



Co-funded by
the European Union

Managing Authority
State Shared Service Centre, Estonia
Estonian EU external border programme
2014-2020

Guidelines
for the 6th Call for proposals

NOTICE

These Guidelines for the 6th Call for proposals (Guidelines) are compiled to give particular assistance to the Applicants elaborating the application documents (Application) of the 6th Call for proposals of the Estonian EU external border programme 2014-2020 (Programme)¹.

The 6th Call for proposals is announced for the partners from the Republic of Estonia. It is focused on short-term projects aimed at achieving programme`s thematic objectives and benefiting the eligible area.

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 Application and glimpse to implementation, monitoring, reporting and finalization of the project.

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 6th Call for proposals can be downloaded from the Programme's web site: <https://www.estoniarussia.eu>. The Application shall be submitted via electronic Monitoring System (eMS).

Please note that these Guidelines do 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 in accordance with Regulation(EU) 2022/2192 of the European Parliament and of the Council of 9 November 2022 laying down specific provisions for the 2014-2020 cooperation programmes supported by the European Neighbourhood Instrument and under the European territorial cooperation goal, following programme implementation disruption².

¹ Due to suspension of the Financing Agreement between the Russian Federation, the Republic of Estonia and the European Union and JMC decision made on 23.05.2022 the Estonia-Russia CBC Programme 2014-2020 is temporary called Estonian EU external border Programme.

² <https://eur-lex.europa.eu/eli/reg/2022/2192/oj>

TABLE OF CONTENTS

1.	GENERAL INFORMATION ABOUT THE PROGRAMME.....	5
	BACKGROUND.....	5
1.1	LEGAL FRAMEWORK.....	5
1.2	OBJECTIVES OF THE CALL	6
1.3	ELIGIBLE AREA	12
2.	FINANCIAL ALLOCATION FOR 6TH CALL FOR PROPOSALS.....	12
3.	OFFICIAL LANGUAGE	13
4.	ELIGIBILITY OF THE APPLICANT AND THE PROJECT PARTNER(S) 13	
5.	PARTNERSHIP REQUIREMENT.....	15
6.	DURATION OF THE PROJECT	15
7.	ELIGIBILITY OF COSTS	15
7.1	THE 3E ISSUES IN THE PROJECT BUDGET	15
7.2	CO-FINANCING RATE	15
7.3	ELIGIBLE COSTS	16
7.3.1	ELIGIBLE COSTS ARE COSTS ACTUALLY INCURRED BY THE BENEFICIARY WHICH MEET ALL OF THE FOLLOWING CRITERIA:	16
7.3.2	THE FOLLOWING DIRECT COSTS OF THE BENEFICIARY SHALL BE ELIGIBLE: 16	
7.3.3	NON-ELIGIBLE COSTS.....	17
8.	IDENTIFICATION AND SELECTION OF APPLICATIONS OF 6TH CALL FOR PROPOSALS	19
8.1	SUBMISSION OF PROJECT APPLICATION.....	19
8.1.1	CONTENT OF THE PROJECT APPLICATION	19
8.1.2	HOW TO APPLY AND THE PROCEDURES TO FOLLOW.....	20
8.1.3	SUPPORT TO THE PROJECT PARTNERS IN PREPARATION APPLICATION FORM 20	
8.1.4	WHERE AND HOW TO SUBMIT THE APPLICATION FORM.....	20
8.2	SELECTION PROCEDURE	21
8.2.1	ASSESSMENT OF PROJECT APPLICATION.....	21
9.	AWARD PROCEDURE AND CONTRACTING.....	26
10.	PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL 27	
10.1	ADMINISTRATIVE MANAGEMENT OF THE PROJECT.....	27
10.1.1	START AND END DATE OF THE PROJECT	27
10.1.2	MANAGEMENT OF THE PROJECT AND RESPONSIBILITIES WITHIN THE PARTNERSHIP	27
10.1.3	OWNERSHIP OF THE PROJECT RESULTS	29
10.1.4	VISIBILITY AND INFORMATION REQUIREMENTS	30
10.1.5	USE OF THE PROGRAMME LOGO.....	30
10.2	FINANCIAL MANAGEMENT OF THE PROJECT	31
10.2.1	DESCRIPTION OF BUDGET HEADINGS.....	31
10.2.2	REPORTING	34
10.2.3	PAYMENTS TO THE PROJECT.....	34
10.2.4	KEEPING THE PROJECT DOCUMENTS	35
10.2.5	BUDGET RELOCATIONS AND CHANGES IN THE PROJECT	35
10.2.6	PROCUREMENT (TENDERING).....	35
10.2.6.2	Other essential points.....	35
10.3	REVENUE IN THE PROJECT	36
10.4	STATE AID AND DE MINIMIS PRINCIPLES	37
10.5	DOUBLE FINANCING /RETROACTIVITY OF FINANCING	37
10.6	MONITORING AND CONTROL	37
10.6.1	AUDIT AND FINANCIAL CONTROL.....	37
10.6.2	MONITORING OF THE PROJECTS BY THE MA/JTS	38

