project partners stating that VAT is the final cost for them should fill in this information in the project application and provide to the Joint Technical Secretariat necessary documentation to prove the VAT status of the organisation. In case of any doubt, the VAT will be deemed not eligible for that partner.

### 6.2. Expenditures related to activities outside the European Union

The Programme Document of Central Baltic INTERREG IV A Programme 2007-2013 allows up to 10% of the programme funding to be used outside the European Union if this presents a clear benefit for the programme area. This ensures that special expertise and input which can come only from outside the European Union could be used in the projects.

The project partners should keep in mind that this 10% rule does not aim at enabling cross-border cooperation projects with partners outside the European Union as other EU programmes are available for such cooperation. This option should rather be seen as an exception, and these costs should be discussed with the Joint Technical Secretariat beforehand and must in all cases be explained and well justified in the project application.

Costs related to activities outside the European Union should be borne by a maximum of two project partners and be visible in the bookkeeping of these partners. In the application form, there is a separate section to fill in specifications about the costs (according to budget lines) related to activities outside the European Union. They must also be reported as a separate category in the project reports. The costs related to activities outside the European Union are strictly limited to the following items:

- Expert services for studies on future cooperation between regions/areas involved in the area of the Central Baltic INTERREG IV A Programme 2007-2013
- Organisation of joint seminars and events promoting future cooperation. Note that such seminars/events must take place in a wider context promoting the cooperation in the Central Baltic INTERREG IV A Programme 2007-2013 area. Occasional events with no connection to clear set-out plans to create a permanent cooperation between the respective regions are not eligible
- Travel costs in the context of activities mentioned in points 1-2 for a strictly limited number of participants

Please note that the 10% rule does not cover cases where the project is tendering its purchases of services or products and a provider located outside the European Union has won the tender procedure.

### 6.3. State Aid and the De minimis-rule

(NB! Relevant only for Estonian and Finnish project partners)

#### What is State Aid

A company which receives financial support from the government obtains an advantage compared to its competitors. Therefore, the EC regulations generally prohibit state aid unless it is justified by reasons of general economic development.

The concept of state aid has a very broad interpretation in the EU law and it covers both positive measures such as subsidies as well as any measures alleviating financial expenses that a company has to bear under normal market conditions. The concept of state aid on the other hand includes not only state aid itself, but also e.g. local authorities or even private organizations with a legal status responsible for granting aid.

A measure may be deemed as state aid if it fulfills the following conditions:

- It grants an economic advantage to an undertaking which would not normally benefit from such an advantage under normal market conditions;
- It carries out a transfer of state resources which is attributed to the state;
- It constitutes a selective measure and not a measure of general application to all undertakings;
- It distorts or threatens to distort competition and it has an effect, even potential, on trade between member states.

To ensure that this prohibition is respected and exemptions are applied equally across the European Union, the European Commission is in charge of watching over the compliance of state aid with EU rules. On the Central Baltic INTERREG IV A Programme 2007-2013 level it is the responsibility of the Managing Authority to ensure that the conditions are fulfilled and therefore certain documentation is required during the application procedure.

The objective of the state aid control is to ensure that government interventions do not distort competition and intra-community trade. In each of the participating Member States/Åland national state aid legislation defines the further applicable procedures (→ *Chapter 13.1.2.*). State aid is regarded as incompatible with the Common Market if it distorts, or has the potential to distort, competition within the European Union. Community rules on state aid limit the support, which may be provided from public funds to assist projects in the commercial sector. State aid will only be provided where it is consistent with the De minimis-rule or the block exemptions for aid to small and medium-sized enterprises and training aid. The De minimis-rule applies also for Estonian and Finnish private enterprises in the Southern Finland – Estonia Sub-programme. You may find the most updated EU State aid provisions e.g. enabling regulations and general block exemptions regulations at [http://ec.europa.eu/comm/competition/state\\_aid/overview/index\\_en.cfm](http://ec.europa.eu/comm/competition/state_aid/overview/index_en.cfm) :<sup>17</sup>

- Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid
- Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid
- Council Regulation (EC) No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal state aid

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<sup>17</sup> Direct link to State Aid rules: [http://ec.europa.eu/competition/state\\_aid/legislation/compilation/index\\_en.html](http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html)

- Communication from the Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis (OJ C 16, 22.01.2009; OJ C 83, 7.4.2009)<sup>18</sup>

It is the responsibility of each project partner, controller and auditor to be aware of Community competition rules and to ensure that the use of funds received from the Central Baltic INTERREG IV A Programme 2007-2013 complies with those rules. The state aid rules concerning direct involvement of private enterprises apply directly only in the Southern Finland-Estonia Sub-programme where private enterprises are eligible as project partners. However, any public support under this programme must comply with the procedural and material state aid rules (EU and national) applicable at the point of time when the public support is granted.

### **De minimis-rule**

The De minimis-rule applied in the Southern Finland – Estonia Sub-programme of the Central Baltic INTERREG IV A Programme 2007-2013 requires that private project partners can only be granted aid if they can prove that they have not received public aid totalling more than 200.000 EUR over a three-year period prior to the foreseen funding decision. The De minimis-rule applies to all kinds of aid, irrespective of the form it takes or of the objective pursued, with the exception of export aid, which is excluded from the benefit of the De minimis-rule. It comprises all aid granted by the national, regional or local authorities, regardless of whether the resources are provided from domestic sources or are co-financed by the EU in all participating Member States. The ceiling of 200.000 EUR applies to the total of all public assistance considered to be De minimis aid and will not affect the possibility of the recipient obtaining other aid under schemes approved by the European Commission. In case private enterprise have received a limited amount of aid the total amount of aid received by the private enterprise (de minimis aid and limited amount of aid together) cannot raise during the period 01.01.2008-31.12.2011 to a level above the ceiling of 500 000 EUR. Limited amount of aid is stipulated in the Communication from the Commission – Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis, point 2.2. (h) (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:006:0005:0015:EN:PDF>).

In addition to setting restrictions and obligations directly to the project partners (LP and Project Partners) this rule applies also to *key stakeholders* (e.g. private enterprises) participating in targeted project pilots (e.g. training, marketing, new product development etc.) receiving therefore channelled support via these activities. These key stakeholders – otherwise invited to participate for instance via a case specific selection process in the project on the basis of the approved project application – while benefiting by various supportive activities generated by the project **may** in certain cases be given an undue advantage in the respective market environment. To avoid this the project partners must ensure that these key stakeholders are selected via open and transparent procedures to ensure that no discrimination or any potential market distortion takes place.

In addition, Lead Partner/Project Partners and participating key stakeholders are being informed that any funding granted under the De minimis rule directly to or received in the form of supportive activities by these key stakeholders with identifiable value during the three year period preceding the current project but including the participation time in the current project and exceeding the ceiling(s) referred to above may lead to a violation of the De minimis rule and to a recovery of granted and paid out ERDF funding as also indicated in the Subsidy Contract. In a case like this the recovery is targeted to the respective Lead Partner of the project consortium.

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<sup>18</sup> On 1 December 2009, the Treaty of Lisbon entered into force: former articles 87 and 88 of the Treaty establishing the European Community (EC) are now articles 107 and 108 of the Treaty of the Functioning of the European Union.

It is the responsibility of the project partners to prove their eligibility under the De minimis-rule during the application phase.

## 6.4. Public Procurement Procedures

The very basis for public procurement and public contracting are set by the Directive 2004/18/EC and also 2004/17/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of the procedures for the award of public works contracts, public supply contracts and public service contracts. The projects should follow possible updates e.g. of public procurement thresholds ([http://ec.europa.eu/internal\\_market/publicprocurement/legislation\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/legislation_en.htm)). The national public procurement rules applied in the Programme implementation (→ *Chapter 13.1.2.*) derive from the relevant EU directives.

The public procurement rules aim at securing transparent and fair conditions for competition on the common market. Therefore, a call for tender is compulsory for contracts above a certain amount awarded by a public sector body (public supply, works or service contracts). The purchase of goods and services as well as the order for public works by project partners is subject to European Union and national rules. Be aware that **at the level of each Member State, the rules may differ** with regard to the amount of the contract which requires a call for tender (national threshold) and other procurement procedure issues. Please consult also the internal market web site ([http://ec.europa.eu/internal\\_market/publicprocurement/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/index_en.htm)) and the Joint Technical Secretariat for further information.

All project partners and Lead Partners must comply with public tender/procurement regulations whenever they intend to contract an external provider and are going to claim the costs in their Progress Report/Payment Claim to receive co-financing from the Central Baltic INTERREG IV A Programme 2007-2013. Such costs will be considered eligible for funding only if based on public procurement procedures. In any case, a tender procedure has to be conducted for amounts **above the national threshold**. And even for amounts **below the national threshold**, it is strongly advised to use tender processes to determine cost- and quality-wise the best possible product or service available. Each project partner must document the tender process adequately as this documentation is required to be annexed to the Progress Report/Payment Claim. **The number of requested price offers included in the process must be in accordance with the national rules. Please note the requirements for open and fair tender procedures set in relevant EU and national regulations (i.e. public announcements via internet etc.).**

**Programme tendering limits:**

<b><u>Purchase of services or products with an estimated price below 1.500 EUR (excluding VAT):</u></b> Purchases of services or products with an estimated price below 1.500 EUR can be carried out by comparisons made by the project personnel e.g. by e-mail or phone.	
1-500 EUR	When the purchase is limited to a single low cost item which has a price of maximum 500 EUR, the project partners may carry out the purchase without tendering. In any case, the project partners must be prepared to justify the choice to the First Level Controller as the general cost efficiency applies to the projects at all times. Therefore, it is recommended to document also price comparisons for purchases of up to 500 EUR.
501-1.499 EUR	When the purchase is limited to a single low cost item under 1.500 EUR and above 500 EUR, the project partners must document the price comparison to be annexed to the partner payment claim which is submitted to the First Level Controller.
<b><u>Purchase of services or products with an estimated price of 1.500 EUR or above (excluding VAT):</u></b>	
1.500- EUR	All bids must be based on written and documented procedures.

**Long term fixed contracts earlier concluded** by the project organisation (based on earlier tender procedures) can be applied assuming that the current market situation has not changed considerably after the original tender process **and it is stated in the contract that the original tender process also covers the projects implemented by the organisation.** The appropriate running time considered eligible for existing fixed contracts in cases where contracts have been established before the project's approved start date must be determined on a case by case basis relying on national rules and practises as clearly periods with varying lengths apply to different cases. It is advised to check the relevant information at [http://ec.europa.eu/internal\\_market/publicprocurement/legislation\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/legislation_en.htm) as the Directives 2004/18/EC and 2004/17/EC rule on the case and furthermore to consult national First Level Controller on the matter to ensure that national legislation is respected.

