



**Contracting Authority:** Ministry of Regional Development and  
Local Governments of the Republic of Latvia

**Estonia – Latvia – Russia  
Cross Border Cooperation Programme within  
European Neighbourhood and Partnership Instrument  
2007-2013  
EC decision No C (2008) 8332**

**Guidelines  
for Grant Applicants**

Reference: 1<sup>st</sup> Call for Proposals

Deadline for submission of proposals: 29.11.2010

## **NOTICE**

This is an open Call for Proposals, where all documents are submitted at one stage. Each Application (application, requested annexes and supporting documents) will be evaluated by the assessors nominated by Joint Monitoring Committee (JMC) of the Estonia – Latvia – Russia Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument 2007-2013 (Programme).

Grants within the Programme will be allocated to the projects based on the results of the Calls for Proposals, which will be announced regularly during the lifetime of the Programme.

The Guidelines provide an overview of the planning, managing and follow-up to the projects financed from the Programme. The Guidelines include information on the process from the preparation of Application to implementation, monitoring, reporting and finalization of the project. They are intended to assist applicants in drafting Applications, as well as the Beneficiaries and their partners in implementing and finalizing the approved projects. They also contain information on how to fill in the Application, what to annex to it and what procedures to follow; as well as the contractual obligations which will apply to successful applicants. Text of the Guidelines shall serve as a summarised basic guide to applicants.

Please note, that the English version of the document is approved by the JMC of the Programme and takes precedence over other language versions.

The relevant documents for this Call for Proposals can be downloaded from the Programme's web site: <http://www.estlatrus.eu>.

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# **1 GENERAL INFORMATION ABOUT THE ESTONIA – LATVIA – RUSSIA CROSS BORDER COOPERATION PROGRAMME WITHIN EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT 2007-2013**

## **1.1 BACKGROUND**

Since middle of 1990s regions of the Programme area have been involved in implementing different cross border cooperation (CBC) programmes. The first financial support for CBC activities between Latvia and Estonia came in the middle of 1990s in the form of different Phare CBC programmes. These programmes have contributed to economic development of the border regions in Estonia and Latvia, and have made a significant contribution to building physical infrastructure, but have also given a possibility for these regions to become acquainted with procedures and practices of the INTERREG programmes. Phare CBC programmes have always been regarded as regional development programmes.

In Russian part of the Programme area CBC with Finland has been more popular. Leningrad region has a long cooperation history with Finland, while Pskov region has more experiences in inter-regional than in immediate CBC. However, bilateral cooperation Russia-Latvia and Russia-Estonia has been going on as part of Phare Credo programme. The PHARE External Border Initiative Programme 2003 in Estonia was aimed at promotion of balanced and sustainable development of Estonian regions bordering the Russian Federation.

The first real trilateral cooperation in the region took place within the INTERREG IIIA North priority of the Baltic Sea Region INTERREG III B Neighbourhood Programme 2004-2006. It was the first financial instrument focusing on the immediate border areas of the three countries, and having genuine CBC as the main requirement of financing joint projects.

The current Programme is implemented within framework of the European Neighbourhood and Partnership Instrument (ENPI). From year 2007 the ENPI has replaced other financial instruments for cooperation with the Partner Countries (including TACIS CBC) and offered a single set of objectives as well as unified procedures for project application and implementation, applicable to institutions from both the European Union (EU) Member States and the Partner Countries.

## **1.2 LEGAL FRAMEWORK**

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

- Regulation No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI Regulation);
- Commission Regulation No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument (Implementing Rules);
- Council Regulation No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Commission Regulation No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- European Neighbourhood & Partnership Instrument Cross Border Cooperation Strategy Paper 2007-2013;
- Practical Guide to Contract procedures for European Commission external actions of 1 January 2009 (PRAG);

- Estonia–Latvia–Russia Cross Border Cooperation Programme within European Neighbourhood and Partnership Instrument 2007–2013 approved by European Commission on 17 December 2008, decision No C(2008)8332;
- Financing Agreement between the Government of the Russian Federation and the European Community on Financing and implementing the Cross Border Cooperation Programme signed on 18 November 2009;
- Applicable national legal acts and EU regulations and horizontal themes, in particular on sustainable development, environment, competition and state aid, public procurement, equal opportunities;
- Terms of Reference for an Expenditure Verification of a Grant Contract (Annex 8.6 to the Guidelines);
- Guidelines for project applicants for proper financial management during project elaboration and implementation.

As a general rule, the Programme and the regulations determine the cost eligibility and eligibility categories. However, if existent, the nationally adopted and stricter rules establishing the method for calculating eligible costs apply. Where there are no rules on the national level, the stricter rules of the Programme apply.

### **1.3 OBJECTIVES OF THE PROGRAMME AND PRIORITIES**

The *strategic objective* of the Programme is to promote joint development activities for the improvement of the region’s competitiveness by utilising its potential and beneficial location in the cross roads between the EU and the Russian Federation.

The *specific objective* of the Programme is to make the wider border area an attractive place for both its inhabitants and businesses through activities aimed at improving the living standards and investment climate.

The following three priorities have been defined for the Programme:

#### **1 Priority: Socio-economic development**

Priority is dedicated to strategic development of border region’s competitiveness through support to business and labour market development, improvements in communication networks and exploring region’s potential for tourism as well as maintaining efficient and safe borders.

#### **2 Priority: Common challenges**

Priority aims at addressing common problems and initiating and continuing joint actions in the areas of common interest on both sides of the border.

#### **3 Priority: Promotion of people to people cooperation**

Priority is focussing on small scale activities for improving the cooperation of the border region supporting wide range of activities to be performed by regional and local municipalities and various actors of the society, which have been identified as being of crucial importance to a more integrated region.

The Programme will finance activities within the projects which have (is aimed to keep) a purely cross border character and involve at least two partners, of whom at least one project partner shall be located in the Programme area in one of the Member States and at least one project partner located in the Programme area in the Partner Country. The Programme is an important complement to the existing and foreseen national, regional and sectoral initiatives covering parts of the Programme area. The Programme will add a cross border dimension to those initiatives, looking at the Programme area development from a comprehensive socio-economic, environmental and cultural perspective.

## 1.4 PROGRAMME AREA

The Programme area is illustrated in the map below.



Programme area includes the following NUTS III regions:

Latvia: Latgale, Vidzeme; adjoining areas: Riga City and Pieriga

Estonia: Kirde-Eesti, Lõuna-Eesti, Kesk-Eesti; adjoining area: Põhja-Eesti

Russia: Leningrad region, Pskov region, St. Petersburg City.

The Programme funding may up to a limit of 20% be used for financing of expenditure incurred by the project partner(s) from adjoining areas in Estonia and Latvia.

## 1.5 PROGRAMME MANAGEMENT

Joint Monitoring Committee (JMC) is a decision making body responsible for ensuring effectiveness and quality of the Programme implementation. The JMC takes the final decision on projects to be supported and amounts granted to the projects. Members of the JMC are representatives from national and regional level partners from the Republic of Estonia, the Republic of Latvia and the Russian Federation. The JMC nominates part of the JMC to act as the Selection Committee.

Joint Managing Authority (JMA) is an executive body having overall responsibility for managing the Programme and implementing decisions taken by the JMC; body responsible for efficient and correct management and implementation of the Programme. To ensure segregation of duties, Operational Section, Financial Management Section and Internal Audit Section of the JMA have been established. The JMA is acting as the Contracting Authority and signing Grant Contracts with the Beneficiaries of approved projects, approves project implementation reports

and initiates payments. Ministry of Regional Development and Local Government of the Republic of Latvia is Joint Managing Authority of the Programme.

Joint Technical Secretariat (JTS) is a joint operational body assisting the Joint Managing Authority and the JMC in carrying out their respective duties. The JTS is in charge of the day-to-day operational follow-up and financial management of the projects. It is participating in assessment of the Applications. The JTS is composed of international staff. The JTS is located in Riga, the Republic of Latvia and hosted by the State Regional Development Agency of the Republic of Latvia. The JTS shall have Branch Offices in the Republic of Estonia and the Russian Federation established. The JTS shall inform and support potential beneficiaries of the Programme in the country where activities are envisaged.

National Authorities are national institutions responsible for the Programme development, relevant policy making and monitoring of the Programme on behalf of the participating countries. Their functions are implemented by the Ministry of the Interior of the Republic of Estonia, the Ministry of Regional Development and Local Government of the Republic of Latvia and the Ministry of Regional Development of the Russian Federation.

National Sub-committees (NSC) are national advisory bodies that may be established in the Republic of Estonia, the Republic of Latvia and the Russian Federation. The aim of the NSC is to ensure contribution by wider scope of Programme stakeholders (other national line ministries, regional and local institutions, social and economic partners, environmental bodies, NGOs etc.) to Programme development and implementation. NSC shall act as forums for discussing and defining national opinion prior to the JMC meetings. NSC may also act as multipliers in distributing the information about the funding opportunities Programme offers and disseminating Programme results. The work of NSCs shall be organised and financed by the participating country.

## **1.6 FINANCIAL ALLOCATION FOR THIS CALL FOR PROPOSALS**

The overall indicative amount made available from the Programme under this Call for Proposals is EUR 23 648 491.

The JMC reserves the right not to award all available funds.

## **1.7 OFFICIAL LANGUAGE**

The official working language of the Programme is English. Applications shall be submitted in English, Grant Contracts shall be concluded in English, all official documentation and communication related to the 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.

## 2 RULES FOR THIS CALL FOR PROPOSALS

These Guidelines set out the rules for the submission, selection and implementation of projects financed under this Call for Proposals, in conformity with the Programme (available for download at the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu)) and with the provisions of the PRAG which are applicable to the present call, available on the Europe Aid web site: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

### 2.1 ELIGIBILITY

#### 2.1.1 Eligibility criteria

There are three sets of eligibility criteria, relating to:

- 1) applicant(s) which may request a grant and project partner(s) (section 2.1.1.1 of the Guidelines);
- 2) projects for which a grant may be awarded (section 2.1.2 of the Guidelines);
- 3) types of cost which may be taken into account in setting the amount of the grant (section 2.1.3 of the Guidelines).

##### **2.1.1.1 Eligibility of the applicant and the project partner(s)**

In order to be eligible for a grant, the applicant and the project partner(s) must be one of the following:

- 1) national, regional and local public authority;
- 2) association formed by one or several national, regional or local authorities;
- 3) public equivalent body (any legal body governed by public or private law):
  - a. established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character,
  - b. having legal personality,
  - c. having legal relationship with the state, regional or local authorities or other bodies governed by public law in regards of:
    - is financed or owned at least 51% by those bodies,
    - or is the subject to management supervision by those bodies,
    - or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the bodies mentioned above;
- 4) Associations formed by one or several bodies governed by public law as defined under point 3 of this section above;
- 5) NGOs and other non-profit making bodies;
- 6) Educational organisations (schools, preschool institutions, colleges, institutes, universities):
  - a. if an educational organization is a public equivalent body, requirements of set for public equivalent bodies (point 3) of this section) shall be applied;
  - b. if an educational organization is established under Commercial Law of the respective country (is profit-making), eligibility criteria set for SME-s (see point 7) of this section below) shall be applied.

7) Small and medium enterprises (SMEs) under the Priority 1, following the several conditions:

- a. private company is micro, small or medium sized enterprise, which means it employs fewer than 250 persons and it has an annual turnover not exceeding EUR 50 million, and/or has annual balance sheet total not exceeding EUR 43 million;
- b. the SME-s can be eligible for funding in projects whose immediate objective is non-commercial;
- c. the results of the projects with the involvement of the SMEs have to be available for the use of wide public, i.e. access to these results can not be limited only to the partners of the project;
- d. in case of participation of the SME as the project partner, the maximum Programme co-financing rate is 50% of the total eligible costs of this SME;
- e. the SME cannot act as the Beneficiary of the project;
- f. the SME cannot act as the only partner from the Participating Country;
- g. the SME acting as a project partner may not apply for a grant exceeding EUR 200,000 (see section 3.2.7 of the Guidelines).

Please note that an NGO acting as the Beneficiary or the project partner and an SME acting as the project partner should documentary prove its operational and financial capacity acting for at least one year before announcement date of this Call for Proposals.

Please note that the international organizations may act as the Beneficiaries or the project partners if they have the local representation office in the Programme participating country and work directly for the Programme area and on the condition it is this local representation office which will implement the Project activities.

In addition to the requirements set above in this section the applicant and the project partner(s) must satisfy **all** criteria listed below:

- 1) be legal persons **and**
- 2) be non-profit making (with exception of public equivalent body participating as the project partner in the Priorities 1, 2 and 3; and the SME participating as the project partner(s) in the Priority 1) **and**
- 3) be located (have their legal address) in the Programme area **and**
- 4) be directly responsible for the preparation and management of the project with their partner(s), not acting as an intermediary, **and**
- 5) 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 have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*; (i.e. against which no appeal is possible);

- c. they have been guilty of grave professional misconduct proven by any means which the Joint Managing Authority can justify;
- d. they have not fulfilled 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 Joint Managing Authority or those of the country where the contract is to be performed;
- e. they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests:
  - 1) cases of fraud as referred to in Article 1 of the Convention on the Protection of the European Communities' Financial Interests drawn up by the Council Act of 26 July 1995;
  - 2) cases of corruption as referred to in Article 3 of the Convention on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997;
  - 3) cases of participation in a criminal organisation, as defined in Article 2(1) of Joint Action 98/733/JHA of the Council;
  - 4) cases of money laundering as defined in Article 1 of Council Directive 91/308/EEC.
- f. they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation No 1605/2002.

