



**Managing Authority**  
Ministry of Finance of the Republic of Estonia

**Estonia – Russia**  
**Cross Border Cooperation Programme**  
**2014-2020**  
**EC decision No C (2015) 9193**

**Guidelines**  
**for the 1st Call for proposals**

**Approved by chapters on**  
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**in Rakvere, Estonia;**  
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**with amendments approved on 16 November, 2017 (shorten written**  
**procedure)**

## NOTICE

These Guidelines are compiled to give particular assistance to the Applicants elaborating the application documents (Project Summary Form and Full Application Form) of the 1st Call for proposals of the Estonia – Russia Cross Border Cooperation Programme 2014-2020 (Programme).

The Guidelines provide an overview of the planning, managing and follow-up activities to the projects financed from the Programme. The Guidelines include mostly information on the process from the preparation of the Project Summary Form and the Full Application Form and glimpse to implementation, monitoring, reporting and finalization of the project (detailed provisions on project implementation will be stated in separate Guidelines). They also contain information on how to fill in the Project Summary Form and Full Application Form, what to annex to it and what procedures to follow. Text of the Guidelines shall serve as a summarised basic guide to the 1st Call for proposals. Please note that during the call parties are called Applicant and partners, after contracting Lead beneficiary and beneficiaries.

Please note that the English version of the document is approved by the Joint Monitoring Committee (hereinafter JMC) of the Programme and takes precedence over other language versions.

The relevant documents for the preparation of the 1st Call for proposals can be downloaded from the Programme's web site: <http://www.estoniarussia.eu>. The Project Summary Form and the Full Application Form shall be submitted via electronic Monitoring System (eMS).

Please note that these Guidelines does not in any way replace the obligations and provisions set out in the respective EU and national legislation. In case of doubt, the latest provisions prevail.

**Please note that provisions of these Guidelines are adjusted in accordance with Financing Agreement between the European Union, the Russian Federation and the Republic of Estonia signed on 29 December 2016.**

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## 1. GENERAL INFORMATION ABOUT THE PROGRAMME

### BACKGROUND

The Estonia – Russia Cross Border Cooperation Programme is co-financed by the European Union within the framework of the European Neighbourhood Instrument (ENI) and by Republic of Estonia and the Russian Federation. Currently the Programme offers a single set of objectives as well as unified procedures for project application and implementation, applicable to institutions from both the Republic of Estonia and the Russian Federation.

### 1.1 LEGAL FRAMEWORK

The following EU legal acts and working documents provide further detailed information on the implementation of the Programme:

<b>Regulation 232/2014</b>	<b>No</b>	of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI Regulation)
<b>Regulation 236/2014</b>	<b>No</b>	of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
<b>Commission Implementing Regulation 897/2014</b>	<b>No</b>	of 18 August 2014 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 232/2014 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood Instrument ( <i>Implementing Rules</i> )
<b>Regulation 966/2012</b>	<b>No</b>	Of the European Parliament and the Council Of 25 October 2012 on the financial rules applicable to the general budget of the Union (EURATOM)
<b>Programming Document</b>		Programming document for EU support to ENI Cross-Border Cooperation (2014-2020) adopted by the Commission on 8 October 2014
<b>Programme</b>		Estonia–Russia Cross Border Cooperation Programme 2014–2020 approved by European Commission on 18 December 2015, decision No C(2015)9193
<b>Financing Agreement</b>		Financing Agreement between the European Union, the Russian Federation and the Republic of Estonia signed on 29 December 2016.

Please note that all relevant national legislation is directly applicable for the projects among others.

- The Concept for the Foreign Policy of the Russian Federation (adopted by the President of the Russian Federation on February 12<sup>th</sup>, 2013);

- The Strategy of the Social and Economic Development of the North-West Region of the Russian Federation till 2020 approved with the Government Executive Order of the Russian Federation № 2074-p of November 18<sup>th</sup>, 2011;
- Federal law on procurement № 44-FZ of April 5<sup>th</sup>, 2013;
- Federal law № 223-FZ of July 18<sup>th</sup>, 2011;
- Tax Code of the Russian Federation;
- Related decrees of the President of the Russian Federation and the Russian Government The Concept of Cross-Border Cooperation of the Russian Federation;
- The Concept of the Long-term Social and Economic Development of the Russian Federation through to 2020;
- 2014-2020 Structural Assistance Act of Estonia

## **1.2 OBJECTIVES OF THE PROGRAMME**

**Three strategic objectives** of the Programme are:

A- Promotion of economic and social development in regions on both sides of the common borders;

B- Addressing common challenges in environment, public health, safety and security;

C- Promotion of better conditions and modalities for mobility of persons, goods and capital.

Strategic objectives are supported by **four thematic objectives (TO)**

- Business and SME development (strategic objective **A, TO1**)
- Promotion of border management and border security, mobility and migration management (strategic objective **A,B,C, TO10**)
- Environmental protection, climate change mitigation and adaptation (strategic objective **B, TO6**)
- Support to local and regional good governance (strategic objective **A,B,C, TO5**)

The thematic objectives, in turn, aim at supporting specific areas within each strategic objective:

### **TO1 Business and SME development**

- Increasing SME development and entrepreneurship by fostering cross-border business contacts and the development of services and products
- Increasing SME competitiveness and entrepreneurship by fostering cooperation between public, private and R&D sectors
- Improving the business environment through the development of business support measures and infrastructure

### **TO10 Promotion of border management and border security, mobility and migration management (only for Large Infrastructure Projects)**

- Increasing the throughput capacity of existing border crossing points through the development of BCP infrastructure and border management procedures
- Increasing the throughput capacity of existing border crossing points by refurbishing and improving border crossing roads and supporting infrastructure

### **TO6 Environmental protection, climate change mitigation and adaptation**

- Improving the biodiversity of joint natural assets
- Improving the quality of shared water assets by reducing their pollution load (including improving wastewater treatment facilities, improving solid (household and

industrial) waste management and relevant facilities, and reducing pollution that is caused by the agricultural sector

- Increasing awareness of environmental protection and efficient use of energy resources

- Fostering shared actions in risk management and a readiness to cope with environmental disasters

**TO5 Support to local and regional good governance**

- Improving cooperation between local and regional authorities and their sub-units

- Improving cooperation between local and regional communities

The indicative list of supported actions is as followed:

Under TO 1 Business and SME development:

- Cooperation between science parks, educational institutions, industrial parks, SMEs and public sector institutions (triple-helix cooperation) in order to foster innovation and modernisation;

- The development of cross-border business contacts and services-products (contact-meetings, fairs, and joint product development and marketing, including local/regional tourism products and services such as tourism routes);

- Support for the development of the creative industry and cultural tourism;

- Educational programmes for launching start-ups;

- Support services and infrastructure such as industrial parks, incubators, and clusters;

- Local/regional tourism objects and routes;

- Promoting entrepreneurship (start-ups or enterprise schools).

In tourism development, the focus should remain on local/regional tourism services, products, and destinations in order to increase the attractiveness of border areas.

Under TO 6 Environmental protection, climate change mitigation and adaptation:

- An increasing readiness to eliminate pollution in the Baltic Sea and Lake Peipsi/Chudsko-Pskovskoe (in relation to equipment, joint activities, and reaction);

- Educational projects that are related to energy;

- Joint actions for improving rescue fire services and protecting forests;

- Reconstruction of waste water treatment plants;

- Increasing awareness in environmental protection;

- Joint actions to ensure the sustainability of the fishing industry;

- The design, construction, and reconstruction of solid waste recycling plants;

- The design, construction, and reconstruction of safe storage locations for solid household and industrial waste.

Under TO 5 Support to local and regional good governance:

- Education - cooperation between (vocational) schools in fields such as teaching methodology (including Russian language), and the development of curricula;
  - Health - active life and recreation, rehabilitation;
  - Social - youth services, employment, HIV/AIDS prevention.
- Cooperation of local and regional communities in the following fields:
- Culture – the preservation and promotion of cultural and historical heritage on a municipal level;
  - Sport – an exchange of know-how and contacts.
  - Cooperation between local/regional administrations and their sub-units in order to increase change of experience in various fields such as e-services and joint planning.

**For the 1st Call for proposals Thematic objectives T01, T05 and T06 are opened.**

### **1.3 PROGRAMME AREA**

The Programme area lies in the east of the Baltic Sea region and covers two distinct territories, namely the southern, northern, and eastern parts of Estonia and the north-western section of the Russian Federation, including the city of St Petersburg.





The Programme area includes the following NUTS III regions (the Nomenclature of Territorial Units for Statistics) or their equivalents as **core regions**:

Estonia: Kirde-Eesti, Lõuna-Eesti, Kesk-Eesti

Russia: St Petersburg, Leningrad and Pskov regions

The Programme area includes the Põhja-Eesti region (including Tallinn) in Estonia as an **adjoining region**. Involvement of adjoining region is only allowed under Thematic Objectives 1 and 6.

## 1.4 PROGRAMME MANAGEMENT

### **Joint Monitoring Committee (JMC)**

is a decision making body responsible for ensuring effectiveness and quality of the Programme implementation. The JMC takes the final decision on projects to be supported and amounts granted to the projects. Members of the JMC are representatives from national and regional level partners from the Republic of Estonia and the Russian Federation.

<b>Managing Authority (MA)</b>	is an executive body having overall responsibility for managing the Programme and implementing decisions taken by the JMC; body responsible for efficient and correct management and implementation of the Programme. The MA is signing Grant Contracts with the Lead beneficiaries of approved projects, approves project implementation reports and initiates payments. Ministry of Finance of the Republic of Estonia is the MA of the Programme.
<b>Joint Technical Secretariat (JTS)</b>	is a joint operational body assisting the Managing Authority and the JMC in carrying out their respective duties. The JTS is in charge of the day-to-day operational follow-up and financial management of the projects. It is participating in assessment of the Applications. The JTS is composed of international staff. The JTS is located in Tartu, the Republic of Estonia and hosted by the Enterprise Estonia. The JTS has Branch Offices in the Russian Federation located in St. Petersburg and Pskov. The JTS informs and supports potential beneficiaries of the Programme in the country where activities are envisaged.
<b>National Authorities (NA)</b>	are national institutions responsible for the Programme development, relevant policy making and monitoring of the Programme on behalf of the participating countries. Their functions are implemented by the Ministry of Finance of the Republic of Estonia and the Ministry of Economic Development of the Russian Federation.
<b>Control Contact Point (CCP)</b>	is a body acting as assistants to the MA and supporting the MA in the elaboration of guidance on expenditure verification, providing clarification and training on national rules (such as procurement, labour law, taxes, etc.), as well assisting the MA during on-the-spot verification work in respective country.
<b>Audit Authority (AA)</b>	Is a body which shall ensure that audits are carried out on the management and control systems, on an appropriate sample of projects and on the annual accounts of the Programme. Therefore AA is responsible for the preparation and approval of audit guidelines, the audit strategy for setting out the audit methodology, the sampling method, and the audit plan to verify and issue an opinion about whether the management and control systems of the JOP function effectively, and to verify the expenditure that has been declared; and for the coordination of all audit activities that are related to the programme.
<b>Group of Auditors (GoA)</b>	A body which comprises representatives (one representative from each participating country) who are appointed by each participating country and assists the AA.

## **2. CONDITION FOR FINANCING AND FINANCIAL ALLOCATION FOR 1st Call FOR PROPOSALS**

According to the Article 39 of Implementing Rules:

1. Projects may receive financial contribution from a programme provided they meet all the following conditions:

- (a) they deliver a clear cross-border cooperation impact and benefits as described in the programming document<sup>1</sup> and demonstrate added value to Union strategies and programmes;
- (b) they are implemented in the programme area;
- (c) they fall within one of the following categories:
  - (i) integrated projects where each beneficiary implements a part of the activities of the project on its own territory;
  - (ii) symmetrical projects where similar activities are implemented in parallel in the participating countries;
  - (iii) single-country projects where projects are implemented mainly or entirely in one of the participating countries but for the benefit of all or some of the participating countries and where cross-border impacts and benefits are identified.

2. Projects meeting the criteria of paragraph 1 may be partially implemented outside the programme area, provided that all the following conditions are met:

- (a) the projects are necessary for achieving the programme's objectives and they benefit the programme area;
- (b) the total amount allocated under the programme to activities outside the programme area does not exceed 20 % of the Union contribution at programme (not project) level.

The overall indicative amount made available from the Programme for the 1st Call for proposals is **10 000 476,78 EUR**. The minimum amount of the grant to the project is 50 000 EUR and the maximum amount of the grant to the project for TO1 is 500 000 EUR, for TO5 is 150 000 EUR, for TO6 is 600 000 EUR. The Joint Monitoring Committee may decrease the maximum sum allocated to projects based on the assessment results of project applications.

## **3. OFFICIAL LANGUAGE**

The official working language of the Programme is English. The Summary Form and Full Application Forms shall be submitted in English, Grant Contracts shall be concluded in English, all official documentation and communication related to the preparation and implementation of projects should be in English. Interpretation and translation costs foreseen during the project implementation can be included in the budget of the project.

## **4. ELIGIBILITY OF THE APPLICANT AND THE PROJECT PARTNER(S)**

4.1 The following bodies which are established and have their legal address in the Programme area can act as applicants:

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<sup>1</sup> See the list of documents in section 1.1. Legal Framework of the Guidelines

1. National, regional and local public authorities;
2. Associations that are formed by one or more national, regional or local authorities;
3. Public equivalent bodies (any legal body that is governed by public or private legal requirements), which have been established for the specific purpose of meeting any needs that are in the general interest, and which do not have an industrial or commercial character, but which do have a legal personality, and are financed by national, regional, or local authorities;
4. Other bodies that are governed by public legal acts, or which are subject to management supervision by those bodies, or which have an administrative, managerial or supervisory board more than half of whose members are appointed by national, regional, or local authorities, or by other bodies which are governed by public legal acts (such as, for example, municipal and national enterprises, trade unions, medical institutions, museums, etc.);
5. Associations that are formed by one or more bodies which are governed by public legal acts as defined under point 3 above;
6. NGOs and other non-profit-making bodies;
7. Educational organisations (schools, preschool institutions, vocational schools, colleges, institutes, or universities);

4.2 The following bodies which are established and have their legal address in the Programme area can act as project partners and beneficiaries:

1. Beneficiaries can be bodies listed in point 4.1 and SMEs<sup>2</sup>.
2. SMEs cannot act as the only partner from the participating country.

4.3 The applicant and the project partner(s) must not be in any of the situations listed below:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of *res judicata*;
- (c) they have been guilty of grave professional misconduct proven by any means which the managing authority can justify including by decisions of the EIB and international organisations;
- (d) they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- (e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of *res judicata* for fraud,

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<sup>2</sup> A micro, small or medium sized enterprise according to the Commission Recommendation 2003/361/EC and Annex I of the Commission Regulation (EU) No 651/2014.

corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;

(f) they are subject to an administrative penalty referred to in Article 109(1) of EURATOM:

- are guilty of misrepresenting the information required by the managing authority as a condition of participation in the procurement procedure or fail to supply that information;
- contractors who have been declared to be in serious breach of their obligations under contracts covered by the budget.