10.7 RECOVERY 39
10.8 CLOSING OF THE PROJECT..... 40

1. GENERAL INFORMATION ABOUT THE PROGRAMME

BACKGROUND

The Estonian EU external border programme (adopted on 18 December 2015 as Estonia–Russia Cross Border Cooperation Programme 2014–2020) is implemented under the European Neighbourhood Instrument (ENI) and its 6th Call for proposals is co-financed by the European Union and Estonia to promote economic and social development in border regions.

Following the Russian military aggression against Ukraine and in line with the EU restrictive measures, the cooperation with Russia and Belarus in the European Neighbourhood Instrument cross-border cooperation programmes (ENI CBC), as well as in the Interreg Baltic Sea region programme, is suspended as of 24 February 2022.

2014–2020 Estonia–Russia Cross Border Cooperation Programme is considered as a programme facing implementation disruption according to Regulation (EU) 2022/2192. The programme implementation continues only on the Member States side.

1.1 LEGAL FRAMEWORK

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

Regulation 232/2014	No	of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI Regulation)
Regulation 236/2014	No	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
Commission Implementing Regulation 897/2014	No	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>), amended by Commission Implementing Regulation 2020/879 of 23 June 2020
Regulation 966/2012	No	Of the European Parliament and the Council Of 25 October 2012 on the financial rules applicable to the general budget of the Union (EURATOM)
Programming Document		Programming document for EU support to ENI Cross-Border Cooperation (2014-2020) adopted by the Commission on 8 October 2014
Programme		Estonia–Russia Cross Border Cooperation Programme 2014–2020 approved by European Commission on 18 December 2015, decision No C(2015)9193, last changes approved on 16.12.2020
Regulation (EU) 2022/2192³		Regulation (EU) 2022-2192 of the European Parliament and of the Council of 9 November 2022 laying down specific provisions for the 2014-2020 cooperation programmes supported by the European

³ <https://eur-lex.europa.eu/eli/reg/2022/2192/oj>

Neighbourhood Instrument and under the European territorial cooperation goal, following programme implementation disruption

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

1.2 OBJECTIVES OF THE CALL

Current Call is focused on short-term projects aimed at supporting the social-economic development of external-border regions of the Republic of Estonia within programme`s thematic objectives.

The 6th Call for proposals applies for following thematic objectives and specific areas.

Thematic objective 1 Business and SME development

-Increasing SME development and entrepreneurship by fostering cross-border⁴ 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

Indicative list of supported actions under TO1:

- 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 business contacts and services-products: conferences, contact-trips, study visits to acquire best practices, contact-meetings, fairs, product development and marketing, including local/regional tourism products and services such as tourism routes, etc.;
- 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;
- Promoting tourism: marketing in foreign markets, trainings, etc.

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

⁴ Partnerships with Latvian and Finnish entities are possible as associated project partners. In the period of programme disruption, the Estonian beneficiaries can implement projects with one-sided actions in the programme eligible area of Estonia. More details can be found under section 4.

• ***Indicative list of supported actions under T05:***

- Education – support to educational institutions in fields such as teaching methodology, development of curricula and Estonian language training activities for new immigrants from Ukraine;
- Health – active life and recreation, promoting physical activity, 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;
- Educational programmes and activities on cultural topics;
- Improvement of facilities and increase of capacity for cultural institutions including equipment and small-scale investments and automation/digitalization of processes;
- Cultural initiatives for integration of new immigrants from Ukraine including language training;
- Cultural initiatives to support the preservation of Ukrainian culture;
- Sectoral assistance for expanding the competences and skills for new immigrants from Ukraine;
- Sport – an exchange of know-how and contacts, studies, integration activities;
- Activities for the integration of new immigrants from Ukraine and local population;
- Raising awareness about the European Union among Russian-speaking population in Estonia.