Please note that grants may not be awarded to applicants who during the application and contracting procedure:

- 1) are subject to a conflict of interest<sup>1</sup>;
- 2) are guilty of misrepresentation in supplying the information required by the JMC and/or Joint Managing Authority as a condition of participation in the contract procedure or fail to supply this information;
- 3) find themselves in one of the situations referred above in point 5 of this section.

Applicant in Worksheet XV "Declaration by the Applicant" of the Grant Application Form (Application Form) must declare that it does not fall into any of the situations mentioned in this section.

The following are not the project partners and do not have to sign the Partnership Statement:

- 1) **associates;**  
Associates can be involved in the project implementation if they play a real role in the project. Associates may not receive funding from the grant with the exception of daily allowances, accommodation and travel costs. Associates do not have to meet the eligibility criteria referred to in this section. The associates have to be mentioned in the Application Form.
- 2) **subcontractors;**  
The grant Beneficiaries and the project partner(s) have the possibility to award contracts to subcontractors. Subcontractors are neither project partners nor associates, and are subject to the procurement rules set out in section 3.2.5 of the Guidelines.

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<sup>1</sup> Conflict of interest is when the impartial and objective exercise of the functions is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

### **2.1.1.2 Partnership requirements**

Each project shall involve at least **two project partners** (the applicant and at least one project partner), of whom at least one project partner shall be located in the Programme area of the Republic of Estonia and/or the Republic of Latvia and at least one project partner located in the Programme area in Russian Federation. One of those partners will act as the applicant (Lead Partner and after signing of the Grant Contract shall be referred as Beneficiary) other as the project partner.

After approval of the project, the applicant signs the Grant Contract with the Joint Managing Authority and assumes full legal and financial responsibility for the project management and implementation vis-à-vis the authority. It receives the Grant from the Joint Managing Authority and ensures that it is managed and distributed in accordance with the Partnership Agreement signed with the project partner(s) (model Partnership Agreement is available for download at the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu); also available as Annex 7 to the Guidelines).

Each project partner (including the Applicant) intending to participate in the project has to sign a Partnership Statement (see Annex 2 of the Guidelines) to be submitted in the Application and the Partnership Agreement to be submitted before signature of the Grant Contract. The Partnership Agreement has to set the rights and obligations of the partner(s), provisions guaranteeing the financial management of the funds allocated to the project, including the arrangements for recovery of amounts unduly paid.

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

## **2.1.2 Eligible projects**

### **2.1.2.1 Co-financing rate**

Grant to the project may not exceed 90% of the total eligible costs of the project.

Not less than 10% of the total eligible costs of the project are the Beneficiaries' and the project partner(s) own contribution to the project and must be financed from their resources or from sources other than the European Community budget. Applicant and each project partner must contribute not less than 10% of its total eligible costs to financing of the project.

For the private partner (as set in the section 2.1.1.1 of the Guidelines) participating in the project supported under the Priority 1 the maximum co-financing from the Programme cannot exceed 50% of the total eligible costs for respective project partner.

### **2.1.2.2 Size of grants**

Any grant awarded under this Call for Proposals must fall between the following minimum and maximum amounts:

	Minimum EUR	Maximum EUR
1 Priority: Socio-economic development	50 000	2 000 000
2 Priority: Common challenges	50 000	2 000 000
3 Priority: Promotion of people to people cooperation	10 000	300 000

### **2.1.2.3 Project duration**

The maximum duration of the project may not exceed 36 months.

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

- the day following that on which the last of the two parties signs the Grant Contract,  
**or**
- a later date agreed in the Grant Contract,

and no later than 6 months after the signing of the Grant Contract.

The **duration of the project** is calculated by adding to this date the number of months indicated in the Application as the duration of the project.

#### **2.1.2.4 Location**

Project and its activities must be located and take place in the Programme area. Applicants and their partner(s) must be located in the Programme area as set in section 1.4 of the Guidelines except for Associates of the Applicant participating in the project.

Up to 20% of the Programme funding may be used for financing of expenditure incurred by the project partners from adjoining territories in the Republic of Estonia and the Republic of Latvia.

If it is necessary for the project implementation and for the benefit of the Programme territory, in duly justified cases up to 10% of the project's total budget can be spent for implementation of the project soft activities outside the Programme area. These costs have to be clearly indicated, specified and justified in the Application Form and approved by the JMC. If during the project implementation partners discover that it is necessary to organise an activity or its part outside of the Programme area, the beneficiary has to receive a prior approval of the Joint Managing Authority.

#### **2.1.2.5 Project types**

Nature of the projects can be of three following types:

- 1) Integrated projects – where each project partner carries out a part of activities of a joint project on its respective side of the border;
- 2) Symmetrical projects – where similar activities are carried out in parallel on the territory of the Republic of Estonia and/or the Republic of Latvia and the Russian Federation;
- 3) Simple projects with a cross border effect, taking place mainly or entirely on one side of the border but for the benefit of all project partners.

The projects must be of a non-commercial character. Neither applicants nor project partners can make profit out of a grant.

All projects of the Programme shall have positive influence on sustainable development. Half (50%) of the supported projects have to target provision of equal opportunities.

Sustainable development means respecting the right of the future generations to change the path of development, i.e. to further access resources that are difficult to renew or non-renewable; and to maintain the elementary natural preconditions for life. In addition to the environmental aspect, sustainable development also covers economic, social and cultural aspects of sustainability.

Aim of the equal opportunities is to ensure equal rights of men and women, prevent all kind of discrimination, e.g. based on sex, racial or ethnic origin, religion or belief, age or disability and provide them with equal access to the activities of the project.

#### **2.1.2.6 Supported sectors and themes**

## **1 Priority: Socio-economic development**

### **Measure 1.1 Fostering of socio-economic development and encouraging business and entrepreneurship**

#### Directions of support:

- Support to SME development, improvement of business related infrastructure, promotion and diversification of local economic and business environment
- Development of know-how and promotion of innovations, research and technology
- Development of labour market potential (improvement of employment conditions, support to economically inactive population, cooperation between research institutions, educational establishments and businesses in order to raise the quality of workforce and human resource development, etc.)
- Development of entrepreneurs' contacts and networks

### **Measure 1.2 Transport, logistics and communication solutions**

#### Directions of support:

- Development of transport corridors and small-scale infrastructure (improvement of road, rail, water and air networks and services)
- Planning and development of border-related infrastructure (parking areas, facilities for various services of interest for travellers both - tourists and truck drivers, recreation areas, etc.)
- Development of new cross border public transportation routes and services
- Development of information infrastructure and services, creation of joint information facilities

### **Measure 1.3 Tourism development**

#### Directions of support:

- Development of tourism infrastructure, joint tourism products and services and their accessibility (accessibility of roads connected with tourism routes, installation of guide-boards, etc.)
- Coordinated tourism strategies and marketing measures (joint events aiming at extending attractiveness of the Programme area, information services, etc.)
- Development of networks of tourism organisations and creation of new contacts in the tourism sector

## **2 Priority: Common challenges**

### **Measure 2.1 Joint actions aimed at protection of environment and natural resources**

#### Directions of support:

- Environmental studies and management (researches addressing environmental pollution, monitoring, management, etc.)
- Environmental awareness raising (including establishment of information centres and introduction of systemic environmental education, etc.)
- Environmental risk management and cooperation of environmental services
- Planning and improvement of small scale environmental infrastructure

**Measure 2.2 Preservation and promotion of cultural and historical heritage and support of local traditional skills**

Directions of support:

- Preservation and restoration of cultural and historical heritage
- Application of local crafts, know-how and traditional skills in business development

**Measure 2.3 Improvement of energy efficiency and promotion of renewable energy sources**

Directions of support:

- Effective and sustainable use of energy resources, energy savings
- Development of alternative and renewable energy sources

**3 Priority: Promotion of people to people cooperation**

**Measure 3.1 Development of local initiative, increasing administrative capacities of local and regional authorities**

Directions of support:

- Promotion of cooperation and networking between local and regional authorities and NGOs. Promote the participation of civil society in local initiatives and promote common dialogue between local authorities and society
- Increasing the administrative capacity of local and regional authorities (including cooperation in providing public services and e-services etc.)

**Measure 3.2 Cooperation in spheres of culture, sport, education, social and health**

Directions of support:

- Development of people – to - people cooperation (in culture, sport, education, social sphere and health etc.)
- Exchange of initiatives in education, culture, health and social care
- Establishment and development of common information space and partnership networks

**2.1.2.7 The following activities are ineligible:**

- 1) activities concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- 2) activities concerned only or mainly with individual scholarships for studies or training courses;
- 3) activities which immediate objective is commercial or profit-making;
- 4) activities of political, ideological or religious nature;
- 5) pure academic and research-oriented activities which do not have direct applicability to the Programme area;
- 6) activities duplicated those already financed from any EU fund, international, national, regional and/or local funds, as this is considered double-financing;
- 7) sub-granting.

### **2.1.2.8 Number of Applications and grants per applicant**

Number of Applications to be submitted by an applicant for this Call for Proposals is not limited.

Note that in case the Beneficiary and/or the partner will be awarded for the grant within several Applications the Beneficiary and/or the partner may be asked to confirm its operational and financial capacity by the Joint Managing Authority before signing of the Grant Contract. If during Grant Contract negotiations the Beneficiary and/or the partner will not be able to sign the Grant Contract, the next project from the reserve list shall be invited to negotiate.

### **2.1.3 Eligibility of costs**

Only **eligible costs** can be taken into account for a grant. **Please note that only costs incurred during the project implementation are eligible.** The categories of costs considered as eligible and non-eligible are indicated below. The budget is both a cost estimate and a ceiling for eligible costs. Note that the eligible costs must be based on real costs and backed by supporting documents during the project implementation.

#### **2.1.3.1 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.

#### **2.1.3.2 Eligible costs**

To be eligible, costs must be incurred by the Beneficiary or its partner(s) and must be in line with the Article 14.2 of the General Conditions:

- 1) incurred during the implementation of the project, i.e. after the starting date of the project stipulated in the Grant Contract (see section 2.1.2.3 of the Guidelines) and before the project end date with the exception of costs relating to final reports, expenditure verification and evaluation of the project, which can be incurred not later than the date of submission of the final report;
- 2) indicated in the estimated overall budget of the project;
- 3) necessary for the implementation of the project;
- 4) identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary or its partner(s) and determined according to the applicable accounting standards of the country where the Beneficiary and/or the partner is established and according to the usual cost accounting practices of the Beneficiary and/or the partner(s);
- 5) incurred in compliance with the relevant procurement procedures in accordance with section 3.2.5 of the Guidelines;
- 6) reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

In addition to the requirements to eligible costs mentioned above and where relevant to the provisions of the procurement (set in section 3.2.5 of the Guidelines) being respected, the

following costs of the Beneficiary and the project partner(s) **are eligible** (please see detailed description in the section 2.1.3.4 of the Guidelines):

- 1) the cost of staff of the Beneficiary and the project partner(s) assigned to the project, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or its partners, as the case may be, unless it is justified in the Application Form by showing that it is essential to carry out the project;
- 2) travel and subsistence costs for staff and other persons taking part in the project, provided they do not exceed those normally borne by the Beneficiary or its partners. Any flat-rate reimbursement of the subsistence costs must not exceed the rates published by the European Commission at the time of signing this contract that can be found:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm);
- 3) purchase or rental costs for equipment and supplies (new or used) specifically for the purposes of the project, and costs of services, provided they correspond to market rates;
- 4) costs of consumables;
- 5) subcontracting expenditure;
- 6) costs deriving directly from the requirements of the Grant Contract (dissemination of information, evaluation specific to the project, expenditure verification, translation, reproduction, etc.) including financial service costs (in particular the cost of transfers and financial guarantees);
- 7) contingency reserve (not exceeding 5% of the direct eligible costs);
- 8) contributions in-kind.

### **2.1.3.3 Ineligible costs**

The following costs of the Beneficiary and the project partner(s) **are not eligible**:

- 1) debts and provisions for losses or debts;
- 2) interest owed;
- 3) items already financed in another framework;
- 4) purchases of land or buildings, except where necessary for the direct implementation of the project, in which case ownership must be transferred to the final beneficiaries and/or local partner(s), at the latest by the end of the project;
- 5) currency exchange losses;
- 6) taxes (except those listed in the description of the Budget Heading 1, see section 2.1.3.4), including VAT, unless the Beneficiary and/or the project partner(s) cannot reclaim it. Please note that VAT that is recoverable by whatever means cannot be considered eligible, even if it is not actually recovered by the Beneficiary or the project partner(s) (i.e. the Beneficiary or the partner who could officially recover the VAT has decided not to do it);
- 7) credits to third parties;
- 8) fines, financial penalties and expenses of litigation.

### **2.1.3.4 Description of budget lines**

The project budget is divided between six Budget Headings and further detailed into sub-headings and budget lines.

The detailed breakdown of the project budget (including all direct eligible costs of the project) as well as its division per project partners shall be provided in the Worksheets XIII and XIV of the Annex 1 "Application Form" of the Guidelines and shall consist of the Programme's grant and the applicant's and the project partners' co-financing (contribution).