Points (b) and (e) shall not apply where the applicants or partner(s) can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them, who are subject to a judgement as referred to in points (b) or (e).

The following are not the project partners (later **beneficiaries**) and do not have to sign the Partner Statement but have specific and important role in the implementation of the project:

1) **associates;**

Associates can be involved in the project implementation if they play a real role in the project. Associates may not receive funding from the grant with the exception of daily allowances, accommodation, subsistence and travel costs. Associates do not have to meet the eligibility criteria referred to in point 4 of the Guidelines. The associates have to be mentioned in the Project Summary Form and Full Application Form and they have to sign the Letter of Endorsement by the Associates.

2) **subcontractors;**

The Lead beneficiaries and the beneficiaries have the possibility to award contracts to subcontractors. Subcontractors are neither beneficiaries nor associates, and are subject to the procurement rules set out in the Guidelines.

## **5. PARTNERSHIP REQUIREMENT**

The Programme will finance activities within the projects which have (is aimed to keep) a purely cross border character and involve at least **two beneficiaries** (the applicant and at least one project partner), of whom at least one beneficiary shall be from the Republic of Estonia and at least one beneficiary from the Russian Federation. Please note the Programme area requirements as defined in point 1.3 of these Guidelines and eligibility requirements in point 4 of these Guidelines.

Partners from Latvia and Finland can participate in the Projects as associates and may receive the daily allowances, accommodation, subsistence and travel costs. Additionally associates from Latvia and Finland may be reimbursed for costs paid for **external expertise procured for the project needs during project implementation**.

The added value could be in circumstances such as the involvement of counterparts from Latvia developing existing trilateral cooperation schemes between the South Estonia (EE), Pskov (RU) and Vidzeme (LV) regions which can be fostered within the framework of previous cooperation programmes, especially the Estonia-Latvia-Russia ENPI CBC Programme 2007-2013.

The involvement of associates from Finland and Latvia has to be specified and justified at the project level in the Project Summary Form as well in Full Application Forms. Their involvement has to be essential when it comes to achieving the specific project objectives

in the Programme's core eligible area and has to be a key to ensuring the sustainability of actions taken in the Programme's core eligible area.

Not more than 10% of project grant could be used for expenses of associates.

## **6. DURATION OF THE PROJECT**

The maximum project duration is 24 months for projects not exceeding 200 000 EUR and up to 36 months<sup>3</sup> for projects exceeding 200 000 EUR. It is recommended to reserve up to 3 months in the end of the project for compiling reports. The activities of the project must be finished on 31 December 2022 at the latest.

## **7. ELIGIBILITY OF COSTS**

Only **eligible costs** shall be taken into account for a grant. The categories of costs considered as eligible and non-eligible are indicated in point 7.3. Note that the eligible costs must be based on real costs<sup>4</sup> and backed by supporting documents during the project implementation.

### **7.1 THE 3E ISSUES IN THE PROJECT BUDGET**

The project budget has to be in line with the principles of economy, efficiency and effectiveness.

**The principle of economy** requires that the resources used by the institution for the pursuit of its activities shall be made in due time, in appropriate quantity and quality and at the best price.

**The principle of efficiency** is concerned with the best relationship between resources employed and results achieved.

**The principle of effectiveness** is concerned with attaining the specific objectives set and achieving the intended results.

### **7.2 CO-FINANCING RATE**

Not less than 10% of the total eligible costs of the project are the Lead beneficiaries' and the beneficiaries own contribution to the project and must be financed from their resources or from sources other than the Programme budget. Please note that every beneficiary has to co-finance the project with at least 10% contribution of their own part of the project budget. The co-financing sources shall come from source other than the European Union.

For the small and medium sized enterprises (SMEs) participating in the project from the Russian Federation the maximum co-financing from the Programme cannot exceed 50% of the total eligible costs for respective project partner.

In case of participation of the SME from the Republic of Estonia, the Programme co-financing rate shall be in the line with State aid regulations.

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<sup>3</sup> In duly justified cases, the JMC may approve projects with longer duration.

<sup>4</sup> Except indirect costs on a flat-rate basis calculated on the basis of a fair, equitable and verifiable method.

Participation of SME is allowed only under **TO1 Business and SME development**<sup>5</sup>. **SMEs cannot act as the applicant (lead beneficiary) of the project.**

**Treatment of State aid for Estonian beneficiaries, including thresholds and support rates are provided in relevant State aid regulations and described further more in the State aid Guidelines. Please note that in case of State aid the Estonian beneficiaries co-financing rate could be more than previously described 10%.**

### **7.3 ELIGIBLE COSTS**

#### **7.3.1 ELIGIBLE COSTS ARE COSTS ACTUALLY INCURRED BY THE BENEFICIARY WHICH MEET ALL OF THE FOLLOWING CRITERIA<sup>6</sup>:**

- (a) they are incurred during the implementation<sup>7</sup> period of the project. In particular:
- (i) costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement; cash transfers between the lead beneficiary and the other beneficiaries may not be considered as costs incurred;
  - (ii) costs incurred should be paid before the submission of the final reports.
  - (iii) an exception is made for costs relating to final reports, including expenditure verification, which may be incurred after the implementation period of the project;
  - (iv) procedures to award contracts, as referred to in Article 52 of *Implementing Rules* and following, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the project, provided the provisions of Article 52 and following have been respected;<sup>8</sup>
- (b) they are indicated in the project's estimated overall budget;
- (c) they are necessary for the project implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation;
- (f) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- (g) they are supported by invoices or documents of equivalent probative value.

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<sup>5</sup> In order to evaluate financial sustainability of SMEs and NGOs a table for analysing economic performance data can be asked for submission (Chapter 8.2.1. Point 20). Provided data will be analysed during the assessment of full applications (e.g criteria points 5.2. and 3.3. of the full application).

<sup>6</sup> According to Article 48 of *Implementing Rules*

<sup>7</sup> The definition of implementation period is described in the Glossary

<sup>8</sup> The provisions of Article 52 of *Implementing rules* are described in the chapter `Procurements` of this Guidelines

### **7.3.2 THE FOLLOWING DIRECT COSTS OF THE BENEFICIARY SHALL BE ELIGIBLE:**

- (a) the costs of staff assigned to the project under the following cumulative conditions:
  - they relate to the costs of activities which the beneficiary would not carry out if the project was not undertaken,
  - they must not exceed those normally borne by the beneficiary unless it is demonstrated that this is essential to carry out the project,
  - they relate to actual gross salaries including social security charges and other remuneration-related costs;
- (b) travel and subsistence costs of staff and other persons taking part in the project, provided they exceed neither the costs normally paid by the beneficiary according to its rules and regulations nor the rates published by the Commission at the time of the mission if reimbursed on the basis of lump sums, unit costs or flat rate financing;
- (c) purchase or rental costs for equipment (new or used) and supplies specifically for the purpose of the project, provided they correspond to market prices;
- (d) the cost of consumables specifically purchased for the project;
- (e) costs entailed by contracts awarded by the beneficiaries for the purposes of the project;
- (f) costs deriving directly from requirements imposed by the *Implementing Rules* and the project (such as information and visibility operations, evaluations, external audits, translations) including financial service costs (such as costs of bank transfers and financial guarantees).

To allow the preparation of strong partnerships, costs incurred before submission of the Project Summary Form by projects to which a grant has been awarded are eligible in amount of lump sum of 1 000 EUR.

**Only awarded projects will be able to claim the reimbursement of the costs incurred before submission of the Project Summary Form (described above).** The applicant must clearly indicate these costs in the Project Summary Form and in the project Full Application Form.

### **7.3.3 NON-ELIGIBLE COSTS**

The following costs of the Beneficiaries **are not eligible**<sup>9</sup>:

- (a) debts and debt service charges (interest);
- (b) provisions for losses or liabilities;
- (c) costs declared by the beneficiary and already financed by the Union budget and/or international funds budget;
- (d) purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project concerned;
- (e) exchange-rate losses;
- (f) duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate provisions negotiated with Russian Federation in accordance with the Financing Agreement;

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<sup>9</sup> According to the Article 49 of Implementing Rules



- (g) loans to third parties;
- (h) fines, financial penalties and expenses of litigation;
- (i) contributions in kind.

## **8. IDENTIFICATION AND SELECTION OF APPLICATIONS OF 1st Call FOR PROPOSALS**

The 1st Call for proposals is opened for a predefined period of time. The concrete deadlines of the call will be provided on the Programme`s homepage [www.estoniarussia.eu](http://www.estoniarussia.eu).

Identification and selection procedure consists of 2 steps:

1. Submission and assessment of the Project Summary Form
2. Submission and assessment of the Full Application Form

Only those projects which successfully pass the Project Summary Form step will be invited to submit the Full Application Form.

The applications of the 1st Call for proposals are evaluated by the Selection Committee with the assistance of the MA/JTS and approved by the JMC. If necessary, additional specific expertise will be engaged. All projects submitted by the applicants are checked according to the following **steps and criteria**:

### **8.1 STEP 1: SUBMISSION OF PROJECT SUMMARY FORM**

#### **8.1.1 CONTENT OF THE PROJECT SUMMARY FORM**

The Project Summary Form consists (but not limited) of the following information:

1. an analysis of the problems and needs justifying the project, taking into account the Programme strategy;
2. an assessment of its cross-border impact;
3. an assessments of the sustainability of the project's expected results after project's completion;
4. objectively verifiable indicators (common output indicators and result indicators);
5. information on the geographic coverage and target groups of the project;
6. the expected project implementation period;
7. identification and justification of the beneficiaries (partners) and designation of the lead beneficiary (applicant), description of its competence and experience, as well its administrative and financial management capacity;
8. indicative budget per partner, per budget headings, etc. ;
9. short description of the infrastructure investment and its location (if applicable).

### **8.1.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW**

Applicant in cooperation with its project partners shall prepare a Project Summary Form and submit it to the JTS electronically via electronic monitoring system (eMS). Detailed instructions on how to fill in the Project Summary Form are provided in the Form itself in eMS.

### **8.1.3 SUPPORT TO THE PROJECT PARTNERS IN PREPARATION OF PROJECT SUMMARY FORM AND FULL APPLICATION FORM**

JTS will provide individual and group consultations for preparation of the Project Summary Form and Full Application Form, organise seminars on preparation of these documents, seminars on use of eMS and other events to support the preparation of projects. On the programme webpage [www.estoniarussia.eu](http://www.estoniarussia.eu) the question-answer section will be developed and will be available for all.

The applicants and project partners should work in close cooperation with the JTS starting from the stage of drafting the Project Summary Form. It is recommended to consult with the JTS at least once during the preparation process of Project Summary Form. Applicant should take into consideration that consultations during 2 weeks before submission deadline may be provided only within JTS capacity.

### **8.1.4 WHERE AND HOW TO SUBMIT THE PROJECT SUMMARY FORM**

The complete Project Summary Form shall be submitted via eMS. Deadline for submission of Project Summary Form is provided on the Programme website [www.estoniarussia.eu](http://www.estoniarussia.eu). An Intent letter (Annex 1 to this Guidelines) must be submitted in original, electronically by all Estonian Applicant and partners (with digital signature and date) and on paper by all Russian Applicant and partners (signed, dated and stamped (if applicable)). An Intent letter must be submitted within the opening and closing dates of 1st Call for proposals<sup>10</sup>.

The Intent letters should be submitted as **original (in one electronic envelope by Estonian partners and in one envelope in paper form by Russian partners)**. The paper envelope must bear the following sentences: "1st Call for proposals for Estonia-Russia CBC Programme 2014-2020" together with the full name and address of the applicant and unique project identification number given by the eMS. The electronic folder with all documents must bear the following sentences: "1st Call for Proposals for Estonia-Russia CBC Programme 2014-2020, unique project identification number given by the eMS".

The original (or scanned) version of the above-mentioned documents shall be submitted via eMS.

The above mentioned document in paper form should be submitted by regular mail, courier service<sup>11</sup> or by hand-delivery at one of the addresses below:

1) Joint Technical Secretariat:

Sõbra 56 (5<sup>th</sup> floor)

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<sup>10</sup> The evidence of submission will be taken by postage date or date of registration in case of hand-delivery.

<sup>11</sup> Courier, courier service - refers to a company providing special delivery of items from a sender to recipient within a short period of time. Delivery to the recipient is carried out directly by an employee of such company. Such companies operate beyond the regular national post system; they do not provide "registered mail" services.

51013 Tartu, Estonia

**or**

2) Joint Technical Secretariat Branch Office in St. Petersburg, Russia

14 Izmailovsky prospect, office 316, St. Petersburg

190005, Russia

**or**

3) Joint Technical Secretariat Branch Office in Pskov, Russia

Branch Office in Pskov, Russia

Sovetskaya Street 60a, p.3, 4th floor, Pskov, 180000, Russia

Where an applicant submits more than one Project Summary Form, Intent letter for each project has to be submitted separately.

## **8.2 STEP 2: SUBMISSION OF FULL APPLICATION FORM**

### **8.2.1 APPLICATION**

Only projects which Project Summary Form has been selected by Selection Committee and approved by the JMC will be asked to submit the Full Application Form.

Upon completion of the assessment of the Project Summary Forms, the Applicants will receive a decision letter from MA indicating if they are invited to submit the Full Application Form or not. The letter will also include the list of additional documents required by JMC from the Applicant and Project Partners. The list will be elaborated for each application on an individual basis.

Detailed instructions on how to fill in the Full Application Form are provided in the Application Form itself in eMS.

The Full Application Form in eMS consists of following information:

- (a) an analysis of the problems and needs justifying the project, taking into account the programme strategy and its expected contribution to address the corresponding priority;
- (b) an assessment of its cross-border impact;
- (c) the logical framework;
- (d) an assessment of the sustainability of the project's expected results after project's completion;
- (e) objectively verifiable indicators (common output indicators and result indicators) ;
- (f) information on the geographic coverage and target groups of the project;
- (g) the expected project implementation period and detailed work plan;

- (h) an analysis of the effects of the project on the cross-cutting issues referred to in point 3(d) of Article 4 of *Implementing Rules* where relevant<sup>12</sup>;
- (i) the project implementation requirements, including the following:
  - (i) identification of the beneficiaries and designation of the lead beneficiary, providing guarantees of its competence in the domain concerned as well as its administrative and financial management capacity;
  - (ii) description of the project management and implementation structure;
  - (iii) arrangements among beneficiaries in line with Article 46<sup>13</sup>;
  - (iv) monitoring and evaluation arrangements;
  - (v) information and communication plans, in particular, measures to acknowledge the Programme support to the project;
- (j) detailed financial plan and budget
- (k) a detailed description of the infrastructure investment and its location (if applicable)
- (l) a detailed description of the capacity building component of the project, except in duly justified cases.