Please be aware that in case of major deficiencies in tendering procedures the incurred cost – otherwise eligible from the project's implementation point of view – may be deemed totally ineligible by the national First Level Controller. For instance, if the official national and EU thresholds and the 1.500 EUR limit set in the Programme Manual and related required tendering and documentation procedures are not respected the whole incurred sum may be deemed ineligible. Under the limit of 1.500 EUR only partial deductions are possible depending on the case. In case of any question regarding tender procedures, contact the Joint Technical Secretariat when planning your project.

During any tender process the following **general aspects** have to be taken into account:

<b>Planning of the tender process</b>	<ul style="list-style-type: none"> <li>• The appropriateness of the procurement method used</li> <li>• The interdependence between the different contract phases</li> <li>• Financing plans and the availability of national co-financing.</li> </ul>
<b>Implementation of the tender process</b>	<ul style="list-style-type: none"> <li>• The quality level of the tender documents;</li> <li>• The level of specifications and appropriate selection and award criteria.</li> </ul>
<b>Selection and contracting process</b>	<ul style="list-style-type: none"> <li>• The appropriate separation between selection and award phase of the procedure</li> <li>• The correct use of selection criteria</li> <li>• The correct publication of selection and award criteria in tender documents</li> <li>• The non-discriminatory use of technical specifications</li> <li>• The use of the same selection and award criteria during the evaluation as published</li> <li>• The criteria used in accordance with EU and national regulations</li> <li>• The use of adequate documentation of the selection process and decisions made</li> <li>• The correct use of re-tendering in case of supplementary/complementary works implemented</li> <li>• The correct way to amend essential conditions of the contract during implementation</li> </ul>

**National rules/specifications can be found at (→ Chapter 13.1.2.):**

- *Estonia:* <https://www.riigiteataja.ee/ert/act.jsp?id=12791579>
- *Finland:* [www.kunnat.net](http://www.kunnat.net), [www.tem.fi/index.phtml?s=102](http://www.tem.fi/index.phtml?s=102) or [www.hansel.fi](http://www.hansel.fi)
- *Latvia:* <http://www.iub.gov.lv/>
- *Åland:* [www.regeringen.ax](http://www.regeringen.ax)
- *Sweden:* [www.tillvaxtverket.se](http://www.tillvaxtverket.se) and [www.konkurrensverket.se](http://www.konkurrensverket.se)

## 6.5. Decommitment of funds for projects with substantial delay (N+2/+3 Rule)

During the preparation of the project application the Lead Partner jointly with the project partners plan the budget very carefully and set realistic spending targets. The approved application is to be annexed to the Subsidy Contract and hereby the spending forecast in the application will be followed up by the Joint Technical Secretariat. This spending forecast should also be included into the partnership agreement. Substantial delays in spending against the original spending targets **will in most cases** lead to proportional loss of ERDF funding by the project unless the project is able to "catch up" later. In case the Programme will undergo a decommitment process due to slow project spending rates this may lead to loss of ERDF funding of those projects which have most substantially contributed to the decommitment problem as also stated in the Subsidy Contract (article 4). Further information on this matter will be made available later in case needed.

The spending rate of an average project is usually lowest at the project start-up period (usually the first 6 months) because at the early stages of the implementation, it tends to focus on planning and preparation. The spending increases towards the end of the implementation phase.

## 7. Changes

When planning your project you should plan the project content and budget as precisely as possible. However in justified cases it is possible to implement certain changes.

### 7.1. Minor changes

Minor changes are either pure **technical updates** that do not affect partner budgets or content at any level (e.g. change of various contact information), or **changes within the same budget line NOT exceeding the originally approved budget line**. In these cases, the Lead Partner informs the projects contact person in the Joint Technical Secretariat in written (by e-mail) on minor changes/technical updates after the change has been communicated to the project's Steering Group/partnership depending on the case and how internal communication has been agreed within the project partnership.

The **change of the relevant bank information** (e.g. account number) has to be communicated to the Joint Technical Secretariat using the Financial Identification form available at [http://ec.europa.eu/budget/library/contracts\\_grants/info\\_contracts/financial\\_id/fich\\_sign\\_ba\\_gb\\_en.pdf](http://ec.europa.eu/budget/library/contracts_grants/info_contracts/financial_id/fich_sign_ba_gb_en.pdf).

### 7.2. Project changes

A project change needs to be applied in the following cases:

- The project partnership has used up the possibilities given by the budget flexibility rule (→ *Chapter 5*) exceeding the 10%/40.000 EUR-limits or it is already foreseen that the budget change will anyway be more than 10%/40.000 EUR compared to the currently valid project budget and/or the content of the project changes substantially.
- Project partnership changes
- The project needs to apply for prolongation.
- Major changes appear in the project content.

First of all, when you intend to do changes in your project budget or the project plan later on during the project implementation, you should contact your contact person in the Joint Technical Secretariat to discuss the planned changes. In case of such project changes, they have to be brought to the Steering Committee/Managing Authority for approval. Please be aware that the national state co-financier (Finland/Åland) may have stricter rules for changes of an approved project.

Please also note that project changes can be done at the most two times during the project implementation period – but latest six months before the end of the project implementation period. The following tables give some examples of project changes without aiming at being exhaustive.

Budget changes	
<b>Budget reallocations between the budget lines exceeding 10% of the total project budget or 40.000 EUR</b>	Depending on the nature of the change they may require an approval of the respective Steering Committee and the signing of a revised Subsidy Contract with the Managing Authority.  The Lead Partner has to provide the Joint Technical Secretariat in writing the necessary information about the budget change and file all correspondence related to the issue according to the applicable filing

	instructions.
<b>Changes of project budget between partners</b>	<p>Requests for changes of the project budget between partners need the approval of the respective Steering Committee and signing of a revised Subsidy Contract with the Managing Authority.</p> <p>The Lead Partner has to provide the Joint Technical Secretariat in writing the necessary information about the budget change and file all correspondence related to the issue according to the applicable filing instructions.</p>

<b>Content related changes</b>
<p>Requests for major changes with content related modifications with budget implications always need the approval of the respective Steering Committee and the signing of a revised Subsidy Contract with the Managing Authority. In practice changes of the project content usually mean also changes in the project budget.</p> <p>The Lead Partner has to provide the Joint Technical Secretariat in writing the necessary information about the budget change and file all correspondence related to the issue according to the applicable filing instructions.</p>

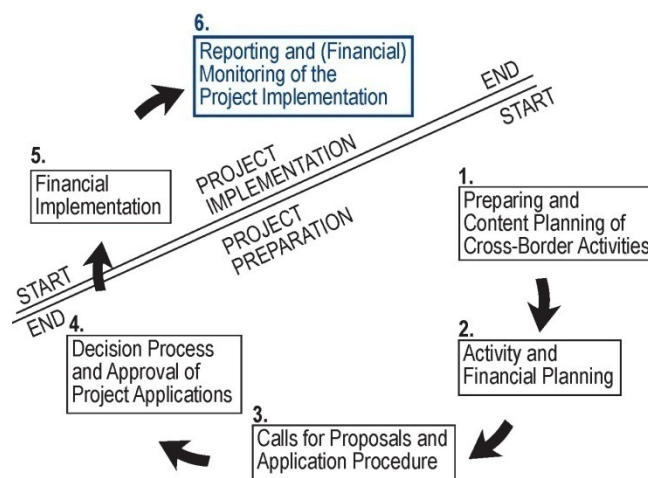
<b>Changes in the project partnership</b>
<p>Requests for changes in the project partnership always need the approval of the respective Steering Committee and the signing of a revised Subsidy Contract with the Managing Authority.</p> <p>The Lead Partner has to provide the Joint Technical Secretariat in writing the necessary information about the budget change and file all correspondence related to the issue according to the applicable filing instructions.</p>

### 7.3. Prolongation

Prolongation means extension of the project implementation time without changes to the project ERDF allocation. Prolongation of the projects can be accepted in well justified cases. The prolongation can at the most be only one additional milestone and should be mainly justified by technical or administrative reasons (as a longer prolongation may constitute a major change of the originally approved project plan).

The Lead Partner has to apply for prolongation in writing from the Joint Technical Secretariat at the latest two months before the originally planned end of the project implementation period. The Managing Authority takes the decision on the prolongation based on the assessment by the Joint Technical Secretariat.

## 8. Reporting and (financial) monitoring of the project implementation



*Step 6 of the project's life-span*

It is the responsibility of the Lead Partner to ensure the quality of implementation of the project by monitoring and reporting the progress of the project. The Lead Partner is supported in this by the project's Steering Group. The Steering Group as well as the Lead Partner must follow up and assess the quality of project partners' achievements and have an overview on the overall progress of the project.

All projects are subject to monitoring, both regarding the progress of the project and the financial implementation. The central instruments for the project monitoring are the progress reports of the project. On the basis of these reports the Joint Technical Secretariat monitors the implementation of the projects. By monitoring the progress of the projects the Joint Technical Secretariat wants to help the projects to achieve the best possible output for the benefit of the Central Baltic region. At the same time they are a tool for the Lead Partner to follow the activities and costs occurred among the project partners.

In addition to the information given in this Manual, more detailed information on reporting can be found in the Practical Guide for Reporting available on the Programme's website [www.centralbaltic.eu](http://www.centralbaltic.eu).

### 8.1. The project's Steering Group and its tasks – Supporting the fluent management of the project

The Lead Partner is obliged to set up a Steering Group and arrange its first meeting **immediately after signing** the Subsidy Contract. The Joint Technical Secretariat should be informed about the set up and the first meeting arranged so that the project's Contact Person in the Joint Technical Secretariat can participate in it. If the Joint Technical Secretariat's contact person is not able to participate or if it seems more useful (e.g. Project Manager not yet recruited), a separate meeting with the project's Lead Partner, Project Manager and Financial Manager has to be organised instead during the project's first milestone. The Lead Partner assisted by the JTS Contact Person is to elaborate in this meeting on the conditions and obligations stated in the Subsidy Contract and all relevant issues related to the implementation and management (focus on financial and budgetary questions) of the approved application.

The Steering Group should focus on:

- Monitor and steer the project in order to meet the targets/objectives set in the project application. If necessary, the Steering Group can propose changes to the implementation of the project
- Handle all changes in the project budget and project plan within the limits set by the project plan approved by the Managing Authority (→ *Chapter 7*) and approve them before the Lead Partner submits the material to the Joint Technical Secretariat/Managing Authority
- Approve Interim and Final Reports to be submitted by the Lead Partner to the Joint Technical Secretariat
- Handle all major purchase and expert services contracts
- Be informed on the personnel involved in the project from each project partner
- Participate in the planning of information activities

The Steering Group should **consist of** representatives of all project partners and in addition possibly involve representatives from the key stakeholders in the project. The **number of members** in the Steering Group is related to the number of project partners. In order to work effectively the Steering Group should usually have four to eight members. If there are more partners, it is recommended that all partners from one country could agree on a joint representation in the Steering Group. On the other hand a project with only two partners should ensure wide enough participation by including for instance stakeholder representation. In addition, the nominated project's contact person in the Joint Technical Secretariat has to be invited to the Steering Group meetings (and other relevant project activities as e.g. the project's kick-off meeting) in an advisory function and all meeting materials must be sent to the contact person. The employees of the project cannot be actual members of the Steering Group, as the role of the Steering Group is to monitor the work of the employees and the project at large. Instead, the employees usually always participate in the meetings and introduce the matters at hand to the Steering Group.