All expenditures included into the budget breakdown shall follow the rules on eligibility of expenditure set in section 2.1.3 of the Guidelines.

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

### **Heading 1 - Human resources**

Includes only the cost of the staff of the Beneficiary and the project partner(s) assigned directly to the project, corresponding to actual gross salaries (including wages, employment taxes, social security charges, health insurance and pension contributions) and other remuneration related costs due in the respective country. Salaries must not exceed those normally borne by the employer (the Beneficiary or its partner(s)) 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 the principles.

The cost of staff assigned to the project is not a contribution in-kind.

Costs under this Budget Heading can include salaries for e.g. project coordinator, project manager, project assistant, financial manager provided that they are directly employed at the Beneficiary or the project partner institution on the basis of the labour (employment) contracts or staff already working in the organisation on the basis of labour contracts could be assigned to the project by orders of head of organisation. For evaluation of the management capacity of the applicant's and/or project partner's staff assigned to the project, the CVs of the project managers and financial managers (accountants) shall be submitted indicating respective positions in the project.

Each person working at the project must fill in timesheets, indicating the hours worked and tasks implemented, signed by the person and his/ her supervising officer. A standard form of a timesheet must be used. It is published on the Programme website [www.estlatrus.eu](http://www.estlatrus.eu)

Employees can be employed either full-time or part-time for the project. If staff is not working full time for the project, percentage of involvement should be indicated in the description of the costs and reflected in the number of units (e.g. if the duration of the project is 18 months and a staff member works 50% of his full time for the project, the number of units should be 9 months).

The Beneficiary and the project partner(s) as well as associates are not allowed to sub-contract each other or employees of their organisations in order to carry out project activities.

If the Beneficiary and/ or the partner(s) institutions do not have the necessary human resources to ensure implementation of project, these 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 "Other costs and external services".

### **Heading 2 - Travel costs**

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

NB! Per diems from the Budget Heading 1 "Human resources" shall be planned under the Budget Heading 2 "Travel costs".

Per diems are paid for the missions abroad and within the home country of the Beneficiary/respective project partner requiring an overnight stay. Per diems are allowed only for the staff members indicated in Heading 1 "Human resources" and seminar/conference

participants and with specific rules to associates (see section 2.1.1.1 of the Guidelines). Destination country has to be indicated in the budget table. Per diems cover costs of accommodation, daily allowances (meals and sundry expenses) and local transport in the place of mission.

The Latvian, Estonian Beneficiaries and the project partner(s) and Russian public authorities have to follow their usual practice in setting the daily allowance and accommodation rates based on the national legislation setting limits for the business trips.

The Russian Beneficiaries and the project partner(s) which are private institutions or NGOs shall apply total per-diem rates, which include accommodation, meals, local travel within the place of mission and sundry expenses, not exceeding the rates set out in the project budget nor the maximum published by the European Commission at the time of signing this contract that can be found here:

[http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm).

NB! Travel costs for staff (listed in the Budget Heading 1 "Human resources") and other persons taking part in the project (e.g. conference and seminar participants) should be included under this Budget Heading 2 "Travel costs" provided that the most economic way of transport (in relation to the time and price) is used. This can include the costs for the flight, train and bus tickets (economy class) as well as the fuel for the car, rent of vehicle for travel. These costs have to be related to the activities and events of the project. Use of car has to be justified and economically efficient.

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

It is necessary to include information on the departure and destination and means of transport to be used into the description of each budget item under this Heading.

All costs budgeted under this Budget Heading should be supported by the documentary evidence for the travel such as business trip requests and reports, agendas, travel tickets, invoices, boarding passes, etc. Please note that despite of the Beneficiary/the project partner legal status (e.g. non-governmental organisation, public equivalent body) the subsistence allowances rates as well as accommodation costs must not exceed the set limits for the public authorities under national legislation.

Per diems and travel for external experts must be included into their service contracts and budgeted in the Budget Heading 5 "Other costs and external 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. Please specify in the project budget the planned travels.

### ***Heading 3 - Equipment and supplies***

Costs for purchase or rent of equipment (new or used) and supplies are eligible (furniture, computer equipment, computer software & programmes, machines, tools, spare parts/equipment for machines and other), 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 provisions of section 3.2.5 of the Guidelines.

Types of equipment and supplies, have to be in line with the aim of the Programme and crucial to the achievement of the project's objectives. The amount of equipment has to reflect the actual use of these items in the context of the project. The production equipment, which is used for the profit generation is not eligible under the Programme.

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

Every co-financed piece of equipment must comply with the information and publicity rules (see sections 3.1.4 and 3.1.5 of the Guidelines).

Please note that in case the total costs under the Budget Heading 3 "Equipment and supplies" is equal to or exceeds EUR 100,000, a Pre-Feasibility Study has to be provided in accordance with the requirements set in the section 2.2.1.

#### ***Heading 4 – Direct local office costs***

Costs of the local office in case a separate office is rented for the needs of the project; as well all the costs related to the office running and transport costs (rent or lending of the car used by the project) are to be included into this Budget Heading. This budget heading includes costs which are invoiced directly to the project.

Please note, that the rent of a separate office is rather exceptional and its need has to be clearly justified.

All the costs listed under this Budget Heading have to be based on the justifying documents and direct bills.

NB! In case the Beneficiary and/or the project partner(s) is using its own premises and it is considered as in-kind contribution to the project, the costs shall be budgeted in the corresponding column of the Project Budget.

Administration costs of the external experts must be included in the costs listed under the Budget Heading 5 "Other costs and external services".

#### ***Heading 5 - Other costs and external services***

All direct costs relevant to the project, which cannot be included under the other Budget Headings and are directly linked to the project activities, should be included under this Budget Heading. Please specify the nature of these costs listing them in the Budget Heading description.

All services/works sub-contracted to an external service provider based on the applicable public procurement procedure should be listed under this Budget Heading "Other costs and external 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)). Please allocate under this Budget Heading 5 "Other costs and external services" also costs for the expenditure verification (detailed information available in the section 3.3.2 of the Guidelines).

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 Participating 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.

Per diems/travel costs of consultants should be included into their remuneration.

Purchase of services/ expertise is subject to procurement procedures described in section 3.2.5 of the Guidelines. All contracts for external services must be backed up by the necessary documentation required by the public procurement rules. All documents must be retrievable (e.g. tender documentation, documentation on delivery of outputs). The type of expertise per each contract planned to be sub-contracted must be specified separately in the Budget.

The Beneficiary and the project partner(s) as well as associates are not allowed to sub-contract each other or employees of their organisations in order to carry out project activities.

The in-kind contribution in case the Beneficiary and/or the project partner(s) is using its own premises for implementation of the project activities, have to be based on real costs,

calculated on *pro rata* basis according to duly justified and clear method and backed up by evidence documents. Calculation of these costs has to be specified in the project budget.

NB! Please do not double-budget the costs, e.g. do not include per diem costs for conference participants under Budget Heading 2 "Travel costs" if catering, accommodation and local travel for conference participants have been budgeted under this Budget Heading.

### **Heading 6 - Infrastructure**

Please list under this Budget Heading 6 "Infrastructure" 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.

The Beneficiary has to provide the detailed description of works and services foreseen in the project budget, Technical Specification and/or Pre-Feasibility Study and breakdown of costs (costs estimate) planned under this Budget Heading as annex to the Application Form. Therefore please make sure that all cost items of infrastructure are listed.

All services and works sub-contracted to an external service provider have to strictly follow procurement procedures described in section 3.2.5 of the Guidelines.

Investments are financed only in case they are necessary for reaching the results of the project and the Programme. Investments co-financed by the Programme should be aimed at public use during the project implementation, i.e. their use can not be limited only to the partners of the project.

In case the infrastructure investments are planned in the project, the relevant project partner has to be the owner of the land and/or have the building rights on the land.

Every co-financed piece of equipment and investment must comply with the information and publicity rules (see sections 3.1.4 and 3.1.5 of the Guidelines). The production equipment, which is used for the profit generation is not eligible under the Programme.

NB! Please note that activities for preparation of the technical documentation for infrastructure and its establishment cannot be supported within one project.

### **In-kind contribution**

In-kind contribution, except for unpaid voluntary work and use of the Beneficiary's and/or the project partner's own premises for implementation of the project activities, is not eligible. Each project partner can report the value of in-kind contribution only up to 10% of its total eligible expenditure, but in any case it cannot exceed the Beneficiary's and/or the project partner's own contribution to the project.

Unpaid voluntary work is defined as a work that is done on a voluntary basis for which the person does not receive any remuneration from whatever source or which is not part of his/her paid assignment within the organisation he/she is working at. For example:

- 1) students carrying out research for the project;
- 2) volunteers working for a non-governmental organisation and not receiving any salary/wage for the work done within the project.

Unpaid voluntary work must be:

- 1) essential to the project;
- 2) based on a written agreement;
- 3) proved by timesheets indicating the hours worked for the project and signed by the volunteer and his/her supervisor;
- 4) minimum monthly or hourly official national net salary level is followed when calculating the value of in-kind contribution.

Use of the Beneficiary's and/or the project partner's own premises for implementation of the project activities (e.g. use of premises of its own local office, for seminars, conferences, etc.) shall be described in the project budget. Justification on economical efficiency shall be provided.

NB! Costs of staff assigned to the project are not a contribution in-kind and may be considered as co-financing in the budget of the project when paid by the Beneficiary or the project partner.

All in-kind contribution costs should be included in the project budget, calculated on *pro rata* basis according to duly justified and clear method and backed up by evidence documents.

### **Administrative costs**

Indirect administrative costs are related to office running for the purposes of the project. They are calculated on percentage or *pro rata* basis according to justified and clear method.

Indirect costs are eligible if they do not include costs assigned to another heading of the budget. If the applicant/ partner is in receipt of an operating grant financed from the EU budget no indirect costs may be claimed within the proposed budget for the project.

The maximum amount of indirect administrative costs cannot exceed 7% of the total direct eligible cost of the project.

### **Contingency reserve**

A contingency reserve (an amount set aside, but not allocated in advance, to accommodate unforeseeable spending pressures during the project implementation) not exceeding 5% of the direct eligible costs of the project may be included in the project budget, without increasing the total amount to be financed by the Joint Managing Authority. It can be used only for the implementation of the project activities with the prior written authorisation of the Joint Managing Authority.

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

### **2.2.1 Application**

In order to apply for the grant, applicants have to fill in the Application.

Application Pack is available for download at the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu).

Application and its annexes have to be filled in English. The documents listed in the points 5, 7, 8, 9, 10 and 11 below may be submitted in Estonian, Latvian or Russian.

Hand-written Applications will not be accepted.

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

The information provided in the Application Form should be clear and make it possible for the project Selection Committee to conduct an objective assessment.

Any error or major discrepancy related to the points listed in the instructions in the Application Form (e.g. the amounts mentioned in the budget are inconsistent with those mentioned in the Application) may lead to the rejection of the Application. Incomplete Applications may be rejected.

Clarifications will only be requested when information provided is unclear or some minor documents are missing, thus preventing the Selection Committee from conducting an objective assessment.

Please note that only the Application and the annexes which have to be completed will be evaluated. It is therefore of utmost importance that information provided in the Application and its annexes is clear and documents contain ALL relevant information concerning the project. No additional annexes, except for those requested, should be sent.

The **Application** includes the following documents in order to allow the Selection Committee to verify eligibility of the Beneficiary and the project partner(s):

- (1) In paper version:
  1. **Application Form**, duly filled-in, signed, stamped and dated by applicant (including Budget, Logical Framework, Declaration by the Applicant);
  2. **Legal Entity Sheet**, duly completed and signed by the applicant, accompanied by the justifying documents which are requested therein;
  3. **Partnership Statement(s)** duly filled-in, signed and stamped by each of the project partner(s) (including the applicant);
  4. **Letters of Endorsement by the Associates** duly filled-in, signed and stamped by each of the associate partner(s) (if applicable);
  5. In case the project includes (re)construction works, the **technical documentation** in line with the national building legislation (including feasibility study, technical project, environmental impact assessment, ownership documents and/or long term rental of land agreements for (re)construction works, etc.) in original language has to be submitted. These documents are required to obtain evidence that in case the project is approved the tender procedure for construction works can begin immediately. Furthermore, the detailed breakdown of (re)construction costs has to be included. If available, Building permission has to be submitted already at the stage of project submission; but in any case not later than before signing the grant contract.
  6. **Pre-Feasibility Study** (explanatory document) on the planned investments/renovations in cases the national legislation does not foresee submission of the documents mentioned in the point 5 above. The Pre-Feasibility Study is also to be provided for the projects, in which the total costs under the Budget Heading 3 "Equipment and supplies" is equal to or exceeds EUR 100,000. The recommended content of the Pre-Feasibility Study is available in the section 4 of these Guidelines;
  7. The **Statutes or Articles of Association** of the applicant organisation and of each project partner organisation. Where the applicant and/or the project partner(s) is a public body created by a law, a reference to the said law must be provided;
  8. The partner's **Registration Certificate, Value Added Tax (VAT) payer's registration certificate or equivalent**, according to national law;
  9. The **applicant's and the partner's financial and operational reports** (operational report, if requested by the national legislation; and financial report (the profit and loss account and the balance sheet) for the last financial year for which the accounts have been closed. Financial and operational reports are not requested if the External Audit Report is submitted.
  10. The **External Audit Report** produced by an approved auditor, certifying the applicant's accounts for the last financial year available should be submitted if the grant requested exceeds EUR 500 000. This obligation does not apply to public bodies;
  11. **Statement from the national tax authority** issued not later than three months before submission of the Application;
  12. **Original (signed) CVs** of the Beneficiary's and project partner's Project Manager and Financial Manager.