Cooperation between local/regional administrations and their sub-units in order to increase change experience in various fields such as e-services and joint planning.

T06 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.

Indicative list of supported actions under T06:

- Elimination of pollution in the Baltic Sea and Lake Peipsi/Chudsko-Pskovskoe: in relation to equipment, increasing readiness and reaction;
- Educational projects that are related to energy and environmental protection;
- Development of different methodologies and tools, piloting;
- Evaluations and surveys on environmental topics;
- Preparation of necessary documentation for investments: environmental impact assessment, feasibility-profitability analysis, detailed planning, etc;

- Actions for improving rescue fire services and protecting forests;
- Reconstruction of waste water and water treatment plants – small-scale works;
- Increasing awareness in environmental protection;
- Actions to ensure the sustainability of the fishing industry;
- The design, construction, and reconstruction of solid waste recycling facilities;
- The design, construction, and reconstruction of safe storage locations for solid household and industrial waste

6th Call for proposals projects can contribute to following output and result indicators and Thematic Objectives.

**Thematic Objective 1 (TO 1)
Business and SME development**

<u>Output Indicators</u>		
Specific areas	Output Indicator Name	Measurement Unit
Increasing SME development and entrepreneurship by fostering cross-border business contacts and developing services and products	Number of enterprises that are substantially and actively involved in projects as final beneficiaries	Number
Increasing SME development and entrepreneurship by fostering cross-border business contacts and developing services and products	Number of improved cultural and historical sites as a direct consequence of programme support	Number
Increasing SME competitiveness and entrepreneurship by fostering cooperation between the public, private and R&D sectors	Number of organisations using programme support for cooperation in education, R&D, and innovation	Number
Improving the business environment through the development of business support measures and infrastructure	Number of organisations using programme support for promoting local culture and preserving historical heritage	Number

<u>Result Indicators</u>		
Specific areas	Result Indicator Name	Measurement Unit
Increasing SME development and entrepreneurship by fostering cross-border business contacts and developing services and products	The strength of joint development in products and services by businesses	Programme-level survey
Increasing SME development and entrepreneurship by fostering cross-border business contacts and developing services and products	Attractiveness of cultural and heritage sites to visitors	Programme-level survey
Increasing SME competitiveness and entrepreneurship by fostering cooperation between the public, private and R&D sectors	The strength of cross-border activities by institutions in education, R&D, and innovation sectors	Programme-level survey
Improving the business environment through the development of business support measures and infrastructure	The quality of the cross-border business environment	Programme-level survey

Thematic Objective 5 (TO 5)
Support for local & regional good governance

<u>Output Indicators</u>		
Specific areas	Output Indicator Name	Measurement Unit
Improving cooperation between local and regional authorities and their sub-units	The number of participating organizations cooperating across borders for improved governance	Number
Improving cooperation for local and regional communities	The number of participants at events that are aimed at vocational and language training	Number

<u>Result Indicators</u>		
Specific areas	Result Indicator Name	Measurement Unit
Improving cooperation between local and regional authorities and their sub-units	Accessibility of cross border social, health and sporting services, and vocational and language training	Programme-level survey
Improving cooperation for local and regional communities		

Thematic Objective 6 (TO 6)**Environmental protection, climate change mitigation and adaptation**

<u>Output Indicators</u>		
Specific areas	Output Indicator Name	Measurement Unit
Improving the quality of shared water assets by means of reducing their pollution load, including improving waste water treatment facilities, improving solid waste management and relevant facilities (for both household and industrial waste) and reducing the pollution that is caused by the agricultural sector	The number of projects that are related to the purification of common water assets	Number
Improving the biodiversity of joint natural assets	Additional waste recycling capacity (by number of improved facilities)	Number
Increasing awareness in environmental protection and the efficient use of energy resources	The number of persons actively participating in environmental actions and awareness-raising activities	Number
Fostering shared actions in risk management and a readiness to cope with environmental disasters	Members of the population who benefit from forest fire protection measures	% of Programme area population

<u>Result Indicators</u>		
Specific areas	Result Indicator Name	Measurement Unit
Improving the quality of shared water assets by means of reducing their pollution load, including improving waste water treatment facilities, improving solid waste management and relevant facilities (for both household and industrial waste) and reducing the pollution that is caused by the agricultural sector	Increased capacity in environmental protection for joint water assets	
Improving the biodiversity of joint natural assets		
Increasing awareness in environmental protection and the efficient use of energy resources;	Increased awareness in environmental protection and energy efficiency amongst inhabitants and institutions in the Programme area	
Fostering shared actions in risk management and a readiness to cope with environmental disasters	A decrease of the overall number of land- and forest fires per year	