The Steering Group should **meet to approve the interim and final reports**. Naturally, meetings do not necessarily have to be conducted as physical meetings, but can also take place via e-mail, videoconferencing or other reliable technical solutions. However, at least one meeting per year and especially the very first one has to be a "traditional" physical face-to-face meeting. The costs of the Steering Group meetings are eligible in moderation as other direct costs (→ *Chapter 5.7*).

The Steering Group bears **no legal responsibility** towards the Central Baltic INTERREG IV A Programme 2007-2013 management structure or the project partners. The Lead Partner is the only responsible and accountable structure in relation to the Managing Authority and the national state co-financiers. This is due to the fact that the Subsidy Contract is signed only by the Managing Authority and the Lead Partner.

In its **first meeting**, the following issues are important to be covered:

- Tasks and functions of the Steering Group and the legal status of Lead Partner/project partners
- Subsidy Contract (aiming at getting acquainted with the different obligations and conditions set by the Managing Authority, to be presented by the representative of the Joint Technical Secretariat participating in the meeting)
- Approved project application and project plan including the content and schedule of the different work packages
- Responsibilities of the project partners (Partnership Agreement) and introduction of the Lead Partner's personnel
- Financial rules of the Central Baltic INTERREG IV A Programme 2007-2013 and national rules/specifications applicable to the project
- Reporting schedule/milestones and the First Level Control arrangements as well as information on the Second Level Control procedures

## 8.2. Project monitoring and reports

The Lead Partner is obliged to carry out the monitoring of the project and is therefore responsible to prepare and submit the project's Progress Report on the implementation of the project to the Joint Technical Secretariat. The reporting of the project consists of:

**Partner Payment Claim:** Each project partner must prepare a Partner Payment Claim and submit it to its national First Level Controller (FLC) for the certification of the costs.

**Progress Report and Payment Claim:** After each partner has sent its certified Partner Payment Claim to the Lead Partner (NB! In Estonia, it is sent by the FLC directly to the Lead Partner), the Lead Partner will combine them to a joint Progress Report and Payment Claim (PR/PC) of the project. The PR/PC is then submitted to the Joint Technical Secretariat.

After the approval of the project, all projects will be assigned a contact person in the Joint Technical Secretariat. This person is responsible within the Joint Technical Secretariat for the follow-up of the project progress and also supporting the Lead Partner in the project implementation. The contact person and Financial Officers of the Joint Technical Secretariat also have the right to ask for any additional information or material during any point of time. The Joint Technical Secretariat's contact person aims at visiting each project if possible once per year, but at least once during the project's implementation period in order to keep up to date with the progress of the project.

It should be noted that a good report does not include only the success factors but gives a balanced view of the project. This includes of course reporting on the success factors, but also the lessons learnt and what did not work as anticipated, where problems may have arisen and what these have taught the project partners. In this way, the reporting is of ultimate use to both the project and the programme

### 8.2.1. Partner Payment Claim and Progress Report and Payment Claim

Each project must report their activities and related costs during reporting milestone:

Reporting milestone	Submission of PR/PC
1 January to 30 April	Before 30 August
1 May to 31 August	Before 30 December
1 September to 31 December	Before 30 April

As part of the Partnership Agreement the project partners should agree on a payment forecast based on the milestones foreseen in the approved application.

**The project reports (project costs and financing) must be filled in euros by using two decimals.** The occurred project costs in other currencies have to be converted to euros according to the average monthly exchange rate of the euro set by the European Commission for the last month of the respective reporting period and published at <http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>. Any exchange risk has to be borne by the Lead Partner and Project Partners.

Please be also aware that the disbursement of ERDF subsidy is conducted in accordance with the project partner ERDF grant rate as approved in the application form and consequently applied by the Lead Partner in the Progress Report/Payment Claim during the project implementation before the last ERDF payment. The

Lead Partner then is obliged to monitor from the beginning of the project<sup>19</sup> the average ERDF grant rate defined for the project (see above) and contact the JTS Contact Person as early as possible in case imbalanced spending is detected. In case of imbalanced spending, the Certifying Authority will at the very latest after the last milestone balance the ERDF payments in accordance with the average ERDF co-financing rate leaving it to the partnership to decide how to balance between the partners.

Be aware that the European Commission withholds the last ERDF payment (5%) to the Certifying Authority until 2017/2018 when all the closure documents of the Central Baltic INTERREG IV A Programme 2007-2013 will be approved. As soon as the cumulative spending rate of finalised projects exceeds 95%, the Certifying Authority will also withhold its own payments to the project partners until the European Commission has made the final payment to the Certifying Authority. Naturally, this will not happen as long as the sum of ERDF co-financing claimed by finalised projects during their entire duration is lower than 95% of the cumulative total ERDF co-financing approved for these projects. The Joint Technical Secretariat will inform the projects immediately if respectively when the 5% withhold will be applied.

### **Partner Payment Claim**

At the end of each reporting period (milestone) each project partner (including the Lead Partner) must fill in the Partner Payment Claim and send that with all mandatory annexes to its FLC for verification of the costs. The Partner Payment Claim is filled in on the basis of the project costs and the national co-financing visible in the project accounting centre. Please note that the ERDF support rate of a project partner can not exceed on milestone basis the rate defined in the subsidy contract (first two decimals decisive). Project financing can be reported computationally following the calculative amount of national co-financing needed to generate the ERDF amount for the particular milestone. Both project costs and financing should be filled in using two decimals.

A template for the Partner Payment Claim is available at the programme's website [www.centralbaltic.eu](http://www.centralbaltic.eu) and only reports using this template will be accepted. Project partners should follow the website for possible updates on reporting material.

The Partner Payment Claim consists of:

- *Budget Summary*: contains summary information on the partner costs per budget line and partner financing.
- *Activity report*: This part should contain information about the partner's contribution to the different work packages of the project. This information should correspond with the overall work package information presented in the approved Application Form for that specific reporting milestone and work package.
- *Specification of costs*: This part should contain information about all costs visible in the projects general ledger.

Please remember that the project partner must report all project costs occurred during the reporting period. In case you report costs occurred during one reporting period in a later report, they will be deemed ineligible. If the costs are recorded according to the accrual bases in the turn of the year or reporting period, they can be included into the report if the project partner organisation can include into the Partner Payment Claim documentation that the cost has been paid out before the report has been submitted to the First Level Controllers.

Only in duly justified cases, costs which do not relate to the given reporting period can be reported, provided that these costs were paid within the eligible project implementation period and they are relevant to the

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<sup>19</sup> NB! In case the imbalance is detected only as late as during the last milestone in many cases no corrections can be done within the partnership and the ERDF loss is unavoidable. The Lead Partner is requested to consult the JTS Contact Person as early as possible during the implementation in cases like this.

implementation of the approved project. **Please notice that this does not refer to cases, when partner budget line has been exceeded and in those cases project has to apply for change of the project budget.**

Please note that the ERDF support rate of a project partner cannot exceed on Milestone basis the rate defined in the Subsidy Contract (two first decimals decisive).

### **Progress Report and Payment Claim (PR/PC)**

The Lead Partner will combine a joint PR/PC for the whole project partnership to be submitted to the Joint Technical Secretariat on the basis of the verified costs included in the Control Reports and the Partner Payment Claims. A prefilled, project specific template for the PR/PC will be provided by the Joint Technical Secretariat to the Lead Partner before the end of the reporting period. Only PR/PCs using this form and filled in using Microsoft Excel 97-2003 will be accepted. The projects should not use Open office or Macintosh, because they are not compatible with the project management database of the Central Baltic INTERREG IV A Programme 2007-2013. The PR/PC contains information on all activities implemented in the reporting period as well as costs occurred during the same period.

The PR/PC must be handed in to the Joint Technical Secretariat at the latest four months after the end of the reporting milestone. Since the PR/PCs will be processed in order of their arrival it is advisable to send them to the Joint Technical Secretariat as soon as possible after the report is completed. Other related material and annexes can be either attached to the electronic version of the PR/PC or sent by traditional mail together with the paper copy depending on the nature of the documents.

The PR/PC should contain the following information:

- *Progress (Activity) Report:* a description of project activities and results in the reporting period; information on the realisation of both programme and project indicators which were set by the project partners themselves in the application form
- *Payment Claim:* the expenditure per partner during the reporting period verified by the FLC; total expenditure of the project during the reporting period within the work packages; total amount of claimed ERDF co-financing (project level) and national co-financing for the reporting period; a report of the most important expenditures and tenders for services and products

### **Assessment of the PR/PC**

The reports of the projects will be assessed in the order of their arrival to the Joint Technical Secretariat. In the admissibility check of the PR/PC the Joint Technical Secretariat will check that the technical requirements of the PR/PC are fulfilled and all mandatory annexes have been submitted. In the assessment phase the contact person in the Joint Technical Secretariat together with Financial Officer will check the relevance of the costs reported in the PR/PC with regard to the approved application. Once the assessment has been completed and all questions have been answered satisfactorily the Financial Officers will forward the PR/PC to the Certifying Authority. The Certifying Authority will make the decision of the payment of funds, if the costs have been verified adequately and no further checks are needed. The Lead Partner will receive the payment decision from the Certifying Authority with official written comments on the relevance of the costs for the overall implementation of the project and the payment will be done to the LP's bank account as soon as possible.

Please note that the FLC, Certifying Authority and Joint Technical Secretariat can always ask for more information from the project partners if deemed necessary. The Certifying Authority can also conduct sample checks on project costs.

### 8.2.2. Interim Report and Payment Claim

Projects lasting more than two years will have to submit an Interim Report. The Interim Report will have to be submitted together with a standard PR/PC and the Joint Technical Secretariat will provide a template to the Lead Partner together with the prefilled PR/PC. Please note that compared to the usual PR/PC some additional mandatory annexes may be requested. The time for submitting the report will be defined in the Subsidy Contract (approximately 15-18 months after the project start-up).

The Interim Report evaluates cumulatively and analytically the development of the project with regard to the timetable and targets laid down in the project plan. Reasonable modifications to the original project plan and the reasons behind them together with the analysis of the impact on the timetable and budget may be presented to the Joint Technical Secretariat.

In addition the Interim Report will emphasise:

- Project activities and experiences gained during the implementation
- A short summary of the project's objectives and their realisation cumulatively
- A list of all the activities implemented in the work packages during the reporting period with a detailed analysis of the results and targets achieved
- A list of all the information activities implemented and target groups reached
- Lessons learned during the reporting period
- How the project has contributed to the Community and Central Baltic INTERREG IV A Programme 2007-2013 horizontal objectives (i.e. sustainable development, gender equality, anti-discrimination)

### 8.2.3. Final Report at the closure of the project

The Final (Progress) Report should be submitted with the last PR/PC to the Joint Technical Secretariat at the latest five months after the end of the last reporting period. The Joint Technical Secretariat will provide the Lead Partner with the template for the Final report together with the last prefilled PR/PC.