The documents of the Application listed in points 1, 2, 3, 4 and 12 above should be submitted as **originals**. The documents of the Application must be signed by the authorized person/

head of the applicant organisation and the project partner organisation, where applicable, having the right to making such decisions and assuming the financial obligations on behalf of the organisation.

The documents listed in points 5, 6, 7, 8, 9, 10 and 11 should be submitted as ***paper copies or electronically, if allowed by the legislation of the respective partner's country***; a copy meaning a photocopy of the original certified as true by the authorized person/ head of the applicant organisation or the project partner organisation. In case the document is sent electronically, it has to be scanned and saved in the .pdf format.

Both the originals and copies of the said originals must show legible stamps and/or signatures and dates.

(2) Electronic version of the Application, which has to be sent by email includes the following documents:

- 1) ***Application Form*** (including Budget, Logical Framework, Declaration by the Applicant);
- 2) ***Pre-Feasibility Study*** (if relevant according to description in point 6 above);
- 3) ***Documents*** listed in points 5, 6, 7, 8, 9, 10 and 11, if they are not submitted in the paper version.

NB! Electronic versions of the Application Form and Pre-Feasibility Study sent by email must be **exactly the same** as those submitted in paper version.

### **2.2.2 Where and how to submit the application**

Application must be submitted in **one original** and **one copy** in A4 size, each bound (stitched by a thread with its ends bound on the back of the Application in such a way that the pages of the Application cannot be replaced).

The complete Application Form (including Budget, Logical Framework, and Declaration by the Applicant) and Pre-Feasibility Study (if required) must be supplied in electronic format by email.

The Application in paper version (original and copy) should be submitted in one envelope. The envelope must bear the following sentences: "*Application for Estonia-Latvia-Russia CBC Programme within ENPI 2007-2013. The First Call for Proposals. Not to be opened before the opening session*" together with the full name and address of the applicant. The electronic version of the above-mentioned documents has to be sent to the email address [project@estlatrus.eu](mailto:project@estlatrus.eu). Please be aware that the size limit for the email messages sent to this address is 30 MB.

The Application should be submitted by regular mail, courier service<sup>2</sup> or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer) at the addresses below:

1) Joint Technical Secretariat:

Ausekļa Street 14-3 (3<sup>rd</sup> floor)

LV-1010, Riga, Latvia

**or**

2) Joint Technical Secretariat Branch Office in Tartu, Estonia

Sõbra 56 (5<sup>th</sup> floor)

51013 Tartu, Estonia

**or**

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<sup>2</sup> Courier, courier service - refers to a company providing special delivery of items from a sender to recipient within a short period of time. Delivery to the recipient is carried out directly by an employee of such company. Such companies operate beyond the regular national post system; they do not provide "registered mail" services.

3) Joint Technical Secretariat Branch Office in Jõhvi, Estonia

Pargi 27 (1<sup>st</sup> floor)  
41537 Jõhvi, Estonia

**or**

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

14 Izmailovsky boulevard, office 312-316, St. Petersburg  
198005, Russia

**or**

5) Joint Technical Secretariat Branch Office in Pskov, Russia

Nekrasova Str.23, Pskov,  
180001, Russia

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

Applications sent by any other means (e.g. by fax) or delivered to other addresses will be rejected.

Applicants must verify that their Application is complete using the checklist (Worksheet XVII of the Application Form).

### **2.2.3 Deadline for submission of application**

The Call for Proposals is open from **August 23, 2010**, the deadline for the submission of Application is **November 29, 2010** as evidenced by the postal stamp on the Application sent by mail or date of receipt in case of courier or hand delivery. In the case of hand deliveries, the deadline for receipt is at 16:00 hours local time as evidenced by the signed and dated receipt. The electronic version of the Application must arrive to the given email address not later than midnight of the submission deadline (local time of the JMA). Any Application submitted after the deadline will automatically be rejected.

Paper versions of the Applications sent by mail have to arrive to the addresses listed in the Section 2.2.2 no later than one month after the deadline. **Please note that the date of dispatch has to be not later than the deadline for the submission of Application as indicated above.**

For more details on the time table for the Call for Proposals please refer to the indicative table under section 2.5 of the Guidelines.

### **2.2.4 Information activities for the applicants**

A number of information events and trainings shall be carried in the Programme area during Call for Proposals. For the date and time of the events, please consult the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu) and/or subscribe to the news.

Please note that questions may in addition be sent by e-mail in English to the following e-mail address: [info@estlatrus.eu](mailto:info@estlatrus.eu) or submitted calling the phone number +371 6750 9520 no later than 16 calendar days before the deadline for the submission of Applications, indicating clearly the reference of the Call for Proposals. In case of this Call of Proposals it means no later than on November 14, 2010.

Replies will be published on the Programme's web-site: [www.estlatrus.eu](http://www.estlatrus.eu) no later than 11 calendar days before the deadline for the submission of Applications.

The Joint Managing Authority and the JTS has no obligation to provide further clarifications after this date.

It is highly recommended to consult regularly the above mentioned web-site in order to be informed of the questions and answers published.

NB! In the interest of equal treatment of applicants neither the Joint Managing Authority nor the JTS can give a prior opinion on the eligibility of the applicant, the project partner, or the project or its specific activities.

## **2.3 EVALUATION AND SELECTION OF APPLICATIONS**

Applications will be examined and evaluated by the Selection Committee with the assistance of external assessors. All projects submitted by applicants will be assessed according to the following **steps and criteria**:

### **Step 1: Opening session**

During the Opening session all Applications will be opened.

The Applications having met the deadline are subject to the **Administrative and eligibility check**.

**Step 2: Administrative and eligibility check** shall be implemented within two stages: **Administrative check** and **Eligibility verification**.

#### **Phase 1: Administrative check**

Administrative check is carried out by the JTS authorized by the Selection Committee. The administrative check will be performed according to the criteria mentioned in the check list (Worksheet XVII of the Grant Application Form).

The Declaration by the Applicant (Worksheet XV of the Grant Application Form) will be cross-checked with the supporting documents provided by the applicant in the Application. Any missing supporting document or any incoherence between the Declaration by the Applicant and the supporting documents may lead to the rejection of the Application on that sole basis.

The following will be assessed during this step:

<b>Criteria</b>	<b>Yes</b>	<b>No</b>	<b>Not applicable</b>
1. The Application Form and the supporting documents <sup>3</sup> have been received by the set deadline <sup>4</sup> - both, in paper and electronic form			
2. The paper version (one original and one copy) of the Application and the supporting documents of the Application Form and its Annexes and electronic version sent by email is complete. Documents submitted in paper versions match with the electronic			
3. The correct Application Form template (published for this Call for Proposals) has been used			
4. The Application Form is in English (except for dates and signatures), is entirely filled in, signed and/or stamped and dated			
5. Declaration by the Applicant is enclosed, has been filled in, signed and/or stamped and dated			
6. Each project partner, including the project applicant has completed, signed and/or stamped and dated a Partnership Statement and the statements are enclosed			
7. Budget (Worksheets XI-XIV) is presented in the format requested and is expressed in the EUR			

<sup>3</sup> Supporting documents are listed in the section 2.2.1 of the Guidelines

<sup>4</sup> Referred to in the section 2.2.3 of the Guidelines

8. Logical Framework (Worksheet X) has been completed in English (compulsory for projects requesting grant over 100,000 EUR)			
9. Legal Entity Sheet for the applicant is completed, signed, stamped and dated, accompanied by the justifying documents			
10. Letter of Endorsement by the Associates is duly filled-in, signed and stamped by each of the associate partner(s), if applicable			
11. Statutes or Articles of Association are enclosed of the applicant and each of the project partners			
12. Project partner's Registration Certificate, Value Added Tax (VAT) payer's registration certificate or equivalent, according to national law is enclosed, if applicable			
13. The applicant's and the project partner's financial and operational reports or the last financial year for which the accounts have been closed is enclosed			
14. External Audit Report certifying the applicant's accounts for the last financial year available is submitted in case the grant sum exceeds EUR 500,000, if applicable			
15. Statement from the national tax authority issued not later than three months before submission of the Application is submitted by the applicant and the project partner(s)			

If any of the requested information is missing or is incorrect, the Application may be rejected on that sole basis and it will not be evaluated further. During the administrative check the Joint Managing Authority could invite applicants to submit a clarification within 10 working days. Clarifications are requested in the situations where the answer of the assessors to any of the criteria listed above is not clear or where there is a doubt or some minor documents are missing. Clarifications will only be requested to conclude the administrative check, and not to improve the content of the Application.

If after clarification process any answer to any of administrative check criteria will be "No" Application will be rejected on that sole basis and will not be evaluated further.

The outcomes of **Opening session** and **Administrative check** will be reflected in the Opening and Administrative Check Report that shall be approved by the SC.

Following the Opening session and the Administrative check, the Joint Managing Authority will send a letter to all applicants, indicating whether their Application was submitted prior to the deadline, informing them of the reference number their Application has been allocated and whether it has been recommended for further evaluation.

**Phase 2: Eligibility verification**

The Eligibility verification of the applicant and the project partner(s) carried out by the JTS will only be performed for Applications that have passed the administrative check.

The eligibility of the applicant, the partners, and the project will be verified according to the criteria set out in sections 2.1.1, 2.1.2 and 2.1.3 of the Guidelines. If the examination of the Application reveals that the proposed project does not meet the eligibility criteria stated in sections 2.1.1, 2.1.2 and 2.1.3 of the Guidelines, the Application shall be rejected on this sole basis.

The Eligibility verification will be carried out on the basis of documents indicated in the section 2.2.1 of the Guidelines which will be provided by the applicant. Any incoherence between the documents may lead to the rejection of the Application on that sole basis. During Eligibility verification clarifications will not be asked to the applicant.

The following will be assessed during this step:

Criteria	Yes	No
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1. The applicant is eligible (type and territory) in accordance with requirements indicated in the section 2.1.1.1 of the Guidelines		
2. The project partners are eligible (type and territory) in accordance with requirements indicated in the sections 2.1.1.1 and 2.1.2.4 of the Guidelines		
3. At least two partners participate in the project; at least one from the Republic of Estonia/the Republic of Latvia and at least one from the Russian Federation		
4. Proposed duration of the project does not exceed 36 months		
6. Project is within the financial limits set in accordance with requirements indicated in the sections 2.1.2.2 and 2.1.2.4 of the Guidelines		
7. Co-financing rates have been observed in accordance with requirements indicated in the sections 2.1.2.1 of the Guidelines		
8. Activities are located in the Programme territory in accordance with requirements indicated in the section 2.1.2.4 of the Guidelines regarding the location of project partners and activities		
9. The project avoids duplication with other financial instruments funded projects implemented in the respective regions and proposed activities are not financed from other international, national, regional or EU financial instruments or programmes		

Any answer "No" to any of the criteria listed above will result in rejection of the Application on that sole basis; in this case the Application will not be evaluated further.

The results of the Eligibility verification will be reflected in the Eligibility Verification Report that will be approved by the SC and confirmed by the JMC together with Final Evaluation Report. Following the Eligibility verification, the Joint Managing Authority will send a letter to all applicants, indicating whether their Application has passed the eligibility check.

**Step 3: Quality Evaluation of the Application**

Quality of the Application will be evaluated by Selection Committee.

An evaluation of the quality of the applications will be carried out in accordance with the evaluation criteria set out in the Evaluation Grid included below. Each Application will be read by at least two assessors. There are two types of evaluation criteria: selection and award criteria.

The selection criteria are intended to help evaluate the applicants' financial and operational capacity to ensure that they:

- have stable and sufficient sources of finance to maintain their activity throughout the period during which the project is being carried out and, where appropriate, to participate in its funding;
- have the management capacity, professional competencies and qualifications required to successfully complete the proposed project. This also applies to any partners of the applicant.

The award criteria allow the quality of the Applications submitted to be evaluated in relation to the set objectives and priorities, and grants to be awarded to the projects which maximise the overall effectiveness of the Call for Proposals. They enable the selection of Applications which the Joint Managing Authority can be confident will comply with its objectives and priorities and guarantee the visibility of the Community financing (see [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm)).

They cover such aspects as the relevance of the project, its consistency with the objectives of the Programme, quality, expected impact, sustainability and cost-effectiveness.

The **evaluation criteria** are divided into sections and subsections. Each subsection will be given a score between 1 and 5 in accordance with the following guidelines: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

Note on Section 1. Financial and operational capacity - if the total average score is less than 12 points for Section 1, the Application will be rejected.

Note on Section 2. Relevance - if the total average score is less than 16 points for Section 2, the Application will be rejected.

A minimum of 60 points out of maximum 100 has been defined for an Application to qualify for the grant financing or for inclusion into the reserve list.