1.3 ELIGIBLE AREA



The eligible area for the 6th Call for proposals includes the following NUTS III regions (the Nomenclature of Territorial Units for Statistics) as **core regions**:

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

Põhja-Eesti region (including Tallinn) in Estonia is an **adjoining region**. **Involvement of adjoining region is allowed under 6th Call for proposals for projects under TO1 and TO6 only.**

2. FINANCIAL ALLOCATION FOR 6th Call FOR PROPOSALS

The overall indicative amount made available from the Programme for the 6th Call for proposals is **ca 2,5 million EUR**. The exact amount of the allocation will consist of Programme savings. The minimum amount of the grant to the project is **50 000 EUR** and the maximum amount of the grant to the project is **300 000 EUR**.

3. OFFICIAL LANGUAGE

The official working language of the Programme is English. The project application shall be submitted in English, Grant Contract 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)

The 6th Call for proposals is announced only for the partners from the eligible area of the Republic of Estonia. Organizations from Finland, Latvia and Lääne-Eesti region are allowed to participate as associates.

4.1 The following bodies which are effectively established and have their main legal address/office in the eligible area can act as applicants:

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 eligible area can act as project partners:

1. Partners can be bodies listed in point 4.1 and SMEs⁵;
2. SMEs can be eligible for funding in projects for which the immediate objective is non-commercial. SMEs cannot act as the only partner from the participating country. **Participation of SME is allowed only under TO1 Business and SME development. SMEs cannot act as the applicant (lead beneficiary) of the project.**

⁵ 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.

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, 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;**

Organizations from Finland, Latvia and Lääne-Eesti region are allowed to participate as 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 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 application and they have to sign the Letter of Endorsement by the Associates.

5. PARTNERSHIP REQUIREMENT

The Programme will finance activities within the projects which are implemented in the eligible area and involve at least **one beneficiary** from the Republic of Estonia.

The partnership consisting of several beneficiaries from the Republic of Estonia is highly recommended.

Organizations from Latvia, Finland and Lääne-Eesti region can participate in the Projects as associates and may receive the daily allowances, accommodation and travel costs.

6. DURATION OF THE PROJECT

The project duration is maximum 6 months.

The activities of the project must be finalized on 31 December 2023 at the latest.

7. ELIGIBILITY OF COSTS

Only **eligible costs** shall be taken into account for the total project budget. 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 costs⁶ 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

Every beneficiary has to co-finance the project with at least 10% contribution of their own part of the project budget. The own-financing sources shall come from source other than the European Union.

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

Treatment of State aid for 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%.

⁶ Except indirect costs on a flat-rate basis calculated on the basis of a fair, equitable and verifiable method.

7.3 ELIGIBLE COSTS

7.3.1 ELIGIBLE COSTS ARE COSTS ACTUALLY INCURRED BY THE BENEFICIARY WHICH MEET ALL OF THE FOLLOWING CRITERIA⁷:

- (a) they are incurred and paid during the implementation⁸ 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;
 - (iv⁹) 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;
10
- (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.

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;

⁷ According to Article 48 of *Implementing Rules*

⁸ The period between start and end date of the project.

⁹ Numbering is in accordance with Commission *Implementing Regulation* No 897/2014

¹⁰ The provisions of Article 52 of *Implementing rules* are described in the chapter `Procurements` of this Guidelines and Implementation Guidelines

(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).

For projects involving more than one partner to allow the preparation of strong partnerships, costs incurred before submission of the full project application by projects to which a grant has been awarded are eligible in amount of lump sum of 1000 EUR.

Only awarded projects will be able to claim the reimbursement of the costs incurred before submission of the full project application (described above). The applicant must clearly indicate these costs in the full project application.