The complete **Full Application** includes the following documents based on the national and/or European Commission requirements:

1. **Full Application Form**, duly filled-in in the eMS.
2. **Declaration by the Applicant**, in Annex 2, duly filled-in, signed, dated and stamped (if applicable) by the Applicant.
3. **Legal Entity Sheet**, in Annex 3 (public body) or Annex 4 (private body), duly completed, signed, dated and stamped (if applicable) by the Applicant.
4. **Partner Statement(s)** in Annex 8, duly filled-in, signed, dated and stamped (if applicable) by each of the project partner(s) (including the applicant).
5. **Letters of Endorsement by the Associates** in Annex 9, duly filled-in, signed, dated and stamped (if applicable) by each of the associate partner(s) (if relevant).
6. **Information and Communication plan, in Annex 14.**
7. **Detailed financial plan** in Annex 11.
8. **Evidence of ownership or access to the land/ buildings (if applicable)**. (In case the applicant or partner is not the owner of the land/building the document which according to national law proves the right to carry out the investment and other planned activities). Template declaring the evidence of ownership or access to the land/ buildings is provided in **Annex 15**.
9. **Environmental Impact Assessment** for the concrete objects (if required according to national legislation or European Parliament and Council Directive 2011/92/EU of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment). If the **Environmental Impact Assessment** is in national language, a summary in English has to be submitted.
10. **Technical requirements** for the planned supplies.

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<sup>12</sup> A description of ways to mainstream the following cross-cutting issues, where relevant: democracy and human rights, environmental sustainability, gender equality and HIV/AIDS

<sup>13</sup> Is described later in section 10.1.2 of these Guidelines.

11. The **Statutes or Articles of Association** of the applicant organisation and of each project partner organisation. **This obligation does not apply to public bodies.**
12. The applicants and/or **partners confirmation** in Annex 5 of meeting the criteria of a micro, small or medium sized enterprise (SME) (if applicable).
13. The **applicant's declaration of applying State aid / de minimis aid provisions** (with digital signature and date) in Annex 6 (for EST partners).
14. **Technical documentation** related to the infrastructure/investment works according to national legislation (if applicable).
15. **The building permit** (if applicable and available).
16. The **group scheme of the beneficiary** digitally signed and dated in Annex 7 (for EST partners, if applicable).
17. **Logical Framework** in Annex 10.
18. The calculations (using a table provided by the Programme concerning the operating profit of the investment (if applicable).
19. The economic performance data (using a table provided by the Programme) to analyse the applicants financial sustainability.

By signing the Declaration by the Applicant, the Applicant declares to accept the contractual conditions as laid down in the Grant Contract.

### **8.2.2 WHERE AND HOW TO SUBMIT THE APPLICATION**

The Full Application Form and documents listed in points 6, 7, 17 and 9, 10, 11, 12, 13, 14, 15, 16, 18 (if applicable) of chapter 8.2.1. should be submitted via eMS environment by the deadline provided in the MA decision letter. Please note that saved but not submitted applications are not considered submitted.

The documents in points 2-5 and 8 (if applicable) of chapter 8.2.1 should be submitted as ***originals (in one electronical envelope by Estonian partners and in one envelope in paper form by Russian partners)***. The paper envelope must bear the following sentences: "1st Call for proposals Full Application for Estonia- Russia CBC Programme 2014-2020" together with the full name and address of the applicant and unique project identification number given by the eMS. The digitally signed folder with all documents must bear the following sentences: "1st Call for Proposals for Estonia-Russia CBC Programme 2014-2020, unique project identification number given by the eMS". The electronic version of the above-mentioned documents should to be submitted via eMS.

The above documents in paper form should be submitted by regular mail, courier service<sup>14</sup> or by hand-delivery at one of the addresses below:

**1) Joint Technical Secretariat:**

Sõbra 56 (5<sup>th</sup> floor)  
51013 Tartu, Estonia

**or**

**2) Joint Technical Secretariat Branch Office in St. Petersburg, Russia**

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<sup>14</sup> Courier, courier service - refers to a company providing special delivery of items from a sender to recipient within a short period of time. Delivery to the recipient is carried out directly by an employee of such company. Such companies operate beyond the regular national post system; they do not provide "registered mail" services.

14 Izmailovsky prospect, office 316, St. Petersburg  
190005, Russia

or

3) Joint Technical Secretariat Branch Office in Pskov, Russia

Branch Office in Pskov, Russia

Sovetskaya Street 60a, p.3, 4th floor, Pskov, 180000, Russia

Where an applicant submits several different applications, each one has to be sent separately.

## **8.3 SELECTION PROCEDURE**

### **8.3.1 ASSESSMENT OF PROJECT SUMMARY FORM**

After the deadline for submitting the Project Summary Forms the assessment of project Summary Forms will be performed. It consists of two steps:

**1. administrative eligibility check;**

**2. quality assessment.**

The **administrative eligibility check** will be carried out by the JTS and will be based on administrative eligibility criteria listed below in the Checklist. Compliance of the Project Summary Form with all the criteria specified in points of the Checklist will be assessed. In case clarifications are needed, the JTS will send a request by email to the Applicant to complement the Project Summary Form with missing information. The deadline for submission of missing information will be given by JTS by e-mail within the eMS. If after clarifications any of the requested information is missing or incorrect (any administrative check criteria will be "No"), the Project Summary Form **will be rejected on that sole basis** and will not be evaluated further.

The following Checklist will be used for assessment of Project Summary Form:

<b>Criteria for administrative eligibility check</b>	<b>Yes</b>	<b>No</b>
The Project Summary Form is submitted until the closing date of the call		
All required fields of Project Summary Form are filled in in English (except for dates and project partners original names)		
The Applicant and partners are eligible according to point 4 of these Guidelines		
There are partners from both countries Estonia and Russia		
The proposed indicative budget is in correspondence with Programme requirements, described in the section 2 of Guidelines		
The Intent letters by the Applicant and project partners have been filled in, signed, dated, stamped (if available) and submitted until the closing date of the call		

During the administrative eligibility check, necessary verifications will be carried out in co-ordination with the relevant authorities.

The JTS will submit the report of the administrative eligibility check (list of eligible/non eligible projects) to the JMC. The JMC will approve the report of the administrative eligibility check.

Project Summary Forms that fulfil the administrative eligibility criteria are subject to quality assessment. If a project does not fulfil the administrative eligibility criteria, the JMC will take a decision to reject the Project Summary Form. The MA shall send the administrative decision letter to the applicant. Quality assessment is performed by the Selection Committee and their evaluation report is approved by the JMC.

Selection Committee is a committee established by the JMC. Selection Committee consists of equal number of representatives of both countries – Republic of Estonia and Russian Federation. The SC members perform quality assessment of the Project Summary Forms and later quality assessment of the Full Application Forms.

## 2. Quality assessment.

During opening session of SC the common understanding of evaluation criteria will be developed, later individual assessment based on the predefined criteria will take place.

At least two SC members will perform the quality assessment of Project Summary Form based on predefined criteria. The organisation of and technical support given to the quality assessment process will be ensured by the JTS. In addition, assistance from external experts will be used if necessary. The Project Summary Forms will be given an overall score out of 100 weighted points in accordance with the breakdown provided in the evaluation grid below. The evaluation shall also verify the compliance with the instructions provided in the guidance for Project Summary Form in the eMS.

Award criteria	Description (issues to be considered)	Score
<b>1. Project contribution to programme`s objectives and indicators, relevance to wider strategy and policies</b>		<b>Max 15 (weight/share: 30%)</b>
1.1 The project is relevant to the programme`s objectives and indicators	1. The project is in line and clearly contributes to the programme`s thematic objective and its specific area(s) 2. All project expected results, outputs and activities clearly contribute to the programme`s output and result indicators.	Max 2x5
1.2 The project contributes to local/regional competitiveness	1. All project activities clearly contribute to local and/or regional strategies and development documents	Max 5
<b>2. Cross border relevance and added value of the project</b>		<b>Max 10 (weight/share: 25%)</b>
2.1 The cross-border cooperation approach is clearly demonstrated and justified	1. The need for cross-border cooperation to address common cross-border challenges and/or opportunities in the programme area and achieve the project's objectives is justified (why the goals cannot be achieved without cross-border cooperation)	Max 5

2.2 The added value from the cross-border cooperation is clearly demonstrated	2. The project has clear impact and mutual benefits on both sides of the border and clearly describes how the new developed or adapted existing solutions will foster functioning and the competitiveness of the beneficiaries	Max 5
<b>3. Project design</b>		<b>Max 5 (weight/share: 15%)</b>
3.1. Proposed activities are relevant to planned project objectives and expected results	1. The activities are relevant to achieve set objectives, outputs and results	Max 5
<b>4. Partnership relevance and experience</b>		<b>Max 10 (weight/share: 15%)</b>
4.1 The project involves the relevant partners needed to address the cross-border challenges and the objectives specified	1. Involved partners are relevant (incl. they have proven experience and competence in the thematic field concerned) and proposed division of tasks and responsibilities among the partners is logical and clear 2. Applicant and partners have experience in projects , in particular, international/EU funded/national projects	Max 2x5
<b>5. Budget</b>		<b>Max 5 (weight/share: 15%)</b>
5.1. The budget is reasonable to achieve set objectives, outputs and results	1. The budget is reasonable and realistic	Max 5
Total		45
Grand total		100

Each criteria will be evaluated on a scale of 1-5 in full points. The scale is:

- ☐ **5 - Very good** (relevant information has been provided, showing that project is exceptionally well in line with the requirements set by the programme)
- ☐ **4 – Good** (relevant information has been provided, showing that the project is well in line with the requirements set by the programme)
- ☐ **3 – Acceptable** (information has been provided, showing that the project meets the requirements set by the programme)
- ☐ **2 – Poor** (information can be found to prove that the minimum requirements of the programme have been met)
- ☐ **1 – Very poor** (no information has been provided or the information provided is not in line with the requirements set by the programme)



During closing session of the SC the final assessment of the Project Summary Forms will be performed and evaluation report (including consolidated evaluation grids) will be prepared for the JMC decision.

Please note, that only the Project Summary Forms which have been given a score of a minimum of 60 weighted points will be considered for pre-selection by SC.

**As a result of quality assessment SC shall compose a shortlist** of projects for the JMC approval. The decision of the JMC shall have the form of a **written recommendation** reflecting how each proposal complied with the requirements (see the Annex 13 to the Guidelines).

The JMC will approve the evaluation report with the list of the projects which will be proposed to submit the Full Application Form. The JMC might give further suggestions and/or conditions to the project proposal to be taken into consideration during step 2. The fulfilment of the conditions is obligatory and will be assessed.

The MA shall send a decision to applicant whether the Project Summary Form is recommended or not-recommended by JMC to submit the Full Application Form. If the project proposal is rejected, the applicant will receive an Administrative Decision on Rejection by the Managing Authority.

### 8.3.2 ASSESSMENT OF FULL APPLICATION FORM

If the Project is invited to submit the Full Application Form the Applicant (in cooperation with its partners) shall submit it in eMS environment together with needed additional documents by the deadline set in the MA decision letter.

First the **administrative eligibility check** of Full Application Form will be performed by the JTS and will be based on administrative eligibility criteria listed below in the Checklist. Compliance of Full Application form with the Project Summary Form will be assessed as well. If clarifications are needed, the JTS will ask for additional documents or clarifications during administrative eligibility check stage. The deadline for submission of missing information will be given by JTS by e-mail within the eMS.

Criteria	Yes	No	Not applicable
The Full Application Form and its Annexes are submitted within set deadline			
The Full Application Form is entirely filled in and is in English			
Declaration by the Applicant is enclosed, has been filled in, signed and stamped (if available) and dated			
Each Project partner, including the Project applicant has completed, signed, stamped (if available) and dated a Partner Statement and the statements are enclosed			
Legal Entity Sheet for the applicant is completed, signed stamped (if available) and dated			
Letter of Endorsement by Associates is duly filled-in, signed, stamped (if available) and dated by each of associated partner(s), if applicable			
All documents requested by the decision letter of the Project Summary Form have been enclosed			
The Applicant is eligible (type and territory) in accordance with the requirements indicated in the section 4.1 of the Guidelines			

The project partners are eligible (type and territory) in accordance with the requirements indicated in the section 4.1 of the Guidelines			
The partners are the same as in assessed Project Summary Form			
Project is within time limits set in accordance with requirements indicated in the section 6 of the Guidelines			
Project is within financial limits set in accordance with requirements indicated in the section 2 of the Guidelines			
Co-financing rates have been observed and it is not less than 10% per partner and on project level			
Activities are located in the Programme territory in accordance with requirements indicated in the sections 1.2 and 5 of Guidelines			
The project avoids duplication with other financial instruments funded projects implemented in the respective regions and proposed activities are not financed from other international, national, regional or EU financial instruments or programmes			
Applicant's declaration of applying State aid / de minimis aid provisions is submitted (digitally signed and dated)			
The JMC further suggestions and/or conditions to the project proposal has been taken into consideration			

Only minor truly justified changes which do not affect the project idea and planned results and bring added value to the project could be done in Full Application form in comparison with the Project Summary form (more efficient activities in case of change, more precise budget etc.).

Please NOTE: the detailed budget provided in Full Application Form may differ from the preliminary budget provided in Project Summary Form up to 10%, except in case of changes requested by the JMC after evaluation of Project Summary Form.

During the administrative eligibility check the JTS can ask assistance from the NAs to verify the legal status of Applicant/lead beneficiaries and partners/beneficiaries, as well as for a determination of whether the project overlaps with other EU or publicly-financed activities.

Before the JMC meeting on adopting projects for funding the Managing Authority may send the proposed list of the projects to the EC for consultation on possible double funding and promote synergies with existing projects, where possible. The results of these consultations may be taken into account by the JMC. The participating countries may invite representatives of the European Union Delegation to participate in the project selection process as observers to better promote synergies between the Programme and other EU-funded activities on the country, where possible.

The outcome of the administrative eligibility check performed by JTS shall be approved by the JMC. The JTS will submit the report of the administrative eligibility check (list of eligible/non eligible projects) to the JMC. JMC will approve the report of the administrative eligibility check.

If a project does not fulfil the administrative eligibility criteria, the JMC will take a decision to reject the Full Application Form. The MA shall send the administrative decision letter to the applicant.

Full Application Form that fulfil the administrative eligibility criteria are subject to quality assessment. Quality assessment is done by SC and their evaluation report is approved by the JMC.

At least two SC members will perform the quality assessment of Full Application Form based on predefined criteria. The organisation of and technical support given to the quality assessment process will be ensured by the JTS. In addition, assistance from external experts will be used as necessary. The Full Application Form will be given an overall score out of 100 weighted points in accordance with the breakdown provided in the evaluation grid below. The evaluation shall also verify the compliance of Full Application Form with the Project Summary Form.