### **Quality Evaluation Grid**

<b>Quality assessment criteria</b>	<b>Maximum score</b>	<b>Section in the Application Form</b>
<b>SELECTION CRITERIA</b>		
<b>1 Financial and operational capacity of the applicant and the project partner(s)</b>	<b>20</b>	
<b>1.1 The applicant's and the project partners' experience and capacity in project management</b> <ul style="list-style-type: none"> <li>• <i>The applicant has sufficient experience in project management and has implemented projects of at least the same scale as the current application.</i></li> <li>• <i>The applicant and the project partner(s) have management capacity (including qualified staff and equipment)</i></li> </ul>	5	Section 2.5 Worksheets VIII and IX
<b>1.2 Technical capacity of the applicant and the project partner(s)</b> <ul style="list-style-type: none"> <li>• <i>The applicant and the project partner(s) have sufficient technical expertise (knowledge of the issue to be addressed by the project)</i></li> <li>• <i>The applicant and the project partners have participated in the national or EU funded partnership projects before</i></li> </ul>	2*5	Section 3.3  Statutes and Articles of Association  Worksheets VIII and IX
<b>1.3 Financial capacity of the partnership</b> <ul style="list-style-type: none"> <li>• <i>The applicant and the project partners have stable and sufficient sources of finance to ensure timely and continuous implementation of the project</i></li> </ul>	5	Section 3.5 Worksheets VIII and IX
<b>AWARD CRITERIA</b>		
<b>2 Relevance</b>	<b>25</b>	
<b>2.1 Relevance of the project to the objectives of the Programme and contribution to the European Union horizontal policies</b> <ul style="list-style-type: none"> <li>• <i>The project specifically addresses at the measures defined for the Programme</i></li> <li>• <i>The targeted problem and project objectives correspond to the aims of chosen priority and measure</i></li> <li>• <i>The project's results and outputs contribute to achievement of the indicators set for the Programme</i></li> <li>• <i>The project is in line with the EU horizontal policies such as sustainable development, equal opportunities for all social groups, competition and public procurement and territorial cohesion</i></li> </ul>	2*5	Section 2.2 Section 2.3 Section 2.7 Section 2.9 Section 3.2 Section 3.6

<p><b>2.2 Cross border relevance of the project</b></p> <ul style="list-style-type: none"> <li><i>The project is based on the real need for cooperation among the project partners</i></li> <li><i>The cross border cooperation contributes to solving of the proposed problem</i></li> <li><i>The project has the mutual benefits and is falling under one type of the projects as defined in the section 2.1.2.5</i></li> </ul>	5	<p>Section 2.6</p> <p>Section 3.1</p> <p>Section 3.3</p>
<p><b>2.3 Relevance to the particular needs and constraints of the target countries and regions</b></p> <ul style="list-style-type: none"> <li><i>The project is relevant to particular needs and constraints of the target regions (including synergy with other EC initiatives)</i></li> <li><i>The project shows clear impact on development of the border regions</i></li> <li><i>The project is in line with regional development objectives</i></li> <li><i>The project takes into account / acknowledges the results of already implemented activities or activities under implementation in the respective regions on the same or similar topic/theme and does not duplicate them</i></li> </ul>	5	<p>Section 2.1</p> <p>Section 2.6</p> <p>Section 2.8</p> <p>Section 2.10</p>
<p><b>2.4 Relevance of the beneficiaries and target groups to the objectives and activities of the project</b></p> <ul style="list-style-type: none"> <li><i>Partnership is relevant for implementation of the project</i></li> <li><i>The involved target groups are relevant, clearly defined and justified</i></li> <li><i>Project is likely to have tangible impact on the target groups</i></li> <li><i>The needs of target groups are analysed, defined and appropriately addressed</i></li> <li><i>The communication strategy addressing the target groups of the project is sufficient</i></li> </ul>	5	<p>Section 2.4</p> <p>Section 3.3</p> <p>Worksheet III</p>
<p><b>3. Methodology</b></p>	<b>25</b>	
<p><b>3.1 Consistency of the proposed activities and action plan</b></p> <ul style="list-style-type: none"> <li><i>The proposed activities are consistent with the objective and expected results of the project.</i></li> <li><i>The proposed activities are logically planned, interlinked and realistic in the context of the project</i></li> <li><i>The time-schedule and activity plan is realistic, logical and feasible</i></li> </ul>	2*5	<p>Section 2.3</p> <p>Section 3.2</p> <p>Worksheets II-VI</p> <p>Worksheet VII</p> <p>Worksheet X</p>
<p><b>3.2 Coherence of the overall design of the project and relevance of the partnership</b></p> <ul style="list-style-type: none"> <li><i>The proposed management and coordination structures and procedures are clearly described and relevant for implementation of the project</i></li> <li><i>The problem to be solved is clearly defined and analysis of the problem is presented</i></li> <li><i>Proposed implementation methods are adequate</i></li> <li><i>The external factors have been taken into consideration</i></li> <li><i>The level of the partners' involvement and participation in the project's activities is justified and balanced</i></li> <li><i>The proposed division of tasks among the partners is logical and clear. All the partners contributing to solving the particular problem</i></li> </ul>	2*5	<p>Section 2.1</p> <p>Section 3.2</p> <p>Section 3.3</p> <p>Section 3.4</p> <p>Section 4.1</p> <p>Worksheet X</p>
<p><b>3.3 Expected results are objectively verifiable</b></p> <ul style="list-style-type: none"> <li><i>The outputs and results of the project are clearly listed in the Application Form</i></li> <li><i>The project contains objectively verifiable (quantified) and</i></li> </ul>	5	<p>Section 2.10</p> <p>Section 3.2</p>

<p><i>measurable indicators for the outputs, results and specific objectives</i></p> <ul style="list-style-type: none"> <li><i>The project contains elements of added value such as innovative approaches model of good/best practices, promotion of equal opportunities, new tools of development, etc</i></li> </ul>		Worksheets II-VI
<b>4. Sustainability</b>	<b>10</b>	
<p><b>4.1 Project's potential multiplier effects</b></p> <ul style="list-style-type: none"> <li><i>The project has the scope for multiplier effects(economical benefit, creation of new places of employment, using the local resources, creation of new business opportunities etc)</i></li> <li><i>Results of the project will be made visible to the public</i></li> <li><i>The strategy for dissemination and communication corresponds to the objective of the project and is sufficient</i></li> </ul>	5	Section 4.2 Worksheet III
<p><b>4.2 Sustainability of project's results</b></p> <ul style="list-style-type: none"> <li><i>Activities will be continued after the implementation of the project is finalized, if applicable (e.g. maintenance of web-site, update of data base</i></li> <li><i>The project presents sustainability of the project's results in regard to their further use (how the results will be used, maintained and sustained after the end of the project):</i> <ul style="list-style-type: none"> <li><i>- financially (the project describes how the activities will be financed after the funding ends)</i></li> <li><i>- institutionally (the project presents structures, procedures, practices which will continue to maintain results of the project after its end)</i></li> <li><i>- at policy level (if applicable) (the project presents way how it will support improvement of legislation, codes of conduct, methods, etc)</i></li> <li><i>- environmentally (if applicable) (the project describes its negative/positive environmental impact)</i></li> </ul> </li> </ul>	5	Section 4.1 Section 4.2 Pre-feasibility Study (if relevant)
<b>5. Budget and cost-effectiveness</b>	<b>20</b>	
<p><b>5.1 Coherence between planned project activities, effects and proposed budget</b></p> <ul style="list-style-type: none"> <li><i>The ratio between estimated costs and the planned activities is appropriate</i></li> <li><i>The costs are complying with the principles of economy, efficiency and effectiveness</i></li> <li><i>The project avoids duplication with other financial instruments funded projects implemented in the respective regions and proposed activities are not financed from other international, national, regional or EU financial instruments or programmes</i></li> </ul>	2*5	Section 2.10 Worksheets II-VI Worksheets XII-XIV Pre-feasibility Study (if relevant)
<p><b>5.2 Necessity of the planned costs for the project implementation</b></p> <ul style="list-style-type: none"> <li><i>All proposed expenditures are necessary for the project implementation</i></li> <li><i>Proposed investments are justified and coherent with the rationale of the project</i></li> </ul>	5	Section 3.2 Worksheets II-VI Worksheets XII-XIV
<p><b>5.3 Technical quality of the project budget</b></p> <ul style="list-style-type: none"> <li><i>Budget structure is logical, it contains sufficient level of details</i></li> <li><i>Budget has no miscalculations</i></li> </ul>	5	Worksheets XI-XIV
<b>Maximum total score</b>	<b>100</b>	

## **2.4 DECISION TAKING PROCEDURE AND NOTIFICATION OF THE DECISION**

After the assessment of the received Applications is completed, a table listing the Applications ranked according to their score will be established as well as a reserve list following the same criteria. Final Evaluation Report (Annex 6d to the PRAG) will be prepared by the JTS and approved by the SC and JMC. In case of SC and JMC approve final list of grants to be awarded and a reserve list, within 15 days JMA sends letters (Annex E9c\_1 to the PRAG) to successful applicants (with needed clarifications and minor corrections to be made by the applicant in final list and also in reserve list within 15 working days) and within further 15 days to unsuccessful applicants with reasons for the negative decision.

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the Grant Contract does not reveal problems requiring changes to the budget (for instance arithmetical errors, inaccuracies or unrealistic costs and other ineligible costs). The checks may give rise to requests for clarification and may lead the Joint Managing Authority to impose modifications or reductions to address such mistakes or inaccuracies. The amount of the grant and the percentage of co-financing as a result of these corrections may not be increased.

JMA starts Grant Contract signing process with applications approved with and without corrections. Applications that will not fulfil clarifications and minor corrections within set deadline will be rejected and instead application from the reserve list with the highest score that fulfilled the corrections with set deadline will be approved.

NB! Please note that any attempt to contact or influence the JMC, the JMA, the JTS, the SC or the assessors during the assessment or decision taking procedure may result in the immediate exclusion of the respective Application from further consideration.

Applicants believing that they have been harmed by an error or irregularity during the award process may file a complaint. See further section 2.4.15 of the PRAG.

## **2.5 INDICATIVE TIME TABLE FOR THE 1<sup>ST</sup> CALL FOR PROPOSALS**

	<b>DATE</b>	<b>TIME</b>
Deadline for request for any clarifications from the Joint Managing Authority	November 14	17:00
Consultations provided by the JTS	For detailed information please see the Programme website	
Last date on which clarifications are issued by the Joint Managing Authority	November 19	-
Deadline for submission of Application	November 29	16:00
Information to applicants on the opening, administrative eligibility check	January 2011*	-
Notification of award (after the JMC approval)	May 2011*	-
Fulfilment of the recommendations	June 2011*	
Contract signature	Summer 2011*	-

**\*Provisional date.**

All times are in the time zone of the country of the Joint Managing Authority (time zone of Riga)

### **3 PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL**

It is advised that at the stage of elaboration of the Application, the applicant and the project partner(s) pay attention to the information in this section of the Guidelines. The applicant should note that detailed rules for implementation of the project are set in the Grant Contract and its annexes (Annex 8 to the Guidelines).

It is strongly recommended to study these documents during elaboration of the Application.

#### **3.1 ADMINISTRATIVE MANAGEMENT OF THE PROJECT**

Following the decision to award a grant, the Beneficiary will be offered a Grant Contract (Annex 8 of the Guidelines).

With the signature of the Grant Contract the contractual relations and responsibilities between the Contracting Authority (Joint Managing Authority) and the Beneficiary emerge. The Beneficiary becomes solely responsible and accountable to the Contracting Authority for efficient implementation of the project in compliance with the provisions of the concluded Grant Contract and Application.

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

- the applicant submits corrections of arithmetical errors or removing ineligible costs from the budget of the project and/or clarifications and minor adjustments communicated to it by the Joint Managing Authority on behalf of the JMC in the approval letter. Only after these corrections/clarifications/minor adjustments are fulfilled the Grant Contract can be prepared;
- the applicant submits to the Joint Managing Authority the signed Partnership Agreement with its partners;
- the applicant has to notify the Joint Managing Authority on the external audit companies (Auditors) which will carry out expenditure verification (more detailed information please see in the section 3.3.2 of the Guidelines) at the Beneficiary's and the project partner(s) level. The Joint Managing Authority has to approve the Auditor(s) either before conclusion of the Grant Contract or before the Beneficiary's request for the initial pre-financing instalment to the Contracting Authority;
- the applicant has to provide the original of the Financial Identification Form with the details of its banking account (Annex 5 to the Guidelines);
- during preparation of the Grant Contract the JTS/ Joint Managing Authority could carry on the spot visits to the projects:
  - a) to ensure the correctness of the budget of the project (e.g. correction of arithmetical errors, inaccuracies, reduction of unrealistic costs and ineligible costs). The visits may give rise to requests for clarification and may lead the JMA to impose modifications or reductions to address such mistakes or inaccuracies. The amount of the grant and the percentage of co-financing as a result of these corrections may not be increased
  - b) to ensure the activities planned in the project are not already implemented or under implementation in the projects;
- in case the Beneficiary and/or the project partner is awarded for the grant within several Applications additional statement on the Beneficiary's/project partner's operational and financial capacity could be requested by the Joint Managing Authority.

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

By signing the Application Form, the applicant declares accepting, in case where it is awarded a grant, the contractual conditions as laid down in the Grant Contract. The Joint Managing Authority sends the signed Grant Contract to the Beneficiary indicating the deadline when the countersigned contract shall be returned to the Joint Managing Authority.