7.3.3 NON-ELIGIBLE COSTS

The following costs of the Beneficiaries **are not eligible**:

- 1) Debts and debt service charges (interest);
- 2) Provisions for losses or liabilities;
- 3) Costs declared by the beneficiary and already financed by the Union budget and/or other international or national budget;
- 4) Purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project concerned;
- 5) Exchange rate losses;
- 6) Duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation;
- 7) Loans to third parties;
- 8) Fines, financial penalties and expenditure on legal disputes and litigation;
- 9) Contributions in kind;
- 10) Any costs incurred before and/or after the implementation period of the project, except costs related to preparation costs ;
- 11) Preparation costs that have incurred earlier before the date of launching of the call and preparation costs that have incurred during the implementation period of the project;
- 12) Costs that have been made in conflict with the procurement rules and tender procedures;
- 13) Subcontracting between project partners, from the beneficiary and associated partners including consultant fees or other service costs between partners for services and works carried out within the project;
- 14) Costs of promotional gifts, except those not exceeding EUR 50 per gift clearly related to promotion, communication, publicity or information;
- 15) Daily travels of project staff from home to office and back;
- 16) Alcoholic beverages as a part of catering costs planned in the agenda of a project event that form more than 1/4 of the respective catering invoice;
- 17) Parallel remuneration systems and topping ups.

8. IDENTIFICATION AND SELECTION OF APPLICATIONS OF 6th CALL FOR PROPOSALS

The 6th 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.

Identification and selection procedure consists of 1 step – submission and assessment of the project application.

The applications of the 6th Call for proposals are evaluated by the Selection Committee and finally selected 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 SUBMISSION OF PROJECT APPLICATION

8.1.1 CONTENT OF THE PROJECT APPLICATION

The Application Form in eMS consists of following information:

- (a¹¹) 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;
- (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) (if applicable);
- (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 relevant¹²;
- (i) the project implementation requirements, including the following:
 - (i) identification of the beneficiaries and designation of the lead beneficiary (if needed),
 - (ii) providing guarantees of its competence in the domain concerned,
 - (iii) its administrative and financial management capacity.
- (ii) description of the project management and implementation structure;
- (iv) monitoring and evaluation arrangements

The complete **project application** includes the following documents:

1. **Project application form**, duly filled-in in the eMS.
2. **Declaration by the Applicant**, in **Annex 1**, duly filled-in and digitally signed by the Applicant.

¹¹ Numbering is in accordance with Commission Implementing Regulation No 897/2014

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

3. **Partner Statement(s)** in **Annex 2**, duly filled-in, digitally signed, by each of the project partner(s) (including the Applicant).
4. **Letters of Endorsement by the Associates** in **Annex 3**, duly filled-in, signed, dated and stamped (if applicable) by each of the associate partner(s) (if relevant).
5. **Logical Framework** in **Annex 4**.
6. **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 5.
7. **Technical documentation** related to the infrastructure/investment works according to national legislation (if applicable).
8. **The building permit** (if applicable and available).
9. The **declaration of applying State aid/ de minimis aid** (with digital signature, for all partners) in **Annex 6**.
10. The applicants and/or partners declaration in **Annex 7** of meeting the criteria of a micro, small or medium sized enterprise (SME) (if applicable, digitally signed).

8.1.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

Applicant (in cooperation with its project partners) shall prepare a project application and submit it electronically via the electronic monitoring system (eMS).

Detailed instructions on how to fill in the project application form are provided in the form itself in eMS.

8.1.3 SUPPORT TO THE PROJECT PARTNERS IN PREPARATION APPLICATION FORM

JTS will provide online or offline individual and/or group consultations for preparation of the Application Form/needed documents and use of eMS and other online or offline events to support the preparation of projects. On the programme webpage www.estoniarussia.eu the question-answer section is developed and is available for all.

The applicants (and project partners) should work in close cooperation with the JTS starting from the stage of drafting the project application. It is recommended to consult with the JTS at least once during the preparation process of application. 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 APPLICATION FORM

The complete project application shall be submitted via eMS. Deadline for submission of the application is provided on the Programme website www.estoniarussia.eu

The project application should be submitted via eMS environment within the opening and closing dates of 6th Call for proposals. Please note that saved but not submitted applications are not considered submitted.

The documents in points 2-4, 6 (if applicable), 9 and 10 (if applicable) of chapter 8.1.1 should be submitted as **originals (in one electronic container)**. The digitally signed folder with all documents must bear the following sentences: "6th Call for Proposals of the Estonian EU external border programme, ER____" unique project identification number given by the eMS.

The digitally signed documents shall be submitted via eMS.

Where an applicant submits more than one project application, documents for each project has to be submitted separately in eMS as attachments to the concrete project.

8.2 SELECTION PROCEDURE

8.2.1 ASSESSMENT OF PROJECT APPLICATION

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

1. administrative eligibility check;

2. quality assessment.

First the **administrative eligibility check** of project application will be performed by the JTS and will be based on administrative eligibility criteria listed below in the Checklist. 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 the JTS via e-mail sent from the eMS environment.

Criteria	Yes	No	Not applicable
1. The project application and its Annexes are submitted within set deadline			
2. The project application is entirely filled in and is in English			
3. Declaration by the Lead Applicant is enclosed, has been filled in, digitally signed by authorised person			
4. Each Project partner, including the Project Lead Applicant, has submitted a Partner Statement (digitally signed by authorised person)			
5. Letter of Endorsement by Associates is duly filled-in, signed, and dated by each of associated partner(s), if applicable			
6. The Lead Applicant is eligible in accordance with the requirements indicated in the section 4.1 of the Guidelines			
7. The project partner(s), if applicable, are eligible (type and territory) in accordance with the requirements indicated in the section 4.2 of the Guidelines			
8. Project is within time limits set in accordance with requirements indicated in the section 6 of the Guidelines			
9. Project is within financial limits set in accordance with requirements indicated in the section 2 of the Guidelines			
10. Co-financing rates have been observed and it is not less than 10% per partner and on project level			
11. Activities are mainly located in the eligible territory in accordance with requirements indicated in the sections 1.2, 1,3 and 5 of Guidelines			
12. Applicant's and partner(s) (if applicable) declaration of applying State aid/de minimis aid provisions is submitted (digitally signed and dated)			

13. The partners confirmation of meeting the criteria of a micro, small or medium sized enterprise (SME) is submitted. (if applicable)			
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During the administrative eligibility check the JTS can ask assistance from the NA of the Republic of Estonia for a determination of whether the project overlaps with other EU or publicly financed activities.

The outcome of the administrative eligibility check - a list of eligible/non eligible projects-performed by the JTS shall be approved by the JMC.

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

Project applications that fulfil the administrative eligibility criteria are subject to quality assessment. The Selection Committee (SC) does quality assessment and their evaluation report is approved by the JMC.

SC is a committee established by the JMC. The SC members perform quality assessment of the project applications which have passed the administrative eligibility check.

2. Quality assessment.

During introductory 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 the project application based on predefined criteria. If needed, content wise expertise will be engaged. The organisation of meetings and technical support given to the quality assessment process will be ensured by the JTS. The project application will be given an overall score out of 100 weighted points in accordance with the breakdown provided in the evaluation grid below.

Award criteria	Description (issues to be considered)	Score
1. Project contribution to programme`s objectives and indicators, relevance to wider strategy and policies		Max 20 (weight/share: 10%)
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 objectives and its specific area(s) 2. 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	Max 5

	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	
2. Relevance and added value of the project		Max 10 (weight/share: 25%)
2.1 Relevance of the project for the eligible area is clearly demonstrated and justified	1. The need to address challenges and/or opportunities in the eligible area and achieve the project's objectives is justified	Max 5
2.2 The added value of the project is clearly demonstrated	1. The project has clear impact and benefits on eligible territory and clearly describes proposed solutions	Max 5
3. Project design		Max 15 (weight/share: 20%)
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, partner(s), 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
4. Partnership relevance and experience		Max 5 (weight/share: 10%)
4.1 The project involves the relevant partner (s) to achieve project goals	1. Involved partner (s) are relevant and have proven experience and competence in the thematic field concerned	Max 5

5. Management		Max 10 (weight/share: 10%)
5.1 Management structures are proportionate to the project size and needs and allow partners' involvement in decision-making(if applicable)	1. Management structures, procedures and competences of staff are 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
6. Budget		Max 10 (weight/share: 25%)
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)	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		70
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 application will be performed and an evaluation report (including consolidated evaluation grids) will be prepared for the JMC decision.

Please note, that only the project applications 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 SC is in no way binding for the JMC, the JMC 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 and/or strategical importance, which are explained, justified and documented.

Based on the given scores by the SC or the JMC considerations the projects will be ranked and the financing will be granted to projects within available financing. It is possible to decide for the JMC that some projects will be included into the reserve list. The Programme will turn to the reserve list projects and check the possibilities for continuation of the grant awarding process in case of available additional financing for the programme.

The JMC 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 Applicant to inform the other project partners about the outcome of the selection procedure.