The quality assessment will be performed based on the following award criteria:

Award criteria	Description (issues to be considered)	Score
<b>1. Project contribution to programme`s objectives and indicators, relevance to wider strategy and policies</b>		<b>Max 20 (weight/share: 15%)</b>
1.1 The project is relevant to the programme`s objectives and indicators	1. The project is in line and clearly contributes to the programme`s thematic objective and its specific area(s) 2. All project expected results, outputs and activities clearly contribute to the programme`s output and result indicators.	Max 2x5
1.2 The project contributes to local/regional competitiveness	1. All project activities clearly contribute to local and/or regional strategies and development documents	Max 5
1.3 The project has positive side-effects to other cross-cutting programme issues	1. The project in accordance with its nature contributes to the programme`s horizontal principles like sustainable development (environment); equal opportunities and non-discrimination; equality between men and women; HIV prevention in accordance with the nature of the project	Max 5
<b>2. Cross border relevance and added value of the project</b>		<b>Max 10 (weight/share: 20%)</b>
2.1 The cross-border cooperation approach is clearly demonstrated and justified	1. The need for cross-border cooperation to address common cross-border challenges and/or opportunities in the programme area and achieve the project's objectives is justified (why the goals	Max 5

	cannot be achieved without cross-border cooperation)	
2.2 The added value from the cross-border cooperation is clearly demonstrated	2. The project has clear impact and mutual benefits on both sides of the border and clearly describes how the new developed or adapted existing solutions will foster functioning and the competitiveness of the beneficiaries	Max 5
<b>3. Project design</b>		<b>Max 15 (weight/share: 20%)</b>
3.1 The proposed project activities (including communication) are relevant and lead to the planned outputs and results	1. Proposed activities, including communication measures, are consistent with project`s specific objectives and interlinked towards achievement of the set results and respective output indicators	Max 5
3.2 The project results and outputs are realistic	2. The activities are adequately planned, described with sufficient level of precision and are relevant to achieve set objectives, outputs and results. (it is possible to achieve them within given resources – i.e. time, partners, budget and other resources).	Max 5
3.3 Project main outputs and results are sustainable	3. The project clearly demonstrates how its outputs and results have a lasting effect beyond project duration (e.g financially, institutionally, environmentally)	Max 5
<b>4. Partnership relevance and experience</b>		<b>Max 10 (weight/share: 10%)</b>
4.1 The project involves the relevant partners needed to address the cross-border challenges and the objectives specified	1. Involved partners are relevant (incl. they have proven experience and competence in the thematic field concerned) and proposed division of tasks and responsibilities among the partners is logical and clear 2. Applicant and partners have experience in projects , in particular, international/EU funded/national projects	Max 2x5
<b>5. Management</b>		<b>Max 10 (weight/share: 10%)</b>

5.1 Management structures are proportionate to the project size and needs and allow partners' involvement in decision-making	1. Management structures, procedures and competences of staff is clearly defined and correspond to the project set-up (size and complexity)	Max 5
5.2 Necessary provisions for risk and quality management are in place	1. Major risks (including their impact and probability) which could hamper the outcome of the project are identified and mitigating actions to be put in place are presented	Max 5
<b>6. Budget</b>		<b>Max 10 (weight/share: 25%)</b>
6.1 Sufficient and reasonable resources are planned to ensure project implementation	1. The budget is detailed enough, reasonable, efficient and realistic (the costs correspond to average market rates/or rates in the public/private sector of the participating countries)	Max 5
6.2 The project budget is justified and corresponds to the proposed activities, objectives, outputs and results	1. The budget of the activities are proportional to the description and scope of those activities and to outputs/results to be achieved	Max 5
Total		75
Grand total		100

The same scoring system (1-5) as for the Project Summary Form phase assessment is used for the Full Application Form assessment.

During closing session of SC the final assessment of the Full Application Forms will be performed and evaluation report (including consolidated evaluation grids) will be prepared for JMC decision.

Please note, that only the Full Application Forms which have been given a score of a minimum of 60 weighted points will be considered for pre-selection by SC.

The proposal prepared by the Selection Committee is in no way binding for the Joint Monitoring Committee but the Joint Monitoring Committee is free to prioritise and select the projects to be co-financed (including the total budget and the duration of the project) based on the same quality evaluation assessment criteria.

The Joint Monitoring Committee may approve the project directly or under certain conditions. The conditions set by the JMC must be fulfilled before signing the Grant Contract. The assessment of the fulfilment of conditions is made by the JTS. If a project fails to fulfil the conditions set by the JMC, the project will be rejected and Grant Contract will not be signed.

The Managing Authority will inform the successful applicant of the JMC decision within 15 days after the decision is taken; and within further 15 days to unsuccessful applicants with reasons for negative decision. It is the responsibility of the Lead Partner to inform the other project partners about the outcome of the selection procedure.

The JMC rejection is justified. Projects are rejected if they do not meet the assessment criteria or in case the programme does not have funding available (in the thematic objective or based on other financial concerns on programme level). Projects rejected by the JMC will receive an Administrative Decision on Rejecting the Project Proposal from the Managing Authority. This includes the reasoning behind the rejection (protocol note of the respective JMC meeting) and instructions for the appeal procedure.

## **9. AWARD PROCEDURE AND CONTRACTING**

Once the project has been approved by the JMC, the MA shall approach the Applicant and request the updated documents required for the signature of the Grant Contract (for example, updated timetable and budget). The MA, based on the selection outcome of the JMC, will make a final administrative decision for granting the support to the project.

Grant Contract is signed between the MA and the Lead beneficiary. Lead beneficiary assumes full legal and financial responsibility for project implementation vis-à-vis MA; it receives the financial contribution from the MA and ensures it is managed and, where appropriate, distributed in accordance with agreements drawn up with its partners; it alone is responsible to the MA and it is directly accountable to the authority for the operational and financial progress of activities.

With the signature of the Grant Contract the contractual relations and responsibilities between the MA and the Lead beneficiary emerge. The Lead beneficiary becomes responsible and accountable to the MA for efficient implementation of the project in compliance with the provisions of the concluded Grant Contract and complete Application.

Before the MA signs the Grant Contract, the following procedures have to be carried out (but not limited to):

1. the applicant submits corrections of errors, and /or updates of the project budget by removing non eligible costs in respective section of the Application Form, and/or provides clarifications and minor adjustments according to the JMC decision letter. **Only after fulfilment of corrections/clarifications/minor adjustments the Grant Contract can be prepared and signed.**
2. the applicant submits to the MA the Partnership Agreement signed by all partners; the Partnership Agreement shall be signed within 2 months after the fulfilment of the conditions set by the JMC to the Project;
3. the applicant has to notify the MA on the external audit companies (Auditors) which will carry out expenditure verification at the Lead beneficiary's and the beneficiaries level (if they are registered and located in the Russian Federation). The MA has to approve the Auditor(s) either before signing the Grant Contract or before the Lead beneficiary's request for the initial pre-financing to the MA;
4. the applicant has to provide the original of the Financial Identification Form with the details of its banking account;
5. during preparation of the Grant Contract the JTS/ MA could carry on monitoring visits. The visits may give rise to request for additional clarifications and may lead MA to impose modifications or reductions to address any possible mistakes or inaccuracies.
6. in case any of the Project partners are awarded a grant within several applications, the Lead Beneficiary/beneficiaries have to confirm their operational and financial capacity in the respective statement signed by an authorized representative of the Lead Beneficiary/beneficiary.

Signing of the Grant Contract is a subject to the fulfilment of the above indicated procedures.

Grant contracts shall be signed latest by the end of 2021.

By signing the Declaration by the Applicant, the Applicant declares accepting, in case where it is awarded a grant, the contractual conditions as laid down in the Grant Contract. The MA sends the signed Grant Contract to the Lead Beneficiary indicating the deadline when the countersigned contract shall be returned to the MA.

The **Partnership Agreement** has to lay down provisions for the distribution of tasks, responsibilities and the financial contribution of all beneficiaries, including provisions guaranteeing the financial management of the funds allocated to the project, including the arrangements for recovery of amounts unduly paid. The Partnership Agreement has to be concluded between the Lead beneficiary and beneficiaries defining their rights and responsibilities. Model Partnership Agreement will be available on the Programme's web-site [www.estoniarussia.eu](http://www.estoniarussia.eu).

The Partnership Agreement will not be a part of or Annex to the Grant Contract.

## **10. PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL**

### **10.1 ADMINISTRATIVE MANAGEMENT OF THE PROJECT**

#### **10.1.1 START AND END DATE OF THE PROJECT**

Project **starting date** is defined by the Lead beneficiary and the Managing Authority; stipulated in the Grant Contract and it can be either:

- the day following that on which the Lead beneficiary signs the Grant Contract, **or**
- a later date agreed in the Grant Contract, and no later than 3 months after the signing of the Grant Contract.

The **end date of the project** is calculated by adding to this date the number of months indicated in the Application as the duration of the project, however, project implementation has to be finalized before **31 December 2022**.

#### **10.1.2 MANAGEMENT OF THE PROJECT AND RESPONSIBILITIES WITHIN THE PARTNERSHIP**

All projects must follow the **Lead beneficiary principle** in the project management.

Each project shall designate one Lead beneficiary for representing the partnership.

All beneficiaries shall actively cooperate in the development and implementation of projects. In addition, they shall cooperate in the staffing and financing of projects. **Each beneficiary shall be legally and financially responsible for the activities that it is implementing and for the share of the Programme funds that it receives.** The specific obligations as well as the financial responsibilities of the beneficiaries shall be laid down in the partnership agreement.

The **Lead beneficiary** shall:

- (a) receive the financial contribution from the MA for the implementation of project activities;
- (b) ensure that the beneficiaries receive the total amount of the grant as quickly as possible and in full in accordance with the arrangements referred to in point (c). No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce these amounts for the beneficiaries;
- (c) lay down the partnership arrangements with the beneficiaries in an agreement comprising, provisions that, inter alia, guarantee the sound financial management of the funds allocated to the project including the arrangements for recovery of funds unduly paid;
- (d) assume responsibility for ensuring implementation of the entire project;



- (e) ensure that the expenditure presented by the beneficiaries has been incurred for the purpose of implementing the project and corresponds to activities set in the contract and agreed between all beneficiaries;
- (f) verify that the expenditure presented by the beneficiaries has been examined pursuant Article 32(1)<sup>15</sup>.

After grant award decision, the **Lead beneficiary** is responsible for:

- ensuring the implementation of the entire project;
- signing the Partnership Agreement with all partners defining rights and responsibilities of the parties, the Partnership Agreement should in particular cover all obligations arising from the grant contract between the MA and the Lead beneficiary which are applicable to the project partners;
- signing the Grant Contract with the MA;
- setting up and maintaining efficient and reliable project implementation system (strategic, daily and financial management), i.e.: ensuring efficient use of the project's resources; co-ordination of activities and tasks among the beneficiaries and ensuring that these tasks are subsequently fulfilled; ensuring proper communication with and among the beneficiaries and wider public;
- representing the project – the Lead beneficiary serves as a contact point to the Managing Authority, JMC and JTS concerning the implementation of the project and should ensure continuous communication between the Programme (JTS) and the beneficiaries;
- progress of the project as far as its financial and physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved Application;
- establishing adequate monitoring and evaluation system of the project that ensures timely delivery of project outputs and results in a proper quality;
- timely and correct reporting in eMS;
- requesting and receiving payments from the MA, which then are timely forwarded to the beneficiaries<sup>16</sup>;
- respecting and observing Programme rules and requirements, the EU, EURATOM, and national legislation concerning financial management and controls, public procurement, rules on nationality and origin, information, visibility and publicity and state aid rules (for Estonian beneficiaries);
- ensuring that the Lead beneficiary's expenditure is supported by invoices or documented by accounting documents understandable to third parties; has actually been paid out by the Lead beneficiary within the reporting period for activities described in the approved Application; and that the products or services have actually been delivered; and has been examined by public officer or auditor;
- ensuring that the expenditure presented by beneficiaries has been incurred for the purpose of implementing the project and corresponds to the application and verify that the expenditures has been examined by public officer or auditor;

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<sup>15</sup> Provisions of Article 32 of *Implementing Rules* are described in the section Audit and Financial control of this Guidelines

<sup>16</sup> No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce these amounts for the beneficiaries.

- ensuring production and maintenance of all documentary evidence required for control and audit purposes on the Lead beneficiary's level;
- implementation of the project in accordance with the provisions of the Grant Contract and the Partnership Agreement;
- recover the amounts unduly paid together with any interest on late payment;
- ensuring adequate visibility of the EU contribution to the project, as well the contribution by the participating countries, Estonia and Russia, in order to strengthen public awareness of the actions being taken by Estonia, Russia and EU, and to create a consistent image for the support by Estonia, Russia and EU in the project;
- calculate the operating profit for the project.

**Beneficiaries** are responsible (legally and financially) for implementation of the project in accordance with approved Application Form and the provisions of Partnership Agreement, specifically for:

- signing the Partnership Agreement with all partners/beneficiaries defining rights and responsibilities of the parties, the Partnership Agreement should in particular cover all obligations arising from the grant contract between the MA and the Lead beneficiary which are applicable to the project partners/beneficiaries;
- implementation of their part of activities in the project and they must actively assist the Lead beneficiary in efficient implementation of the project in line with the requirements of the Application, the Programme and the Partnership Agreement;
- establishing adequate monitoring and evaluation system of the project that ensures timely delivery of project outputs and results in a proper quality;
- timely and correct reporting in eMS;
- respecting and observing Programme rules and requirements, EU, EURATOM and national legislation concerning financial management and controls, public procurement, rules on nationality and origin, information, visibility and publicity and state aid (for Estonian beneficiaries) rules;
- ensuring that their expenditure is supported by invoices or documented by accounting documents understandable to third parties; has actually been paid out by beneficiary within the reporting period for activities described in the approved Application; and that the products or services have actually been delivered; and has been examined by public officer or auditor;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes on the beneficiaries level;
- ensuring adequate visibility of the EU contribution to the project, as well the contribution by the participating countries, Estonia and Russia, in order to strengthen public awareness of the actions being taken by Estonia, Russia and EU, and to create a consistent image for the support by Estonia, Russia and EU in the project;

Each project has to appoint a **project manager** who is responsible for setting up and maintaining the implementation system of the project. In order to assure professional financial management, an experienced **financial manager** is to be appointed. If needed one person could be appointed both as the project manager and the financial manager. The project implementation system should guarantee clearly identifiable costs and outputs of the project, proper and orderly payments and handling of the grant.

If the project manager is sub-contracted the Lead beneficiary must ensure close cooperation between the sub-contracted project manager and the Lead beneficiary staff as well as supervision of the management of the project.

Also each beneficiary must appoint **a local coordinator**, who is the contact person with the project manager, **and a book-keeper or financial manager**, who is responsible for book-keeping within the project in the beneficiary organisation. Please note, that those persons will be responsible for reporting in the eMS.

For each project a **Steering Group** is strongly recommended to be appointed, consisting of representatives of each beneficiary and other important stakeholders and being responsible for monitoring of the implementation of the project according to the provisions of the Grant Contract and Partnership Agreement, reviewing and approving project's work plans and reports.

Separate working groups, task forces and advisory groups may be established to coordinate daily running of activities, to fulfil specific tasks, to carry out certain activities, etc.