### **3.1.1 Start and end date of the project**

The setting up the start date of the project is described in the section 2.1.2.3 of the Guidelines. Starting date is important for calculating the end date of the project. The project starting date cannot be earlier than the Grant Contract between the Joint Managing Authority and the Beneficiary is signed and no later than 6 months after the signing of the Grant Contract.

The project starting date and end date set the project duration (implementation period of the project) in the approved Application Form.

The start date of the project will be fixed in Article 2.2 of the Special Conditions to the Grant Contract (Special Conditions- Annex 8.1 to the Guidelines). The end date of the project will be set according to the implementation period which is indicated in Article 2.3 of the Special Conditions.

Please note, that in duly justified cases the JMA in cooperation with the JMC can decide on extension of the project implementation period up to 6 months.

### **3.1.2 Management of the project and responsibilities within the partnership**

All projects must follow the **Lead Partner Principle** in the project management.

After grant award decision, the **Beneficiary** is responsible for:

- 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 Joint Managing Authority and the Beneficiary which are applicable to the project partners;
- signing the Grant Contract with the Joint Managing Authority;
- 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 project partners and ensuring that these tasks are subsequently fulfilled; ensuring proper communication with and among the project partners and wider public;
- representing the project – the Beneficiary serves as a contact point to the Joint Managing Authority, JMC and JTS concerning the implementation of the project and should ensure continuous communication between the Programme (JTS) and the project partners;
- progress of the project as far as its financial and physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved Application;
- establishing adequate monitoring and evaluation system of the project that ensures timely delivery of outputs of the project and results in a proper quality;
- timely and correct reporting;
- requesting and receiving payments from the Joint Managing Authority, which then are timely forwarded to the project partner(s);
- ensuring that the EU, PRAG and national legislation concerning financial management and controls, public procurement, information and publicity and state aid rules and principles are respected and observed by the project partner(s);

- checking that the expenditure is supported by invoices or documented by accounting documents understandable to third parties; has actually been paid out by the project within the reporting period for activities described in the approved Application; and that the products or services have actually been delivered;
- observance of the project budget;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes on the Beneficiary's and the project partner level;
- implementation of the project in accordance with the provisions of the Partnership Agreement.

Even if the project partners are not parties to the Grant Contract and are not directly accountable to the Contracting Authority (Joint Managing Authority), they are responsible for implementation of their part of activities in the project and should actively assist the Beneficiary in efficient implementation of the project in line with the requirements of the Application, the Programme and the Partnership Agreement. The Partnership Agreement has to be concluded between the Beneficiary and its partner(s) defining their rights and responsibilities. Model Partnership Agreement is available on the Programme's web-site [www.estlatrus.eu](http://www.estlatrus.eu).

Each project has to appoint or to hire a **project manager** who is responsible for setting up and maintaining the implementation system of the project. In order to assure professional financial management, an experienced **financial manager** is to be appointed or sub-contracted. The project implementation system should guarantee clearly identifiable costs and outputs of the project, proper and orderly payments and handling of the grant.

In case the project manager is hired, a **contact person** has to be appointed by the Beneficiary organisation for the communication purposes during the implementation of project. The Beneficiary must ensure close cooperation between the sub-contracted project manager and the Beneficiary staff as well as supervision of the management of the project. The beneficiaries contact person should remain in charge of the project at least 6 months after the end date of the project to enable a smooth closure of the project.

Also each project partner must nominate a **local coordinator**, who is the contact person with the project manager **and a book-keeper**, who is responsible for book-keeping within the project in the project partner organisation.

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

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

### **3.1.3 Ownership of the project results**

The ownership, title and intellectual and industrial property rights to, the project's results, reports and other documents relating to it shall be vested in (belong to) the Beneficiary and its partners.

The Beneficiary and its partners grant the JMA 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.

Prior consent of the JMA is required for the transfer of ownership, industrial and intellectual property rights for outputs and results of the project during the implementation period of the project and for five years after completion of the project.

### **3.1.4 Publicity and information requirements**

The Beneficiary and the project partner(s) must take the necessary measures to publicise fact that the project is financed by the Programme.

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 project partners);
- make the results of the project visible to the target groups concerned or to the public;
- emphasise the contribution of the Programme to the development of the region.

These measures must be in accordance with the applicable rules laid down in the Communication and Visibility Manual for EU External Actions and published by the Commission. These rules are available from the Europe Aid website at: [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm).

Electronic templates for each type of communication tool have been developed and can be downloaded from the above-mentioned site.

A Visibility Manual with the basic publicity and information requirements for the project is available on the Programmes web-site: [www.estlatrus.eu](http://www.estlatrus.eu).

In order to carry out effective, concise and consistent communication, the Beneficiary and the project partner(s) must plan the communication and promotion activities from the stage of drafting the Application and should plan these activities and specify them in the Application.

The Beneficiaries and the project partners should work in close cooperation with the JTS Information Managers starting from the stage of drafting the Application.

Beneficiaries should also send information to the JTS prior to major or public events.

### **3.1.5 Use of the Programme logo**

The Programme logo consists of these elements:

- 1) EU emblem and reference note "part financed by the European Union";
- 2) the Programme emblem;
- 3) the Programme slogan "united by borders".



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

### **3.1.6 Contacts of the JTS**

Ausekļa Street 14-3 (3<sup>rd</sup> floor), LV-1010, Riga, Latvia

Phone: +371 6750 9520

Fax: +371 6750 9523

Email: [info@estlatrus.eu](mailto:info@estlatrus.eu)

## **3.2 FINANCIAL MANAGEMENT OF THE PROJECT**

### **3.2.1 Payments to the project**

The total amount to be paid by the Joint Managing Authority to the **Beneficiary** may not exceed the maximum grant laid down in the Special Conditions of 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 as referred to in the Article 3.1 of the Special Conditions, the Joint Managing Authority's contribution shall be limited to the amount obtained by applying the percentage laid down in the Article 3.2 of the Special Conditions to the total actual costs of the approved project.

The following payments are foreseen for the projects: (1) **initial pre-financing instalment** (after signing of the Grant Contract); (2) **further pre-financing instalments** (during the project implementation); (3) balance (upon completion of the project).

#### **The following payment procedures will be applied to the projects**

##### **Option 1:**

If the overall duration of the project does not exceed 18 months **and** if the grant does not exceed 300,000 EUR, the pre-financing is paid in two instalments - (1) initial pre-financing instalment, which will be transferred to the account of the Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance will be maximum 40% of the grant; (2) together with the 6-monthly Interim Report the Beneficiary may submit the Request for further pre-financing instalment not exceeding 40% of the project grant.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of pre-financing (initial pre-financing instalment and further pre-financing instalment) under the Grant Contract may not exceed 80% of the amount referred to in Article 3.2 of the Special Conditions.

The Joint Managing Authority will pay the balance within 45 days following the approval of the Final Report in accordance with Article 15.2 of the of General Conditions to the Grant Contract (General Conditions).

##### **Option 2:**

If the overall duration of the project exceeds 18 months **or** if the grant exceeds 300,000 EUR, the initial pre-financing instalment will be 40% of the forecast budget for the first 12 months of the project. It will be transferred to the account of the Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance.

The Joint Managing Authority shall pay further pre-financing instalment for each twelve month period of implementation of the project after approval of the 6-monthly Interim Reports. Further pre-financing instalment may only be given if the part of the expenditure actually incurred which is financed by the Joint Managing Authority (by applying the percentage set out in Article 3.2 of the Special Conditions) stands at least at 70% of the previous payment (and at 100% of any previous payments) as supported by the corresponding Interim Report, an Expenditure Verification Report and financial guarantee if required according to Article 15.7 of the General Conditions.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of the pre-financing (initial pre-financing instalment and further pre-financing instalments) may not exceed 80% of the grant costs as referred to in the Article 3.2 of the Special Conditions.

The Joint Managing Authority will pay the balance within 45 days following the approval of the Final Report in accordance with Article 15.2 of the General Conditions.

### **3.2.2 Use of Euro**

Payments to the project will be made in Euro only.

Conversion into Euro of the real costs borne in national currencies (other than Euro) shall be done at the rate made up by the average of the rates published in InforEuro for the months covered by the relevant report (for the reference please see the website: <http://ec.europa.eu/budget/inforeuro/index.cfm?language=en>).

Please note that any exchange losses are not eligible costs and must be covered by the Beneficiary and/or the project partners. The expenditure in national currency (other than Euro) must be converted into Euro with an accuracy of four digits after the comma (e.g. 0.1234).

### **3.2.3 Keeping the project accounts**

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

- a separate accounting system or
- an adequate 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.

Accounts and expenditures relating to the project must be easily identifiable and verifiable in compliance with the Article 16.1 of the General Conditions.

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### **3.2.4 Budget reallocations, changes in the project**

Please note, that the Beneficiary must inform the Joint Managing Authority/JTS on any changes in the project. Changes in the project are regulated by these Guidelines and the Article 9 of the General Conditions.

Please note, that request for changes has to be submitted to the Joint Managing Authority/JTS at least one month before the required changes have to enter into force.

Changes to the project can only be approved in particular justified cases by prior issuing of an Addendum to the Grant Contract countersigned by the both parties. **Grant Contract can be modified only during its execution period and addenda cannot be retrospective.**

The JMA can decide on changes in the concluded Grant Contract as long as the purpose and other basic features of the project are not altered and which do not have consequences on the eligibility or the results of the project. Examples of changes in the project to be introduced by the addendum are as follows:

- 1) changes in the project budget in case the amendment to the budget or description of the project does not affect the basic purpose of the project and its financial impact is limited to a transfer between items within the same Budget Heading including cancellation or introduction of an item, or a transfer between main Budget Headings involving a variation of 15% or more of the amount originally entered in relation to each concerned main heading for eligible costs;
- 2) changes of the legal status of the Beneficiary or the project partner as long as it does not put into question their eligibility. In these cases the Member State in which territory the respective project partner(s) is located shall be informed.

In duly justified cases the Joint Managing Authority can decide on extension of the project implementation period up to 6 months; and extension of the date by which interim and final reports have to be presented by the beneficiary.

In case of small changes in the approved project (e.g. changes in the address, bank account, and changes of auditor), Beneficiary has to notify the Joint Managing Authority/JTS immediately, although this does not stop the Contracting Authority from opposing the Beneficiary's choice of bank account or auditor.

The Joint Managing Authority reserves the right to require that the Beneficiary's and/or, if applicable, the project partners' auditors be replaced if considerations which were unknown when the Grant Contract was signed cast doubt on the auditors' independence or professional standards.

Changes in the project budget set under point 1 above of this section involving a variation of 15% or less of the amount originally entered in relation to each concerned main heading for eligible costs, the Beneficiary may amend the budget and inform in writing without delay the Joint Managing Authority/JTS immediately.

A contingency reserve foreseen in the Application and not exceeding 5% of the direct eligible costs can only be used with the prior written authorisation of the Joint Managing Authority. Request for use of the contingency reserve has to be submitted to the Joint Managing Authority/JTS at least one month before the required changes have to enter into force.

An addendum may not have the purpose or the effect of making changes to the Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in Article 3.2 of the Special Conditions may not be increased.

### **3.2.5 Competition and Public procurement**

In accordance with the Article 23 of the Implementing Rules, the contractual procedures for procurement contracts, related standard documents and contract templates to be used for the implementation of the Programme shall be those included in the PRAG with annexes in force at the time of launching of procurement procedures or Calls for Proposals as well as those set in the national legislations.

These contractual procedures shall be applicable to the entire geographical area of the Programme, both at the territory of the Member States (the Republic of Estonia and the Republic of Latvia) participating in the Programme and on the territory of the Partner Country – the Russian Federation.

The procurement of goods, supplies, works and services carried out in the framework of project shall follow the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines and following rules:

- for procurement carried out by the Beneficiaries and the project partners located in the **Russian Federation** – in accordance with Chapters 2, 3, 4 and 5 of PRAG with the exception of the Russian public entities, which shall be using the national public procurement regulations of Russia;
- for procurement carried out by the Beneficiaries and the project partners located in **the Republic of Estonia and the Republic of Latvia** – in accordance with national public procurement legislation, irrespective of their legal status, as compliant with Community directives applicable to procurement procedures.

### **3.2.6 Revenue in the project**

Grants may not have the purpose or effect of producing a profit for the Beneficiary or the project partner(s). In the case of a grant, profit is defined as a surplus of receipts over the costs incurred by the Beneficiary / the project partners when the request is made for final payment.

Any interest or equivalent benefits accruing from pre-financing paid by the JMA to the Beneficiary shall be mentioned in the Final Report. Any such interest or benefits accruing from the pre-financing shall be assigned to the project and deducted from the final payment.

### **3.2.7 State Aid rules and principles**

The EU State Aid rules are applicable in all cases where assistance from public funds is involved. State Aid is regarded as incompatible with the Common Market if it distorts, or has the potential to distort, competition within the European Union. Community rules on State Aid limit the support, which may be provided from public funding to assist projects in the commercial sector.

According to Regulation (EC) 1998/2006 of the Commission of 15 December 2006, participation of private companies from the Member States is subject to the following limitations: project activities must not generate a competitive advantage and the gross amount of public funding granted should not exceed the thresholds set by the *de minimis* regime.