Project applications will be rejected by the JMC in case they do not fulfil the administrative eligibility criteria or receive less than 60 weighted points in the the quality assessment procedure. Those projects will receive an Administrative Decision on Rejecting the Project Proposal from the Managing Authority. This includes the reasoning behind the rejection 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 awarding the grant 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 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 the approved project 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 project application 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, *if relevant* - in case there is more than one partner;
3. The applicant has to provide the original of the Financial Identification Form with the details of its banking account;
4. 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.

Grant Contract shall be signed latest by the 30 June of 2023.

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**, relevant in case there is more than one partner in the project, has to lay down provisions for the distribution of tasks, responsibilities and the contribution of all beneficiaries, 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 before the Grant Contract is signed. Model Partnership Agreement is available on the Programme's web-site 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, but no later than 1 July 2023.

All the Grant Contracts shall be signed no later than 30 June 2023.

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.

Programme level eligibility for project implementation ends on 31 December 2023, meaning that all project activities have to be completed by that date.

10.1.2 MANAGEMENT OF THE PROJECT AND RESPONSIBILITIES WITHIN THE PARTNERSHIP

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

Note! In case the Applicant is the only partner in the project, the role of the Lead beneficiary is automatically assigned to the Applicant and Partnership Agreement is not required.

Provided that there is more than one partner in the project, the beneficiaries shall designate one Lead beneficiary for representing the partnership.

All beneficiaries shall actively cooperate in the development and implementation of the project. In addition, they shall cooperate in the staffing and financing of the project. **Each beneficiary shall be legally responsible for the activities and outputs that it is implementing.** The specific obligations 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/ achieving the project' outputs;
- (b) *for projects implemented in the partnership* to 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) *for projects implemented in the partnership* to 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;

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

1. ensuring the implementation of the entire project;

2. 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. – *applicable for the projects having more than one beneficiary*;
3. signing the Grant Contract with the MA;
4. 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 (*applicable for the projects in the partnership*) and ensuring that these tasks are subsequently fulfilled; ensuring proper communication with and among the beneficiaries (if applicable) and wider public;
5. representing the project – the Lead beneficiary serves as a contact point to the Managing Authority, JMC, JTS and National Authority concerning the implementation of the project and should ensure continuous communication between the Programme (JTS) and the beneficiaries (if applicable);
6. progress of the project as far as its physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved Application;
7. establishing adequate monitoring and evaluation system of the project that ensures timely delivery of project outputs and results in a proper quality;
8. timely and correct reporting in eMS;
9. requesting and receiving payments from the MA, which then are timely forwarded to the beneficiaries (*applicable for the projects in the partnership*)¹³;
10. respecting and observing Programme rules and requirements, the EU, EURATOM, and national legislation concerning financial management and controls, public procurement and tender procedures, rules on nationality and origin, information and visibility and state aid rules;
11. 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;
12. 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 (*applicable for the projects in the partnership*);
13. ensuring production and maintenance of all documentary evidence required for control purposes on the Lead beneficiary's level;
14. implementation of the project in accordance with the provisions of the Grant Contract and the Partnership Agreement (*applicable for the projects in the partnership*);
15. recovering the amounts unduly paid together with any interest on late payment;
16. ensuring adequate visibility of the EU contribution to the project;

¹³ 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.

17. calculate the operating profit for the project.

Beneficiaries¹⁴ are responsible (legally and financially) for implementation of the project in accordance with approved Application Form and the provisions of Partnership Agreement, specifically for:

1. 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;
2. 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;
3. establishing adequate monitoring and evaluation system of the project that ensures timely delivery of project outputs and results in a proper quality;
4. timely and correct reporting in eMS;
5. 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 and visibility and state aid rules;
6. 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;
7. ensuring production and maintenance of all documentary evidence required for control purposes on the beneficiaries level;
8. ensuring adequate visibility of the EU contribution to the project.

10.1.3 OWNERSHIP OF THE PROJECT RESULTS

The ownership, title, and intellectual and industrial property rights to the project's outputs, 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 Programme authorities and the European Commission 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, 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

¹⁴ Applicable for projects that have more than one beneficiary.

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, and the Republic of Estonia. The measures must be in accordance with the communication and visibility requirements of the Programme laid down in Communication and Visibility Guidelines and Communication and visibility instructions for Estonian beneficiaries and applicable EU regulations.

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.

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 project application, work package Communication. The sufficient budget for information and communication related activities should be considered.