### **10.1.3 OWNERSHIP OF THE PROJECT RESULTS**

The ownership, title, and intellectual and industrial property rights to the project's results, reports and other documents relating to it shall be vested in (belong to) the Lead beneficiary, beneficiaries, associates or final recipients. The Lead beneficiary and beneficiaries grant the MA, the European Commission and participating countries the right to use freely and as it sees fit all documents deriving from the project, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

In case of the transfer of ownership, industrial and intellectual property rights for outputs and results the transfer shall be done according to the national legislation. The sustainability requirements defined in the project should not be jeopardised and transfer of the ownership should not result in a profit for the beneficiaries.

According to the Article 39.3 of ENI Implementing Rules, any project including an infrastructure component shall repay the Programme contribution if, within five years of the project closure or within the period of time set out in state aid rules (for Estonian beneficiaries), where applicable, it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the Managing Authority in proportion to the period for which the requirement has not been fulfilled.

The MA should be notified about changes of ownership of the project results during implementation period of the project and five years after completion of the project.

### **10.1.4 VISIBILITY AND INFORMATION REQUIREMENTS**

The Lead beneficiary and the beneficiaries must take the necessary measures to publicise the Programme's financial support to the project and to give visibility to the financial contributions of the European Union, the Republic of Estonia and the Russian Federation in accordance with the Communication and Visibility requirements of the Programme and applicable regulations by participating countries. In the territories of participating countries

national communication and visibility rules shall apply<sup>17</sup> together with the EU communication and visibility rules.<sup>18</sup>

Every project, funded by the Programme must conduct communication and visibility activities in order to:

- ensure smooth operation of the project (due to efficient communication among the beneficiaries);
- make the results of the project visible to the target groups concerned and/or to the public;
- emphasise the contribution of the Programme to the development of the region.

These measures must be in accordance with the applicable rules laid down in the Communication and Visibility requirements of the programme (elaborated in a separate document *Communication and Visibility Guidelines*).

In order to carry out effective, concise and consistent communication, the Lead beneficiary and the beneficiaries must plan the communication and promotion activities from the stage of drafting the Application and should plan these activities and specify them in the Full Application Form's annex "Information and Communication Plan". The template of Information and Communication Plan is downloadable from programme website [www.estoniarussia.ee](http://www.estoniarussia.ee). The budget for information and communication related activities should be considered.

Lead beneficiaries should also send information to the JTS prior to major project events.

#### **10.1.5 USE OF THE PROGRAMME LOGO**



The use of the Programme logo is compulsory on all communication materials and tools (both hard copy and electronic), documents of the project and outputs produced by the project. Use of the Programme logo is also compulsory when using other logos, like project's or project partner's own logo. The Programme logo has to be at least the same size as the other emblems/ logos used and is the first from the left side if other logos or emblems are used. The Programme logo can be downloaded here: <http://www.estoniarussia.eu>. The precise visibility requirements are provided in the Communication and Visibility Guidelines (elaborated in separate documents).

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<sup>17</sup> In Russian Federation the Practical Recommendations for Project Participants on the Information Coverage of the Russian Federation Participation in Cross-Border Cooperation Programmes.

<sup>18</sup>

([https://ec.europa.eu/europeaid/sites/devco/files/communication\\_and\\_visibility\\_manual\\_en\\_0.pdf](https://ec.europa.eu/europeaid/sites/devco/files/communication_and_visibility_manual_en_0.pdf))

#### **10.1.6 CONTACTS OF THE JTS**

Joint Technical Secretariat Main office

Sõbra 56 (5<sup>th</sup> floor, Enterprise Estonia's Regional Office)

51013 Tartu, Estonia

**or**

Joint Technical Secretariat Branch Office in St. Petersburg, Russia

14 Izmailovsky prospect, office 316, St. Petersburg

190005, Russia

**or**

Joint Technical Secretariat Branch Office in Pskov, Russia

Branch Office in Pskov, Russia

Sovetskaya Street 60a, p.3, 4th floor, Pskov, 180000, Russia

The JTS will provide projects with assistance in preparation of project documents and provide with consultations, seminars and trainings on project implementation issues.

## **10.2 FINANCIAL MANAGEMENT OF THE PROJECT**

### **10.2.1 DESCRIPTION OF BUDGET HEADINGS**

The project budget is divided between the six budget headings and further detailed into budget lines. The detailed breakdown of the project budget consists of the Programme's grant and the Lead Beneficiary's and the beneficiaries' co-financing.

All expenditures included into the budget breakdown shall follow the rules on eligibility of expenditure. If the beneficiary has to comply with State aid rules (for Estonian beneficiaries), the eligible costs are stipulated in the appropriate State aid regulations.

The following costs can be included into the project budget as eligible:

#### **Heading 1 – STAFF**

Includes only the costs of the staff of the Lead beneficiary and the beneficiaries assigned directly to the project and relate to the costs of activities which the lead beneficiary and beneficiaries would not carry out if the project was not undertaken. The costs shall correspond to actual gross salaries (including wages, employment taxes, social security charges, health insurance and pension contributions etc.). Salaries must not exceed those normally borne by the employer (organisation of the Lead beneficiary or beneficiaries) as the case may be, unless it is justified in the Application Form by showing that it is essential to carry out the project. The staff costs should be comparable with the salaries on the market and have to be calculated based on national legislation requirements and principles.

**Staff costs are eligible only if they are sufficiently justified and documented in beneficiary document recording system and accountancy according to national**

**legislation and internal procedures of concrete beneficiary.** The internal recognised practise of organisation should be followed in relation to the costs incurred by the project.

Employees can be employed either full-time or part-time for the project. If staff is not working full time for the project, percentage of involvement should be indicated in the description of the costs.

If the Lead beneficiary and/ or the beneficiary's institutions do not have the necessary human resources to ensure implementation of project, needed specialists can be employed on the basis of the Service Contracts. In this case their costs have to be budgeted under the Budget Heading 5 "External expertise and services".

***Contributions in kind are not eligible. The cost of staff assigned to a project shall not be considered a contribution in kind but may be considered part of the minimum 10% co-financing then paid by beneficiaries.***

## **Heading 2 – TRAVEL & ACCOMMODATION**

Costs for travel (business trips) to project-related activities and events are budgeted under this Budget Heading 2 "Travel & accommodation". Travel costs are only if they are directly related to and essential for the effective implementation of the project.

NB! Daily allowances for project staff included in the Budget Heading 1 "Staff" shall be planned under the Budget Heading 2 "Travel & accommodation".

The Estonian Lead beneficiaries and the beneficiaries and Russian public authorities have to follow their usual practice in setting the daily allowance and accommodation rates based on the national legislation and internal procedures of the concrete organisation setting limits for the business trips. Please note that the daily allowances rates as well as accommodation that exceed the maximum limits set by national legislation and internal regulation of current beneficiary are eligible from the budget of the project only in duly justified cases by showing that it is essential to carry out the project.

Also visa and travel insurance costs are to be listed under this Budget Heading.

The internal procedures of organisation related to minimum and maximum amounts of daily allowance shall apply to the costs incurred in the project without exceptions.

All costs budgeted under this Budget Heading should be supported by the documentary evidence for the travel such as business trip requests, orders and reports, agendas, travel tickets, invoices, boarding passes, etc.

All travel and accommodation costs (including daily allowances) for external experts must be included into their service contracts and budgeted in the Budget Heading 5 "External expertise and services".

NB! In case travelling outside the Programme territory is foreseen in the project, costs shall be planned under separate line within this Budget Heading.

## **Heading 3 – EQUIPMENT**

Costs for purchase or rent of equipment (new or used) and supplies are eligible, if these items are specifically needed for the purposes of the implementation of the project, are listed in the approved project budget, correspond to market prices and are purchased following the relevant procurement procedures.

### **Please note:**

**Used equipment cannot be originally bought by public funds (another project etc.). The price of the used equipment is lower than for same new equipment. The technical specification of the equipment met the applicable requirements**

**of rule of origin (the declaration of origin of the equipment has to be provided etc.).**

The applicant is asked to provide a breakdown (cost estimation) of costs for equipment in the Application Form. Therefore, please make sure that all cost items of equipment are listed.

Every co-financed piece of equipment must comply with the information and visibility rules.

#### **Heading 4 – OFFICE & ADMINISTRATION**

Indirect administrative costs are related to office running for the purposes of the project. Indirect costs may be calculated on a flat-rate of up to 7% of eligible direct costs, excluding costs incurred in relation to the provision of infrastructure, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method.

#### **Heading 5 – EXTERNAL EXPERTISE & SERVICES**

All services/works sub-contracted to an external service provider for the purpose of the project based on the applicable public procurement procedure should be listed under this Budget Heading "External expertise and services" (e.g. external management of the project, consultants, speakers for workshops, experts, web-design, organisation of meetings, conferences, seminars, trainings, translation, interpretation, reproduction, dissemination of information, evaluation specific to the project, information and publicity, publications, research, other services necessary for the project, financial service costs (in particular the bank charges for the project account, the costs of transfers and financial guarantees, etc.). Please allocate under this Budget Heading 5 "External expertise and services" also costs for the expenditure verification for beneficiaries registered and located in Russian Federation.

Work of the external experts should be essential for the project, rates should be reasonable compared to the level of experience and expertise according to the standard rates in the respective country where the project partner is located, average market rates resulting from the public procurement procedures are applied; and quality of produced outputs is ensured.

All the travel and accommodation costs should be part of the service contract and listed under this Budget Heading.

Purchase of services/ expertise is subject to relevant procurement procedures.

The Lead beneficiary and the beneficiaries as well as associates are not allowed to sub-contract each other or employees of their organisations in order to carry out project activities.

#### **Heading 6 – INVESTMENT**

Please list under this Budget Heading 6 "Investment" all costs of works and services related to construction, renovation, installation of infrastructure and their supervision. Please list each work and service contract as a separate item in the project budget.

All services and works sub-contracted to an external service provider have to strictly follow the relevant procurement procedures.

Investments are financed only in case they are necessary for reaching the results of the project and the Programme, including delivering a cross-border impact and benefits.

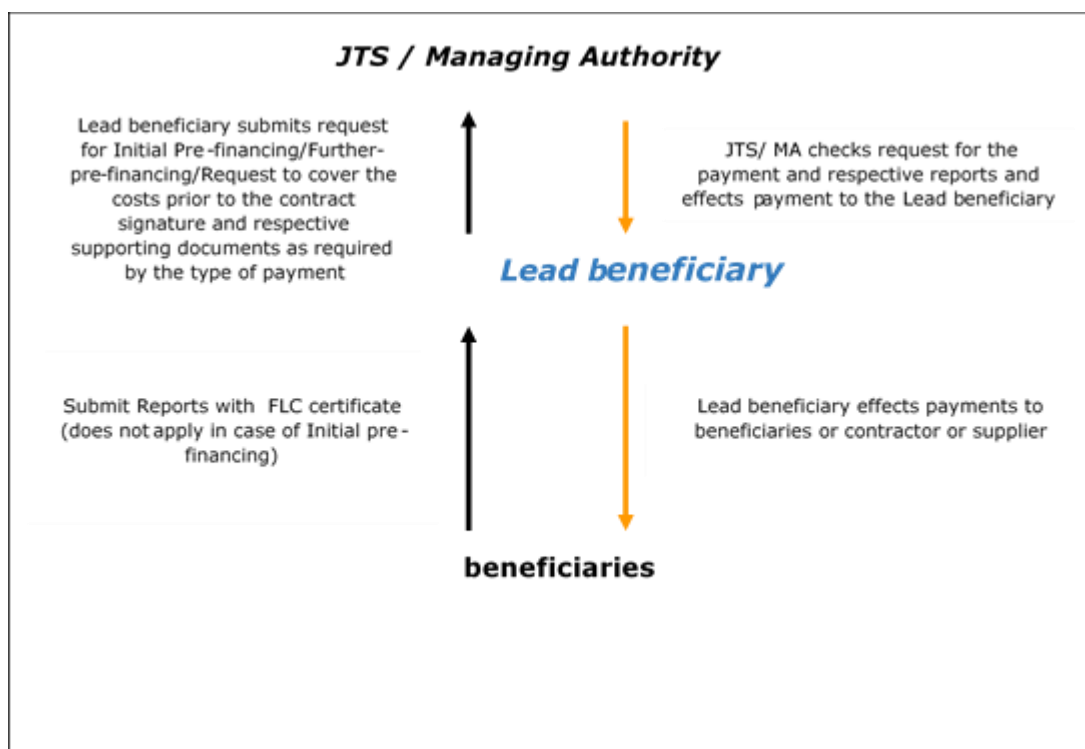
Any project including an infrastructure component shall repay the Programme contribution if, within five years of the project closure or within the period of time set out in state aid

rules (for Estonian beneficiaries), where applicable, it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the Managing Authority in proportion to the period for which the requirement has not been fulfilled.

### 10.2.2 AN EXAMPLE OF THE FINANCIAL MANAGEMENT MODEL

An example of the financial management model for the project is illustrated below.

Please, note that this model is a general example, and each project may establish its own model<sup>19</sup> that would best suit the objectives of the project and its partnership and prove to be the most efficient and effective.



Explanation of the model:

- Beneficiaries, including the *Lead beneficiary*, implement their part of activities of the project, cover related costs and retain the accounting documents constituting the audit trail (contracts, invoices, time sheets, calculation and payment evidence, etc.), as well as output documents showing the implementation of the project's activities (minutes of meetings, studies, manuals, policy documents, training materials, etc.).
- Each beneficiary fills in their part of report in eMs within 30 calendar days after reporting period. When reporting, the *Lead beneficiary* and other beneficiaries have

<sup>19</sup> Please note that special model has to be established in case of SME participation.



to ensure that expenditures declared are examined by an auditor or public officer who shall examine whether the costs and revenue are real, accurately recorded and eligible. The public officers /auditor will conduct expenditure verification within 60 calendar days.

- The *Lead beneficiary* prepares the joint report and submits it to the JTS via eMS.
- The JTS and the MA check the report within 25 working days. They may request clarification, alteration or additional information, which must be produced within 10 working days of the request. The countdown for submission of clarifications starts again on the date when requirement from the JTS/MA is received.
- Approval of the reports shall not imply recognition of their regularity nor of the authenticity, completeness and correctness of the declarations and information do they contain. The MA executes payment to the Lead beneficiary within 45 days after reports have been approved by the MA.
- The *Lead beneficiary* transfers the funds to the beneficiaries or contractors or suppliers as defined in the Partnership Agreement. **In case of SME participation the pre-financing is not allowed (the lead beneficiary can not transfer any pre-financing funds to SMEs in case they are partners of the project).** This restriction has to be stipulated in the provisions of Partnership Agreement and followed by Lead Beneficiary with full responsibility.

### **10.2.3 PAYMENTS TO THE PROJECT**

The total amount to be paid by the MA to the **Lead Beneficiary** may not exceed the maximum grant laid down in the Grant Contract neither in terms of absolute amount nor in percentage of the total estimated costs of the project. If the total actual costs of the project at the end of the project are less than the estimated total costs laid down in Grant Contract, the MA's contribution shall be limited to the amount obtained by applying the percentage laid down in the Grant Contract to the total actual costs of the approved project.