State Aid under the Programme will be provided only where it is consistent with the *de minimis* provisions.

### **3.2.8 Double financing**

No single project and activity may be financed by more than one European Community grant. 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.

## **3.3 REPORTING, MONITORING AND CONTROL**

### **3.3.1 Reporting requirements and deadlines**

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

The Beneficiary must draw up **Interim Reports** and **the Final Report**.

All reports shall be drafted in English. They shall be submitted to the JTS in paper and electronic versions, postal address: Ausekļa Street 14-3, Riga, LV-1010, Latvia.

**Interim Reports** have to be submitted:

- a) for projects with the implementation period not exceeding 18 months and grant not exceeding EUR 300,000 **Interim Report** has to be submitted with the request for payment;
- b) for projects with an implementation period exceeding 18 months or grant exceeding EUR 300,000, **Interim Report** has to be submitted each 6 months.

**Interim Reports** consist of a narrative report and a financial report (templates of the reports are available as Annex 8.5 to the Guidelines). Each Interim Report must provide a full account of all aspects of the project's implementation for the period covered.

If **no Expenditure Verification Report** is submitted with the Interim Report, the Interim Report shall consist of the narrative part (without the financial report) and must be accompanied with (1) list of the financial and supporting documents covering the respective period; (2) printout of the account of the project showing project's income and expenditure and payments received in the period of the current Interim Report.

Reports have to be submitted not later than 1 month after the end of each reporting period stipulated in Article 4 of the of the Special Conditions. The Joint Managing Authority and JTS may request additional information and this information must be supplied within 30 days of the request in accordance with Article 15.2 of the General Conditions.

The **Final Report** is a prerequisite for request of the balance payment. The Final Report consists of a narrative report and a financial report and an Expenditure Verification Report for the project. The Final Report shall contain a detailed description of the conditions in which the project was carried out, information on the steps taken to ensure the visibility of EU financing, information with which to evaluate the project's impact, the proof of the transfers of ownership

and a final statement of all the eligible costs of the project, plus a full summary statement of the project's income and expenditure and payments received. The Final Report has to be submitted to the JTS no later than three months after the finalization of the project implementation.

For further information about reporting requirements, please refer to the Grant Contract.

### **3.3.2 Audit and financial control**

The controls and audits referred in this section can be performed at any stage of the project implementation and seven years after the receipt of the balance payment to the project.

As a general rule, the Beneficiary/ the project partner(s) are responsible for and should allow auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the project as well as on-spot-checks. The Beneficiary/ the project partner(s) shall give access to all documents and databases concerning the technical and financial management of the project.

All supporting documents must be available in a documentary form, whether paper or electronic, must be available in the form of original documents rather than photocopies or facsimiles.

The Beneficiary and the project partner(s) must keep all documents of the project and supporting document for all expenditure (contracts, receipts, invoices, payment documents etc.). Originals of these documents in accordance with the requirements of Article 16.3 of the General Conditions must be kept in the Beneficiary's and the project partner(s) accountancy files for **at least seven years** after the receipt of the balance payment. Copies of accountancy do not need to accompany the financial report unless specifically requested by the Joint Managing Authority/JTS.

#### **3.3.2.1 Expenditure verification**

All projects implemented within the Programme are subject to expenditure verification for projects, and the compliance of such expenditure with the provisions of the Grant Contract signed between the Joint Managing Authority and the Beneficiary. The Beneficiary shall designate an auditor that shall examine whether costs declared by the Beneficiary are real, exact, accurate and eligible in accordance with the Grant Contract. The project partner(s) in cooperation with the Beneficiary are responsible for designation of the partner's auditor(s) – either one per all partners located in the respective Programme Participating Country or one per each project partner or one per the project.

It is recommended for the projects to choose their auditors from the short list of pre-selected auditors established by the Operational Management Section of the Joint Managing Authority or projects may subcontract another auditor who is a member of the national accounting or auditing body, which, in its turn, is member of the International Federation of Accountants (IFAC); or subcontract an auditor who is a member of the national accounting or auditing body and who commits itself to undertake the assignment in accordance with the IFAC standards.

The auditor shall be entitled to perform the controls and on-the-spot checks in locations of the Beneficiary and the project partner(s) receiving ENPI funding and where activities of the particular project take place. The auditor examines whether the costs declared by the Beneficiary and the project partner(s) are real, exact and eligible in accordance with the Grant Contract, that the submitted accounts (income and expenditure) are accurate, reliable and justified by adequate supporting documents. 100 % of the expenditure of the project must be verified.

Requirements for expenditure verifications in addition to mentioned above are:

- 1) expenditure should be identifiable, verifiable and recorded in the accounting records of the Beneficiary/ the project partner(s);

- 2) expenditure must be easily identifiable and verifiable and traced to and within the Beneficiary's/ the project partner(s) accounting and bookkeeping systems;

Based on the results of the performed check, the auditor issues an Expenditure Verification Report conforming to the model in Annex 8.6 to the Guidelines.

As set above, the project partner is responsible separately for having its expenditure validated by the auditor. Each project partner is required to submit to the Beneficiary the Expenditure Verification Report for its part, produced by the auditor. The Beneficiary is responsible for collecting all partners' Expenditure Verification Reports, drafting a financial section/ report for the respective project implementation period or whole project (Annex 8.6 to the Guidelines) and presenting it to its auditor for examination and compilation of consolidated Expenditure Verification Report.

Costs for the expenditure verification shall be included in the budget of the project; the detailed procedures, compliant with PRAG, are laid down in the Annex 8.6 to the Guidelines.

The Expenditure Verification Report, produced by an auditor shall be attached to any request for an interim payment for the projects of duration over 18 months or awarded grant over 300,000 EUR, as well as any request for balance payment and shall be submitted to the JTS.

The Expenditure Verification Report accompanying a request for the balance payment covers all expenditures not covered by any previous Expenditure Verification Report.

Based on the Expenditure Verification Report the Joint Managing Authority determines the total amount of eligible expenditure which may be deducted from the final payment or the sum total of pre-financing under the Grant Contract (clearance). The Beneficiary and the project partner(s) shall grant the auditor all access rights mentioned in Article 16.2 of the General Conditions.

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

In accordance with Article 37(2) 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 Joint Managing Authority in consultation with the Audit Task Force established in the Programme. The audits shall be performed in the projects selected based on a random statistical sampling method taking account of internationally recognized audit standards, in particular having regard to risk factors related to the projects' value, type of projects, type of beneficiary or other relevant elements. The sample checks will be carried out on annual basis, according to the annual plan.

The sample checks should cover projects representing as a minimum 5% of EU funding granted to projects.

The Beneficiary and the project partner shall be informed in case the project is selected for the sample check before the check is performed.

#### **3.3.2.3. Any further controls**

If the Joint Managing Authority, Joint Technical Secretariat or the European Commission carries out or commissions 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.

Furthermore, the Beneficiary and the project partner(s) shall allow the European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors or any external institutions auditor authorized by these institutions to carry out the controls by examining the documents or by means of on-the-spot checks, the implementation of the project and conduct a full audit, if necessary.

The Joint Managing Authority/ the JTS may perform controls referred in this section and in section 3.3.3 of the Guidelines in cooperation with the representatives of the National Authorities of the Programme.

### **3.3.3 Monitoring of the project by the JTS**

The monitoring of implementation of the project shall be carried by the Joint Managing Authority and the JTS. The practical monitoring of implementation of the project is implemented by the JTS.

The main tools to be used during monitoring are Interim Reports and Final Report and on-the-spot checks. Moreover, regular communication with the JTS and the Beneficiary/the project partner(s) shall be ensured during the implementation of the project. The Beneficiaries are requested to send the prior information to the JTS in regards to the major upcoming events.

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 Beneficiary shall inform JTS of the planned construction/renovation works including the start date of the works.

Interim Reports and Final Reports referred to above and project updates must be submitted to the JTS. Reports must be prepared in English. The supporting documents can be submitted in national languages. The reports shall be submitted in hard copy (paper version).

Interim Reports and Final Reports are the central source for monitoring of the progress of the implementation of the project. The Interim Reports and Final Reports together with the request for payments is the basis for transferring the payments to the Beneficiary.

The JTS shall also carry out on-the-spot checks with the aim to monitor progress of implementation of the project, provide advice or tackle the problems in partnership, monitor the delivery of outputs and results. If needed, the authorised external auditor might carry the task on behalf of JTS.

The JTS monitors all components of the reports, such as the description of activities, the reports on achievement of the planned outputs, the lists of financial and supporting documents covering respective periods, printouts of the project accounts showing project's incomes and expenditures and payments received in the period of the current Interim Report, as well as Expenditure Verification Reports. The achievement of the planned outputs is monitored in relation to the work plan presented in the Application Form. During the financial monitoring the JTS cross-checks whether what has been validated by the auditor complies with the provisions of the Grant Contract and the Programme rules as well as with the Application Form.

If the information delivered in the reports is insufficient, the JTS will ask for further information or clarification from the Beneficiary that must be provided within 30 days (in accordance with Article 4 of the Special Conditions), unless otherwise specified. If necessary, the JTS/Joint Managing Authority or its authorised third parties may also ask the Beneficiary to provide more in depth documentation, such as the checklist on the controls performed at the level of the project, the documents listed in the Expenditure Verification Report, copies of invoices, timesheets, etc. The Beneficiary should provide the answers to the JTS within the set timeframe. If there are no further questions concerning the respective report or other outstanding issues regarding the project, the report and request for the payment shall be considered approved by the JTS and transferred to the Joint Managing Authority for the payment procedure.

Any Interim Report and Final Report shall be considered approved if no written reply from the Joint Managing Authority is received within 45 days of its receipt accompanied by the required documents in accordance with Article 15.2 of the of the General Conditions.

The Joint Managing Authority may suspend the time-limit for approval of a report by notifying the Beneficiary that the report cannot be approved and that it finds it necessary to carry out additional checks. Suspension shall take effect when the modification is sent by the Joint Managing Authority. In such cases, the Joint Managing Authority may request clarification, alteration or additional information, which must be produced within 30 days of the request. The time-limit starts running again on the date the required information is received.

### **3.3.4 Recovery**

The Beneficiary undertakes full responsibility towards the Joint Managing Authority to repay any amounts paid in excess of the final amount due or identified following a control or an audit. Recovery procedures will follow the provisions set in Article 27 of Implementing Rules. After the amount exceeding the EU contribution will be detected by any auditing body, the Beneficiary will receive a debit note for the amount paid in excess from the Joint Managing Authority and will have to repay the amount within 45 days of the issuing of the debit note.

Should the Beneficiary fail to make repayment within the set deadline, the Joint Managing Authority may increase the amounts due by adding interest referring to Article 18 of the General Conditions.

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

If the Joint Managing Authority shall be unable to recover the debt within one year of issuing the recovery order, the amount shall be paid by the Member State in which the Beneficiary or the project partner is located and the Member State shall claim it back from the Beneficiary or the project partner. If the Beneficiary or the project partner is established in the Russian Federation, the Joint Managing Authority shall refer the case to the European Commission and the Russian Federation. The European Commission and the Russian Federation on the basis of a complete file will encourage measures to recover the unjustified and ineligible expenditure incurred from the Beneficiary and/or its partner(s) established in the Russian Federation or directly from the National Authorities of the Russian Federation.

### **3.3.5 Closing of the project**

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

All the project related documents are to be kept for at **least seven years** after the receipt of the balance payment to the project.

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

- the Programme rules on information and publicity must be respected for all products produced with the assistance from the Programme including the time after the closure of the project;
- the Beneficiary must appoint the contact person for at least six months after the project's end to enable a smooth closure of the project and communication with the Programme management bodies;
- the Beneficiary and the project partner(s) 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 seven years after balance payment to the project.

## 4 GLOSSARY

No	TERM	DEFINITION
1)	<b>Action</b>	Term used in the General Conditions to refer to the Grant projects supported under the Programme. All references in the General Conditions to the "Action" are references to the "Project" for the purpose of these Guidelines.
2)	<b>Addendum</b>	A document modifying the terms and conditions of a Grant Contract.
3)	<b>Adjoining territories</b>	The regions, the organisations of which are eligible as applicants and project partners of the Programme with certain reservations. Under the Programme, no more than 20% of the total Programme funding can be allocated to the adjacent territories.
4)	<b>Application</b>	A package of documents necessary when submitting a proposal. The package consists of the filled in Application Form and its annexes, listed in the Application Form. The package is updated for every Call for Proposals.
5)	<b>Application Form (Grant Application Form)</b>	A document, which must be filled in when submitting a proposal for the project. It will later serve as the fundament of the project, if the application is approved for funding.
6)	<b>Application Pack</b>	A package of documents necessary when announcing a Call for Proposals. The package consists of the Programme document, Guidelines for Grant Applicants, Application Form, reporting forms, Grant Contract, Partnership Agreement. The package is updated for every Call for Proposals.
7)	<b>Associate</b>	Organisation participating in the project, but not receiving a grant. Only per diem payments and travel expenditures may be covered by the beneficiary and/or project partner within the scope of the project.
8)	<b>Auditor</b>	Audit company contracted by the Beneficiary and/or by the project partner which meets the specific conditions of the Terms of Reference and is/are responsible for performing the expenditure verification and issues Expenditure Verification Report submitting a report of factual expenses.
9)	<b>Beneficiary</b>	A body which signs a Grant Contract with the Joint Managing Authority and which assumes full legal and financial responsibility for implementation of the project vis-à-vis that authority; it receives the financial contribution from the Joint Managing Authority and ensures it is managed and, where appropriate, distributed in accordance with the agreements drawn up with its partners; it alone is responsible to the Joint Managing Authority and it is directly accountable to the authority for the operational and financial progress of activities.
10)	<b>Branch Offices</b>	Regionally based bodies under the Joint Technical Secretariat established in the Republic of Estonia (Tartu and Jõhvi) and the Russian Federation (St Petersburg and Pskov) with the purpose to inform the target groups concerned in these countries of the activities envisaged under the Programme.