The final report should include the following information (Please note that some additional mandatory annexes may be required with the Final Report of the project):

- A summary of the project's background (for what reason it was originally initiated)
- The objectives and the final results of the project as such (project level)
- A list of all work packages implemented during the project's life-span with a detailed analysis of the results and targets achieved within these work packages (work package level)
- A summary of the communication activities to disseminate the results achieved and target groups reached during the project's total life-span
- A specified list of highlights from the project which could serve as *Best Practise* examples;
- Sustainability: How the final outcomes of the project can serve as a best-practice example for others in the future. A plan of action by the project partners for the future after the project has officially been closed
- The involved project personnel and the project's organisation structure
- How the project has contributed to the Community and the Central Baltic INTERREG IV A Programme 2007-2013 horizontal objectives (i.e. sustainable development, gender equality, anti-discrimination)

## 9. Audit and control

### 9.1. Audit trail

The audit trail is of vital importance for the assessment of the projects' Payment Claims. It can be described as the records that show how the funding of the project has been spent. Although your accounts can be kept in euros or in your national currency, all project reports have to be filled in and accounted in euros only.

Project invoices must be stored and they must be traceable in each partner's bookkeeping. The Lead Partner and the other project partners must ensure that all accounting documentation related to the project is filed separately and that all project related payments have a clearly distinguishable book-keeping code. All these documents related to the project have to be kept until up to five years after the formal closure of the Central Baltic INTERREG IV A Programme 2007-2013 (until 31.12.2025). The Lead Partner is responsible for creating and submitting to the Joint Technical Secretariat a list of all bodies having project documentation. Be aware, that due to stricter national rules, you might be obliged to keep the documents even for a longer period.

### 9.2. First Level Control

First level control means the control of the project costs, which will be done on the project partner level before the Lead Partner compiles the partner information to the joint Progress Report and Payment Claim for the whole project. The Member States/Åland participating in the Central Baltic INTERREG IV A Programme 2007-2013 have set up their systems for the national first level control in two different ways:

**Centralised system:** In the centralised system a central body to carry out the First Level Control has been appointed. The following countries have decided to implement the centralised system: Estonia, Sweden, Latvia and Åland.

**Decentralised system:** The decentralised system will be implemented in mainland Finland only. The Finnish project partners should propose an independent auditor to be certified by the Finnish Ministry of Employment and the Economy to act as the First Level Controller of that project. The Ministry certifies the First Level Controllers only after the projects have been approved by the Steering Committee.

The assigned First Level Controllers are:

Country	FLC
<p><b>Estonia</b> (centralised)</p>	<p>Estonian Ministry of the Interior Regional Development Department Interreg Programmes Supervision Bureau Pikk 61, EE-15065 Tallinn, Estonia Tel.: +372 6125 197 Fax: +372 6125 101 <a href="http://www.siseministeerium.ee">www.siseministeerium.ee</a> and <a href="http://www.siseministeerium.ee/esmatasandi-kontroll">www.siseministeerium.ee/esmatasandi-kontroll</a></p> <p>Annika Põldma (Head of Bureau) Tel.:+372 6125 197 Fax:+372 6125 101 E-mail: <a href="mailto:annika.poldma@siseministeerium.ee">annika.poldma@siseministeerium.ee</a></p> <p>Helina Puuorg (Advisor) Tel.: +372 6125 193 Fax: +372 6125 101 E-mail: <a href="mailto:helina.puuorg@siseministeerium.ee">helina.puuorg@siseministeerium.ee</a></p>
<p><b>Finland</b> (excluding Åland) (decentralised)</p>	<p>The beneficiary (project partner) selects a controller (an independent auditor or audit company) who will be authorised by the Finnish Ministry of Employment and the Economy based on the request made by the beneficiary. The authorisation will always be given in written form.</p> <p>The Finnish Ministry of Employment and the Economy has given more detailed instructions for the project partners on the practical implementation of the decentralised FLC system implemented in Finland on the Ministry's website (<a href="http://www.tem.fi/eay/valvonta">www.tem.fi/eay/valvonta</a>, in Finnish).</p> <p>Qualification criteria: Controllers (auditors) must be a Chartered Public Finance Auditor or Auditing Cooperation authorised by the Board of Chartered Public Finance Auditing (JHTT) or an Authorised Public Accountant or Auditing Corporation authorised by the Central Chamber of Commerce (KHT) or an Authorised Auditor of Auditing Corporation authorised by a local Chamber of Commerce (HTM).</p> <p>For further information on the Finnish system and on the certification procedure please contact the Finnish Ministry of Employment and the Economy:</p> <p>Ministry of Employment and the Economy Regional Development Unit Tuula Manelius P.O. Box 32, FI-00023 GOVERNMENT, Finland Tel.: +358 10 606 000 (switchboard) Fax.: +358 9 1606 2166 E-mail (Ministry general): <a href="mailto:kirjaamo@tem.fi">kirjaamo@tem.fi</a> E-mail (Tuula Manelius): <a href="mailto:tuula.manelius@tem.fi">tuula.manelius@tem.fi</a></p> <p><i>NB! In Finland, FLC materials (Control Report, DVEE and Checklist) are an essential part of the verifications done for national state co-financing.</i></p>

<p><b>Latvia</b> (centralised)</p>	<p>State Regional Development Agency of Latvia Cross Border Project Control Department Elizabetes iela 19, LV-1010 Riga, Latvia Tel.: +371 6735 0632 Fax:+371 6707 9001 E-mail: <a href="mailto:tspkd@vraa.gov.lv">tspkd(at)vraa.gov.lv</a> <a href="http://www.vraa.gov.lv">www.vraa.gov.lv</a> and <a href="http://www.vraa.gov.lv/lv/intterreg_1_limene_fin_kontrole/normativie_akti">www.vraa.gov.lv/lv/intterreg_1_limene_fin_kontrole/normativie_akti</a></p> <p>Aija Romanovska, Director of the Department Phone:+371 670350639 Fax: +371 67350644 <a href="mailto:aija.romanovska@vraa.gov.lv">aija.romanovska(at)vraa.gov.lv</a></p> <p>Gunta Bērziņa, Head of division Tel. +371 67350642 e-mail: <a href="mailto:gunta.berzina@vraa.gov.lv">gunta.berzina(at)vraa.gov.lv</a></p> <p>Aija Rudzinska, Deputy head of division Tel. +371 67350634 e-mail: <a href="mailto:aija.rudzinska@vraa.gov.lv">aija.rudzinska(at)vraa.gov.lv</a></p> <p>Māra Vimba, Financial expert Tel. +371 67350635 e-mail: <a href="mailto:maravimba@vraa.gov.lv">mara.vimba(at)vraa.gov.lv</a></p> <p>Juta Švarca, Financial expert Tel. +371 67350636 e-mail: <a href="mailto:juta.svarca@vraa.gov.lv">juta.svarca(at)vraa.gov.lv</a></p> <p>Ilze Zīverte, Financial expert Tel. +371 67350541 e-mail: <a href="mailto:ilze.ziverte@vraa.gov.lv">ilze.ziverte(at)vraa.gov.lv</a></p> <p>Māris Kromāns, Head of division Tel. +371 67350640 e-mail: <a href="mailto:maris.kromans@vraa.gov.lv">maris.kromans(at)vraa.gov.lv</a></p> <p>Jūlija Bondareva, Deputy head of division Tel. +371 67079076 e-mail: <a href="mailto:julija.bondareva@vraa.gov.lv">julija.bondareva(at)vraa.gov.lv</a></p> <p>Aleksejs Šaforostovs, Financial expert Tel. +371 67770389 e-mail: <a href="mailto:aleksejs.saforstovs@vraa.gov.lv">aleksejs.saforstovs(at)vraa.gov.lv</a></p> <p>Ināra Stopina, Financial expert Tel. +371 67142673 e-mail: <a href="mailto:inara.stopina@vraa.gov.lv">inara.stopina(at)vraa.gov.lv</a></p> <p>Līga Belova-Jukna, Financial expert Tel. +371 67770389 e-mail : <a href="mailto:liga.jukna-belova@vraa.gov.lv">liga.jukna-belova(at)vraa.gov.lv</a></p> <p>Kristīne Ruskule, Financial expert Tel. +371 67142673 e-mail: <a href="mailto:kristine.ruskule@vraa.gov.lv">kristine.ruskule(at)vraa.gov.lv</a></p>
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<p><b>Åland Islands</b> (centralised)</p>	<p>Ålands landskapsregering (Government of Åland)  Department for Trade and Industry  PO 1060, AX-22111 Mariehamn, Åland  Tel.: +358 18 25 000  Fax. +358 18 25 155  E-mail: <a href="mailto:registrator@regeringen.ax">registrator@regeringen.ax</a></p> <p>Ralf Stolt (Controller)  Tel.: +358 18 25 000  Fax: +358 18 25 155  E-mail: <a href="mailto:ralf.stolt@regeringen.ax">ralf.stolt@regeringen.ax</a></p>

## **First Level Control process**

In practise First Level Control means that at the end of each reporting milestone each project partner will fill in the Partner Payment Claim and send it with all mandatory annexes to its national First Level Controller. This should be done as soon as possible after the end of the reporting period. Please note that there may be some country specific guidelines for the submission of the Partner Payment Claim.

According to the regulation the First Level Controllers have three months to conduct the First Level Control of the project costs. They will check every item of the expenditure entered in the project accounts, the supporting documents (e.g. timesheets, public procurement documentation) and the reported costs per work package.

The controllers will look at the documents in the audit trail to make sure that the costs claimed are real costs, the activities have taken place and that rules have been followed. The audit trail must allow controllers and auditors to enter the management system of the respective project partner and to eventually trace back all declared expenditure to the original invoices or other equivalent documents. It must be possible to verify the transfer of ERDF funds to the project partnership in order to be able to control that the requirements set for the national financing are adequately met by the project partners. The transfer of the ERDF funds can naturally be verified for the first time only during the second payment round.