The following payments are foreseen for the projects: (1) **pre-financing** (after signing of the Grant Contract); (2) **interim payment** (during the project implementation); (3) **interim payment** (based on cost reimbursement) (4) **payment of the final balance** (upon completion of the project).

#### **Option 1:**

If the overall duration of the project does not exceed 24 months **and** if the grant does not exceed 200,000 EUR, the pre-financing is paid in two instalments –

(1) pre-financing , which will be transferred to the account of the Lead Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance payment. It will be maximum 40% of the grant.

(2) together with the 6-monthly Interim Report the Lead beneficiary may submit the Request for interim payment instalment not exceeding 40% of the project grant.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of pre-financing (pre-financing instalment and interim payment instalment)

under the Grant Contract may not exceed 80% of the amount referred to in Article 4 of Grant Contract.

**Please note: any pre-financing instalment is not applicable for SMEs. Allocation of funds and observing the programme rules including pre-financing requirements stays upon responsibility of the Lead Beneficiary.**

The MA will pay the final balance payment within 45 days following the approval of the Final Report.

**Option 2:**

If the overall duration of the project exceeds 24 months **or** if the grant exceeds 200,000 EUR, the pre-financing instalment will be 40% of the forecast budget for the first 12 months of the project. It will be transferred to the account of the Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance payment.

**Please note: any pre-financing instalment is not applicable for SMEs. Allocation of funds and observing the programme rules including pre-financing requirements stays upon responsibility of the Lead Beneficiary.**

The MA shall pay interim payment instalment for each following twelve month period of implementation of the project after approval of the 6-monthly Interim Reports. Interim payment instalment may only be given if the part of the expenditure actually incurred which is financed by the MA (by applying the percentage set out in Article 4.2 of the Grant Contract) stands at least at 70% of the previous payment (and at 100% of any previous payments) as supported by the corresponding Interim Report, an Expenditure Verification Report and financial guarantee if required according to Article 21.5 of Grant Contract.

If the consumption of the previous payment is less than 70%, the amount of the interim payment instalment shall be reduced by the unused amounts of the previous payment. The total sum of the pre-financing (pre-financing instalment and interim payment instalments) may not exceed 80% of the grant costs as referred to in the Article 4 of the Grant Contract.

The MA will pay the final balance within 45 days following the approval of the Final Report.

**Option 3:**

In case where the Lead beneficiary and beneficiaries intend to pre-finance the start of the project from its own resources there is a possibility to choose option 3 with no pre-financing instalment to be paid by Managing Authority.

Current option is applicable for all projects and all types of beneficiaries.

The MA shall compensate the costs and pay interim payment instalment (based on cost reimbursement) for each six month period of implementation of the project after approval of the 6-monthly Interim Reports. Together with the 6-monthly consolidated Interim Report the Lead beneficiary may submit the Request for interim payment instalment (based on cost reimbursement).

Interim payments (based on cost reimbursement) may not exceed 80% of the grant costs as referred to in the Article 4 of the Grant Contract. The MA will pay the final balance within 45 days following the approval of the Final Report.

**Option 4:**

In case where the Lead beneficiary and beneficiaries intend to pre-finance the whole project from its own resources there is a possibility to choose option 4 for payments where the

total balance payment from the programme will be executed after approval of the final report by the MA.

The grant shall be paid to the Lead beneficiary by the MA in one payment within 45 days after approval of the final report.

#### **10.2.4 USE OF EURO**

Payments to the project will be made in **Euro only**.

Conversion into Euro of the real costs borne in national currencies (other than Euro) shall be converted into euro by the Lead beneficiary and beneficiaries using the monthly accounting exchange rate of the EC in the month during which that expenditure was incurred (for the reference please see the website: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm)).

The expenditure in national currency (other than Euro) must be converted into Euro with an accuracy of four digits after the comma (e.g. 0.1234).

Please note that any **exchange losses are not eligible** costs and must be covered by the Lead beneficiary and/or the beneficiaries.

#### **10.2.5 KEEPING THE PROJECT ACCOUNTS**

The Lead beneficiary and the beneficiaries shall keep accurate and regular accounts of the implementation of the project using an appropriate accounting and bookkeeping system. In order to ensure it the Lead beneficiary and all beneficiaries involved in the implementation of the project and receiving funds from the Programme must maintain:

- a separate accounting system or
- an suitable accounting code

for all transactions related to the project without prejudice to national accounting rules. In this way all project related expenditure and receipts should be clearly identified.

The beneficiaries shall keep all documents related to the project for five years from the date of payment of the balance to the programme or until the date stipulated in the State Aid rules (if applicable). In particular they shall keep reports, supporting documents as well as accounts, accounting documents, documents related to the procurements and any other document relating to the financing of the project.

#### **10.2.6 BUDGET RELOCATIONS, CHANGES IN THE PROJECT, CONTRACT AMENDMENTS**

Beneficiaries should implement the project as defined in the Grant Contract. It is important that the project budget and a plan of activities are carefully observed during the whole period of project implementation. Nevertheless situations may arise where there is a need to make some changes in the activities and/or budget, update the contact information or replace an expert, etc. However neither the objectives of the project can be changed nor the total maximum amount of the grant stipulated in the grant contract be increased. The amendment must not cause such changes to the Grant Contract that could call an award decision into question or put the grant applicants into unequal position.

**Please note that:**

**Total maximum amount of the Grant stipulated in the Grant Contract cannot be changed.**

The procedures for changes and modification of the project Grant Contract are divided into two groups depending on the type of change that should be made:

- Minor changes
- Major modifications

**Please note that:**

**If you plan to make a minor change or major modification in your project, it is recommended to consult and inform JTS before submitting your request.**

**Minor changes** that need to be notified to the JTS (project's contact person) via eMS include:

- Minor changes in activities with no budgetary implications;
- Budget modifications that do not affect the basic purpose of the project; and the financial impact is limited to a transfer between items within the same budget heading including cancellation or introduction of an item, or a transfer between budget headings involving a variation of 15% or less of the amount originally entered (or as modified by addendum) under each relevant heading for eligible costs;
- Change of address or phone/fax number and/or e-mail address;
- Change of bank account;
- Change of staff and key-experts (including all persons under Heading "Human Resources" and Heading "Other costs and external services" such as project managers, financial managers, coordinators, trainers, etc.);
- Increase or decrease in numbers of equipment or unit prices without significant modification of requirements and without changes of the budget amount allocated for that budget item;
- Change of the auditor (for partners located and registered in Russian Federation).

Minor changes in the Grant Contract may be implemented without receiving a prior agreement of the JTS/MA, but the JTS/MA should be notified about them.

**Please note that:**

**The 15% limit of transfers between Budget headings is cumulative**

**In case if the name of the Lead beneficiary or its legal address or bank details change, JTS/MA must be notified via eMS and provided with new, original Financial ID or Legal Entity Form. The respective changes shall be made also in eMS**

In case of these minor Grant Contract changes, the Lead beneficiary may apply the amendment **without the prior consent of the Managing Authority**. However, the Lead beneficiary should send a notification e-mail to the JTS, by using eMS, with justification for requested changes. The JTS will check the requested modifications and unlock the Application form for changes. After the changes are made by Lead beneficiary in the Application Form the JTS **will accept the changes** (or request for future **technical** modification as many times as needed and then accept the changes). **The responsibility of eligibility of changes lies down on Lead beneficiary and to be examined by auditors.**

**Major modifications** in the grant contract **require a formal Addendum** to the grant contract to be signed by the MA and the Lead beneficiary **before their implementation**. In case of major modifications of the Grant Contract, an Addendum should be prepared and signed before making the change.

Major modifications include

- Extension or early closing of the Grant Contract,
- Significant changes in the activities that effect the basic purpose of the project as long as the proposed changes do not question the grant award decision and are not contrary to the equal treatment of applicants,
- Transfers amongst Budget headings involving a variation of more than 15% of the amount originally entered under each relevant Budget Heading for eligible costs,
- Adding a new heading or excluding an existing heading from the budget,
- Change of beneficiaries (dropping out, addition or replacement).

The following general principles must always apply:

- The Lead Beneficiary must substantiate its request to the MA. The MA examines the reasons provided, and rejects requests which have little or no substantiation.
- The modifications must not intend to make such changes to the Grant Contract that would alter the project objectives or contradict the equal treatment of applicants.
- Grant Contracts can only be modified within the lifetime of the contract, modifications cannot be made retroactively.
- The maximum amount of the grant may not be increased.
- Any modification extending the performance period of the Grant Contract must envisage that implementation and balance payments can be completed before the expiry of the financing decision, under which the initial grant contract was financed. The implementation period for the projects financed under the Programme ends on 31 December 2022.
- Requests for addendum to Grant Contracts must allow an adequate time-limit (30 days) for the addendum to be signed before the modifications are intended to enter into force.

**NB. If it is necessary to make changes in the Lead Beneficiary's or Beneficiary's organisation's name or legal status the Lead Beneficiary must submit an information letter notifying the MA about the upcoming change. When the change**

**of the organisation's name or legal status has taken place, the Lead Beneficiary will send a request for contract addendum, adding documents that prove the necessary change.**

**Please note that:**

**The JTS will provide support on the eligibility of addendum requests. Beneficiaries are strongly advised to avoid making changes that require an addendum. The addendum procedure can be long and complicated so Beneficiaries are advised to seek an addendum only if absolutely necessary.**

#### **10.2.7 PROCUREMENT (TENDERING)**

Project Lead beneficiaries and beneficiaries from Estonia, as well as Russian Federation public entities, must follow their national procurement legislation. The Programme will draft the procurement and tender guidelines which will refer to and include the applicable provisions.

The contract shall be awarded to the tender offering best value for money or as appropriate to the tenderer offering the lowest price. The market research may be done. The beneficiary shall avoid any conflict of interests and respect the principles of equal treatment, non-discrimination, fair competition, transparency.

Participation in procurement procedures is open on equal terms to all natural and legal persons effectively established in countries eligible under the applicable legislation of the participating countries.

##### **10.2.7.1 THE RULES OF NATIONALITY AND ORIGIN**

**All beneficiaries** except of public entities established in the Russian Federation have to follow rules of nationality and origin even though they can follow national procurement rules.

Where the beneficiary is a Public Entity established in the Russian Federation or a legal entity established in the Russian Federation which is subject to national procurement legislation, it shall apply the legislation of the Russian Federation.<sup>20</sup>

The rule of nationality applies to all service, work and supply contracts within grants, which means that contracts can only be signed with natural or legal persons from the eligible countries listed below. Experts working for a service provider can however be of any nationality, as long as the service provider is from the eligible countries.

The rule of origin applies to all supplies and materials purchased, incl. the materials to be used for the construction, but does not apply to Contractor's equipment to be used during the construction. It means that the supplies must originate from one of the eligible countries listed below.

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<sup>20</sup> No future provisions of chapter 10.2.7.1 apply in this case.

For actions implemented in shared management, the relevant Member State to which the Commission has delegated implementation tasks shall be entitled to accept as eligible, on behalf of the Commission, tenderers, applicants and candidates from non-eligible countries, or goods from a non-eligible origin as referred to in Article 8(4) of IR regulation.

For audit purposes, the Lead beneficiary/beneficiary must be able to demonstrate the nationality of its suppliers, contractors and service providers and have proof of the origin (e.g. invoices, certificates of origin, etc.) of all products.

With regards to Nationality and Origin Rules eligible countries are:

- Member States of the European Union: Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.
- ENI countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Republic of Moldova, Morocco, occupied Palestinian territory (oPt), Syria, Tunisia, Ukraine.
- IPA II beneficiaries: Albania, Bosnia and Herzegovina, Kosovo<sup>21</sup>, Montenegro, Serbia, Turkey, the former Yugoslav Republic of Macedonia.
- Member States of the European Economic Area: Iceland, Lichtenstein, Norway.
- Russian Federation.

#### **a) Rules of Nationality**

Participation in the procurement procedures is open on equal terms to all natural and legal persons only from above mentioned eligible countries. Tenderers must state, in the tender, the country of which they are nationals by presenting the usual proof of nationality under their national legislation.

The nationality rule applies to the contractor. It does however not apply to the experts proposed by service providers taking part in tender procedures or service contracts financed by the grant. This means that when an expert is proposed by a contractor, the nationality rule does not apply to the expert but to the company but if the expert is contracted individually, then this person has to be from one of the eligible countries listed above.

Participation is also open to international organisations.

#### **b) Rules of Origin**

**Please note that:**

**If the latest substantial transformation of supplies, equipment, vehicles has not taken place in a Member State of the European Union or one of the**

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<sup>21</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

**eligible countries mentioned above, the cost of the supplies, equipment and/or vehicles will not be eligible under the project.**

Goods originating from a country shall be those wholly obtained or produced in that country. Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture. More detailed information on the meaning of this can be found in the Customs Code, Council Regulation 2913/1992 Art. 23-24 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1992:302:0001:0050:EN:PDF>)

The supplier must confirm that the tendered goods comply with the origin requirement specifying the country or countries of origin. When tendering for systems comprising more than one item, the origin of each item in the system must be specified. If requested to do so, the supplier must provide any additional information and/or a certificate of origin in support of the origin claimed in the tender.

**Example:**

Machinery used by a supply contractor for testing and installing the supplied goods, or equipment used by a works contractor for building a road, do not fall under the rule of origin, unless if the contract would explicitly stipulate that this machinery or equipment also becomes the full property of the Project Partner at the end of the contract.

The computer used by a consultant to draft the study will only have to respect the rule of origin if the service contract would stipulate that this computer is to be handed over to the Project Partner at the end of the service contract.

Certificates of Origin must be issued by the competent authorities of the supplies' or supplier's country of origin and comply with the international agreements to which that country is a signatory.

When submitting the tender, the tenderer must directly state that all of the goods meet the requirements concerning origin, and must also state the countries of origin.

Please be informed, that JTS/MA during the project implementation for the monitoring purposes may ask to provide additional information in this connection from the Lead beneficiary/ beneficiaries.

**Exceptions to the rules of nationality and origin**

All supplies purchased under a procurement contract shall originate from an eligible country, except then the costs of these supplies is below EUR 100 000. In this case, supplies may originate from any country.

National preferences are prohibited, except for contracts with a value not exceeding EUR 20 000 in order to promote local capacities, markets and purchases (if justified and



allowed in national legislation). Failure to comply with this principle shall render the related expenditure ineligible.

Exceptions may be justified in certain circumstances:

**Unavailability** of the products in the markets of the countries concerned;

For reasons of extreme urgency;

If the rule were to make the realisation of a project, a programme or an action impossible or exceedingly difficult.

In exceptional cases the MA may accept the goods and tenderers from non-eligible countries.

**Please note that:**

**The Auditor verifies whether the expenditure was incurred in accordance with the rules of nationality and origin by examining the underlying documents of the procurement and purchase process.**

#### **10.2.7.2 Other essential points**

**Conflict of interest:** The Lead beneficiary and beneficiaries undertake to take all necessary precautions to avoid conflicts of interests and shall inform the JTS/MA without delay of any situation constituting or likely to lead to any such conflict.

There is a conflict of interests where the impartial and objective exercise of the functions of any person involved in the project is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.'

**Awarding principles:** All contract awards must respect the principles of transparency, proportionality, equal treatment and non-discrimination.

**The contract must be awarded to the most economically advantageous tender in accordance with the principles of transparency, fair competition for potential contractors, and taking care of avoiding any conflict of interest.**

**No retroactive awards:** Contracts are considered to take effect from the date of signature of the last signatory. There is no way that contracts or contract addenda can be awarded retroactively (i.e. when goods or services have been already purchased and/or carried out). This means that no payments can be made and no goods and services can be provided prior to the signature of the contract and/or addendum. All contracts must show the true dates of signature of the contracting parties.

**Use of standard documents:** Standard contracts and document formats must be used (in accordance with the national legislation) and can be in national language.

**Record keeping:** Written records of the entire tendering and contracting procedure must be kept confidential and retained by the Lead beneficiary and beneficiary for a period of five years after payment of the balance to the Programme or for the period as stated in

the State aid / de minimis aid rules. These must include the originals of all tenders submitted, together with the corresponding tender dossiers and any related correspondence.

It is also important to follow up the contract implementation in order to define milestones and penalties (in case of failure to meet the conditions) in contracts; keep contractors to the contractual terms and apply penalties if necessary and ensure regular on-site inspections and quality checks during implementation of the project. Do not:

- modify the essential terms of a contract after its award (physical, financial object);
- award additional works directly in circumstances not covered by the procurement documents;
- use exceptional procedures (direct award, negotiated procedure) in non-exceptional circumstances.

### **10.3 REVENUE IN THE PROJECT**

Similarly as costs incurred, also the revenues of the project must be recorded by the beneficiaries. In general, revenues generated by project are added to the sources of funding, provided there is no profit. The rule of non-profit is essential in the calculation of the final amount of grant.

In case the project generates profit, project eligible costs will be reduced in the amount of profit.

The MA/JTS will check compliance with the non-profit rule when calculating the final balance of the grant after receipt of the last payment request from the Beneficiary. This verification:

- Relates to the actual project costs and actual receipts
- Takes into account all the project costs
- Includes revenue established (collected and entered into the accounts), generated or confirmed on the date when the request for payment of the balance is established

### **10.4 STATE AID RULES AND PRINCIPLES (APPLICABLE FOR ESTONIAN BENEFICIARIES)**

The applicable European Union rules on State aid will be taken into account during the implementation of the programme in the territory of the European Union. If need be relevant Russian legislation on competition will be applied in the territory of the Russian Federation.

According to Article 107 (ex Article 87 TEC) of the Treaty on the Functioning of the European Union (TFEU), state aid is any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by

favouring certain undertakings or the production of certain goods in so far as it affects trade between Member States<sup>22</sup>.

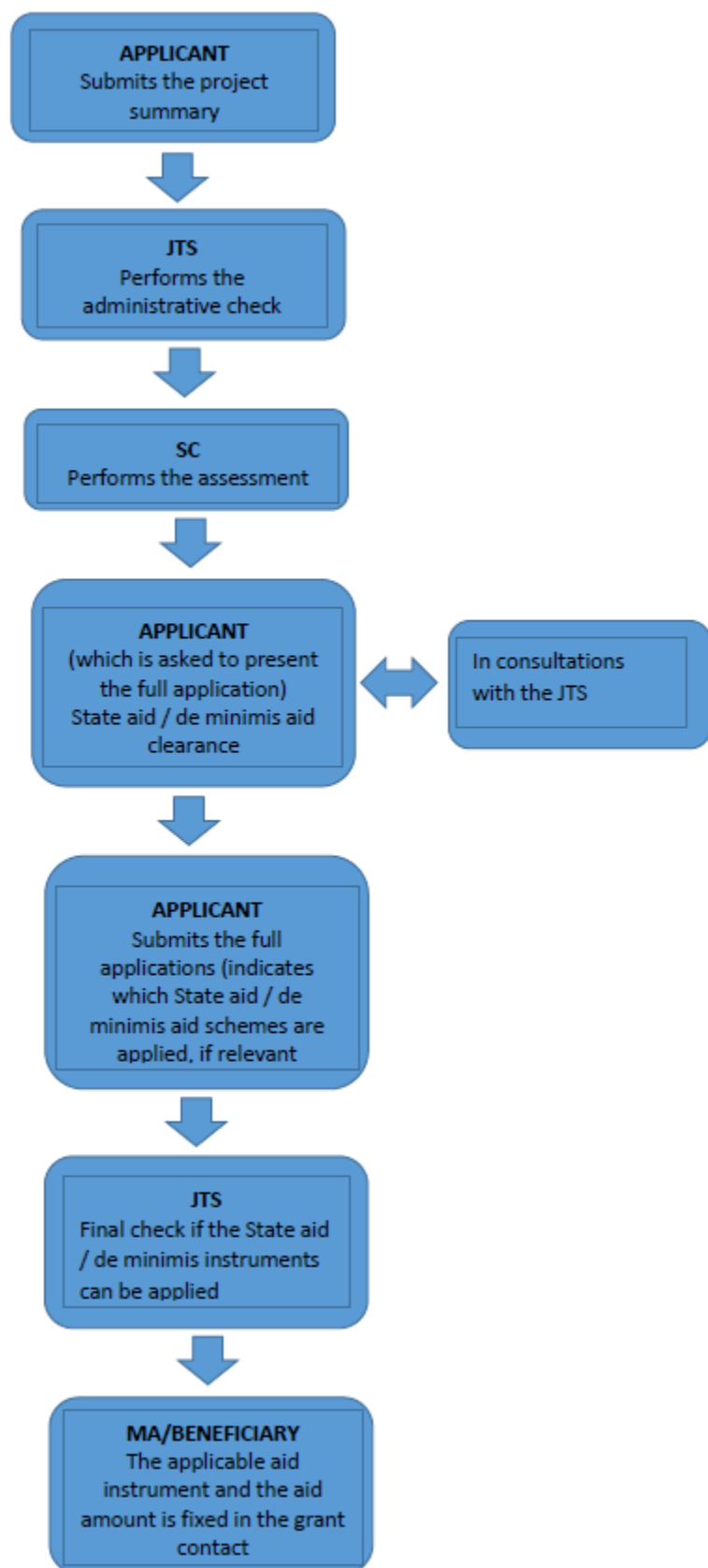
Article 12 of the Commission Implementing Regulation (EU) No 897/2014<sup>23</sup> states that aid granted under the programme shall comply with the applicable Union rules on State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union.

The applicable State aid / de minimis aid regulations and articles will be stated in the appropriate guidelines. The State aid schemes will be notified to the EC according to the procedures stipulated in the State aid regulations. The following scheme illustrates the communication when deciding if and what State aid / de minimis aid regulations to apply. If the applicant considers that the activity is not State Aid relevant then relevant justification shall be provided (see Annex 6).

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<sup>22</sup> European Commission (2014) Draft Commission Notice on the notion of State aid pursuant to Article 107(1)TFEU, see [http://ec.europa.eu/competition/consultations/2014\\_state\\_aid\\_notion/index\\_en.html](http://ec.europa.eu/competition/consultations/2014_state_aid_notion/index_en.html)

<sup>23</sup> Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument, <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1456583580038&uri=CELEX:32014R0897>



The decision which of the regulations/articles to apply shall be indicated by the applicants in the full applications in consultation with JTS/ MA. After the eligibility check and the assessment of the project summaries the JTS will also check the State aid relevance in

those applications that will be asked to present the full application. The JTS will consult the applicants in order they could indicate the State aid / de minimis aid schemes in their final applications (if relevant). If the supported project activities are related to different regulations/articles the differentiation should be made in order to understand which activity corresponds to which regulation/article. In addition the overall budget and the eligible costs shall be indicated for every activity. By drawing up the budget and the eligible costs the applicant has to follow the provisions of the corresponding State aid regulations. During the assessment of the full applications the MA and the JTS will check if selected State aid instruments can be applied to the activities for which the support is asked. If no appropriate State aid instruments can be applied, the applicant has to remove the ineligible actions or costs from the application.

More detailed information about the State aid and the de minimis aid principles and requirements will be provided in the State aid guidelines document.

### **10.5 DOUBLE FINANCING /RETROACTIVITY OF FINANCING**

The project activities duplicated those already financed from any EU fund; international, national, regional and/or local funds are not eligible as this is considered double-financing.

No grant may be awarded for the projects already completed.

### **10.6 REPORTING, MONITORING AND CONTROL**

#### **10.6.1 REPORTING REQUIREMENTS AND DEADLINES**

After the projects have been approved, the activities must be implemented in accordance with the conditions of the Grant Contract.

The Lead Beneficiary and beneficiaries must draw up **Interim Reports** and the **Final Report**. The Lead Beneficiary must draw up the consolidated reports. All reports shall be drafted in English. They shall be submitted to the MA/JTS via eMS.

An Interim report shall consist of narrative and financial report on the costs incurred and paid in the respective reporting period. After drawing up the Interim reports the Beneficiary(ies) should submit them to the public officer/ auditor for verification.

An Interim Reports together with the expenditure examined by public officers for beneficiaries from Estonia or auditors for beneficiaries from Russian Federation shall be submitted via eMS.

Each Interim Report must provide a full account of all aspects of the project's implementation for the period covered.

Interim reports by Beneficiary(ies) have to be submitted in eMS not later than 1 month after the end of each reporting period (6 months). The expenditure verification by public

officer / auditor may take up to 60 calendar days. The consolidated report shall be submitted to the JTS by the Lead Beneficiary within 1 month after the expenditure verification report of all beneficiaries has been issued by the public officer/auditor. The MA and JTS may request additional information and this information must be supplied within 10 working days of the request.

The **Final Report** is a prerequisite for request of the balance payment for the payment option one and a prerequisite for payment options two and three. The Final Report consists of a narrative report and a financial report and an expenditure verification by public officer or auditor. The Final Report shall contain a detailed description of the conditions in which the project was carried out, information on the steps taken to ensure the visibility of Programme financing, information with which to evaluate the project's outputs, the proof of the transfers of ownership and a final statement of all the eligible costs of the project, plus a full summary statement of the project's income and expenditure and payments received. The Final Report has to be submitted in eMS no later than three months after the finalization of the project implementation.

If the Lead Beneficiary fails, without justification, to fulfil the obligation of submitting consolidated Interim or Final Report, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of receipt the letter, the MA may terminate the Grant Contract without any indemnity on its part.

Any consolidated Interim Report and Final Report shall be approved by the MA within 45 days of its receipt accompanied by the required documents. Within the given time limit the MA/JTS shall send notification to the beneficiary that the report has been approved.

The MA may suspend the time-limit for approval of a report by notifying the Lead beneficiary that the report cannot be approved and that it finds it necessary to carry out additional checks. Suspension shall take effect when the modification is sent by the MA. In such cases, the MA/JTS may request clarification, alteration or additional information, which must be produced within 10 working days of the request. The time-limit starts running again on the date the required information is received.

#### **10.6.2 AUDIT AND FINANCIAL CONTROL**

The Programme foresees the following types of Audit and Financial Control:

##### **Verification of Expenditures**

All costs reported to the Programme are subject to verification of expenditures. The verification of expenditure of Lead beneficiary and beneficiaries which are registered and located in Estonia will be performed by INTERREG Programmes Supervision Unit of Ministry of Finance of Republic of Estonia.

The Lead beneficiary and beneficiaries which are registered and located in Russian Federation have to subcontract an auditor who will provide expenditure verification service.

The auditor or the competent public officer shall examine whether the costs declared by the beneficiary and the revenue of the project are real, accurately recorded and eligible in accordance with the contract.

This verification shall be performed on the basis of an agreed-upon procedure which will be undertaken in accordance with:

- (a) the International Standard on Related Services 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by International Federation of Accountants (IFAC);
- (b) IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants.

For public officers, those procedures and standards shall be laid down at national level taking account of international standards.

The auditor shall meet at least one of the following requirements:

- (a) be a member of a national accounting or auditing body or institution which in turn is member of IFAC;
- (b) be a member of a national accounting or auditing body or institution. Where this organisation is not a member of IFAC, the auditor shall commit to undertake the work in accordance with IFAC standards and ethics;
- (c) be registered as a statutory auditor in the public register of a public oversight body in a Member State in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council [\(10\)](#);
- (d) be registered as a statutory auditor in the public register of a public oversight body in a CBC partner country, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned.

The public officer shall have the necessary technical expertise in carrying out its verification work

The verification shall ensure that costs declared by the Lead beneficiary and beneficiaries are real, exact, accurate and eligible in accordance with the Grant Contract. 100 % of the expenditure of the project must be examined. The verification procedure is done in the eMS environment, there the financial documents of the respective beneficiary shall be uploaded.

Additional requirements for verifications of expenditure:

- expenditure should be identifiable, verifiable and recorded in the accounting records of the Lead beneficiary/ the beneficiaries;
- expenditure must be easily identifiable and verifiable and traced to and within the Lead beneficiary's/ the beneficiaries accounting and bookkeeping systems;

Based on the results of the performed check, the auditor issues the report for verification of verification.

Costs for the verification of expenditure shall be included in the budget of the project for the beneficiaries registered and located in Russian Federation.

### **Managing Authority verification**

In addition to the above mentioned expenditure verification MA shall perform its own verification of project expenditure. For the purpose of carrying out verifications throughout the whole programme area, the MA may be assisted by the control contact points.

### **Audits (sample checks) in the projects**

The controls and audits referred in next sections can be performed at any stage of the project implementation and five years after the receipt of the balance payment to the project or during the timeframe stipulated in the State aid / de minimis aid regulations (if applicable).

In accordance with Article 32 of the Implementing Rules audits shall be conducted by examining the documents and conducting on-the-spot checks of a sample of projects selected by the Audit Authority.

The Lead beneficiary and the beneficiaries shall be informed if the project is selected for the sample check before the check is performed.

### **Any further controls**

The Commission, the European Anti-Fraud office (OLAF), the European Court of Auditors and any external auditor authorized by these institutions and bodies, with the support of the Group of Auditors may conduct documentary and on-the-spot checks on the use made of the projects financing and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the projects. Each contract shall expressly stipulate that these institutions and bodies can exercise their power of control, concerning premises, documents and information, irrespective of the medium in which they are stored.

### **10.6.3 MONITORING OF THE PROJECTS BY THE MA/JTS**

The monitoring of implementation of the project shall be carried out by the MA and the JTS. The monitoring will be performed based on the result oriented evaluation. All beneficiaries shall be ready to report on the results achieved by the project in any point of the project implementation.