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

10.1.5 USE OF THE PROGRAMME LOGO



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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 must be displayed at least as prominently and visibly as the other logo(s)/emblem(s) and be at least the same size as the biggest of the other logo(s)/emblem(s) used.

The Programme logo can be downloaded here: https://ec.europa.eu/regional_policy/en/information/logos_downloadcenter/. The precise visibility requirements are provided in the Communication and visibility instructions for Estonian beneficiaries.

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.

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 the 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 with fixed percentage 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 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 eligible 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 Lead beneficiaries and the beneficiaries 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.

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 meets 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. Therefore, please make sure that all cost items of equipment are listed.

Every purchased 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 should be listed under the 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.).

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 for experts 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 the 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.

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/de minimis 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 Managing Authority in proportion to the period for which the requirement has not been fulfilled.

10.2.2 REPORTING

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.).

The Lead Beneficiary and beneficiaries must draw up only one report – **Individual Final Report**. Based on individual reports verified by the public officer the Lead Beneficiary must draw up the Final consolidated report. All reports shall be drafted in English. They shall be submitted to the MA/JTS via eMS.

An individual final report shall consist of narrative and financial report on the costs incurred and paid in the reporting period.

Each beneficiary fills in their individual Final report in eMS within 30 calendar days after reporting period. After drawing up the individual reports the Beneficiary(ies) should submit them to the public officer for verification.

The public officer from the INTERREG Project's Supervision Unit of the State Shared Service Centre shall verify whether the costs and revenue are real, accurately recorded and eligible. The public officers will conduct expenditure verification within 60 calendar days.

After public officer verification the Lead beneficiary prepares the consolidated Final report and submits it to the JTS via eMS. The consolidated report shall be submitted to the JTS by the Lead Beneficiary within 30 calendar days after the expenditure verification report of all partners has been issued by the public officer.

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.

The MA executes payment to the Lead beneficiary as soon as possible 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 (for projects in the partnership).

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 options are foreseen for 6th Call for proposals projects: **pre-financing** (after signing of the Grant Contract) in amount of 60% of awarded grant; **payment of the final balance** (upon completion of the project) after approval of the Final Consolidated Report.

10.2.4 KEEPING THE PROJECT DOCUMENTS

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 de minimis 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.

10.2.5 BUDGET RELOCATIONS AND CHANGES IN THE PROJECT

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.

Changes can only be done within the implementation period of the project, modifications cannot be made retroactively.

The procedures for changes are described in the Project Implementation Guidelines.

10.2.6 PROCUREMENT (TENDERING)

Project Lead beneficiaries and beneficiaries must follow national public procurement legislation of the Republic of Estonia. The procurement and tender procedures, rules of nationality and origin are described in the Project Implementation Guidelines.

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.

10.2.6.2 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.

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. 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 AND DE MINIMIS PRINCIPLES

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.

Article 12 of the Commission Implementing Regulation (EU) No 897/2014²³ 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 and de minimis aid regulations and articles will be stated in the the State aid guidelines document. 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).

The overall budget and the eligible costs shall be also indicated for every activity in Annex 6. By drawing up the budget and the eligible costs the applicant has to follow the provisions of the corresponding State aid regulations.

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

During the assessment of the 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.

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 MONITORING AND CONTROL

10.6.1 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 the INTERREG Project's Supervision Unit of the State Shared Service Centre.

The 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 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. Costs of the project must be examined based on the sample-check methodology introduced by the Programme. The verification procedure is done in the eMS environment, where 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 public officer issues a verification report, in eMS.

Managing Authority verification

In addition to the above mentioned expenditure verification MA shall perform its own verification of project expenditure.

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.

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.

10.6.2 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 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 will be stipulated in the Grant Contract. After the amount exceeding the Programme 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.

If 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.

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.

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
- 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)

ANNEX 1 DECLARATION BY THE APPLICANT

ANNEX 2 PARTNER STATEMENT

ANNEX 3 LETTERS OF ENDORSEMENT BY THE ASSOCIATES

ANNEX 4 LOGICAL FRAMEWORK

ANNEX 5 EVIDENCE OF OWNERSHIP OR ACCESS TO THE LAND TEMPLATE

ANNEX 6 THE DECLARATION OF APPLYING STATE AID OR DE MINIMIS AID

ANNEX 7 APPLICANTS OR PARTNERS DECLARATION OF MEETING THE CRITERIA OF A MICRO, SMALL OR MEDIUM SIZED ENTERPRISE