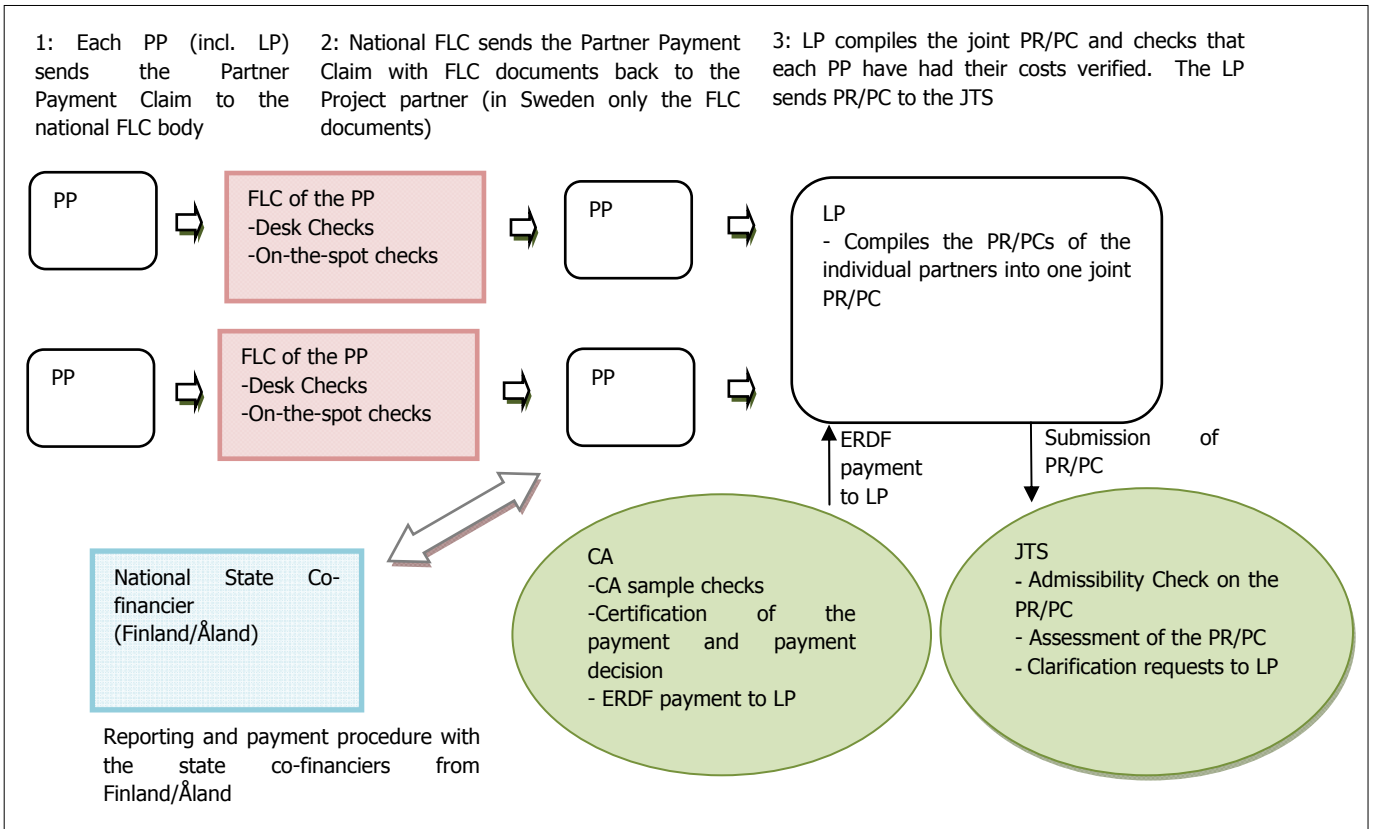
After the controller has conducted the check, the documentation (Control Report and a Declaration of Validation of Eligible Expenditure) will be returned to the project partner (→ *below Model 1*). In Estonia the documents will be sent directly to the Lead Partner. (→ *below Model 2*).

The Lead Partner will combine the information included in the FLC documentation, the Partner Payment Claims and results of the project implementation to Progress Report and Payment Claim of that reporting period. Based on national guidelines in Finland and in Latvia, the controller of the Lead Partner verifies the Progress Report and the Payment Claim before it is submitted to the Joint Technical Secretariat.

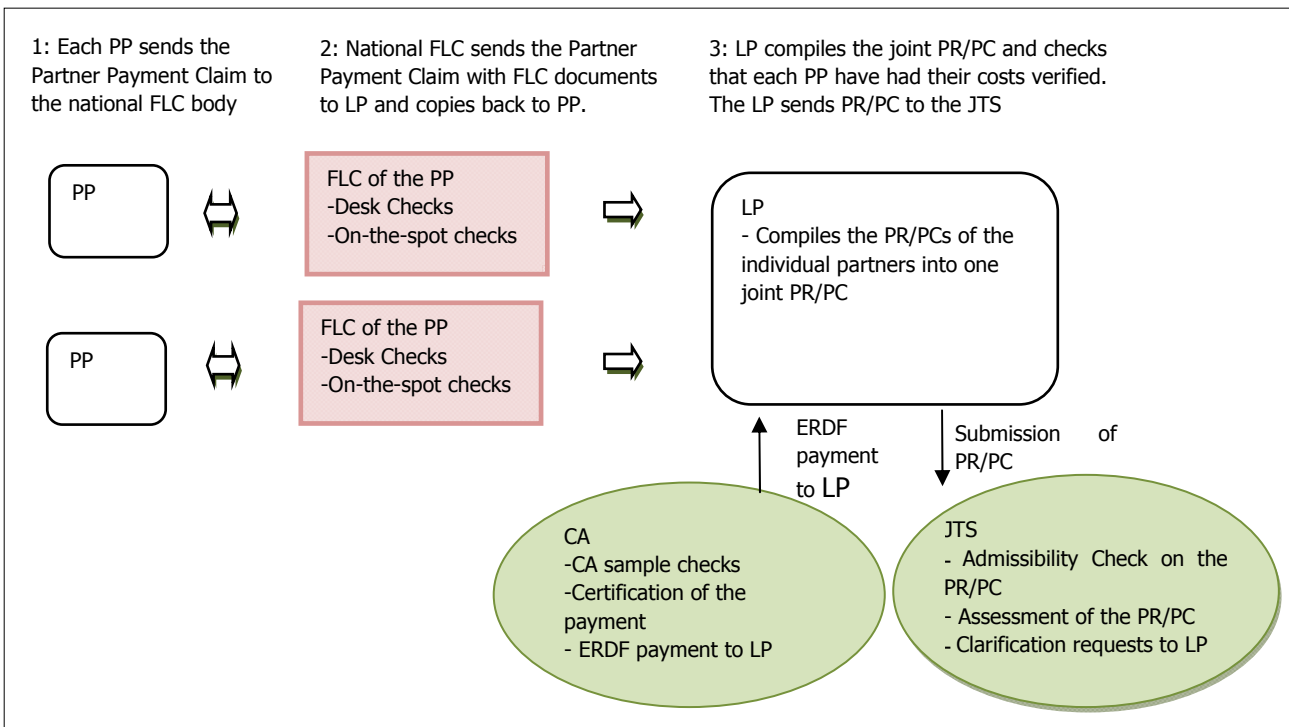
## **On-the-spot-checks**

The First Level Controllers will carry out on-the-spot-checks at least once during the total life-span of a project on at least 50% of the projects and at least on each project with an investment. On-the-spot-check means that the controller will visit the project and verify that certain purchases of services and products of the approved application have actually taken place during the project implementation and that the related processes (e.g. public procurement) have been carried out according to the national rules.

**Model 1 for First Level Control** (to be implemented in Finland (incl. Åland), Latvia and Sweden)



**Model 2 for First Level Control** (to be implemented in Estonia)



## 9.3. Other controls (incl. Second Level Control)

### 9.3.1. Second Level Control

In the Central Baltic INTERREG IV A Programme 2007-2013 the Audit Authority assisted by the Group of Auditors is included in the management and control system of the programme. These bodies are responsible for ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme (system audits) and to ensure that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared (audits of operations).

Audits of operations are carried out by nationally designated auditors, whereas the system audits will be carried out mainly by the Audit Authority. The audits of operations are carried out on the expenditure declared to the European Commission in certain year. Which of the projects will be audited depends on a random sample done by the Audit Authority.

The audit will always cover the Lead Partner's own expenditure as well as the processes for compiling the joint Progress Report and Payment Claim for the project partnership. The audit may also cover other project partners depending on the judgement of the Audit Authority.

The audit reporting procedure will have two phases: provisional and final audit reporting. The organisation audited can comment on the results and findings of the provisional audit reporting. The respective national member of the Group of Auditors shall circulate the final control report to the Audit Authority and to the Lead Partner, who has the responsibility of circulating it to other relevant partners. The Audit Authority shall in turn circulate the final report further to the Managing Authority and to the Certifying Authority. If there are several reports (e.g. of different partners in the same project), the Audit Authority will compile a consolidated report.

The Managing Authority has the responsibility of having a dialog with the Lead Partner about required corrective measures and shall inform the Audit Authority of the implemented corrective measures. The Audit Authority shall in turn assess the sufficiency of these corrective measures with the Group of Auditors or with the relevant national member in the Group of Auditors.

### 9.3.2. Other controls

Other controls on the projects may also be performed by the European Commission and any other Programme body. In addition, the Joint Technical Secretariat, Managing Authority, Certifying Authority and Audit Authority are entitled to perform if needed checks at the project level to ensure that a sound management and control system has been implemented in the programme.

## 9.4. Irregularities

Irregularity means “any infringement of a provision of Community 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”.<sup>20</sup>

Therefore the concept of irregularity covers a wider range of issues than just strictly financial matters. Irregularity can mean e.g. non-compliance with the archiving rules, publicity rules, inadequate documentation or failure to provide adequate and correct information in the application form. Detected irregularities will imply follow-up actions by programme or national authorities, e.g. guidance for corrections in the project management systems, withdrawal or reduction of the subsidy or recovery of the granted funds.

In case irregularities in financial matters have been detected by First or Second Level Controls the project will be subject to corrective measures. Should the First Level Controllers find costs in the project partner’s expenditure that cannot be considered eligible, they will be deducted immediately. As a consequence the project partner will receive less co-financing. The ineligible costs found by the Second Level Control are recovered afterwards by the Certifying Authority from the Lead Partner.

Therefore it is important to set out in the Partnership Agreement proper arrangements and responsibilities between the Lead Partner and the other project partners related to irregularities and repayment of funds.

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<sup>20</sup> Article 2(7) of Council Regulation (EC) 1083/2006

## 10. Duties and responsibilities after the project's end

### 10.1. Durability and ownership of project outputs

The Partnership Agreement must clearly state the ownership of the project's outputs. Conditions set in the agreement must be kept for five years after the project closure date. The Lead Partner is obliged to notify the Managing Authority respectively Joint Technical Secretariat of any changes beforehand.

Anyway, major changes of the project within five years after its closure must be avoided – especially substantial changes which affect the nature or the implementation conditions of the project or which give a firm or a public body an undue advantage. The same applies for substantial changes which result either from a change in the nature of ownership of an item of infrastructure or the end of a productive activity. Sums unduly paid shall be recovered.

### 10.2. Storage of project documents and accounting records

All accounting and supporting documents (e.g. project application form, Subsidy Contract, reports, service contracts, public procurement documentation, rental contracts, important communication between the project partners and with the programme authorities as well as documents required to ensure an adequate audit trail, documents related to expenditures as e.g. original invoices and controls and audits) must be available and accessible in form of the **originals** or versions certified to be in conformity with the originals on commonly accepted data carriers (under certain conditions acceptable forms consist of photocopies, microfiches and/or electronic versions) until at least 31.12.2025 unless stricter national rules do not state a later date. The documents will be archived by the Lead Partner (official documents related directly to the communication with the programme authorities) and by the project partners (other documents, → *Chapter 9.1.*). The Lead Partner is obliged to maintain and update the list of the bodies holding the documentation in the audit trail within the project partnership. The maintained and updated records/lists are made available to the Joint Technical Secretariat during reporting process.

### 10.3. Generation of income after the end of the project

Any income generated by the project within five years after the completion of the project implementation has to be reported to the Joint Technical Secretariat if it has not been estimated and taken into account when defining the ERDF co-financing of the project (→ *Chapter 5.9.*).

## 11. Information and publicity

Effective communication is a tool to spread awareness of the results of individual projects, the overall result of the Central Baltic INTERREG IV A Programme 2007-2013 on cross-border cooperation in the Central Baltic area and on the role EU funding played in it and on the Programme's contribution to the implementation of the EU Strategy for the Baltic Sea Region. It is in every project's own interest to inform about their activities, results and achievements. While writing your project application consider which activities you would like to carry out to fulfil the requirements and specify the related costs in the project budget. It is also to be noted that the projects will be invited to participate in a Communication seminar organised by the Joint Technical Secretariat in conjunction with the Lead Partner seminar for approved projects. The Communication seminar functions as a meeting of the Programme's Communication network that all approved projects are a part of. The network is there to support the projects in their communication tasks and will have two meetings in 2011 and one meeting per year during 2012-2013.

### 11.1. Communication plan

To ensure such wide communication and publicity, both the Central Baltic INTERREG IV A Programme 2007-2013 and each project funded by this Programme are required to have a **communication plan for internal and external communication and publicity**. The project communication plan is to be submitted within the same deadline as the first Progress Report/Payment Claim. The communication plans are reviewed by the Joint Technical Secretariat and the project will receive an evaluation of the plan. In case essential information is missing in the plan, the project will be asked to revise and resubmit the plan. All projects will receive the "Communication guide for projects" which outlines the required content of the plan and provides a template to be used when writing it.

Although there should be one project partner appointed main responsible for the communication tasks of the project, it is a common responsibility of all project partners to ensure that there is sufficient external (and internal) communication and publicity on the launching, progress and results of the project. The communication plan of course differs from project to project as each project has a different message, different target groups etc. Therefore, different communication and publicity tools are useful for the different projects. Examples of external communication and publicity tools include websites, leaflets, posters, audiovisual material, press releases and conferences, inserts in newspapers, TV shows and news, promotional handouts and visual displays and signs. According to the situation, the communication and publicity efforts can also be more informal. It is crucial that the partners use and continuously update their networks for spreading information about project achievements.

## 11.2. References to the European Union and the Programme

One important message to spread out is the role of the EU funding in the implementation of your project. This is somewhat self-explanatory considering that the ERDF funding is in many cases a prerequisite for the project partners to be able to conduct the project. To show appreciation for the funding, the project **is to display in all project communication, outputs, tools and produced information materials the following:**

- The flag of the European Union with the reference to the "European Union"
- Reference to the "European Regional Development Fund"
- The statement "Investing in your future"<sup>21</sup>
- The logo of the Central Baltic INTERREG IV A Programme 2007-2013

If other logos are used in addition (e.g. logos of co-financing organisations), the EU flag and the programme logo must have at least the same size as the other logos. The costs of any material or information activities, seminars, meetings etc. **without all the above mentioned references to the EU and the Programme are not considered eligible** and the project partner will not receive any co-financing for these. As this can have some rather severe (financial) consequences, ensure to use them. Remember to always check also the co-financers' publicity requirements. Please also remember to follow the national rules on publicity issues.

**However**, for small (promotion) materials such as pens and business cards, where space for printing is limited, only the following references have to be used:

- the flag of the European Union with the reference to the "European Union" AND
- EITHER the Central Baltic INTERREG IV A Programme 2007-2013 logo OR
- the project's own logo

The different versions of the needed electronic logo files can be downloaded from the Central Baltic INTERREG IV A Programme's website at [www.centralbaltic.eu](http://www.centralbaltic.eu). In the Communication guide for projects a useful overview table on the use of the references is provided. The following short overview illustrates how the references and logos should be used for the different information materials, activities, equipment and infrastructure investments:

- **Information materials** have to contain the above-mentioned references to the funding source according to the size of and the space available on the information material. More information on the different kinds of materials and how to use the references in them can be found in the "Communication guide for projects" available on the Programme's website.
- **Websites:** Information about project activities should be published on each project partner's website with a link to the project's own website (if existing). The Lead Partner, though, should have extensive information on the project on its own website. Websites created with funding from the Central Baltic INTERREG IV A Programme 2007-2013 must contain all the above-mentioned references (NB! also the below mentioned disclaimer) to the funding source at the start/main page. In case an article about the project is published on another website, the project is recommended to see to it that the logos and references are published in the same window as the article.
- **Information activities:** The organisers of events such as meetings, seminars, fairs and exhibitions, which are part of and co-financed within the project, have to display the EU flag in the meeting rooms. On all materials and presentations related to the event the references must be displayed as instructed above.
- **Infrastructure investments:** At the site of an infrastructure investment carried out within a project and with a public contribution of more than 500.000 EUR, a billboard has to be put up

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<sup>21</sup> Art. 9 Commission Regulation (EC) No 1828/2006.

during the implementation of the infrastructure investment at the site of the operation. After the operation has been completed, the billboard has to be replaced by a permanent explanatory plaque. Both the billboard and the plaque have to carry the above mentioned references to the EU and to the Central Baltic INTERREG IV A Programme 2007-2013 highlighting the added value of the intervention of the European Community.<sup>22</sup>

- **Equipment for project implementation:** The equipment purchased within the project has to carry stickers with the EU flag with the reference to the "European Union" and the Central Baltic INTERREG IV A Programme 2007-2013 logo. This is to facilitate identification of the equipment purchased with project funding. As there are different needs for the stickers (size, material etc.) the stickers are to be produced by the project.

Further instructions on the use of the references can be found in the Communication guide for projects available on the Programme's website.

Please also note that publications with a standpoint to an issue given out by the project must include a **disclaimer specifying that the publication reflects the author's view** and that the Programme's Managing Authority cannot be held liable for the information published by the project partners.

### 11.3. Cooperation with the Joint Technical Secretariat

In addition, the Joint Technical Secretariat of the Central Baltic INTERREG IV A Programme 2007-2013 **assists projects** in their communication activities by reporting on project results and best practices in the Programme's newsletters, website and other materials. Therefore, it is important that you keep the Joint Technical Secretariat well informed about your project even beyond the necessary reporting. Consider also the Joint Technical Secretariat as an important target group of your communication and publicity activities.

Please be aware that the Joint Technical Secretariat will **publish on the Programme's website** at least the following information:

- Names of all project partners (including Lead Partner)
- Short description of the project
- The total budget of the project and the amount of ERDF co-financing granted
- Geographical location of the project

Please remember to inform the Managing Authority respectively Joint Technical Secretariat on possible sensitive/confidential (e.g. business or personnel related) issues that cannot be published in the programme newsletter or on the programme's website.

#### Communication seminar and network

To help the projects in implementing the requirements set for the communication activities the Joint Technical Secretariat organises in conjunction with the Lead Partner seminar a communication seminar after each call when projects are to start running. In this seminar the project partners mainly responsible for the communication of their project will be provided detailed instructions and guidance on the creation of the project's communication plan as well as its implementation.

In between the seminars the projects can share communication experiences and challenges with the Joint Technical Secretariat and each other over the communication network of the Central Baltic INTERREG IV A Programme 2007-2013. The network functions mainly via e-mail but meetings will be organised in the Programme area for the members twice in 2011 (in conjunction with the Lead Partner seminars) and, after that, once a year during 2012-2013.

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<sup>22</sup> → Articles 8 and 9 Commission Regulation (EC) No 1828/2006.

## 12. Glossary of Terms

An **Additional Partner** (→ *Chapter 3.2.*) does not fulfil the criteria of a project partner, but can participate in the project. An additional partner may participate in the project, but its own financial contribution does not generate ERDF funding, meaning the additional partner has to pay its activities within the project totally by itself.

**Audit Authority** (→ *Chapter 9 and Annex A1.4.*) is the authority designated by the Member States/Åland, functioning independently from the Managing and the Certifying Authority and responsible for verifying the effective functioning of the management and control systems. The Audit Authority is assisted by a Group of Auditors from the countries/Åland participating in the programme. It develops an audit strategy according to which it carries out the inspection of the programme systems and procedures and of a selected sample of projects. Actual audits are sometimes contracted to audit firms. In case of the Central Baltic INTERREG IV A Programme 2007-2013, the Audit Authority is the Regional Council of Southwest Finland.

**Audit Trail** (→ *Chapter 9.1.*) is a sequence of information i.e. accounting records that provide detailed information about expenditure actually incurred. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The audit trail provides evidence of the expenditures claimed and enables tracing the financial data back to its source.

**Beneficiary** (→ *Chapter 3.2.*) is generally any operator, body or firm, whether public or private, responsible for initiating or implementing operations. In the context of the Central Baltic INTERREG IV A Programme 2007-2013, this means all eligible project partners participating in a project, but not the non-eligible so called additional partners.

**Certifying Authority** (→ *Chapter 8.2. and Annex A1.3.*) is the authority designated by the Member States/Åland to approve statements of expenditure and payment claims, to pay the co-financing to the Lead Partner, and to recover from projects incorrectly paid funds. In case of the Central Baltic INTERREG IV A Programme 2007-2013, the Certifying Authority is the Regional Council of Southwest Finland.

**Decommitment (N+2/N+3 rule)** (→ *Chapter 6.5.*): At the beginning of each year the European Commission allocates a certain amount of ERDF to the Central Baltic INTERREG IV A Programme 2007-2013. For the allocations of the years 2007-2010, the ERDF funds have to be spent within four years including the year when the money was committed (N+3, where 'N' is the year of commitment). For the allocations of the years 2011 to 2013, the ERDF funds have to be spent within three years including the year when they are committed (N+2). Any of these allocations which after 3 respectively 2 years are not covered by Central Baltic INTERREG IV A Programme 2007-2013 expenditure will be lost. If this loss results from certain projects lagging behind their spending targets, the Central Baltic INTERREG IV A Programme 2007-2013 may be obliged to cut the budgets of these projects. Therefore, each project's payment schedule is taken into account in the Subsidy Contract, which also includes a provision that any amounts which are not fully reported in time may be lost. The first year of potential decommitment for the Central Baltic INTERREG IV A Programme 2007-2013 is the year 2011.

The **De minimis–rule** (→ *Chapter 6.3.*) requires that a private project partner can only be granted aid if this partner can prove that it has not received public aid totalling to more than 200.000 EUR over a three-year period. The ceiling applies to the total of all public assistance considered to be De minimis aid and applies to all kinds of aid, irrespective of the form it takes or of the objective pursued, with the exception of export aid, which is excluded from the benefit of the De minimis-rule. In case private enterprise have received a limited amount of aid the total amount of aid received by the private enterprise (de minimis aid and limited amount of aid together) can not raise during the period 01.01.2008-31.12.2011 to a level above the ceiling of 500 000 EUR. Limited amount of aid is stipulated in the Communication from the Commission –

Temporary Community framework for State aid measures to support access to finance in the current financial and economic crisis, point 2.2. (h) (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:006:0005:0015:EN:PDF>). Though, it does not affect the possibility of the recipient to obtain other aid under schemes approved by the European Commission.

**Eligibility** (→ *Chapter 5*) is the term used i.a. in financial control to describe expenditure that complies with all relevant EU, national and programme rules. Eligible expenditure can be reimbursed (partly) from funding allocated to the project according to the applicable co-financing rate (up to 75% respectively up to 85%). Any spending that breaks one of the eligibility rules will be found ineligible and will not be co-financed by the programme.

**Financial Report** (→ *Chapter 8.2.*) is the payment claim included in the Progress report and Payment Claim. The project's Lead Partner regularly has to submit a Progress Report to the Joint Technical Secretariat. The financial report contains a retrospective accounting of the total costs incurred during the respective reporting period.

**First Level Control** (→ *Chapter 9.2.*) is the control on the project partner level conducted by authorised controllers before project partners submit their contribution to the Progress Report/Payment Claim to the Lead Partner. 100% of the project expenditure of each project partner is certified by a controller in the partner's country. This may result in some deductions if some of the expenditure is incorrect. When the correct amount has been confirmed, the controller will sign a controller's declaration certifying that the expenditure of that respective project partner has been approved.

**In-kind Contribution** (→ *Chapters 5.2. and 5.8.*) means (in Finland, Åland and Sweden) other partner personnel contributing to the project (budget line 2.2.), (in Estonia and Latvia) unpaid voluntary labour for which the person is not paid by anybody or (for all countries) provision of land or real estate, equipment or raw materials.

**Irregularity** (→ *Chapter 9.4.*) means a failure by a project owner – either intentional or unintentional - to follow financial or other requirements set by the relevant EU regulations regarding the use of EU Structural Funds.

**Joint Technical Secretariat** (→ *Annex A1.1.*) is the body responsible for the day-to-day management and implementation of the programme. In the Central Baltic INTERREG IV A Programme 2007-2013, the Joint Technical Secretariat is located in Turku/Finland (Main Office), Mariehamn/Åland (Sub-secretariat), Riga/Latvia (Info Point), Stockholm/Sweden (Info Point) and Tallinn/Estonia (Sub-secretariat).

**Lead Partner** (→ *Chapter 4.2.4.*) is the administrative leader of the project and the link between the project (partners) and the programme management, responsible to co-ordinate the flow of information between these and for ensuring that all project activities are carried out according to the approved project application.

**Managing Authority** (→ *Annex A1.2.*) is the body responsible for ensuring the effective implementation of the programme in accordance with the Programme Document and the relevant EU Regulations. The Managing Authority is also responsible for establishing the implementation systems, structures and procedures and to monitor its implementation. In case of the Central Baltic INTERREG IV A Programme 2007-2013, the Managing Authority is the Regional Council of Southwest Finland.

**Milestone** (→ *Chapter 4.2.2.*) is the time-unit used to divide the project's life-span into several (reporting) periods. In case of the Central Baltic INTERREG IV A Programme 2007-2013, each milestone encompasses four months (January-April, May-August and September-December).

The **Monitoring Committee** is composed of national, regional, local and social representatives of the participating countries/Åland and takes decisions on the programme level, solves any irregularity and decides on the programme setup. It therefore needs to be kept informed of the progress towards programme objectives, the status of programme finances and any problems in programme level bodies and procedures.

**Partnership Agreement** (→ *Chapter 4.2.4.*): The partnership agreement sets out the main responsibilities of the project partners, their relation with the Lead Partner and comprises the provisions guaranteeing the sound financial management of the project.

**Payment Claim** (→ *Chapter 8.2.*): Every time a project submits a Progress Report, it sends a statement of expenditure showing how much money it has spent. This statement also acts as a claim for the ERDF co-financing that the project expects to receive.

**Progress Report** (→ *Chapter 8.2.*) is comprised of the Activity report and the Payment Claim. It documents the progress of the project and serves as a payment request. A Progress Report has to be regularly submitted by the project's Lead Partner.

**Project Partner** (→ *Chapter 3.2.*) is any partner that fulfils the eligibility criteria. One of the project partners will have to be chosen to be the project's Lead Partner (→ *Chapter 4.2.4.*).

The **Second Level Control** (→ *Chapter 9.3.*) is carried out by the Audit Authority and covers structures and procedures both on the project and the programme level. It includes random sample checks covering the whole programme and a certain percentage of the programme expenditures will be examined this way.

**Steering Committee** (→ *Chapter 4.4.3.*) is the programme body responsible for the selection of projects for ERDF co-financing. Within the Central Baltic INTERREG IV A Programme 2007-2013 do exist three separate Steering Committees for each of the (sub-)programmes.

**Subsidy Contract** (→ *Chapter 4.4.4.*) is the contract between the Managing Authority and the Lead Partner determining the rights and responsibilities of the Lead Partner and the Managing Authority, the scope of activities to be carried out by the project, the terms of funding, requirements for reporting and financial controls, etc.

**Work Packages** (→ *Chapter 4.2.2.*) are a tool to categorise project activities and it is up to the project owners to define the work packages. Normally, a project consists of four to five work packages encompassing activities of one kind.

## 13. Relevant legal documents and further reading

### 13.1. Relevant legal documents

#### 13.1.1. EU Legislation<sup>23</sup>

- Council Regulation (EC) **No 1083/2006** of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999;
- Regulation (EC) **No 1080/2006** of the European Parliament and the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999;
- Commission Regulation (EC) **No 1828/2006** of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund;

Especially the compliance with the **following articles** of the respective above mentioned EU legislation by the project partners is **essential** for successful implementation and financial management of a project:

- Double financing: Art. 54 of Council Regulation (EC) No 1083/2006
- Equality between men and women and non-discrimination: Requirements listed in Art. 16 of Council Regulation (EC) No 1083/2006
- Income: Art. 55 of Council Regulation (EC) No 1083/2006
- Public procurement: Art. 2(5) of Council Regulation 1083/2006 and thus with Directive 2004/18/EC of the European Parliament and of the Council of 31<sup>st</sup> March 2004
- Publicity rules: Art. 9 of Commission Regulation (EC) no 1828/2006
- Sound financial management: Art.48(2) of Regulation (EC, Euratom) No 1605/2002
- State aid rules: Art. 54 of Council Regulation (EC) No 1083/2006
- Sustainable development: Art. 17 of Council Regulation (EC) No 1083/2006

**The most relevant Directives from which the national regulations derive are:**

State Aid:

- Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid
- Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid
- Council Regulation (EC) No 994/98 on the application of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal state aid

Public Procurement:

- Directive 2004/18/EC of the European parliament and of the Council of 31 March 2004
- Directive 2004/17/EC of the European parliament and of the Council of 31 March 2004

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<sup>23</sup> The regulations and later amendments are available at [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/newregl0713\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm)

## 13.1.2. National and Åland legislation

### Estonia

- *Structural Assistance Act 2007-2013* (Perioodi 2007–2013 struktuuritoetuse seadus) 14.6.2006 <https://www.riigiteataja.ee/ert/act.jsp?id=12976706>
- Estonia's national guidelines will enter into force in December 2008
- *Public procurement: Public Procurement Act, valid from 01.05.2007* (<https://www.riigiteataja.ee/ert/act.jsp?id=12944035>)
- *State Aid: Competition Act, valid from 01.10.2001* (<https://www.riigiteataja.ee/ert/act.jsp?id=12894834>)
- *Environment rules: Environmental Impact Assessment and Environmental Management System Act, valid from 03.04.2005* (<https://www.riigiteataja.ee/ert/act.jsp?id=13001178>)
- Equal opportunities: Competition Act, valid from 01.10.2001
- *Gender Equality Act, valid from 07.04.2004* (<https://www.riigiteataja.ee/ert/act.jsp?id=738642>)

### Finland

- <http://www.rakennerahastot.fi>
- <http://www.tem.fi>
- <http://www.finlex.fi>
- Laki eräiden työ- ja elinkeintoministeriön hallinnonalan ohjelmien ja hankkeiden rahoittamisesta 1652/2009 (29.12.2009) and Valtioneuvoston asetus eräiden työ- ja elinkeinoministeriön hallinnonalan ohjelmien ja hankkeiden rahoittamisesta (1695/2009 (29.12.2009)
- Equal opportunities: Non-Discrimination Act (21/2004) 20.1.2004; Laki naisten ja miesten välisestä tasa-arvosta 8.8.1986 (Equality between women and men)
- Environment rules: Environmental Protection Act (86/2000) 1.3. 2000
- EU-rules (how to apply): Laki eräiden valtion tukea koskevien Euroopan yhteisön sääntöjen soveltamisesta (300/2001)
- Information duties: Laki eräitä yrityksiä koskevasta taloudellisen toiminnan avoimuus- ja tiedonantovelvollisuudesta (19/2003)
- Public procurement: Act on Public Contracts (348/2007) 30.3. 2007
- State Aid: Act on Discretionary Government Transfers (Valtionavustuslaki, 688/2001, 27.7.2001)
- Structural Fund Act 1401/2006 and Valtioneuvoston asetus rakennerahastoista 311/2007 modified by act number 1653/2009 (29.12.2009) and decree number 1656/2009 (29.12.2009) respectively

## Latvia

*Provisions for Latvian Beneficiaries on Project Eligibility and Non-eligible Costs and First Level Control within EU Structural Funds Objective 3 "European Territorial Cooperation" Programmes, adopted on 27.01.2009 and valid from 28.02.2009 (<http://www.likumi.lv/doc.php?id=188370>)*

### Public Procurement

- Public Procurement Law, 06.04.2006. For more information: Procurement Monitoring Bureau [www.iub.gov.lv](http://www.iub.gov.lv)

### Construction

- Constructions Law, 10.08.1995;
- Regulation No 112 „General construction rules”, Cabinet of Ministers of Latvia, 04.04.1997
- Constructions Law, 10.08.1995;

### State aid

- Business Support Monitoring Law, 19.12.2002
- Regulation No 58 "Rules on de minimis support accounting and assignments procedures and examples of de minimis support accounting blanks", Cabinet of Ministers of Latvia, 05.02.2008

### Equal opportunities

- Guidelines for the EU Funds' projects applicants on the observation of the horizontal priority "Equal opportunities" within EU Funds' projects, Ministry of Welfare, 06.03.2008

### Environmental rules

- Law "About the environmental impact assessment", with the amendments of 07.06.2007
- Regulation No 454 „Amendments to the Cabinet of Ministers 17.02.2004. Rules No 87 "Procedures for assessment of the planned activity's impact on the environment", Cabinet of Ministers of Latvia, 16.06.2006

## Sweden

- Förordning (2007:14) om förvaltning av EG:s strukturfonder, 2007-01-18  
<http://www.riksdagen.se/webbnav/index.aspx?nid=3911&bet=2007:14>

### Public procurement

- Lag (2007:1092) upphandling områdena vatten, energi, transporter och posttjänster  
<http://www.notisum.se/rnp/sls/lag/20071092.HTM>
- Lag (2007:1091) <http://www.notisum.se/rnp/sls/lag/20071091.HTM>
- Förordning (2007:1099) <http://www.notisum.se/rnp/sls/lag/20071099.HTM>

### State Aid

- SFS (2007:61) <http://www.riksdagen.se/webbnav/index.aspx?nid=3911&bet=2007:61>
- SFS (1999:1382) <http://www.notisum.se/rnp/sls/lag/19991382.HTM>
- SFS (2000:283) <http://www.riksdagen.se/webbnav/index.aspx?nid=3911&bet=2000:283>
- SFS (1995:1254) <http://www.notisum.se/rnp/sls/lag/19951254.htm>
- SFS (1994:1100) <http://www.notisum.se/rnp/sls/lag/19941100.htm>

## Environmental rules

- Miljöbalken (1998:808) <http://www.notisum.se/rnp/sls/lag/19980808.HTM>
- Förordning (1998:905) miljökonsekvensbeskrivning <http://www.notisum.se/rnp/SLS/LAG/19980905.HTM>
- Förordning (1998:899) tillsyn enligt miljöbalken <http://www.riksdagen.se/Webbnav/index.aspx?nid=3911&bet=1998:900>
- Förordning (1998:899) miljöfarlig verksamhet och hälsoskydd <http://www.notisum.se/rnp/SLS/LAG/19980899.HTM>
- Förordning (1998:660) förvaltning av kvalité på vattenmiljö Förordning (1998:1252) områdesskydd <http://www.notisum.se/rnp/SLS/LAG/19981252.htm>

## Equal opportunities

- SFS (2008:567) Diskrimineringslagen <http://www.riksdagen.se/Webbnav/index.aspx?nid=3911&bet=2008:567>

## Åland

- Landskapsregeringens beslut om stödberättigande utgifter som medfinansieras av Europeiska Regionala Utvecklingsfonden (Bilaga 1 till N1208E04\_25012008)
- Ålands Landskapsregerings beslut gällande vissa upphandlingar (Ålands Författningssamling 2006 Nr 41) 11.04.2006 ([www.regeringen.ax](http://www.regeringen.ax))
- Landskapslag om ändring av landskapslagen angående tillämpning i landskapet i Åland av lagen om offentlig upphandling (Ålands Författningssamling 2007 Nr 50) 31.07.2007/09.08.2007 (Åland landskapsregering (Government of Åland) ([www.regeringen.ax](http://www.regeringen.ax)))

## 13.2. Further reading

The various handbooks and other publications produced by the INTERACT Programme can be recommended. These are available online at <http://www.interact-eu.net/handbooks/62/>.

## **ANNEX 1 – Contact information**

### **A1.1. Joint Technical Secretariat**

#### **Main office**

Central Baltic INTERREG IV A Programme 2007-2013  
Joint Technical Secretariat  
c/o Regional Council of Southwest Finland  
Department for the Management of International EU programmes  
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*Financial and Administrative Assistant*  
N.N.

## Sub-secretariat Mariehamn

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## Info Point Riga

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## A1.2. Managing Authority

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## A1.3. Certifying Authority

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## A1.4. Audit Authority

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*Auditor* Misa Törmä ([misa.torma\(at\)varsinais-suomi.fi](mailto:misa.torma(at)varsinais-suomi.fi))

## ANNEX 2 – Major changes compared to Programme Manual V5.0

The following table contains only the major changes and clarifications in the Programme Manual V6.0 compared to its version V5.0 – but not stylistic changes in the wording, layout etc. As the below table is a summarised comparison, it does not have any legal binding character. For the concrete details, please always consult the respective chapters.

V5.0 (5 <sup>th</sup> call)		V6.0 (6 <sup>th</sup> call)
Chapter	Originally	New
3.1.1.	Finland ... Itä-Uusimaa	<i>Itä-Uusimaa deleted (as of 01.01.2011 merged with Uusimaa). Partners which until 31.12.2010 belonged to Itä-Uusimaa should also further on in the Application Form and related documents indicate Itä-Uusimaa as their geographical origin..</i>
3.1.2.		
3.1.3.		
4.1.2.		<i>(added):</i> Cross-border added value can be achieved ... objectives of the organisation).
4.1.3.	<i>(various places):</i> new	<i>(various places):</i> new innovative
4.2.3.	<i>(National rules... Estonia):</i> If an organisation is an eligible partner ... funding will be deemed eligible.	<i>(National rules... Estonia):</i> If an organisation is an eligible partner ... funding will be deemed <b>automatically</b> eligible.
	<i>(National rules... Latvia)</i>	<i>Reference and links to relevant regulations updated (also in footnote 14).</i>
4.2.4.	... a copy of the signed agreement has to be sent to the Joint Technical Secretariat <b>the latest together with</b> the first Progress Report/Payment Claim.	... a copy of the signed agreement has to be sent to the Joint Technical Secretariat <b>within the same deadline</b> as the first Progress Report/Payment Claim. <i>(copy of signed partnership agreement not anymore mandatory annex to first Progress Report/Payment Claim, however still to be submitted within same deadline)</i>
5.	Latvia – Ministry of Regional Development and Local Government at <a href="http://www.rapl.m.gov.lv">www.rapl.m.gov.lv</a>	Latvia – Ministry of Environmental Protection and Regional Development at <a href="http://www.varam.gov.lv">www.varam.gov.lv</a>
		<i>(new): budget flexibility rule (Please not in this respect also the relevant changes to the chapter 7. on project changes)</i>
5.4.	<i>(National rules...Estonia):</i> In case similar service costs ... of 24 months, three price offers have to be provided ...	In case similar service costs ... of 24 months, <b>price comparisons</b> have to be provided ...
5.6.	<i>(National rules...Estonia):</i> It is also recommended to ask for price offers (three different price quotations) to prove...	It is also recommended to ask for price offers to prove...
5.9.	The reported income has to be paid back at the latest three years after the closure of the Central Baltic INTERREG IV A Programme 2007-2013.	The reported income has to be paid back at the latest <b>at the end of 2015.</b>
6.3.	De minimis-rule - ... the total amount of aid received by the private enterprise ... cannot raise during the period ...- 31.12.2010 ... ( <a href="http://eur-lex.....">http://eur-lex.....</a> )	De minimis-rule - ... the total amount of aid received by the private enterprise ... cannot raise during the period ...- 31.12.2011 ... ( <i>link updated, also at other places in the manual</i> )

6.5.	<u>Substantial</u> delays in spending <b>will</b> lead to proportional loss of ERDF funding by the project (decommitment).FN32 This spending forecast should also be included into the partnership agreement.	This spending forecast should also be included into the partnership agreement. <u>Substantial</u> delays in spending against the original spending targets <b>will in most cases</b> lead to proportional loss of ERDF funding by the project unless the project is able to "catch up" later. In case the Programme will undergo a decommitment process due to slow project spending rates this may lead to loss of ERDF funding of those projects which have most substantially contributed to the decommitment problem as also stated in the Subsidy Contract (article 4). Further information on this matter will be made available later in case needed.
7.		<i>Relevant changes in the chapter on project changes now covering minor changes (7.1.), project changes (7.2.) and prolongation (7.3.). NB! Also chapter 5 and the new budget flexibility rule.</i>
8.1.	The Steering Group should meet to approve each Progress Report/Payment Claim, interim and final reports.	<i>(deleted): each Progress Report/Payment Claim (consequently minutes of Steering Group meeting proving approval of Progress Report/Payment Claim not anymore mandatory annex to Progress Report/Payment Claim)</i>
8.2.1.		<i>(added): Please be also aware that the disbursement of ERDF subsidy is conducted in accordance with the <u>project partner ERDF grant</u> rate as approved in the application form and consequently applied by the Lead Partner in the Progress Report/Payment Claim during the project implementation before the last ERDF payment. The Lead Partner then is obliged to monitor from the beginning of the project<sup>24</sup> the <u>average ERDF grant rate defined for the project</u> (see above) and contact the JTS Contact Person as early as possible in case imbalanced spending is detected. In case of imbalanced spending, the Certifying Authority will at the very latest after the last milestone balance the ERDF payments in accordance with the average ERDF co-financing rate leaving it to the partnership to decide how to balance between the partners.</i>  <i>In addition "Be ware that the European Commission... 5% withhold will be applied." moved here from the end of 8.2.1.</i>
	Partner Payment Claim ...	<i>(added): Please note that the ERDF support rate of a project partner can not exceed on milestone basis the rate defined in the subsidy contract (first two decimals decisive). Project financing can be reported computationally following the calculative amount of national co-financing needed to generate the ERDF amount for the particular milestone. Both project costs and financing should be filled in using two decimals.</i>
	The Partner Payment Claim consists of...	<i>(deleted): (per) work package</i>
	The PR/PC should contain the following...	Progress (Activity) Report... <i>(deleted)</i> a report of the most important expenditures and tenders for services and products

<sup>24</sup> NB! In case the imbalance is detected only as late as during the last milestone in many cases no corrections can be done within the partnership and the ERDF loss is unavoidable. The Lead Partner is requested to consult the JTS Contact Person as early as possible during the implementation in cases like this.

	Payment Claim: the expenditure per partner during the reporting period within the work packages and certified by the FLC; ...; total amount of claimed ERDF co-financing (project level) for the reporting period.	Payment Claim: the expenditure per partner during the reporting period verified by the FLC; ...; total amount of claimed ERDF co-financing (project level) and national co-financing for the reporting period; a report of the most important expenditures and tenders for services and products.
	Progress Report and Payment Claim (PR/PC) ...	<i>(deleted)</i> : Please remember to attach minutes of the Steering Group meeting handling the submission of the PR/PC.
9.2.	The assigned First Level Controllers are:...	<i>Changes for Finland and Latvia</i>
11.1.	The project communication plan is to be submitted <b>at the latest with</b> the first Progress Report/Payment Claim.	The project communication plan is to be submitted <b>within the same deadline as</b> the first Progress Report/Payment Claim. <i>(Project communication plan not anymore mandatory annex to first Progress Report/Payment Claim, however still to be submitted within same deadline)</i>
12.	The De minimis-rule ... can not raise during the period ...-31.12.2010 ... ( <a href="#">http://...</a> ).	The De minimis-rule ... can not raise during the period ...-31.12.2011 ... ( <i>link updated</i> ).
13.1.2.	Finland	<i>(updated)</i>
Annex 1.1.	Joint Technical Secretariat and Certifying Authority	<i>(updated due to change of responsibilities and new/additional staff members recruited)</i>