The main tools to be used during monitoring are Interim Reports and Final Report and monitoring visits. Moreover, regular communication between the JTS and the Lead beneficiary/the beneficiaries shall be ensured during the implementation of the project. The Lead beneficiaries are requested to send the prior information to the JTS in regards to the major upcoming events.

If the MA, JTS or European Commission carries out an evaluation or a monitoring mission, the Beneficiary and the project partner(s) shall undertake to provide the authorised persons with any document or information which will assist with the evaluation or the monitoring mission.

If the construction/ renovation works are planned in the project, in 2 weeks after the contract on construction/renovation works is signed within the project, the Lead Beneficiary shall inform JTS of the planned construction/renovation works including the start date of the works.

The JTS will appoint project consultant to every project to work on the respective project issues. As far as possible JTS staff would take part in main events of each project.

The projects and their progress will be presented at the JMC meetings annually or upon request.

### **10.7 RECOVERY**

The Managing Authority shall recover the amounts unduly paid together with any interest on late payments from the lead beneficiary. The concerned beneficiaries shall repay the



lead beneficiary the amounts unduly paid in accordance with the partnership agreement signed between them. If the lead beneficiary does not succeed in securing repayment from the concerned beneficiary, the MA shall formally notify the latter to repay to the lead beneficiary.

Recovery procedures will follow the provisions set in Article 74 and 75 of *Implementing Rules and Financing Agreement* and will be stipulated in the Grant Contract for the Russian beneficiaries. After the amount exceeding the EU contribution will be detected by any auditing body, the Lead beneficiary will receive a debit note for the amount paid in excess from the MA. The Lead beneficiary will forward the debit note to the respective beneficiary, which has to repay the requested amount to the Lead Beneficiary within 45 days of the issuing of the debit note. Lead Beneficiary has to repay the MA within 45 days after receiving the payment from the respective beneficiary.

The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the MA, and the date on which payment is actually made. The MA may offset amounts to be repaid against amounts of any kind due to the Lead beneficiary or beneficiary, but it shall not affect the Lead beneficiary's or the beneficiary's or the MA's rights to agree on payment in instalments. Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the Lead beneficiary.

Where the recovery relates to a claim against a Lead beneficiary or beneficiary established in the Republic of Estonia and the MA is unable to recover the debt within nine months of issuing the recovery order, the Republic of Estonia shall pay the amount owing to the MA and claim it back from the Beneficiary or partner.

Where the recovery relates to a claim against a Lead beneficiary or beneficiary established in the Russian Federation the recovery procedure is regulated by the provisions of Financing Agreement.

Any project including an infrastructure component shall repay the Programme contribution if, within five years of the project closure or within the period of time set out in state aid rules, where applicable, it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled.

### **10.8 CLOSING OF THE PROJECT**

All projects should close their activities within the time frame (implementation period) stated in the Grant Contract. Costs relating to Final Report, verification of expenditure and evaluation of the project can be incurred not later than the date of submission of the Final Report and have to be included in the Final Report.

All the project related documents are to be kept for at **least five years** after the receipt of the balance payment for the Programme or according to time stipulated in the State Aid / de minimis aid regulations.

With regards to the project closure, it is important to be aware of the following:

- the Lead beneficiary must appoint the contact person to enable a smooth closure of the project and communication with the Programme management bodies;
- the Lead beneficiary or beneficiaries are at all times obliged to retain all files, documents and data about the project on standard data storage media in a safe

and orderly manner for control and audit purposes at least for five years after balance payment to the programme or according to the time stipulated in the State Aid / de minimis aid rules.

- Project may continue to be managed by the Lead beneficiary or beneficiary after the Programme co-financed phase of the project has been completed. In this case, six months after the phase co-financed by the Programme has finished, no Programme symbol may be included in any communication tools of the project, with the exception of any commemorative plaques.
- The Programme rules on information and visibility must be respected for all products produced with the assistance from the Programme. After the closure of the Project rules on information and publicity should be respected during the lifetime of the product (example, if the project purchase fire-engines for airports the informative signs „purchased with the assistance of the programme“ will have to be kept during their lifetime);

**GLOSSARY**

<b>No</b>	<b>TERM</b>	<b>DEFINITION</b>
1)	<b>Addendum</b>	A document modifying the terms and conditions of a Grant Contract.
2)	<b>Applicant</b>	The body submitting the package on behalf of project partnership of documents necessary when submitting a proposal. In case of project award becomes a Lead beneficiary.
3)	<b>Application</b>	A package of documents necessary when submitting a proposal. The package consists of the filled in Application Form and its annexes, listed in the Application Form. The package is updated for every Call for Proposals.
4)	<b>Application Form (Grant Application Form)</b>	A document, which must be filled in when submitting a proposal for the project. It will later serve as the fundament of the project, if the application is approved for funding. Application form will be annex to the Grant Contract.
5)	<b>Associate</b>	Organisation participating in the project, but not receiving a grant. Only daily allowances payments and travel expenditures may be covered by the Lead beneficiary and/or beneficiary within the scope of the project.
6)	<b>Audit Authority</b>	a body which shall ensure that audits are carried out on the management and control systems, on an appropriate sample of projects and on the annual accounts of the Programme. Therefore AA is responsible for the preparation and approval of audit guidelines, the audit strategy for setting out the audit methodology, the sampling method, and the audit plan to verify and issue an opinion about whether the management and control systems of the JOP function effectively, and to verify the expenditure that has been declared; and for the coordination of all audit activities that are related to the programme.
7)	<b>Auditor</b>	Audit company contracted by the Lead beneficiary or beneficiary which meets the specific conditions of the Terms of Reference and is/are responsible for performing the examining expenditure declared by beneficiary and issues Expenditure Verification Report submitting a report of factual expenses  OR  INTERREG Programmes Supervision Unit of Ministry of Finance of Republic of Estonia.
8)	<b>Beneficiary</b>	Participant in the project, legally and financially responsible for implementation of part of the activities, in accordance to the Application Form and to the Partnership Agreement signed with the Lead beneficiary.
9)	<b>Budget of the project</b>	A presentation of the total costs of the project.
10)	<b>Co-financing</b>	Where two or more parties are involved in funding the project. Up to 90% of the total eligible costs of the project is provided by the Programme.

No	TERM	DEFINITION
11)	<b>Communication and Visibility Manual for European Union External Actions</b>	The manual designed by the EuropeAid to ensure that projects that are funded by the EU incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the project and the EU support for the project, as well as the results and impact of this support. See <a href="http://ec.europa.eu/europeaid/work/visibility/index_en.htm">http://ec.europa.eu/europeaid/work/visibility/index_en.htm</a>
12)	<b>Contracting Authority</b>	The Managing Authority, signing the Grant Contract with the project Lead beneficiary. The Lead beneficiary is fully legally responsible to the Managing Authority under the Grant Contract.
13)	<b>Cross border impact</b>	Positive effect that the project is going to have on both sides of the border (in all the countries represented by the Lead beneficiary and the beneficiaries).
14)	<b>Daily allowance</b>	Flat rates of daily subsistence allowances paid to persons during the missions in order to cover meals and sundry expenses. Usually daily allowances are legislated by national legal acts and should be respected when drafting the budget.
15)	<b>EIB</b>	European Investment Bank.
16)	<b>Eligible costs</b>	The costs incurred while implementing the project, which falls under the list of eligible costs provided in the Programme documents and national and EU legal acts, in particular Article 48 of the Implementing Rules and may be funded by the Programme.
17)	<b>eMS</b>	Programme monitoring system with a communication portal, which allows programme to collect and store all necessary project and programme information and communicate with beneficiaries electronically via a secure online communication portal.
18)	<b>European Commission (EC)</b>	The European Union's executive body. Composed of 28 Commissioners (including its President), the EC initiates proposals on legislation and acts as guardian of the Treaties. The EC is also a manager and executor of common policies and of international trade relationships. It is responsible for the management of EU external assistance.
19)	<b>Expenditure verification</b>	Verification of the costs and the revenue (if any) of the project declared by the Lead beneficiary and the beneficiaries. The auditor examines whether the costs declared by the Lead beneficiary and the beneficiaries are real, accurately recorded and eligible in accordance with the Grant Contract, as well as the revenue of the project and issues an expenditure verification certificate. Done in the eMs environment.
20)	<b>Expert</b>	A person engaged to provide the expertise required for the proper performance of a contract.
21)	<b>Final beneficiaries</b>	Organisations/ persons who will benefit from the project in the long term at the level of the society or sector at large.
22)	<b>Financial plan</b>	Description of the planned financial flow and transfer of funds by the Applicant/Lead Beneficiary

<b>No</b>	<b>TERM</b>	<b>DEFINITION</b>
23)	<b>Financing Agreement</b>	An agreement between the European Community and the Russian Federation, which determines rules applicable to the implementation of the Programme.
24)	<b>ENI Regulation</b>	Regulation No 232/2014 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood Instrument.
25)	<b>Grant</b>	A direct payment of a non-commercial nature by the Managing Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget).
26)	<b>Grant Contract</b>	An agreement, between the Lead beneficiary and the Managing Authority, with specific terms and an undertaking to implement the project in return for the Programme grant.
27)	<b>Group scheme</b>	Description of the majority ownership of the Applicant/Lead Beneficiary (if applicable)
28)	<b>Implementation period</b>	The period between start and end date of the project.
29)	<b>Implementing Rules</b>	Commission Regulation No 897/2014 of 18 August 2014 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 232/2014 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood Instrument.
30)	<b>Lead Beneficiary</b>	A legal person with whom a grant contract has been signed. The responsibilities of Lead Beneficiary are described in the Article 10.1.2 of the Guidelines.
31)	<b>Monitoring</b>	The regular collection and analysis of information about the project (usually at least financial, technical and institutional) in order to check performance compared with its stated objectives, outputs, budget and work plan.
32)	<b>Non-eligible costs</b>	The costs incurred while implementing the project, which do not fall under the list of eligible costs provided in the Programme documents and national and EU legal acts, in article 5 of the Guidelines and may not be funded by the Programme.
33)	<b>Strategic objective</b>	The contribution of the project to overall improvement of state of play in the region, clearly referring to the priorities of the Programme.
34)	<b>Output</b>	Direct products of the project activities. They concern the direct beneficiaries of the project and are only affected by the project actions" (e.g. guides, web sites, study materials, etc.).
35)	<b>Participating countries</b>	The Member States (the Republic of Estonia) and Partner Country (the Russian Federation) taking part in the Programme.
36)	<b>Partner Statement</b>	Agreement comprising, provisions that, inter alia, guarantee the sound financial management of the funds allocated to the project including the arrangements for recovery of funds unduly paid.

No	TERM	DEFINITION
37)	<b>Public use</b>	Results of the project are to be used to benefit the public rather than beneficiaries.
38)	<b>Procurement</b>	The purchase of goods, supplies, services and works shall follow the provisions of REGULATION (EU, EURATOM) No 966/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2012, the provisions of Implementing Rules or the national public procurement regulations as set in the Guidelines.
39)	<b>Programme</b>	Estonia – Russia Cross Border Cooperation Programme 2014-2020 (approved by the European Commission on 18 December 2015 by the decision No C (2015)9193) funded by the European Union, Republic of Estonia and Russian Federation.
40)	<b>Project</b>	a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget.
41)	<b>Project Cycle</b>	A useful tool for understanding various stages that any project will probably go through. The basic model includes the following stages: Identification – idea for the potential project is identified and explored. Preparation – the idea of the project is carefully developed. Appraisal – the proposed project is rigorously assessed and adjusted if necessary. Funding – decision is taken about funding for the project and how it will be implemented. Implementation and monitoring – the project is carried-out and periodic checks made to ensure it is running according to plan. Evaluation – the results of the project are assessed and new ideas may be generated. See <a href="http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm">http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm</a>
42)	<b>Project Partner</b>	The body participating in the development of the project application, signing the Partner Statement.
43)	<b>Practical Recommendations for Project Participants on the Information Coverage of the Russian Federation Participation in Cross-Border Cooperation Programmes</b>	Manual designed by the ministry of the Economic development of the Russian Federation in order to insure adequate visibility of Russian contribution to the programme.

<b>No</b>	<b>TERM</b>	<b>DEFINITION</b>
44)	<b>Specific objective (result)</b>	<p>The objective, which is to be achieved within the scope of the project through a number of outputs. The specific objective has to contribute to the overall objective of the project.</p> <p>A change of situation, attitude, knowledge, practice, experience, capacity and/or change of other quantitative or qualitative parameters occurred after targeted implementation of certain activities. The project may have one or more specific objectives (results) to be reached by certain outputs and activities.</p>
45)	<b>Stakeholders</b>	Individuals and organisations that are actively involved in the project, or whose interests may be affected as a result of execution or completion of the project. They may also exert influence over the objectives and outcomes of the project.
46)	<b>Strategy</b>	A comprehensive set of objectives, and plans for their achievement.
47)	<b>Sub-contractor</b>	A legal and natural person different from the project beneficiary providing supplies, services or works.
48)	<b>Sustainable</b>	The project is sustainable when it can provide an acceptable amount of benefits to the target group during a sufficiently long period after the funder's assistance ceases.
49)	<b>SWOT Analysis</b>	A technique for identifying the strengths, weaknesses, opportunities and threats of the Programme area as a basis for discussing programme objectives.
50)	<b>Target groups</b>	The groups/entities that will be directly positively affected by the project at the purpose level.
51)	<b>Tender</b>	A written or formal offer to supply goods, perform services or execute works for an agreed price.
52)	<b>Tender procedure</b>	The overall process of putting a contract out for tender, starting with the publication of a procurement notice and ending with the award of the tendered contract. The tender procedure should strictly follow the provisions of national public procurement rules.

***ANNEX 1 INTENT LETTER***

***ANNEX 2 DECLARATION BY THE APPLICANT***

***ANNEX 3 LEGAL ENTITY SHEET (PUBLIC LAW BODY)***

***ANNEX 4 LEGAL ENTITY SHEET (PRIVATE COMPANY)***

***ANNEX 5 APPLICANTS CONFIRMATION OF MEETING THE CRITERIA OF A MICRO, SMALL OR MEDIUM SIZED ENTERPRISE***

***ANNEX 6 APPLICANTS DECLARATION OF APPLYING STATE AID / DE MINIMIS AID PROVISIONS***

***ANNEX 7 THE GROUP SCHEME OF THE BENEFICIARY***

***ANNEX 8 PARTNER STATEMENT***

***ANNEX 9 LETTERS OF ENDORSEMENT BY THE ASSOCIATES***

***ANNEX 10 LOGICAL FRAMEWORK***

***ANNEX 11 FINANCIAL PLAN***

***ANNEX 12 STATE AID GUIDELINES***

***ANNEX 13 WRITTEN RECOMMENDATION OF THE JMC FOR A SHORTLIST OF PROJECTS UNDER THE 1<sup>ST</sup> CALL FOR PROPOSALS***

***ANNEX 14 INFORMATION AND COMMUNICATION PLAN TEMPLATE***

***ANNEX 15 EVIDENCE OF OWNERSHIP OR ACCESS TO THE LAND TEMPLATE***