No	TERM	DEFINITION
11)	<b>Budget of the project</b>	A presentation of the total costs of the project.
12)	<b>Call for Proposals</b>	A public invitation by a Joint Managing Authority, addressed to clearly identified categories of applicants, to propose operations/ projects within the framework of the EU support programme.
13)	<b>Co-financing</b>	Where two or more parties are involved in funding the project. In the Programme, up to 90% of the total budget of the project is provided by the European Community.
14)	<b>Communication</b>	Communication during implementation of the project means telling a wider audience about the project and its results and about the EU funding the project has received. This may be by means of events, e-letters, press coverage, etc. It also means internal communication among the project partners, fostering implementation of the project. The Beneficiaries and the project partners must refer to Communication and Visibility Manual for EU External Actions, Guidelines for Grant Applicants.
15)	<b>Communication and Visibility Manual for European Union External Actions</b>	The manual designed by the EuropeAid to ensure that projects that are funded by the EU incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the project and the EU support for the project, as well as the results and impact of this support. See <a href="http://ec.europa.eu/europeaid/work/visibility/index_en.htm">http://ec.europa.eu/europeaid/work/visibility/index_en.htm</a>
16)	<b>Consultant</b>	The party which is contracted to perform the services.
17)	<b>Contingency reserve</b>	A reserve Budget Heading in the budget of the project only used in case of unforeseen expenses. It cannot exceed 5% of the direct eligible costs and must only be used with prior written authorisation of the Joint Managing Authority.
18)	<b>Contracting Authority</b>	The Joint Managing Authority, signing the Grant Contract with the project Beneficiary. The Beneficiary is fully legally responsible to the Joint Managing Authority under the Grant Contract.
19)	<b>Cross border impact</b>	Positive effect that the project is going to have on both sides of the border (in all the countries represented by the Beneficiary and the project partner(s)).
20)	<b>Daily allowance</b>	Flat rates of daily subsistence allowances paid to persons during the missions in order to cover meals and sundry expenses. Usually daily allowances are legislated by national legal acts and should be respected when drafting the budget.
21)	<b>Economy (principle)</b>	Principle of economy requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
22)	<b>Effectiveness (principle)</b>	The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

No	TERM	DEFINITION
23)	<b>Efficiency (principle)</b>	The principle of efficiency is concerned with the best relationship between resources employed and results achieved
24)	<b>Eligible costs</b>	The costs incurred while implementing the project, which falls under the list of eligible costs provided in the Programme documents and national and EU legal acts, in particular Article 14 of the ENPI Regulation and may be funded by the Programme.
25)	<b>European Commission (EC)</b>	The European Community's executive body. Led by 27 Commissioners, the EC initiates proposals on legislation and acts as guardian of the Treaties. The EC is also a manager and executor of common policies and of international trade relationships. It is responsible for the management of EU external assistance.
26)	<b>Expenditure verification</b>	Examination of the costs and the revenue (if any) of the project declared by the Beneficiary/the project partner(s). The auditor examines whether the costs declared by the Beneficiary and the project partner(s) are real, accurately recorded and eligible in accordance with the Grant Contract, as well as the revenue of the project and issues an Expenditure Verification Report.
27)	<b>Expert</b>	A person engaged to provide the expertise required for the proper performance of a contract.
28)	<b>Final beneficiaries</b>	Organisations/ persons who will benefit from the project in the long term at the level of the society or sector at large.
29)	<b>Financing Agreement</b>	An agreement between the European Community and the Russian Federation, which determines the objectives and rules applicable to the implementation of the Programme.
30)	<b>ENPI Regulation</b>	Regulation No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument
31)	<b>Grant</b>	A direct payment of a non-commercial nature by the Joint Managing Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget) in order to promote an EC policy aim.
32)	<b>Grant Contract</b>	An agreement, between the Beneficiary and the Joint Managing Authority, with specific terms and an undertaking to implement the project in return for EU grant.
33)	<b>Guidelines for the Grant Applicants (Guidelines)</b>	Document explaining the purpose and conditions of a Call for Proposals for grants. It sets out the rules regarding who may apply, the types of projects and costs which may be financed, and the evaluation (selection and award) criteria. It also provides practical information on how to complete the application form, what documents must be annexed, and rules and procedures for applying.

No	TERM	DEFINITION
34)	<b>Implementing Rules</b>	Commission Regulation No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument
35)	<b>Ineligible costs</b>	The costs incurred while implementing the project, which do not fall under the list of eligible costs provided in the Programme documents and national and EU legal acts, in particular Article 14 of the ENPI Regulation and may not be funded by the Programme.
36)	<b>Integrated project</b>	The project where each project partner carries out a part of the activities of the joint project on its own territory.
37)	<b>Monitoring</b>	The regular collection and analysis of information about the project (usually at least financial, technical and institutional) in order to check performance compared with its stated objectives, outputs, budget and work plan.
38)	<b>Non-governmental Organisation (NGO)</b>	Independent, non-profit organisation pursuing a particular agenda or objective, e.g. environmental conservation, industry associations.
39)	<b>Operation</b>	Is defined as the: -functioning, e.g. in a phrase "smooth operation"; - management, e.g. in a phrase "operation of the equipment"; - set of activities which are planned to achieve a certain goal, e.g. in a phrase "to propose an operation within the Call for Proposals".
40)	<b>Strategic objective</b>	The contribution of the project to overall improvement of state of play in the region, clearly referring to the priorities of the Programme.
41)	<b>Output</b>	Tangible and visible deliverable produced within the project in order to reach the results (e.g. guides, web sites, study materials, etc.).
42)	<b>Participating countries</b>	The Member States (the Republic of Estonia and the Republic of Latvia) and Partner Country (the Russian Federation) taking part in the Programme.
43)	<b>Partner Country</b>	The Russian Federation, as listed in the Annex to ENPI Regulation.
44)	<b>Per diem</b>	Per diems are applied by the Russian beneficiaries and partners which are private institutions or NGOs. Per diems are paid for the missions abroad and within the home country of the Beneficiary/ the project partner requiring an overnight stay. Per diems cover costs of accommodation, daily allowance (meals and sundry expenses) and local transport. They should correspond to rates normally applying to the organisation and cannot exceed the EC rates published on <a href="http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm">http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm</a> at the time of signing the contract.

No	TERM	DEFINITION
45)	<b>Pre-Feasibility Study</b>	<p>An investigation with the aim to explain in detail the necessity of the proposed equipment/ investments and to provide a detailed breakdown of costs (cost estimate) for the equipment/ work contracts, technical specification, relation of the equipment and investments to the other activities of the project, ownership of the proposed equipment/ investments and a plan for its future use. Pre-Feasibility Studies are usually carried-out in the preparation stage of the project. Recommended content of the Pre-Feasibility Study shall include:</p> <ol style="list-style-type: none"> <li>1. Executive summary;</li> <li>2. Description of the current regional situation in the particular field;</li> <li>3. Project strategy (including financing and institutional aspects) and analysis on different scenarios (expected, optimistic, pessimistic);</li> <li>4. Project justification (including detailed description of the planned investments in the project and their costs; information on ownership of outputs and management plan for the future, as well as the expected socio-economic effects)</li> </ol>
46)	<b>Public use</b>	Results of the project are to be used to benefit the public rather than project partners, i.e. it can not be limited only to the partners of the project.
47)	<b>Practical Guide to Contract Procedures for EC External Actions (PRAG)</b>	<p>The first sole working tool, which explains the contracting procedures applying to all EC external aid contracts financed from the European Communities general budget and the 10th European Development Fund (EDF). See <a href="http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm">http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm</a></p>
48)	<b>Procurement</b>	The purchase of goods, supplies, services and works shall follow the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines, the PRAG rules or the national public procurement regulations as set in the Guidelines.
49)	<b>Programme</b>	Estonia - Latvia - Russia Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument 2007-2013 (approved by the European Commission on 17 December 2008 by the decision No C(2008)8332) funded by the European Community.
50)	<b>Project</b>	Is used as a synonym to the term "action" as used in <b>Practical Guide to Contract Procedures for EC External Actions.</b>

No	TERM	DEFINITION
51)	<b>Project Cycle</b>	<p>A useful tool for understanding various stages that any project will probably go through.</p> <p>The basic model includes the following stages:</p> <p>Identification – idea for the potential project is identified and explored.</p> <p>Preparation – the idea of the project is carefully developed.</p> <p>Appraisal – the proposed project is rigorously assessed and adjusted if necessary.</p> <p>Funding – decision is taken about funding for the project and how it will be implemented.</p> <p>Implementation and monitoring – the project is carried-out and periodic checks made to ensure it is running according to plan.</p> <p>Evaluation – the results of the project are assessed and new ideas may be generated. See <a href="http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm">http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm</a></p>
52)	<b>Partner</b>	Participant in the project, responsible for implementation of part of the activities, in accordance to the Application and to the Partnership Agreement signed with the Beneficiary.
53)	<b>Regional Capacity Building Initiative (RCBI) project</b>	The EU funded project, which has been supporting the EU's neighbours to actively participate in cross border relations since April 2005. The project supports 15 partner countries currently participating in cross border cooperation under the new ENPI CBC programmes for 2007-2013. For more information please see <a href="http://www.rcbi.info/pages/27_1.html">www.rcbi.info/pages/27_1.html</a>
54)	<b>Result</b>	A change of situation, attitude, knowledge, practice, experience, capacity and/or change of other quantitative or qualitative parameters occurred after targeted implementation of certain activities. The project may have one or more expected results to be reached by certain activities.
55)	<b>Simple project</b>	The project implemented mainly or entirely in the Member State(s) or the Russian Federation, but for the benefit of all or some of the project partners involved in the Programme.
56)	<b>Soft project or activity</b>	The project or activity that is intended to bring about change and does not have a physical end product; the project which is not principally concerned with construction or equipment provision. "Soft" projects include activities such as institutional strengthening, training, policy reform, exchange of experience.
57)	<b>Specific objective</b>	The objective, which is to be achieved within the scope of the project through a number of results. The specific objective has to contribute to the overall objective of the project.
58)	<b>Stakeholders</b>	Individuals and organisations that are actively involved in the project, or whose interests may be affected as a result of execution or completion of the project. They may also exert influence over the objectives and outcomes of the project.
59)	<b>Strategy</b>	A comprehensive set of objectives, and plans for their achievement.

No	TERM	DEFINITION
60)	<b>Sub-contractor</b>	A legal and natural person providing supplies, services or works to the project under the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines and national public procurement rules.
61)	<b>Sustainable</b>	The project is sustainable when it can provide an acceptable amount of benefits to the target group during a sufficiently long period after the funder's assistance ceases.
62)	<b>SWOT Analysis</b>	A technique for identifying the strengths, weaknesses, opportunities and threats of the Programme area as a basis for discussing programme objectives.
63)	<b>Symmetrical project</b>	The project where similar activities are carried out in parallel in the Member State(s) and in the Partner Country.
64)	<b>Target groups</b>	The groups/entities that will be directly positively affected by the project at the purpose level.
65)	<b>Tender</b>	A written or formal offer to supply goods, perform services or execute works for an agreed price.
66)	<b>Tender procedure</b>	The overall process of putting a contract out for tender, starting with the publication of a procurement notice and ending with the award of the tendered contract. The tender procedure should strictly follow the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines and national public procurement rules.

## **5 LIST OF ANNEXES**

### **DOCUMENTS TO BE COMPLETED**

- 1 Application Form (consisting of XVII Worksheets);
- 2 Partnership Statement (to be filled and signed by each partner, including the Applicant);
- 3 Letter of Endorsement by the Associate;
- 4 Legal Entity Sheet;
- 5 Financial Identification Form (to be filled in by the Applicant after approval of the Project)

### **DOCUMENTS FOR INFORMATION**

- 6 Estonia – Latvia – Russia Cross Border Cooperation Programme within European Neighbourhood and Partnership Instrument 2007-2013;
- 7 Model Partnership Agreement
- 8 Grant Contract:
  - Annex 8.1: Model Special Conditions to the Grant Contract;
  - Annex 8.2: General Conditions Applicable to European Community Financed Grant Contracts for External Actions;
  - Annex 8.3: Procurement by grant Beneficiaries in the context of European Community external actions;
  - Annex 8.4: Standard Request for Payment;
  - Annex 8.5: Model Narrative and Financial Report;
  - Annex 8.6: Model Report of Factual Findings and Terms of Reference for an Expenditure Verification of an EC Financed Grant Contract for External Actions;
  - Annex 8.7: Model Financial Guarantee
- 9 Daily Allowance Rates (Per-diem), available at the following address:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm)
- 10 Project Cycle Management Guidelines  
[http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101\\_en.htm](http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm)