PROGRAMME MANUAL

Interreg V-A Lithuania – Poland cooperation programme

Approved by the Joint Monitoring Committee on

1 March 2016

Incorporating corrigendum No. 1 of 7 April 2016

Version 2: applicable for the 1st call for proposals

2016

Table of contents

List of changes: 5
INTRODUCTION 7
GLOSSARY OF ABBREVIATIONS AND TERMS 8
I. GENERAL INFORMATION ABOUT THE PROGRAMME 12
1.1. Legal background 12
1.2. Objectives and priorities of the Programme 15
1.2.1. Overall objective 15
1.2.2. General information on Priorities 15
1.3. Programme area 17
1.4. Types of projects 19
1.4.1. Open call projects 19
1.4.2. Small projects 20
1.5. Programme budget and funding of the projects 22
1.6. Horizontal principles 23
1.6.1. Sustainable development 23
1.6.2. Equal opportunities and non-discrimination 24
1.6.3. Equality between men and women 25
1.7. EU Strategy for the Baltic Sea Region 26
1.8. Programme management 27
1.8.1. Role and tasks of the JMC 27
1.8.2. Role and tasks of the MA 27
1.8.3. Role and tasks of the NA 27
1.8.4. Role and tasks of the AA 28
1.8.5. Role and tasks of the JS 28
1.8.6. Role and tasks of the RCPs 28
1.8.7. Role and tasks of the Controllers 28
1.9. Programme communication 29
II. INFORMATION RELEVANT FOR THE 1ST OPEN CALL FOR PROPOSALS 30
2.1. General information 30
2.2. Specific information important for the 1st open call for proposals: 30
2.3. Description of Priorities open during 1st call for proposals 31
III. HOW TO APPLY? 41
3.1. Partnership in the project 41
3.1.1. Geographical location and general requirements 41
3.1.2. Eligible beneficiaries 42
3.1.3. The lead beneficiary principle 44
3.1.4. The Partnership Agreement 45
3.2. Start date and project activities 46
3.2.1. Start date of the project 46
3.2.2. Project activities 46
3.3. Project indicators 48
3.4. Budget planning 50
3.4.1. General requirements 50
3.4.2. Categories of expenditure 53
3.5. Other rules (state aid, revenue generation, public procurement) 53
3.5.1. State aid regulations 53
3.5.2. Revenue of the projects 54
3.5.3. Competition and public procurement rules 55
3.6. Application procedure 57
3.6.1 Preparing an application 57
3.6.2. Filling in an application form 58
3.6.3. Submitting an application 58
3.7. Assessment and selection procedure 62

3.7.1. Admissibility and eligibility check ... 62
3.7.2. Quality assessment ... 64
3.7.3. Strategic impact assessment ... 69
3.7.5. Selection of applications for funding ... 71
3.8. Complaint Procedure ... 73
3.8.1. Complaint against funding decisions and formal requirements of the assessment ... 73
3.8.2. Complaint against the results of FLC ... 74
IV. PROJECT IMPLEMENTATION AND REPORTING ... 75
4.1. Signing of the Subsidy Contract ... 75
4.2. Starting the project implementation ... 76
4.3. Reporting and payment procedure ... 77
4.3.1. First level control ... 77
4.3.2. Reporting frequency ... 79
4.3.3. Use of euro and exchange rate ... 79
4.3.4. Reporting levels ... 79
4.4. Modification procedure ... 84
4.4.1. Modifications not requiring amendment of the SC ... 84
4.4.2. Modifications requiring amendment of the SC (formal modification procedure required) 86
4.5. Irregularities and recoveries ... 88
4.5.1. Irregularity administration procedure ... 88
4.5.2. Recovery procedure ... 89
4.6. Project information and publicity requirements ... 90
4.6.1. Minimum publicity requirements ... 90
4.6.2. Use of the logos and references ... 91
4.6.3. List of projects ... 92
4.7. Project closure ... 94
4.8. Durability and ownership of the project outputs ... 94
4.8.1. Monitoring sustainability (durability) of project results ... 95
4.8.2. Monitoring revenue ... 96
ANNEXES ... 97
ANNEX 1 ... 98
ANNEX 2 ... 110
ANNEX 3 ... 129
ANNEX 4 ... 148
ANNEX 5 ... 178
ANNEX 6 ... 186
ANNEX 7 ... 186
ANNEX 8 ... 187
ANNEX 9 ... 189
ANNEX 10 ... 190

List of tables:

Table 1: List of main documents forming the legal basis for implementation of the Programme Manual
Table 2: Programme priorities, specific objectives and their result indicators
Table 3: Eligible Lithuanian counties
Table 4: Eligible Polish subregions
Table 5: Comparison of the characteristics and requirements of open call and open call investment projects
Table 6: Allocation of ERDF and national funding for Priorities 1-4
Table 7: List of result and output indicators of the Specific objective 1.1
Table 8: List of result and output indicators of the Specific objective 2.1
Table 9: List of result and output indicators of the Specific objective 2.2
Table 10: List of result and output indicators of the Specific objective 3.1
Table 11: List of result and output indicators of the Specific objective 4.1
Table 12: Eligible beneficiaries in the projects:
Table 13: Programme result indicators
Table 14: Measurement units of output indicators
Table 15: Admissibility and eligibility criteria
Table 16: Weighting of scores of the quality assessment criteria
Table 17: Quality assessment criteria
Table 18: Strategic impact assessment criteria
Table 19: Specific guiding principles for the selection of the projects
Table 20: Time frame of the reporting

List of figures:

Figure 1: Map of the Programme area
Figure 2: Reporting on the beneficiary level
Figure 3: Reporting on the project level
Figure 4: Scheme of the reporting
Figure 5: Programme logo
Figure 6: Simplified version of the Programme logo

List of annexes:

Annex 1: Model form of the Partnership agreement
Annex 2: Fact sheet on eligibility of expenditure
Annex 3: Application Form
Annex 4: Guidelines on filling in the application form
Annex 5: Specific conditions for Polish beneficiaries regarding the execution of public contracts
Annex 6: Progress report – model form
Annex 7: Consolidated progress report – model form
Annex 8: Declaration of validation of beneficiary expenditure – model form
Annex 9: Request for modification form
Annex 10: Notification on the detected irregularity form

List of changes:

Place in the Programme Manual of 2016-03-01	Instead of:	Read:
1.4.1. Open call projects Table 5: *Comparison of the characteristics and requirements of open call and open call investment projects* Page 17	**Location:** Eligible Programme area with exceptions described in the sub-paragraph 1.3	**Location:** Eligible Programme area with exceptions described in the sub-paragraph 3.1.1
2.2. Specific information important for the 1st open call for proposals Page 27	Value of the project: the minimum total budget is 50.000,00 euro, the maximum total budget is 1 million euro.	Value of the project: the minimum total budget is more than 50.000,00 euro, the maximum total budget is 1 million euro.
ANNEX 2. Fact sheet on eligibility of expenditure Page 113 4. External expertise and service costs	Expenditure on external expertise and service shall be limited to the following services and expertise provided by an organisation other than the project beneficiary: m) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by monitoring committee; *travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;* n) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;	Expenditure on external expertise and service shall be limited to the following services and expertise provided by an organisation other than the project beneficiary: m) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by monitoring committee; n) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
ANNEX 2. Fact sheet on eligibility of expenditure Page 119 6) Infrastructure and works	• all compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure and all technical preconditions for the investment have to be fulfilled in order to start the procurement procedures of works i.e. all the permissions and approvals related to construction works are available, technical design project is ready, construction permit or *valid request to issue it are issued*. All relevant documents shall have to	•all compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure and all technical preconditions for the investment have to be fulfilled in order to start the procurement procedures of works i.e. all the permissions and approvals related to construction works are available, technical design project is ready, construction permit or *other document of equal probative value according to the National legislation (e.g. copy of the proof*

	be attached to the AF (please refer to the Chapter 3.6.3);	*of submission the notification on the construction in case decision on the construction permit is not required) is issued.* All relevant documents shall have to be attached to the AF (please refer to the Chapter 3.6.3);
Annex 3. Application Form Page 134	**Tables -** III.4. Determination of project revenue, III.4.1. Main assumptions used in calculation of project operating costs and III.4.2. Main assumptions used in calculation of project operating revenue – are **deleted** as not relevant for the 1st call for proposals.	-

INTRODUCTION

Programme Manual of the Interreg V-A Lithuania-Poland cooperation programme is prepared for the specific call for proposals and offers for the applicants all information needed both when applying for project funding and while implementing the project. If a new version of the Programme Manual, applicable for particular call for proposals is published, it becomes valid from the day it was approved by the Joint Monitoring Committee. The latest version of the Programme Manual, applicable for particular call, is always to be used.

The rules laid down in the Programme Manual are based on the provisions of the relevant European Union's Regulations (paragraph 1.1). Only in case particular topic is not regulated by the Programme Manual or by the European Union's rules, the national legislation applies. In all other cases – Programme Manual applies first.

Programme Manual is divided into 4 parts, starting with general information about the Interreg V-A Lithuania-Poland cooperation programme (part I) and information relevant for the 1st call for proposal (part II), further presenting information regarding application procedure, eligibility requirements, assessment and selection provisions (part III) and finalising with the part dedicated to the implementation and reporting of the contracted project (part IV).

For more details on all Priority axes, investment priorities, specific objectives of the Interreg V-A Lithuania-Poland cooperation programme as well as expected results of the projects please refer to the Interreg V-A Lithuania-Poland cooperation programme document, part 2. The Interreg V-A Lithuania-Poland cooperation programme document can be downloaded on the website at www.lietuva-polska.eu.

The Interreg V-A Lithuania-Poland cooperation programme language is English. Official communication is conducted and all the Programme documents are prepared in English. Only unofficial and not binding translations of particular documents can be provided by the Programme bodies in national languages.

Financial information/limitations, provided in the Programme Manual, are indicated as "total amounts" unless it is explained that value is provided as the contribution from the European Regional Development Fund.

Beneficiaries shall be supported by the staff of Joint Secretariat of the Interreg V-A Lithuania-Poland cooperation programme at all stages of the project life-cycle: i.e. consultations when preparing the project application and continuous support when implementing the contracted project; beneficiaries on the Polish side of the border will also be supported by the employees of the Regional Contact Points, located in Poland (in Podlaskie and Warmińsko-Mazurskie Voivodeships).

Programme Manual is one of the main Interreg V-A Lithuania-Poland cooperation programme documents and major part of the Application package.

Please note that present version of the Programme Manual includes provisions and requirements relevant for the 1st call for proposals only!

GLOSSARY OF ABBREVIATIONS AND TERMS

AA	– Audit Authority
AF	– Application form
CBC	– Cross-border cooperation
CP	– Cooperation Programme
CPR	– Consolidated Progress Report
DEP	– Data exchange platform
EC	– European Commission
ERDF	– European Regional Development Fund
ETC	– European territorial cooperation
EU	– European Union
EUSBSR	– European Union Strategy for the Baltic Sea Region
FLC	– First Level Control
JMC	– Joint Monitoring Committee
JS	– Joint Secretariat
MA	– Managing Authority
NA	– National Authority
NGO	– Non-governmental organisation
PA	– Partnership Agreement
RCP	– Regional Contact Point
SC	– Subsidy Contract
SP	– Small Project

Applicant:	is institution to be eligible for applying for Interreg V-A Lithuania-Poland cooperation Programme funds. This term is to be used only at the stage of initiating the project.
Application form:	binding document which describes the project (objectives, results, outputs, partnership) and gives detailed information on the implementation plan and financial figures.
Application:	all documents required when applying for Interreg V-A Lithuania-Poland cooperation Programme funding.
Audit Authority:	is the authority designated by the Member States (Lithuania and Poland), functioning independently from the Managing Authority and responsible for verifying the effective functioning of the management and control systems. The Audit Authority is assisted by a Group of Auditors comprised of the representatives of the Member States. Audit Authority shall ensure that audits are carried out to verify the proper functioning of the management and control system of the Interreg V-A Lithuania-Poland cooperation programme and of a selected sample of projects on the basis of the declared expenditure. Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania

	is designated as Audit Authority for the Interreg V-A Lithuania-Poland cooperation programme.
Audit trail:	the audit trail is any procedure which allows tracking all financial and document flows for all expenses occurred in the project (accounting records that prove detailed information about expenditure actually incurred by the beneficiary). The audit trail allows complying with the obligations in terms of documents keeping.
Beneficiary:	non-profit legal entity responsible for initiating (at the application stage) or both for initiating and implementing (at implementation stage) operation; in the frame of the Interreg V-A Lithuania-Poland cooperation programme it means all eligible beneficiaries of the project (see paragraph 3.1).
Co-financing:	Interreg V-A Lithuania-Poland cooperation programme's financial support provided to the project (co-financing rate is 85% of total eligible project budget).
Contribution:	equivalent part to Interreg V-A Lithuania-Poland cooperation programme co-financing secured by the beneficiaries (contribution of beneficiaries is 15% of total eligible project budget).
Control:	verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 and Article 23(4) of Regulation (EU) No 1299/2013.
Durability:	durability of project outputs and results refers to the long-lasting effect of the project's achievements beyond project duration.
First level control:	control system for validation of project activities and expenditures incurred and paid by every project beneficiary to be declared in the project progress report. First level control is conducted by authorised controllers (see sub-paragraph 4.3.1). For the needs of Programme Manual, the meaning of the term "first level control" is equal to "control" from the EU Regulations.
First level controller:	institution, independent from lead beneficiary/beneficiary organisation, which is responsible for conducting of the first level control and ensures the verification of activity implementation, legality and regularity of the expenditure declared by each lead beneficiary / beneficiary participating in the project, can be also named as national controller.
Flat rate:	one of the simplified cost options. Eligible Office and administrative expenditure which are clearly identified in advance are calculated by applying a percentage fixed ex-ante to eligible Staff costs. Flat rates involve approximations of costs and are defined

	based on fair, equitable and verifiable calculation methods (see paragraph 3.4).
Implementation period:	a period of time during which project expenditure should be incurred in order to be eligible for reimbursement from the Interreg V-A Lithuania-Poland cooperation Programme funds.
Joint Secretariat:	body responsible for the day-to-day management and implementation of the Interreg V-A Lithuania-Poland cooperation programme. Duties of the JS are performed by Public establishment Joint Technical Secretariat, located in Vilnius, Lithuania.
Lead beneficiary:	one of the beneficiaries authorised by the other(s) beneficiaries(s) to act as a main party in the process of preparation, submission and implementation of the project. It acts as a link between Interreg V-A Lithuania-Poland cooperation programme bodies and project beneficiaries (see paragraph 3.1).
Lump sum:	one of the simplified cost options. A lump sum is a total allocation of the subsidy for co-financing of the preparation expenditure, which is calculated at the application stage and shall be paid to the contracted project upon completion of pre-defined terms of agreement on activities and/or outputs (see paragraph 3.4). Lump sums involve approximations of costs established based on fair, equitable and verifiable calculation methods.
Programme:	Interreg V-A Lithuania-Poland cooperation programme (CCI No 2014TC16RFCB031), approved by the European Commission decision C(2015) 9279 of 15 December 2015. For the needs of the Programme Manual, term "Programme" means an "operational programme" as referred to in Regulation (EU) No 1303/2013 and "cooperation programme" as referred to in Regulation (EU) No 1299/2013.
Project:	means the operation that is limited by its objectives and tasks, its duration and its budget and is selected for funding by the Joint Monitoring Committee of the Interreg V-A Lithuania-Poland cooperation programme. For the needs of Programme Manual, the meaning of word "project" is equal to "operation" from the EU Regulations
Programme area:	means a geographical area covered by the Interreg V-A Lithuania-Poland cooperation programme (see paragraph 1.3).
Progress report:	report prepared separately by each beneficiary (also by the lead beneficiary) including only activities and expenditures of this beneficiary.
Declaration of validation of beneficiary expenditure:	declaration issued by the dedicated to beneficiary first level controller, proving expenditures included in the Progress report.

Consolidated progress report:	report prepared by the lead beneficiary on the basis of approved by the first level controller Progress reports, including activities and expenditures of all beneficiaries involved in the project implementation.

I. GENERAL INFORMATION ABOUT THE PROGRAMME

1.1. Legal background

The Interreg V-A Lithuania-Poland cooperation programme (hereinafter – Programme) is the cross-border cooperation programme, partly financed from the European Regional Development Fund (hereinafter – ERDF) under the European territorial cooperation (hereinafter – ETC) goal for the period 2014-2020. The Programme is a continuation of the cooperation started with the ETC cross-border cooperation Programme Lithuania-Poland 2007-2013.

Programme is implemented by two cooperating countries – Republic of Lithuania and Republic of Poland.

Projects to be co-financed by the Programme are in general guided by several rules and regulations, such as:

- European Union (hereinafter – EU) Regulations (as specified below);
- Programme document;
- Programme Manual and other guidance documents to projects (if such);
- National legislation;
- Local and/or regional legislation, and
- Institutional rules, guidance and regulations.

The hierarchy of rules sets out a priority of the EU legislation. Where no or no detailed provisions are stipulated in the EU rules, the Programme rules can be set up accordingly. National, regional or local legislation and institutional rules only apply where specific issues are not regulated either by the EU legislation or the Programme rules.

Table 1: List of main documents forming the legal basis for implementation of the Programme Manual[1]:

No and date of the document	Title	Abbreviation
Regulation (EU) No **1303/2013** of the European Parliament and of the Council of 17 December 2013	laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006	*Common Provisions Regulation*
Regulation (EU) No **1301/2013** of the European Parliament and of the Council of 17 December 2013	on the European Regional Development Fund and on specific provisions concerning the Investment for growth and job goal and repealing Regulation (EC) No 1080/2006	*ERDF Regulation*
Regulation (EU) No **1299/2013** of the European Parliament and of the Council of 17 December 2013	on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal	*ETC Regulation*
Commission implementing Regulation	laying down rules for implementing Regulation (EU) No 1303/2013 of the European Parliament	*Implementing Regulation*

[1] *The above list names the most relevant legislation but it is not an exhaustive one.*

(EU) No **215/2014** of 7 March 2014	and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds	
Commission delegated Regulation (EU) No **481/2014** of 4 March 2014	supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes	*Delegated Regulation on ETC eligibility rules*
Commission delegated Regulation (EU) No **480/2014** of 3 March 2014	supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund	*Jumbo Delegated Regulation*
Commission Implementing Decision of 16 June 2014 No **2014/366/EU**	setting up the list of cooperation programmes and indicating the global amount of total support from the European Regional Development Fund for each programme under the European territorial cooperation goal for the period 2014 to 2020 (notified under document number C(2014) 3776)	*Implementing Decision on ETC resources*
Directive **2014/24/EU** of the European Parliament and of the Council of 26 February 2014	on public procurement and repealing Directive 2004/18/EC	*Directive on public procurement*
Programme document		
Main National legal acts		
Resolution of the Government of the Republic of Lithuania No 520 of 27 May 2015 on Implementation of the European Territorial Cooperation Objective programmes in Lithuania in the financial perspective 2014-2020		
Order of the Minister of the Interior of the Republic of Lithuania No 1V-936 of 23 November 2015 on Rules of Implementation of European Territorial Cooperation Objective programmes in Lithuania in the financial perspective 2014-2020		*LT Implementing Rules*
Order of the Minister of the Interior of the Republic of Lithuania No 1V-35 of 19 January 2016 for the appointment of the Lithuanian representatives to the Monitoring Committees of the ETC programmes		

Law on legal protection of personal data of the Republic of Lithuania, as last amended on 12 May 2011, No XI-1372	
Law on public procurement of the Republic of Lithuania dated 13 August 1996 No I-1491, last amendment on 23 June 2015;	*LT law on public procurement*
Act from 11 July 2014 on the rules for the implementation of the programmes of the Cohesion Policy financed under the financial perspective 2014-2020	*PL law on cohesion policy 2014-2020*
Regulation of the Minister of Regional Development of 29 January 2016 on conditions of decreasing value of financial corrections and the value of the expenditures incurred irregularly within procurement	*PL law on financial corrections*
The Act from 29 January 2004 – Public procurement law with further amendments	*PL law on public procurement*
The Act from 29 August 1997 on personal data protection with further amendments	*PL law on personal data protection*

1.2. Objectives and priorities of the Programme

1.2.1. Overall objective

In the period of 2014-2020 the **overall objective** of the Programme is to foster smart, sustainable and inclusive growth in the border area through **cross-border cooperation**. The Programme seeks to contribute to regional growth and quality of life through closer cross-border cooperation between people and institutions of the Programme area.

The Programme promotes **cross-border cooperation** by projects addressing common key challenges, issues that need intervention on both sides of the border as well as opportunities of the region.

In order to receive funding from the Programme, projects must demonstrate a clear cross-border character, which should always bring added value to reaching the project objectives.

More detailed information about challenges, possibilities as well as expectations of the Programme is presented in the Programme document.

1.2.2. General information on Priorities[2]

Detailed analysis of the needs and potentials of the Programme area have resulted in concentrating of the Programme resources on **four Priorities and several Specific objectives** addressing challenges and opportunities of the cross-border region:

Table 2: Programme priorities, specific objectives and their result indicators:

Priority	Specific objective	Result indicators
1. **Preserving and protecting the environment and promoting resource efficiency**	1.1. To increase the sustainable use of natural and cultural heritage for tourism in cross-border area	Number of tourists accommodated
2. **Promoting sustainable and quality employment and supporting labour mobility**	2.1. To promote business creation, development and cooperation through improved business support services	Share of newly established business entities in relation to the total number of registered business entities
	2.2. To decrease unemployment through coordinated cross-border employment initiatives	Registered unemployment rate
3. **Promoting social inclusion, combating poverty and any discrimination**	3.1. To enhance the access to social and health care services for cross-border inhabitants thus combating social exclusion and poverty	People at risk of poverty or social exclusion Population perceiving an unmet need for health care
4. **Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration**	4.1. To increase cross-border cooperation of the institutions in order to develop more integrated and better quality public governance and public services in the CP area	Share of institutions benefiting from cross-border cooperation

[2] *Detailed description of the indicative actions to be financed within all Priorities can be found in the Programme Document. In this Programme Manual information relevant to 1st call for proposals is provided in details.*

Priority 1 envisages conservation, preservation and sustainable use of natural and cultural heritage of the CP area. In order to promote heritage as a highly valuable asset of the region, it will be adapted to sustainable tourism cross-border cooperation actions, as development of joint cultural programmes and tourist routes based on natural and cultural heritage, as well as joint activities targeted at promotion of a region as a single tourism destination, implementation of joint cultural, art, educational activities for tourists in natural and cultural heritage sites will be supported.

Priority 2 for promoting sustainable and quality employment and supporting labour mobility envisages strengthening organisations supporting business development (business incubators, business advice centres, etc.), joint development and implementation of business acceleration programmes, apprenticeship programmes, and youth entrepreneurship projects, cooperation activities between business support organisations, as well as between cluster members across the border, and clusters development activities (joint marketing, joint events, etc.). Also the labour market mobility will be supported through provision of information and counselling on labour market in the Programme area.

Priority 3 foresees such cross-border cooperation elements, as common actions aiming at development of social and health care services as well as networks for service provision services for people at risk of poverty and social exclusion. It also aims at implementation of social and health care programmes, action plans, joint trainings for vulnerable groups, different kind of events and initiatives, including joint sports activities aimed at social integration and health promotion, engaging different vulnerable groups endangered by social exclusion, poverty and discrimination in cross-border cooperation and building durable social cross-border links and networks.

Priority 4 envisages coordination of planning and management of joint natural assets, infrastructure and public services of cross-border importance, cooperation and joint actions to reinforce the capacities to respond to emergency situations, natural disasters and common challenges, as well as supporting knowledge transfer, capacity building and promotion of cooperation between public authorities and public service providers.

IMPORTANT:

When establishing objectives and results of the project, applicants should think very carefully about the positive change that realisation of the cross-border project will bring to the target groups. It should be justified why project activities would not have been realised if the project had not been carried out (added value).

The project objectives and results should be defined in relation to the Programme specific objectives and their indicators, therefore applicants should choose one Programme specific objective and at least one relevant output indicator to which their project can contribute the best.

1.3. Programme area

The Programme covers Lithuanian-Polish border regions, which participate in the Programme on the same rights (**there is no division on main and adjacent territory in the Programme**).

Figure 1: Map of the Programme area

The eligible area of the Programme is comprised of 8 territorial units:

- 5 south-western Lithuanian counties and
- 3 north-eastern Polish subregions.

Total size of the Programme area is 49.434,00 km^2.

The population of the Programme area constitutes of 2.355.321,00 inhabitants.

The overall population density in the eligible area of the Programme is 47,6 inhabitants per km^2.

On the **Lithuanian side** 5 counties shall be eligible under the Programme:

Table 3: eligible Lithuanian counties

Alytus County: - Alytus city municipality - Alytus district municipality - Lazdijai district municipality - Varėna district municipality - Druskininkai municipality	**Marijampolė County**: - Marijampolė municipality - Kalvarija municipality - Kazlų Rūda municipality - Vilkaviškis district municipality - Šakiai district municipality
Tauragė County: - Tauragė district municipality - Šilalė district municipality - Jurbarkas district municipality - Pagėgiai municipality	**Kaunas County**: - Kaunas city municipality - Kaunas district municipality - Kaišiadorys district municipality - Prienai district municipality - Jonava district municipality - Kėdainiai district municipality - Raseiniai district municipality - Birštonas municipality
Vilnius County[3]: - Šalčininkai district municipality - Širvintos district municipality - Švenčionys district municipality - Trakai district municipality - Ukmergė district municipality - Vilnius district municipality - Elektrėnai municipality	

On the **Polish side** 3 subregions shall be eligible under the Programme:

[3] Please note that Vilnius city is not included into the eligible Programme area

Table 4: Eligible Polish subregions

Ełcki subregion: - ełcki district - giżycki district - gołdapski district - olecki district - piski district - węgorzewski district	**Suwalski subregion:** - augustowski district - grajewski district - moniecki district - sejneński district - suwalski district - city of Suwałki
Białostocki subregion: - białostocki district - sokólski district - city of Białystok	

1.4. Types of projects

The Programme has two types of projects:

- ✓ open call projects;
- ✓ small projects (hereinafter – SP).

Description of both types of projects is presented below. Please be reminded that this Programme Manual is applicable only to applicants and beneficiaries of the 1st open call for proposals.

1.4.1. Open call projects

This is the major type of projects to be financed from the Programme. The majority of the Programme funds is devoted to these projects.

The cross-border cooperation projects of the Programme are expected to be built to address challenges that cannot sufficiently be dealt with by single country but require joint action by beneficiaries from both countries, i.e. the main project activities have to be implemented together by the beneficiaries from both countries.

Each open call project must have at least 2 beneficiaries - lead beneficiary (see the ETC Regulation Art. 13) and at least one project beneficiary. For more information regarding partnership please refer to the paragraph 3.1.

Ways of cooperation

In order to have cross-border effect the open call projects have to ensure **at least three** of the following **ways of cooperation** between project beneficiaries (first two are obligatory, at least one more should be chosen from the last two ways presented below):

- **Joint development of the project.** It means that project application is prepared by the representatives from all beneficiary organisations together. Ideas, priorities, needs and expectations as well as contributions from all participating beneficiaries have to be integrated in the project proposal. Proves of fulfilling this type of cooperation have to be submitted as annexes to the prepared application.
- **Joint implementation** shall mean that every project activity is implemented in close cooperation between the beneficiaries or involving some or all of the project beneficiaries in every activity benefiting all the beneficiaries. There must be a balanced division of tasks and responsibilities between all project beneficiaries. Implementation of similar activities on each side of the border does not guarantee the sufficient level of the cross-border impact.

In addition to the obligatory ways of cooperation, project beneficiaries shall cooperate in one of the following, or in both of them:

- **Joint staffing;** means that the project has staff with clearly divided tasks between beneficiaries and its structure should not overlap functions.
- **Joint financing** of project shall be ensured by all project beneficiaries contributing to the financing of all or some of project activities.

The fulfilment of the described above ways of cooperation shall be assessed during the project assessment stage (see paragraph 3.7) thus, it must be clearly described in the application and supporting documents (if any) have to be submitted together with the application.

Open call projects having investment component

In the context of the Programme investments are possible if they:

- help addressing challenges identified by the project;
- make integral part of the project design;
- have clear cross-border nature and
- lead to the achievement of the set project objectives and results.

Open call project is **treated as investment project** in case accumulated sum of the budget categories (e) "Equipment expenditure" and (f) "Infrastructure and works" (hereinafter called – **investment component**) exceeds 60% of the total project budget. The maximum level of investment component is limited up to 85% of total project budget. Slightly different characteristics and requirements are set for such projects.

Table 5: Comparison of the characteristics and requirements of open call and open call investment projects

	Open call project	**Open call investment project**
Total budget: ERDF (85%) + beneficiaries contribution (15%)	More than 50.000,00 EUR; Maximum – 1 mln EUR	
Investment component	Up to 60% of the total project budget	More than 60%, but not exceeding 85% of the total project budget
Duration	Up to 18 months	Up to 24 months
Location	Eligible Programme area with exceptions described in the sub-paragraph 3.1.1	Only eligible Programme area
Lead beneficiary	All institutions as described in the sub-paragraph 3.1.3	Only national, regional and local authorities and their organisational units, having legal personality, located in the Programme area
Number of beneficiaries	At least 2 and not more than 8	
Relevant priority and specific objective	Regular projects including those having investment component are foreseen under all Priorities and all Specific objectives of the Programme.	

The open call projects shall be selected on a competitive basis through regular open calls for proposals, launched following the decision of the JMC.

The detailed description of the application and selection process is provided in paragraphs 3.6 - 3.7.

1.4.2. Small projects[4]

In addition to open call projects, the SPs might also be implemented within the Programme. These small scale "*people to people*" actions across the border might be implemented in all priorities of the Programme.

8 to 10 % of the Programme funds shall be allocated to the SPs. Main actions of the SPs shall be of a "soft" nature and only limited investment components (i.e. small investments absolutely

[4] Separate Programme Manual devoted only to SPs is going to be prepared.

necessary for the implementation of these projects) may be involved. The maximum total budget of one SP is 50.000,00 (fifty thousand) EUR.

The SPs shall be selected during special calls, held separately from the open calls for proposals. The management of the SPs shall be entrusted to the Joint Secretariat (hereinafter – JS), supported in its activities by the Regional Contact Points (hereinafter – RCPs) in Poland.

1.5. Programme budget and funding of the projects

The Programme is funded from the ERDF, which support to the Programme, including Priority 5 “Technical assistance”, is 53.153.883,00 EUR (85% of the total budget).

The national counterpart is 9.380.099,00 EUR (15% of total budget). Both sources together make 62.533.982,00 EUR total budget of the Programme.

The project can be funded by the Programme provided the application is selected for funding by the JMC and the Subsidy Contract (hereinafter – SC) is signed between the Managing Authority (hereinafter – MA) and the lead beneficiary.

The ERDF support will be 85% of all eligible project expenditure. The remaining 15% of expenditure must be beneficiaries’ participating in the project contribution (beneficiaries’ contribution).

Table 6: *Allocation of ERDF and national funding for Priorities 1-4*

Priority	ERDF support, EUR	National counterpart, EUR	Total funding in EUR
1. Preserving and protecting the environment and promoting resource efficiency	17.009.242,00	3.001.631,00	20.010.873,00
2. Promoting sustainable and quality employment and supporting labour mobility	12.358.278,00	2.180.873,00	14.539.151,00
3. Promoting social inclusion, combating poverty and any discrimination	8.238.852,00	1.453.916,00	9.692.768,00
4. Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration	12.358.278,00	2.180.873,00	14.539.151,00
Total:	49.964.650,00	8.817.293,00	58.781.943,00

IMPORTANT:

- When planning project budget beneficiaries of open call projects should evaluate very carefully their financial capacities and **to prove their own contribution** to receive Programme co-financing.
- Way of project funding – **reimbursement of expenditure** – should be seriously appraised.
- No advance payment is foreseen to be paid for the open call projects.

For more information on budget planning please refer to paragraph 3.4 and Annex 2.

1.6. Horizontal principles

Horizontal principle is a rule that must be integrated throughout the Programme and in all projects funded by the Programme.

Every project approved by the Programme is required to contribute to the improvement of the following horizontal principles, which are presented in details below:

- ✓ Sustainable development
- ✓ Equal opportunities and non-discrimination
- ✓ Equality between men and women

1.6.1. Sustainable development

This horizontal principle is in general understood as achieving a balance between the economic, social and environment areas.

All projects supported by the Programme have to respect the relevant policies and rules on environment protection and sustainable development.

In particular, according to the Article 8 of Common Provisions Regulation, environmental protection requirements, resource efficiency, climate change mitigation and adaptation, biodiversity, disaster resilience, low-carbon economy and risk prevention and management should be taken into account in the preparation and implementation of all the Projects financed by the Programme.

When submitting project applications, beneficiaries will have to describe the contribution to sustainable development in the application form (hereinafter – AF), explaining how the sustainability principle is reflected within the design and planned activities of the project, in particular related to potential environmental effects of foreseen investments.

<u>When planning project activities the beneficiaries should answer several questions in order to clarify whether sustainable development is respected</u>:

- Whether investments, planned within the project, are directed towards the most resource-efficient and sustainable options?
- Whether investments, planned within the project, don't have negative environmental impact? In case of activities having significant negative environmental impact, such activities should be excluded from the project.
- Whether project activities aim at mitigating any remaining negative environmental impact?
- Whether it is necessary to meet face-to-face or whether an online meeting is sufficient (in order to contribute to the reduction of CO_2 emission)?

Applicants, planning to submit applications under any chosen Priority (respecting the requirements of the particular call for proposals) are encouraged to incorporate into the projects activities for tackling environmental concerns and reducing their environmental footprint, for example by:

- Including environmental criteria in procurement procedures (e.g. green procurement procedures);
- Planning to acquire new technology that is more environmentally friendly;
- Organising training courses covering environmental protection issues;
- Adapting to the possible extent measures for the organisation and implementation of project events in a sustainable way (e.g. by reducing printing and using recyclable materials, using video conference facilities instead of meeting face-to-face, etc.);
- Considering resource efficiency and the use of alternative energy saving power sources/renewable energy to the possible extent, etc.

Compliance of the submitted application with the horizontal principle of sustainable development will be assessed during the quality assessment (see paragraph 3.7) and will be taken into consideration by the JMC in selecting projects to be financed under the Programme.

JMC as being responsible for the selection of applications for funding shall use common sense and select only those operations which do not cause environmentally harmful effects of interventions and results in net social, environmental and climate benefits. There can be situations when sustainable development issues are not relevant for the projects. In these cases, the activities shall at least be neutral to these factors, and by any means they should not have a negative impact on the environment.

1.6.2. Equal opportunities and non-discrimination

The principle of equal opportunities implies that it is important that all groups in the society have equal access to the opportunities and benefits of the Programme. Safeguarding equal opportunities is especially important with regard to the most vulnerable groups, namely children, youth, elderly, minorities, disabled and other disadvantaged groups. Therefore, appropriate steps must be taken to prevent any discrimination on the basis of sex, race, ethnic origin, religion or beliefs, disability, age or sexual orientation.

Principle of equal opportunities and non-discrimination is relevant to all Priorities of the Programme, especially to the Priority 2 “Promoting sustainable and quality employment and supporting labour mobility”, Priority 3 “Promoting social inclusion, combating poverty and any discrimination” and Priority 4 ”Enhancing the institutional capacity of public authorities and stakeholders and efficient public administration”.

The Programme will consider the principles of equal opportunities and non-discrimination throughout all stages of its implementation, including the preparation, implementation, monitoring and evaluation of projects.

When submitting project applications, beneficiaries will have to describe the contribution to the principle of equal opportunities and non-discrimination in the AF, explaining how this principle is reflected within the design and planned activities of the project.

Additional measure to be taken by the beneficiaries, in order to properly implement this horizontal principle, is signature of declaration stating the commitment to comply with national and EU law provisions, protecting equal opportunities and prohibiting discrimination.

<u>When planning project activities applicants should answer to several questions in order to clarify whether principle of equal opportunities and non-discrimination is respected</u>:

- Whether planned project activities address the needs of disadvantaged groups (e.g. people facing particular difficulties on e.g. the labour market, such as older workers, people with disabilities, minorities, etc.) and how?
- Whether physical investment planned within the project foresees the possibility to integrate the principle of barrier-free accessibility to physical investments in order to prevent discrimination?
- Whether project activities avoid any discrimination on the grounds of race and ethnic origin, religion and belief, age, disability and sexual orientation, encompassing the fields of employment & occupation, vocational training and membership of employer and employee organisations?
- Whether activities planned to be implemented under the project conform to national legislation of the participating applicants in relation with equal opportunities and non-discrimination?

Compliance of the submitted applications with the horizontal principle of equal opportunities and non-discrimination will be assessed during the quality assessment (see sub-paragraph 3.7.2) and will be taken into consideration by the JMC in selecting projects to be financed under the Programme.

1.6.3. Equality between men and women

Equality between men and women is one of the fundamental principles of Community law. The EU objectives on gender equality are to ensure equal opportunities and equal treatment for men and women and to combat any form of discrimination on the grounds of gender.

The Programme will follow the principle of equality between men and women throughout all stages of Programme implementation, including the preparation, implementation, monitoring and evaluation of projects.

The horizontal principle of equality between men and women is relevant to all the Priorities of the Programme, especially to the Priority 2 "Promoting sustainable and quality employment and supporting labour mobility" and Priority 3 "Promoting social inclusion and combating poverty and any discrimination".

When submitting project applications, beneficiaries will have to describe the contribution to the principle of equality between men and women in the AF, explaining how this principle is reflected within the design and planned activities of the project.

Additional measure to be taken by the applicants, in order to properly implement this horizontal principle, is signature of declaration stating the commitment to comply with the national and the EU law provisions, guaranteeing gender equality shall be signed by all beneficiaries.

<u>When planning project activities applicants should answer several questions in order to clarify whether principle of equality between men and women is respected:</u>

- Whether activities planned are in line with the principle of equality between men and women and do not generate discrimination of any kind?
- Whether equal participation of men and women in the project events is envisaged?
- Whether activities planned to be implemented under the project conform to national law of the participating beneficiaries in relation with equality between men and woman?
- What methodology of counting the number of men and women taking part in the activities organised under the project is going to be applied (e.g. participants list, other, in case of mass events, etc.)?

Compliance of the submitted applications with the horizontal principle of equality between men and women will be assessed during the quality assessment and will be taken into consideration by the JMC in selecting projects to be financed under the Programme (see paragraph 3.7).

The data collected by each beneficiary will be used by the Programme bodies for monitoring of situation regarding gender equality and making the relevant ex post evaluations.

1.7. EU Strategy for the Baltic Sea Region

Projects supported by the Programme have to indicate project's compliance with the EU / national / regional strategies and in particular compliance with the European Union Strategy for the Baltic Sea Region (hereinafter – the EUSBSR) and its Policy areas (hereinafter – PA) (part II.9 *Project impact and contribution to EU / national / regional strategies* of the Application Form). If the project is in line with the above mentioned strategies, beneficiaries shall in brief describe how the project contributes to the objectives of the strategies.

Operations to be funded under specific objectives of the Programme might be linked to the particular PA or Horizontal actions foreseen in the Action Plan of the EUSBSR:

Specific objective: *To increase the sustainable use of natural and cultural heritage for tourism in the cross-border area.* Operations to be funded under this specific objective might contribute to the *PA Culture* and *PA Tourism*. The first PA emphasises cultural heritage as a source of common identity and shared values stressing the role of culture in developing the attractiveness of the region, while the second one underlines the importance of tourism in both receiving economic benefit and developing shared identity of the inhabitants of the region.

Specific objective: *To promote business creation, development and cooperation through improved business support services*. Operations to be funded under this specific objective might contribute to the *PA Innovation.* It calls for more effective support for entrepreneurship and SMEs development, as well as stronger cooperation between enterprises, knowledge institutions and public authorities at different levels.

Specific objective: *To decrease unemployment through coordinated cross-border employment initiatives*. Operations to be funded under this specific objective will contribute to the priority area *PA Education.* It distinguishes access to good education and training for all, as well as a well-functioning labour market supporting geographical, professional and socio-economic mobility as the crucial preconditions for prosperity in the region.

Specific objective: *To enhance the access to social and health care services for cross-border inhabitants thus combating social exclusion and poverty*. Operations might contribute to *PA Health (Improving and promoting people's health, including its social aspects)*. It stresses the need to improve health and its social aspects of people in the Baltic Sea region.

Specific objective: *To increase cross-border cooperation of the institutions in order to develop more integrated and better quality public governance and public services in the CP area*. Operations to be funded under this specific objective might contribute to *the PA Secure.* It focuses on cross-border cooperation for combating common hazards and emergencies.

It must be admitted, that beneficiaries might choose other PA from the Action plan of the EUSBSR if project contribute to particular PA. Action plan and the Policy areas of the EUSBSR can be found on the webpage http://balticsea-region-strategy.eu/component/edocman/17-action-plan-2015

1.8. Programme management

The Programme is managed and supported by several bodies which are responsible for administration of the Programme and assistance for the projects. The joint implementation structure of the Programme consists of the following bodies:

- ✓ Joint Monitoring Committee (JMC);
- ✓ Managing Authority (MA);
- ✓ National Authority (NA);
- ✓ Audit Authority (AA);
- ✓ Joint Secretariat (JS) supported by the
- ✓ Regional Contact Points (RCPs);
- ✓ Controllers (FLC).

Contact details of the Programme bodies are provided on the Programme website. More exhaustive list of roles and tasks of each body can be found in the Programme document, paragraph 5.3.

1.8.1. Role and tasks of the JMC

The JMC is the main decision-making body of the Programme responsible for ensuring the quality and effectiveness of implementation and accountability of the Programme's projects.

The JMC selects projects for funding, reviews implementation of the Programme and progress made towards achieving its objectives. The JMC shall examine all issues that can affect the performance of the Programme.

National, regional and local authorities are represented in the JMC; also social and economic partners (such as NGOs, environmental authorities) of the participating Member States are involved.

1.8.2. Role and tasks of the MA

MA is responsible, with assistance of the JS, for managing and implementing the Programme on behalf of the participating countries in accordance with the relevant EU and national legislation.

The Member States participating in the Programme have designated the Ministry of the Interior of the Republic of Lithuania (hereinafter – MoI) located in Vilnius (Lithuania) to fulfil this task.

The MoI will be also responsible for carrying out the functions of the Certifying Authority, i.e. shall certify the use of Programme funds in line with the provisions of the EC Regulations, shall receive the payments made by the EC and make the payments to the lead beneficiaries.

1.8.3. Role and tasks of the NA

The tasks of the NA are performed by the Minister responsible for regional development in the Republic of Poland. The NA is an institution co-operating with the MA and representing the Polish side.

The NA is responsible for ensuring the Programme implementation provisions on the Polish side of the Programme area.

1.8.4. Role and tasks of the AA

The Member States participating in the Programme have designated the Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania to act as AA of the Programme.

In accordance with Article 25 of the ETC Regulation the AA is assisted by the Group of Auditors, composing of a representative from each country participating in the Programme.

AA, with assistance of the Group of Auditors, is responsible for system audit of the Programme, sample audits of the projects implemented and submitting to the EC a closure declaration.

1.8.5. Role and tasks of the JS

JS is a body responsible for the day-to-day management and implementation of the Programme. Duties of the JS are performed by Public establishment Joint Technical Secretariat, located in Vilnius, Lithuania.

Following the decision of the JMC, the JS is responsible, with assistance of the RCP, for launching calls for proposals; providing information and advice to applicants; assessing and monitoring of projects on behalf of the MA and other bodies, if necessary; assisting in implementation of selected projects, etc.

1.8.6. Role and tasks of the RCPs

The JS shall be supported in performing its tasks by RCPs established in Olsztyn and Białystok. The RCP of the Warmińsko-Mazurskie Voivodeship shall be located in the Marshall Office of the Warmińsko-Mazurskie Voivodeship, while the RCP of Podlaskie Voivodeship shall be located in the Marshall Office of the Podlaskie Voivodeship.

RCPs are especially responsible for carrying out Programme communication and beneficiaries support activities.

1.8.7. Role and tasks of the Controllers

The Controller is an institution responsible for conducting of the First Level Control and ensuring the verification of activity implementation, legality and regularity of the expenditure declared by each lead beneficiary / beneficiary participating in the project. Duties of the Controller are performed by The Voivode of Podlaskie Voivodeship (supported by Podlaskie Voivodeship Office in Bialystok) and The Voivode od Warminsko-Mazurskie Voivodeship (supported by Warmińsko-Mazurskie Voivodeship Office in Olsztyn) on the Polish side (depend on location of beneficiary) and institution independent from lead beneficiary/beneficiary and having right to perform audit tasks on the Lithuanian side.

1.9. Programme communication

The official language of the Programme is English. Therefore, all communication between applicants, lead beneficiaries, project beneficiaries and the MA/JS is carried out in English. Additionally, official communication between programme bodies is carried out in English.

Official communication is conducted and all Programme documents are prepared in English. Only unofficial and non-binding translations of particular documents can be provided by the Programme bodies. In all cases English language is binding.

Unofficial communication within the project and between the project and Programme bodies may take place in national languages (i.e. Lithuanian and Polish).

For communication and file exchange with the beneficiaries and Programme bodies a Data exchange platform (hereinafter – DEP), which is a web based information system, has been established. The main aim of the DEP is to implement the "e-Cohesion" initiative intended to support the reduction of administrative burden for beneficiaries and which belongs to the elements that would provide simplification and streamlining towards implementation of Structural Funds following the provisions of Article 122(3) of the Common Provisions Regulation: “Member States shall ensure that no later than 31 December 2015, all exchanges of information between beneficiaries and a managing authority, a certifying authority, an audit authority and intermediate bodies can be carried out by means of electronic data exchange systems”.

DEP is a tool for collecting and storing scanned documents related to implementation of projects in one database and to control the access to these files as well as simplify reaching the data. The DEP is accessible from the Programme website www.lietuva-polska.eu or directly on the website www.lit-pol.eu

Please note, that only full package of documents, e.g. cover letter with all listed annexes will be accepted and registered by the JS.

II. INFORMATION RELEVANT FOR THE 1ST OPEN CALL FOR PROPOSALS

2.1. General information

This Programme Manual is prepared and is applicable for the applicants and beneficiaries of the **1st open call for proposals of the Programme**.

The 1st open call for proposals is launched by the JS following the decision of the JMC. The notice on the call for proposals is published in the web page of the Programme and www.esbendradarbiavimas.lt.

Applications must be prepared by at least 2 (two) beneficiaries – one from each participating country. For more information about partnership please refer to the paragraph 3.1.

All the information needed to apply for the funding is included in documents which form the application package. The application package consists of:

- Programme Manual relevant for the 1st call for proposals;
- Application Form (Annex 3 to the Programme Manual);
- Model form of the Partnership agreement (Annex 1 to the Programme Manual);
- Detailed project budget (annex 1 to the the AF).

2.2. Specific information important for the 1st open call for proposals:

- Deadline for submitting applications: following the decision of the JMC of the Programme, the 1st open call for proposals for the Programme supporting bilateral cooperation projects is open **from 22 March 2016 until 9 June 2016, 16:00** (GMT + 02:00). The applications must reach the public establishment Joint Technical Secretariat physically including the e-version of the application on that time at the latest.

- During the 1st open call for proposals applications including activities which contribute to the **following priorities are awaited** (detailed description of priorities is presented in the paragraph 2.3):

1. Preserving and protecting the environment and promoting resource efficiency;
2. Promoting sustainable and quality employment and supporting labour mobility;
3. Promoting social inclusion, combating poverty and any discrimination;
4. Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration.

- Value of the project: the minimum total budget is more than 50.000,00 euro, the maximum total budget is 1 million euro.

The post address for submitting an applications
Public establishment Joint Technical Secretariat
Konstitucijos av. 7 (24th floor), LT-09308 Vilnius, Lithuania

phone numbers and e-mail address of the JS and RCPs for consulting on preparation of applications can be found on Programme web page www.lietuva-polska.eu under the Section "Contacts";
applicant package and other information is available:
www.lietuva-polska.eu under the Section "Application packages"

2.3. Description of Priorities open during 1st call for proposals

PRIORITY 1:

PRESERVING AND PROTECTING THE ENVIRONMENT AND PROMOTING RESOURCE EFFICIENCY

SPECIFIC OBJECTIVE 1.1:

To increase the sustainable use of natural and cultural heritage for tourism in the cross-border area

This Specific objective aims at preservation, protection and sustainable use of natural and cultural heritage of the Programme territory.

The Programme area is exceptional in terms of diverse and picturesque nature, constituting the basis for wide variety of tourist sites. Varied landscapes of the region encompass numerous outstanding nature monuments, including forests, river valleys, mounds, as well as many different water bodies: lakes, rivers, springs, etc. Unique natural resources, such as mineral waters, mud, essential oils, etc., provide the basis for quality health and recreational services, attracting both domestic visitors and foreign tourists residing near the border.

However, the potential of natural and cultural heritage in the Programme area is relatively untapped. There are many heritage objects that are either not preserved properly, or not being utilised at all.

Indicative list of activities supported under Specific Objective 1.1:

- Development of joint tourism routes based on natural and cultural heritage: preparation and publication of information and promotion material about tourism objects and tourism routes; production and installation of information boards and signs, installation of rest and recreation areas, other small scale tourism infrastructure;
- Joint activities targeted at promotion of a region as a single tourism destination;
- Implementation of joint cultural, artistic, educational activities for tourists in natural and cultural heritage sites;
- Conservation, preservation, adaptation and sustainable development of natural and cultural heritage for tourism purposes (including ecotourism) or social, cultural, educational and other community purposes;
- Transfer of good practices between beneficiaries, joint training of staff and exchange of staff aiming to increase capacities of natural and cultural heritage management, development of joint tourism products and services, marketing of the heritage resources of the Programme area and other related capacities.

IMPORTANT: these activities are only indicative. Applicants are free to develop their own ideas, as long as they meet the priorities and objectives of the Programme, as well as requirements of the 1st open call for proposals.

Examples of possible target groups	Examples of possible project beneficiaries[5]
	under Specific objective 1.1
○ Local people, visitors and tourists.	○ Local, regional and national authorities; ○ Public bodies and bodies governed by the public law; ○ NGOs.

Expected results

It is expected that sustainable use of cultural and natural heritage will contribute to the attractiveness of the region, providing the basis for further development of various forms of tourism. National and cultural heritage will be preserved, protected, promoted and adapted to sustainable tourism, joint tourism routes based on natural and cultural heritage will be developed.

While acting jointly the participating countries will offer more attractions and services for tourists and will attract more tourists to the region. The region will be promoted as a single tourism destination.

More tourism attractions on both sides of the border will increase the number of tourists and length of their stay in the Programme area. Herewith, increased number of tourists will contribute to the increase of demand in several economic activities in the Programme area, e.g. accommodation and restaurant services, transport, handmade crafts, thus contributing to regional growth and higher quality of life.

Development of cultural tourism will also help to combat seasonal nature of tourism, which is limiting the potential benefits for the region.

Cross-border cooperation will foster experience-sharing and mutual learning in this field, leading to more efficient use of natural and cultural heritage in the region.

The achievements of this Specific objective will be measured by the following result and output indicators:

Table 7: List of result and output indicators of the Specific objective 1.1

Priority	Specific objective	Result indicator(s)	Output indicator(s)
1.	1.1	Number of tourists accommodated	Number of heritage sites developed or adapted
			Number of joint tourism routes developed
			Number of natural and cultural heritage objects and related products promoted

[5] *For detailed information on eligibility or partnership please refer to the paragraph 3.1.*

PRIORITY 2:

PROMOTING SUSTAINABLE AND QUALITY EMPLOYMENT AND SUPPORTING LABOUR MOBILITY

SPECIFIC OBJECTIVE 2.1:

To promote business creation, development and cooperation through improved business support services

This Specific objective aims to achieve higher quality and effectiveness of business support services, more active business creation, higher clusterization, as well as increased regional economic growth and decreased unemployment in the Programme territory.

The Programme area has huge economical potential related to business development. There are present economic sectors such as agriculture, food industry, transport and logistics services, wood and furniture industry, production of machinery and equipment which are very well developed in both countries and have potential for smart specialization and clusterization.

However, potential of Programme area is not fully used. The number of enterprises per 10 thousand inhabitants in the CP area was on average more than 10% lower than the national averages. Even though some very good examples of business support organisations can be pointed out, in general there is lack of quality business support public services.

Indicative list of activities supported under Specific Objective 2.1:

- Cooperation activities between business support organisations (e.g. business incubators, science and technology parks, business advice centres, chambers of commerce,) across the border;
- Joint development and implementation of business acceleration, entrepreneurship and apprenticeship programmes;
- Joint development and implementation of youth entrepreneurship projects aimed at introducing business world, entrepreneurs and enterprises to youth, youth encouragement for self-employment and business creation etc.;
- Activities supporting business cooperation (e.g. networking, clusters development, etc.)
- Transfer of good practices, joint trainings and exchange of staff between beneficiaries in order to increase capacities of business support organisations management and services provision, also for the purpose to develop or upgrade joint (or promoting cooperation) services for business;
- Joint trainings, seminars and other events for youth, entrepreneurs, small and medium business and its personnel for business development and related issues;

IMPORTANT: these activities are only indicative. Applicants are free to develop their own ideas, as long as they meet the priorities and objectives of the Programme, as well as requirements of the 1st open call for proposals.

Examples of possible target groups	Examples of possible project beneficiaries[6]

under Specific objective 2.1

[6] *For detailed information on eligibility or partnership please refer to the paragraph 3.1.*

- Youth, entrepreneurs, small and medium business and its personnel.
- Local, regional and national authorities;
- Public bodies and bodies governed by the public law;
- NGOs
- Business support organisations (e.g. business incubators, science and technology parks, business advice centres, chambers of commerce) [7]

Expected results

It is expected that actions implemented under this priority will result in numerous positive short-, medium- and long-term changes in the CP area. Firstly, operations related to business acceleration, entrepreneurship and apprenticeship will be jointly developed and implemented. Secondly, joint activities aimed at business facilitation will be carried out. In the short- and medium-term this will condition increased cross-border cooperation among different actors supporting business (business incubators, science and technology parks, business advice centres, chambers of commerce and other public or non-governmental organisations), as well as increased and more evenly spread across the CP area capacities of business support organisations. In the long-term higher quality and effectiveness of business support services, more active business creation, higher clusterization, as well as increased regional economic growth and decreased unemployment in the CP area, are expected.

The achievements of this Specific objective will be measured by the following result and output indicators:

Table 8: List of result and output indicators of the Specific objective 2.1

Priority	Specific objective	Result indicator(s)	Output indicator(s)
2.	2.1	Share of newly established business entities in relation to the total number of registered business entities	Number of new or upgraded joint (or promoting cooperation) services for business
			Number of persons having participated in joint trainings and events

[7] Financing will be provided for public organisations and NGOs.

SPECIFIC OBJECTIVE 2.2:

To decrease unemployment through coordinated cross-border employment initiatives

This Specific objective aims to achieve sustainable and quality employment and supporting labour mobility in the Programme territory.

The Programme area dealing with bigger than average unemployment rate in both countries participating in the Programme. Important reasons of high unemployment, especially among young part of society, are mismatch between youth skills and needs of the labour market, and limited level of entrepreneurship. In the region covered by Programme also can by observed such negative issue as ageing societies, negative trends of migration and untapped potential of educational institutions.

Indicative list of activities supported under Specific Objective 2.2:

- Provision of information and counselling on the labour market in CP area in order to increase cross-border mobility;
- Joint development and implementation of local employment initiatives and joint trainings;
- Joint development and implementation of joint employment initiatives for youth and older people and implementation of exchange programmes;
- Networking of educational and labour market institutions for contribution to better match between skills and the needs of labour market of the region;
- Implementation of joint study and trainings programmes in line with labour market needs;
- Transfer of the good practices for beneficiaries aiming to increase capacities to implement cross-border mobility, local employment and other employment initiatives;
- Exchange of experience and joint trainings for beneficiaries, unemployed people, also people seeking changes in career, youth and communities, aimed at strengthening capacities.

IMPORTANT: these activities are only indicative. Applicants are free to develop their own ideas, as long as they meet the priorities and objectives of the Programme, as well as requirements of the 1st open call for proposals.

Examples of possible target groups	Examples of possible project beneficiaries[8]
under Specific objective 2.2	
o Unemployed people, also people seeking changes in career, youth, and communities.	o Local, regional and national authorities; o Public bodies and bodies governed by the public law; o NGOs

Expected results

It is expected that actions implemented under this priority will result in numerous positive short, medium and long-term changes in the CP area. Firstly, local employment initiatives, youth

[8] *For detailed information on eligibility or partnership please refer to the paragraph 3.1.*

employment initiatives and youth exchange programmes will be jointly developed and implemented. Secondly, joint study and training programmes aimed at promoting employment will be implemented. In the short- and medium-term this will condition increased networking of educational and labour market institutions of the CP area, more active involvement of new actors in promoting employment, as well as increased awareness of employment possibilities in the neighbouring country among residents of the CP area. In the long-term increased labour market integration and labour mobility, better match between skills and needs of labour market and decreased unemployment in the CP area are expected.

The achievements of this Specific objective will be measured by the following result and output indicators:

Table 9: List of result and output indicators of the Specific objective 2.2

Priority	Specific objective	Result indicator(s)	Output indicator(s)
2.	2.2	Registered unemployment rate	Number of participants in joint local employment initiatives and joint training (common)
			Number of participants in cross-border mobility initiatives (common)

PRIORITY 3:

PROMOTING SOCIAL INCLUSION, COMBATING POVERTY AND ANY DISCRIMINATION

SPECIFIC OBJECTIVE 3.1:

To enhance the access to social and health care services for cross-border inhabitants thus combating social exclusion and poverty

This Specific objective aims to support social inclusion and combating the poverty in Programme territory, which is closely related to the quality of life based on access to health and social care and improving various factors such as: gender equality and equal opportunities.

The Programme area has a social problems related to quality of social and health care services for people at risk of poverty, social exclusion and life expectancy in years, which is much shorter in the Programme area, as compared to the Union average.

Crucial prerequisite for strengthening social inclusion is provision of health and social services, equally accessible for all, especially for the most vulnerable persons and groups of the society, namely children and adults with special needs arising from disability, old age, poverty, etc. Due to intermediate type of the Programme area, accessibility to health and social services and related infrastructure is poorer than in the urban areas. It is important to make health and social services more de-institutionalized and de-centralized, and involve new actors, such as communities, since presently independent, community-based services still lack popularity in the Programme area. Involvement of non-traditional actors in combating social exclusion and poverty is beneficial, since communities can be more effective in responding to the needs of local populations the Programme area.

Better access to social and health care services for cross-border inhabitants is important for combating social exclusion and poverty.

Indicative list of activities supported under Specific Objective 3.1:

- Joint development of social and health care services, as well as networks, in order to provide support for different groups of people at risk of poverty and social exclusion;
- Activities aimed at building durable cross-border links and networks of NGOs and volunteers serving the needs of vulnerable persons and groups;
- Engagement of different groups at risk of poverty and social exclusion in cross-border cooperation (e.g. cultural, social, educational, etc.);
- Joint sports activities aimed at social integration and healthy lifestyle promotion, with particular focus on children and youth;
- Joint implementation of social and health programmes;
- Investments in social services and health care infrastructure for cross-border use;
- Joint training and exchange of staff between beneficiaries (including volunteers) working with vulnerable groups, in order to strengthen their capacities to promote social integration, develop networking initiatives and provide social services, etc.;
- Joint training for vulnerable groups, in order to strengthen their motivation and capacities to actively engage in social and economic activities.

IMPORTANT: these activities are only indicative. Applicants are free to develop their own ideas, as long as they meet the priorities and objectives of the Programme, as well as requirements of the 1st call for proposals.

Examples of possible target groups	Examples of possible project beneficiaries[9]

under Specific objective 3.1

- People at risk of poverty and social exclusion.

- Local, regional and national authorities;
- Public bodies and bodies governed by the public law;
- NGOs

Expected results

It is expected that actions implemented under this priority will result in development of social and health care services for people at risk of poverty and social exclusion as well the networks for service provision, will be developed. Secondly, social and health care programmes will be jointly implemented, if necessary encompassing investments into infrastructure for cross-border use. Thirdly, joint trainings for vulnerable groups will be organized. The latter are expected to strengthen motivation and capacities of these groups to actively engage in social and economic activities. In addition, people at risk of poverty and social exclusion will be encouraged to engage in cross-border cooperation of different kind (cultural, social, educational, etc.). Moreover, joint sports activities aimed at social integration and health promotion will be implemented. In carrying out the latter, the focus will be placed on children and youth. Furthermore, beneficiaries working with vulnerable groups will engage in joint training and exchange of staff. This will contribute to strengthening of their capacities to promote social integration, develop networking initiatives, and provide social and health care services. Finally, activities aimed at building durable cross-border links and networks of NGOs and volunteers serving the needs of vulnerable people will be implemented. With the view to strengthening non-governmental sector of the CP area, the engagement of NGOs operating in the region in the field of social and healthcare services are especially encouraged.

The achievements of this Specific objective will be measured by the following result and output indicators:

Table 10: List of result and output indicators of the Specific objective 3.1

Priority	Specific objective	Result indicator(s)	Output indicator(s)
3.	3.1	People at risk of poverty or social exclusion	Number of participants in projects promoting gender equality, equal opportunities and social inclusion across borders (common)
			Number of NGOs involved in cross-border cooperation for combating poverty and social exclusion
3.	3.1	Population perceiving an unmet need for health care	Number of new or upgraded health care services and prevention programmes

[9] *For detailed information on eligibility or partnership please refer to the paragraph 3.1.*

PRIORITY 4:

ENHANCING THE INSTITUTIONAL CAPACITY OF PUBLIC AUTHORITIES AND STAKEHOLDERS AND AN EFFICIENT PUBLIC ADMINISTRATION

SPECIFIC OBJECTIVE 4.1:

To increase cross-border cooperation of the institutions in order to develop more integrated and better quality public governance and public services in the CP area

This Specific objective aims to support key principles of good governance in Programme territory, such as responsiveness, effectiveness and efficiency of public authorities by improving important parts of the system such as: structures and processes, human resources, and service delivery.

Government effectiveness, expressing a summary assessment of the quality of public administration (taking into account regulatory system, impartiality, and the quality of the services) in the Programme area is lagging behind the Union average. Also, even though reforms of governance are constantly being undertaken, the cross-border aspect is rarely addressed by public authorities.

Indicative list of activities supported under Specific Objective 4.1:

- Legal and administrative cooperation between authorities and public services providers across the border for the purpose of cross-border public services provision in the CP area;
- Joint administrative operations and actions on climate change adaptation;
- Transfer of good practices and cooperation activities (e.g. joint trainings and exchange of staff of beneficiaries; infrastructure necessary for cooperation) between local and regional authorities and public service providers;

IMPORTANT: these activities are only indicative. Applicants are free to develop their own ideas, as long as they meet the priorities and objectives of the Programme, as well as requirements of the 1st call for proposals.

Examples of possible target groups	Examples of possible project beneficiaries[10]
under Specific objective 4.1	
o General population of the CP area	o Local and regional authorities; o Public service providers;

Expected results

It is expected that actions implemented under this priority will result in numerous positive short, medium- and long-term changes in the CP area. Firstly, initiatives aimed at improving provision of cross-border public services (including provision of healthcare, safety and security, as well as responding to natural and man-made disasters) will be jointly implemented. Secondly,

[10] *For detailed information on eligibility or partnership please refer to the paragraph 3.1.*

infrastructure necessary for cross-border public service provision will be developed and equipment for cross-border use will be purchased. In the short- and medium-term this will condition more coordinated management of joint natural assets, infrastructure and equipment, as well as higher level of cooperation and developed durable partnerships between local and regional authorities and public service providers of neighbouring countries. In the long-term increased capacities of authorities and public service providers and, thus, more effective provision of cross-border public services are expected.

The achievements of this Specific objective will be measured by the following result and output indicators:

Table 11: List of result and output indicators of the Specific objective 4.1

Priority	**Specific objective**	**Result indicator(s)**	**Output indicator(s)**
4.	4.1	Share of institutions benefiting from cross-border cooperation	Number of institutions involved in the cross-border cooperation
			Number of persons having participated in joint trainings or exchange of staff

III. HOW TO APPLY?

3.1. Partnership in the project

3.1.1. Geographical location and general requirements

The Programme covers 8 territorial units of Lithuania-Poland border region. Territorial coverage is presented in the paragraph 1.3.

The projects to be financed by the Programme shall be implemented in the partnership, by at least two and not more than 8 beneficiaries representing the Programme area in both participating countries.

As a general rule, the ERDF co-financing is provided only to project beneficiaries located in the Programme area.

However, it should be noted, that in very exceptional cases, JMC of the Programme might accept beneficiary from outside of Programme area, but within the national borders of Lithuania and Poland, if:

- its involvement contributes to the benefit of the Programme (i.e. thanks to involvement of beneficiary from outside of Programme area, Programme objectives can be achieved more fully),
- its involvement is pertinent in relation to the project theme and benefits, which might bring the participation of beneficiary from outside of the Programme area,
- justification of its involvement is concluded in the part II.2 of AF.

Such beneficiaries will provide adequate documentation and their participation will be assessed and approved on case by case basis by the JMC.

For example, above provision covers organisations which according to their legal address are located outside the Programme area (but within Lithuania or Poland) and which have operative branches, without legal personality, located in Programme area. In this case, involvement contributing to the benefit of the Programme will be proved by providing the documentation and describing the way in which the branch works in favour of the Programme area.

Beneficiaries from outside of Programme area cannot act as lead beneficiaries in the projects (see subparagraph 3.1.3). Before including the beneficiary from the outside territory, it is recommended to consult Programme bodies via JS on first level control (hereinafter - FLC) arrangements for them.

Taking into account the nature of the Programme, beneficiaries have to bring cross-border cooperation in the applying projects. In order to have this effect, in the projects have to be ensured 3 or 4 ways of cooperation. Two ways are obligatory: **joint development and joint implementation**. One or two more ways should be introduced by applying projects: **joint staffing** and/or **joint financing**. Ways of cooperation should be described in part II.6 of AF. For more information's regarding ways of cooperation, please refer to sub-paragraph 1.4.1.

The relevance of the partnership shall be evaluated during the project assessment stage on the basis of the assessment criteria (see paragraph 3.7), thus it must be clearly described in relevant part of the application and supporting documents (if any) submitted together with the application. The partnership must be relevant for achieving the results of the project and must have the needed capacity to implement the project. The project partnership should only include beneficiaries that bring added value to the project.

3.1.2. Eligible beneficiaries

Only organisations having legal personality and being non-profit seeking are entitled to participate in a project as beneficiaries. The eligibility of beneficiary shall be defined by its legal status and its location (origin of the beneficiary shall be defined by the official address of registration in the national or regional registry).

The bodies to be eligible for the projects to be financed by the Programme are presented in the table below.

Table 12: Eligible beneficiaries in the projects

Types of eligible beneficiaries	**Examples**[11]
National, regional and local authorities and their organisational units having legal personality	- Administrations of municipalities
Bodies governed by public law as defined in Article 2(4) of the Directive on public procurement. This means bodies that have all of the following characteristics: a) they are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character; b) they have legal personality; c) they are financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.	- public schools and universities (i.e. primary schools, gymnasiums, public vocational schools, collages etc.) - training institutions (i.e. voluntary labour corps, public vocational training centres etc.), - local and regional labour offices, - culture centres, - sports centres, - tourism information centres, - regional administrations of state forests, - museums and other heritage institutions, - public hospitals and medical institutions, etc.
Associations formed by one or several regional or local authorities	- associations of municipalities, - Euroregions, etc.
Associations formed by one or several bodies governed by public law	- heritage associations (formed by museums), - environment associations (formed by public benefit organizations), etc.
Non-governmental and not-profit seeking entities having legal personality and established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character.	- foundations, - employees organisations, - labour unions, - foundations and associations for fighting discrimination, decreasing poverty or social exclusions, - social support centres, etc.

Please note that all beneficiaries should have administrative abilities necessary to participate in the project and suitably qualified human resources.

Bodies cannot be eligible for funding in the Programme if:

[11] Listed examples of the organizations/institutions are just a guideline and do not cover all possible partnerships

(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. The exclusion applies for a period of two years from the time when the infringement is established;

(b) they have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata* (i.e., against which no appeal is possible). The exclusion applies for a period of four years from the date of notification of the judgment;

(c) they are guilty of grave professional misconduct proven by any means which can be justify. The exclusion applies for a period of two years from the time when the infringement is established;

(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. The exclusion applies for a period of two years from the time when the infringement is established;

(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. The exclusion applies for a period of four years from the date of notification of the judgment;

(f) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the Community budget. The exclusion applies for a period of two years from the time when the infringement is established;

(g) they have been asked to recover 2007-2013 financial Community support according to the Article 57 part 4 of the Council Regulation No 1083/2006 or Article 71 part 1 point a) of the Regulation (EU) No 1303/2013 (regarding a cessation or relocation of productive activity outside the programme area). The exclusion applies for a period of two years from the time when the infringement is established;

Organisations are also excluded from participation in calls for proposals or the award of ERDF support if, at the time of the call for proposals and during the assessment of the applications, they:

(h) are guilty of misrepresentation in supplying the information required as a condition of participation in the call for proposals or fail to supply this information. The exclusion applies for a period of two years from the time when the infringement is established;

(i) have attempted to obtain confidential information or influence the Programme management authorities during the assessment process of current call for proposals. The exclusion applies for a period of two years from the time when the infringement is established.

During application procedure, AF should be accompanied by the relevant documents concerning beneficiaries and whole partnership such as statutes or articles of association, certificates of registration of each beneficiary, partnership agreement (hereinafter – PA) etc. For more information regarding required supporting documents, please refer to subparagraph 3.6.3.

3.1.3. The lead beneficiary principle

Each project must be implemented according to the so called lead beneficiary principle. The principle implies that one of the beneficiaries is authorised by the other/others to act as a main party in preparation, application and implementation of the project. This beneficiary is also a legal party towards the MA in signing the SC and taking the responsibility for all the commitments in relation to project activities, eligibility of expenditure, outputs and results on behalf of all the beneficiaries. Therefore the lead beneficiary has full administrative and financial responsibility of the project. This responsibility also includes responsibility to recover to the Programme the ineligible expenditures incurred in the implementation of all the activities of the project by any beneficiary, therefore the responsibility of the each beneficiary towards have to be set in separate PA.

Eligible institutions to act as a lead beneficiary:

Of not investment project:

- National (governmental), regional and local authorities and their organizational units having legal personality, located in the Programme area;
- Bodies governed by public law, located in the Programme area.

Of the investment projects (please refer to sub-paragraph 1.4.1. of the Programme Manual):

- Only National (governmental), regional and local authorities and their organizational units having legal personality, located in the Programme area.

Please note that none institution from outside Programme area can act as a lead beneficiary in the project.

One institution can act as lead beneficiary only in one approved project within the given call for proposals. In other words, the institution has a possibility to act as a lead beneficiary in few projects, only if they were approved in separate calls. Thus institutions should realistically evaluate lead partnership options before applying with more than one project in which they are participating. For more information, please refer to sub-paragraph 3.7.5.

The responsibilities of the lead beneficiary are higher than those of other beneficiaries. It must have the proficient administrative and financial capacity to be able to run a cross-border project. Therefore, all project applications must demonstrate that the lead beneficiary has the capability to manage a cross-border project.

Lead beneficiary shall have additional responsibilities during application, contracting and implementation of the project. In particular:

- concluding a PA for its relations with the other beneficiaries;
- acting as applicant signs and submits the application on behalf of all applicants;
- when project is approved, signs a SC with the MA for the total amount of the subsidy;
- is responsible for the division of tasks among the beneficiaries involved in the project and ensures that these tasks are subsequently fulfilled in compliance with the AF and SC;
- ensures an efficient internal management and control system;
- being main contact point of the project for JS, MA and other Programme bodies;
- makes certain that the project reports are submitted timely and correctly to the JS;
- requests and receives payments of Programme funding;
- transfers Programme funding to the beneficiaries without delay in compliance with the amounts reported in the progress report;

- after the project finalisation is responsible for presenting sustainability of project outputs and representing all beneficiaries in this matter (see paragraph 4.8).

In order to provide the appropriate implementation of these tasks the lead beneficiary has to ensure that an efficient and reliable project management and co-ordination system is in place. For this purpose project lead beneficiary has to nominate **project coordinator and financial manager** who shall be responsible for the implementation of all project activities and coordination between beneficiaries. The project management and coordination system have to be described in detail and justified in the application.

3.1.4. The Partnership Agreement

The aim of the PA is to ensure that every beneficiary has a good understanding of the project, is aware of the activities it is responsible for, co-financing it is committed to provide etc. It is also statement that every beneficiary supports the project idea and share the same vision as to project outputs and results. PA contains the clearly distributed obligations, roles, functions and responsibilities which are vital to successful implementation of the project activities and reaching of project goals. Please note that clearly defined procedures and responsibilities make cooperation easier to all project beneficiaries.

All beneficiaries of the Programme have to sign PA before applying and afterwards submit to the JS as an annex to the application. "Model form of the Partnership agreement" is presented in the Annex 1 to the Programme Manual as well as it can be downloaded from the Programme website (http://www.lietuva-polska.eu). The PA has to be concluded in English, but for better understanding of partnership agreement provisions, the translations of the English model version shall be available in national languages.

Please keep in mind that PA does not apply to the MA or JS. Only institutions signing the PA are parties to this agreement. All legal disputes that may arise from this document are solely between the beneficiaries.

3.2. Start date and project activities

When planning project implementation, applicants have to evaluate the time needed for implementation of project activities and reaching the project objectives as well as closing the project.

3.2.1. Start date of the project

The earliest date on which the activities can commence and the expenditure can be incurred – is the start date of the project after the approval by the JMC. **The earliest date on which project could be started, is the first day of the month following the JMC decision** (i.e. JMC approved the project on 15 July, so earliest day for the project to start would be 1 August). In case project activities are planned to be started later, first day of relevant month should be set as project start date (i.e. activities are planned to be started in March, than 1 March should be indicated as a start date).

Exact start and end date, as well as duration of the project shall be indicated in the SC. However, if the project is approved under the conditions, the activities could be started on the risk of the beneficiaries, as the SC shall not be signed until all the conditions set in the decision of JMC are fulfilled. In this relation it should be kept in mind that project assessment and selection process shall take indicatively about 4 to 5 months from the deadline for submitting the application. This means that start date of the project should be planned accordingly.

The maximum implementation period allowed for the 1st call project is up to **18 (eighteen) months**, for investments projects **– up to 24 (twenty four) months**.

In duly justify cases, the project might be prolonged (please refer to the paragraph 4.4). However, implementation period of the project must in any case end by the 31st of December 2023.

The duration of the project is strongly dependent on the activities and objectives of the project and this relation will be analysed during the assessment of applications. For more information regarding assessment, please refer to paragraph 3.7.

It should be noted that the time spent on the preparation of the project prior to submitting of application for funding is not regarded as project implementation period.

3.2.2. Project activities

In order to have a clear vision of how the project shall be implemented, it should be divided into so called *project activities*. Beneficiaries have to develop and agree to in order to structure their project activities, which shall be development of general description of the project in to details.

One project may contain maximum 8 activities. There are three specified activities which are obligatory for all projects to contain:

- **Project management activity** which contains internal communication between beneficiaries, organization of their meetings, division of tasks, etc.
- **Information and publicity activity** which contains public events, preparation and issue of promotional materials, publications, placing signs and boards at investment, marking purchased equipment and other informational and promotional issues.
- **Closure activity -** this activity is foreseen to be started exact 3 months before end date of the project, and is designated for closer of the project and preparation of final report by beneficiaries. During this activity **only costs** for project management (such like salaries, office and administrative expenditure, as well as FLC expenditure of Lithuanian beneficiaries) may be incurred. The beneficiaries should understand that all

project reporting may not be finalised even in the closure period, but that it is the responsibility of the beneficiary's organisations to ensure that sufficient resources exist for finalising the project. This is especially the case of questions related to the final report, which in all cases shall be received by the lead beneficiary after the project has ended. There should always be someone available to settle all open questions with the JS/MA. Changes in contact information must be communicated to the JS/MA until the final payment has been made.

Maximum 5 more activities are to be agreed between beneficiaries. They are free to decide on the level of detail when dividing the project into these activities. All the activities and their descriptions must be understandable and clear. It should also be noted for the purpose of planning that project activities may comprise some smaller components (e.g. preparation of tender documents, calls for tenders, delivery, etc.).

Please note that all activities, except for Project management and closure, must be finalised 3 months before the end date of the project. This means that no actions and consequently no expenditures which are not related to project management and closure can be occurred during last 3 months of the project (i.e. if the project has 7 activities and 12 months of duration, so this means that all activities, expect of project management and closure, shall be finalized till the end of 9th month of the project duration).

Implementation of project activities outside of Programme area is possible, but only if brings the benefit for the Programme (i.e. thanks to implementation of activity outside of Programme area, Programme objectives can be achieved more fully). Benefit for the Programme should be reasonable described and justified in the application. However, please note that no activities which contains investment component (building, renovation, reconstruction) can be implemented outside of Programme area.

Preparation activities are allowed to be implemented before start date of the project, but only in scope related to meetings of the applicants in order to prepare joint application. Those activities should be proved by the supporting documents, described in part II.6 of AF regarding joint development of the project (for more information please see Annex 2) and reported with first report.

Project activities should be also included in the action plan, the document which determines the duration of project activities in framework of all project implementation period. The action plan is part IV. of AF, and besides of filling it in English, shall be also prepared versions in national languages - Polish and Lithuanian in part XII. of AF. The action plan should be a process description, showing who takes responsibility for what types of actions at which stage, what kind of tools will be used in order to achieve the results and objective and what kind of outputs are foreseen to come out of the project.

Ineligible activities. Some activities are not allowed to be implemented during 1st Call for Proposal, such like: preparation of strategies, studies, surveys.

3.3. Project indicators

The Programme aims to achieve a number of Programme objectives, progress of achieving which shall be measured through project achievements in the form of indicators.

On Programme level, the results are expressed and measured in result indicators. Projects result is a project's contribution to the Programme result. It is expected from beneficiaries to describe in the AF how the successfully implemented project shall contribute to the achievement of result of the chosen Priority (part II.7 of the AF).

Projects are expected to deliver viable products and services (outputs), whose impact should contribute to Programme results. For this purpose beneficiaries have to choose the most appropriate Priority and the most appropriate Specific Objective inside this (please refer to paragraph 1.2 of the Programme Manual) to which project can contribute the best.

Table 13: Programme result indicators

Priority	Indicators
Preserving and protecting the environment and promoting resource efficiency	Number of tourists accommodated
Promoting sustainable and quality employment and supporting labour mobility	Share of newly established business entities in relation to the total number of registered business entities
	Registered unemployment rate
Promoting social inclusion, combating poverty and any discrimination	People at risk of poverty or social exclusion
	Population perceiving an unmet need for health care
Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration	Share of institutions benefiting from cross-border cooperation

Output indicators of the Programme have been developed to express and measure project achievements (outputs). All projects are expected to develop tangible, viable outputs: cross-border products or services. Project output indicators are dependent on the selected Priority and Specific Objective. Information about the output indicators will be collected directly from the projects, based on reporting and submitting relevant documents proving the achievement of selected indicators by beneficiaries (for more information, please see paragraph 4.3).

Table 14: Measurement units of output indicators

Priority	Indicator	Measurement unit
Preserving and protecting the environment and promoting resource efficiency	Number of heritage sites developed or adapted	Sites
	Number of joint tourism routes developed	Routes
	No of natural and cultural heritage objects and related products promoted	Objects and related products promoted
Promoting sustainable and quality employment and supporting labour mobility	Number of new or upgraded joint (or promoting cooperation) services for business	Services
	Number of persons having participated in joint trainings and events	Persons
	Number of participants in joint local employment initiatives and joint training (common)	Persons
	Number of participants in cross-border mobility initiatives (common)	Persons

Promoting social inclusion, combating poverty and any discrimination	Number of participants in projects promoting gender equality, equal opportunities and social inclusion across borders (common)	Persons
	Number of NGOs involved in cross-border cooperation for combating poverty and social exclusion	NGOs
	Number of new or upgraded health care services and prevention programmes	Services and programmes
Enhancing the institutional capacity of public authorities and stakeholders and efficient public administration	Number of institutions involved in the cross border cooperation	Institutions
	Number of persons having participated in joint trainings or exchange of staff	Persons

The outputs and results which are relevant for the project have to be identified from the above tables. Target value for each output indicator as well as division of indicators between beneficiaries has to be estimated and presented in the AF and in the proper annex to the PA.

The achieved values of indicators (project indicators) must be calculated by project lead beneficiary/project beneficiaries taking into account the definition of the indicator presented in the tables above.

3.4. Budget planning

3.4.1. General requirements

Project beneficiaries are entitled to incur expenditures co-financed from the ERDF for the delivery of projects results which contribute to the Programme objectives.

Support rate

Project activities are co-financed from the **ERDF** under the Programme at **85%** (fixed rate). The other **15%** has to be provided by the beneficiaries themselves.

For the open call projects <u>it is not possible</u> to receive an advance payment from the ERDF. This means that each project beneficiary has to finance its activities in 100% and only on the basis of the approved CPR the Programme then reimburses to the lead beneficiary 85% of the total eligible expenditure declared by each beneficiary.

Eligibility period of project expenditure

Project expenditure can be eligible if incurred and paid by beneficiary during the project implementation period, i.e. the certain number of months indicated in the AF and the SC. Project start and the end dates shall be indicated in the SC.

Expenditure can be deemed eligible if incurred and paid by the respective project beneficiary during the eligibility period. "Incurred" means debited from beneficiary bank account or in some cases disbursement of cash from a cash register. The exceptions of this rule are: depreciation costs, expenditure settled using a simplified method, settlements based on an internal debit note and compensation of amounts due.

<u>Beneficiaries have to finalise main project activities 3 months before the project end date in order to claim the expenditure linked to administrative closure.</u>

In general to be eligible at the project level expenditure must:

- ✓ be essential for the project's implementation: i.e. be directly related to the project objectives, be necessary for implementing the project activities and achieving project results, be estimated in the project budget;
- ✓ be justified, comply with the principles of efficiency, economy and effectiveness, be reasonable (cost effective) in the context of the country of the beneficiary incurring the expenditure;
- ✓ be consistent with the applicable EU Programme and national rules and in accordance with the principles of sound financial management;
- ✓ be identifiable, verifiable and determined in accordance with the relevant accounting principles (except for expenditure being reimbursed on the basis of flat rates and lump sums);
- ✓ be not double-financed from any other financial instrument (e.g. EU, international, national or regional).

Planning of the project budget

Beneficiaries are advised **to start preparing the project budget** from the early stages of project planning. It is a useful tool allowing better planning of the sequence and the scope of activities. The activities needed to reach the outputs and results required, should serve as a basis for the calculation of project expenditure and not *vice versa*. The financial plans must be made jointly between all project beneficiaries, striving for a realistic budget for each beneficiary as well as for the project as a whole.

Basing on the legislative package proposed by the EC for 2014-2020 and in order to facilitate implementation and management of the projects some simplifications are introduced in the Programme:

1. the Programme uses a flat rate for No 2. *Office and administrative expenditure* budget category. The flat rate is counted of 15 % of the eligible No 1. *Staff cost* budget category and is counted automatically in the AF;
2. the lump sum of fixed 2.000,00 EUR, which could be foreseen for preparation costs and distributed between project beneficiaries, is shown as a separate budget category and numbered as No 7. *Preparation costs* in the AF.

Those simplifications are to make access to the Programme funding easier and quicker for all beneficiaries.

More detailed information regarding preparation costs in the budget of the project is provided in Annex 2 "Fact sheet on eligibility of expenditure".

When planning project expenditure, project beneficiaries should be aware that the **joint purchase** is possible only if costs of services or goods, equipment or other can be paid separately by involved project beneficiaries according to the separate invoices and the ownership or benefits of it can be clearly attributed to respective project beneficiaries.

I.e. in case of "joint purchase":

- Beneficiary which undertakes the responsibility to organize this purchase has to receive authorization from each project beneficiary institution, on behalf of which "joint purchase" is being organized;
- Contract with service/goods supplier shall have to be signed by all project beneficiaries, which will benefit from the "joint purchase";
- Consequently, separate invoice for each party shall have to be issued and
- Each project beneficiary shall pay for its part separately and account this expenditure in its accountancy system as a project costs.

The joint purchase of costs shall be not eligible when related to No 1. *Staff costs* and No 2. *Office and administrative expenditure* budget categories.

Project beneficiaries should know in advance that **proper project documentation** shall be needed in order expenditure could be verified by 1st level controllers, 2nd level controllers and/or other potential Programme or EU controllers. The expenditure must be properly justified, proved and documented. Each project beneficiary expenditure (except those based on lump sums and flat rates) must be separated in beneficiaries' book-keeping system. All expenditure shall have to be supported by invoices and proofs of payment or documents of equivalent probative value (more details on the supporting documents are provided in the chapter 3.4.2).

It is also important that all project beneficiaries shall establish a system that will prevent the double funding of the costs. **It is strongly recommended to each project beneficiary to establish a separate bank account for the needs of project expenditure**. **Additionally, it is strongly recommended for Polish beneficiaries to have a separate bank account in Euro currency.**

From the very beginning of the project planning and afterwards – during its implementation, project beneficiaries must undertake all necessary steps **to avoid conflicts of interest** and must inform the JS without delay about any situation constituting or likely to lead to any such conflict. A conflict of interest exists where the impartial and objective exercise of the functions of any person involved in the project is

compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

Project beneficiaries should also take into account that they are **not allowed** (in any cases) **to contract each other** to carry out project activities or any related services; i.e. no payments between project beneficiaries are allowed (for services/works or goods, etc.). The only one possible payment from the LB to the accounts of the project beneficiaries is – repayment of project expenditure according to the approved reports.

Division of costs between Programme territory and out of Programme territory depending on the location of beneficiary and activity.

Location of the beneficiary	**Location of activity/Travel destination**				
	Inside the Programme area		**Outside the Programme area**		**Activities concerning promotion and capacity-building**
	All costs other than travel and accommodation	**Travel and accommodation costs**	**All costs other than travel and accommodation**	**Travel and accommodation costs**	
Beneficiary from **inside** the Programme territory	Costs incurred **in** Programme territory	Costs incurred **in** Programme territory	Costs incurred **out of** Programme territory	Costs incurred **in** Programme territory*	Costs incurred **in** Programme territory
Beneficiary from **outside** the Programme territory	Costs incurred **in** Programme territory	Costs incurred **out of** Programme territory	Costs incurred **out of** Programme territory	Costs incurred **out of** Programme territory	Costs incurred **in** Programme territory

* Only the costs for transport to destination outside the Programme area. Costs of accommodation, meals and local transportation - if not covered by daily allowances - fall under the 20% out of Programme territory ceiling and will be understood as incurred out of Programme territory.

Activities concerning promotion and capacity-building to be carried out by any beneficiary (from inside or outside the Programme area) must be of added-value for the Programme area. Therefore, expenditures related to these activities do not count towards the ceiling of 20% out the Programme area.

For the beneficiaries located inside the Programme area, all the activities/travels to be performed inside the Programme area, will be assigned to the costs incurred in the Programme area. For the same beneficiaries, the activities/travels to be performed outside the Programme area will be assigned to the costs incurred outside the Programme area, except for the costs for transport to destination place outside the Programme area, which will be understood as incurred inside the Programme area.

In case the beneficiary is located outside the Programme territory, its all activities/travels to be performed will be assigned to the costs incurred out of Programme area, except for the costs not related to travel or accommodation incurred for activities performed inside the Programme area, which will be treated as incurred inside the Programme area.

Any issue related to the eligibility of expenditure that is not answered by the Lithuania-Poland eligibility of expenditure rules, should be discussed with the respective First Level Control body, JS, RCPs and other relevant Programme bodies. **IMPORTANT**: when planning budget of the project, beneficiaries are advised:

- To evaluate very carefully their financial capacities and to prove their own contribution. It means that together with the application, document proving own contribution has to be submitted (e.g. a copy of beneficiary internal financial plan reflecting the funds foreseen for implementation of project activities or/and decision taken by the council of assignation of funds might be provided as “Other” annex).

- To appraise seriously the way of project funding – reimbursement of expenditure. Project beneficiaries therefore need to have sufficient financial capacities if they are going to become involved in a project.

- To keep in mind that no advance payment is foreseen to be paid for the open call projects.

3.4.2. Categories of expenditure

This paragraph shall guide project beneficiaries on the allocation of eligible costs under different budget categories.

The Delegated Regulation on ETC eligibility rules establishes specific rules on eligibility of expenditure as regards: *Staff costs, Office and administrative expenditure, Travel and accommodation, External expertise and services as well as Equipment.* It defines lists of costs that are eligible under the 5 categories of expenditure. Taking into account that Programme also foresees some investments into infrastructure and related costs which do not fall under any of 5 above mentioned budget categories, therefore the additional budget category named *Infrastructure and works* as category No 6 was created for the purpose of the Programme. Moreover, a separate budget category No 7. *Preparation costs* was also created in the AF.

Budget of the projects to be funded within the Programme is broken down into 7 budget categories:

1. Staff costs
2. Office and administrative expenditure
3. Travel and accommodation costs
4. External expertise and service costs
5. Equipment expenditure
6. Infrastructure and works
7. Preparation costs

The key principles and instructions for building up the project budget and afterwards proving eligibility of expenditure are presented in the Annex 2 to this document “Fact sheet on eligibility of expenditure”.

3.5. Other rules (state aid, revenue generation, public procurement)

3.5.1. State aid regulations

As a general rule support provided within the Programme does not constitute the state aid.

Information provided in this paragraph is prepared for the purpose to help the Programme beneficiaries to recognise activities, which could constitute state aid and wouldn’t include such into the project application. Beneficiaries should know in advance that **any activity which constitutes state aid won’t be financed**. Applicants have to ensure that all project activities shall be accessible to all representatives of target groups.

State aid refers to financial support that can distort competition and intra-market trade. For those reasons state aid is normally not allowed in projects.

For state aid to take place the beneficiary of project funding must be an undertaking. The term "undertaking" is in this context used in a wide sense as any entity has an activity of an economic nature and which offers goods and services on the market, regardless the legal form and the way of financing of this entity. Also if an entity is not profit-oriented, state aid rules will apply as long as it competes with

companies that are profit-oriented. Therefore, not only private companies are subject to state aid rules but also public authorities if they carry out an economic activity on the market.

The following EU legal acts and regulations determine the rules for state aid:

- ✓ the Treaty on the Functioning of the European Union;
- ✓ General Block Exemption Regulation (GBER) (Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty;
- ✓ *de minimis* aid (Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

The compliance with the state aid regulations also will be checked at the time when projects are selected for funding. Applicants may also consult relevant national authorities to obtain more specific information on rules concerning state aid.

There is a possibility to consult and download a single file containing the EU State aid rules in force. Compilation of the State aid rules in force is available under the link:

http://ec.europa.eu/competition/state_aid/legislation/compilation/index_en.html

3.5.2. Revenue of the projects

The following articles of the EU regulations are the legal basis to be taken into account as far as revenues are concerned:

- Articles 61 and 65(8) and Annex V of Common Provisions Regulation;
- Articles 15 to 19 of Jumbo Delegated Regulation;

According to the paragraph 1 of Article 61 of Common Provisions Regulation, “net revenue” means cash in-flows directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period. In case there are no operating costs related to activity generating revenue (e.g. the fees for participation in the event are taken), the whole amount of generated revenue is treated as net revenue if the whole costs of such an event are planned to be financed from the project. If not the whole, but only part of the event’s costs was included into the project budget, the net revenue should be calculated proportionally.

Revenues are not typical for Programme projects, but may occur in some cases. However, if a project receives any income, the net revenue is what should be taken into account. All partners should estimate any net revenue that will be generated in the project already during the project preparation stage and include the information in the application.

For the projects which total eligible costs do not exceed 1.000.000 EUR, only the provisions of the Article 65(8) of Common Provisions Regulation are applicable, therefore Programme shall monitor net revenues (if such) generated during project implementation period.

For the projects which total eligible costs do not exceed 1.000.000 EUR and the planned net revenues do not exceed the national co-financing (15%) needed for that particular activity generating the revenue, the eligible expenditure shall not be reduced. The revenue generating activities must be planned beforehand,

clearly described in the application form, evaluated during project assessment and approved by the JMC. Those projects do not need to make a calculation of the net revenue according to the above mentioned regulations, but simply describe the foreseen revenue in the AF (part III.3.).

Afterwards the generated net revenues must be reported and proved not to exceed the limits. If the project has foreseen revenue generating activities, but the factually generated net revenue is exceeding the national co-financing (15%) needed for the implementation of this activity, the amount by which the needed co-financing is exceeded shall be deducted from the eligible project costs while reporting.

In case the project generates net revenue which was not foreseen in the application form - the eligible expenditure of the project shall be decreased by any amount of generated net revenue while reporting.

It should be noted that the costs calculated as activity costs must be directly connected to the activity which is generating revenue without any other additional costs: e.g. for the organisation of trainings or camps the costs for the catering and accommodation of the participants or similar costs could be included, but no additional costs which are not directly connected with the activity (such as office rent for administration, etc.) can be calculated.

3.5.3. Competition and public procurement rules

The procurement of goods, services and works must be carried out by the project beneficiaries following public procurements rules which are in force in Lithuania and Poland. Any contracts should be awarded on the basis of objective criteria which ensure compliance with the principles of transparency, non-discrimination and equal treatment and which guarantee that offers are assessed in conditions of effective competition.

In addition, with respect to all contracts awarded within the project, regardless of their value, manner of selecting a contractor and awarding authority, it is required to comply with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness and reasonability of spending public funds as well as with other conditions for the eligibility of expenditure laid down in the programme.

In order to implement the above mentioned principles, contracts within the project have to be awarded pursuant to EU or national regulations on tendering and awarding contracts if the regulations are applicable in awarding the given contract. The list of appropriate legal acts and other documents binding in each Member State participating in the programme is published on the programme website (www.lietuva-polska.eu).

In case national/regional rules set stricter requirements (such as for publicity and free competition with lower thresholds than those established by the European Directives, for instance), then the stricter rules must be applied.

In order to avoid most common irregularities the European Commission published a handbook Public procurement guidance for practitioners on the avoidance of the most common errors in projects funded by the European Structural and Investment Funds. The document is available on the website at:

http://ec.europa.eu/regional_policy/en/policy/how/improving-investment/public-procurement/guide/.

Specific conditions for Polish beneficiaries regarding the execution of public contracts awarded in accordance with the Act – Public Procurement Law or the principle of fair competition are described in Annex 5.

Consequences of breaching the regulations or principles of contracts awarding

In the event of breaching the regulations or principles on the award of public contracts (applies to all beneficiaries) or the principle of competitiveness tendering (additionally applies to Polish beneficiaries, see Annex 5), referred to in subchapter 2.5.3.1, the relevant expenditure related to the contract shall be deemed, in whole or in part, irregular.

Determining the amount of irregular expenditure takes place pursuant to the regulations or procedures adopted in the given country. If the given Member State did not adopt the national regulations or procedures for determining the amount of irregular expenditure, the European Commission's document on determining financial corrections to be made to expenditure financed by the European Union for non-compliance with the rules on public procurement, in the version which is up-to-date as of the day of finding the irregularities, is applicable.

3.6. Application procedure

3.6.1 Preparing an application

The lead beneficiary is responsible for the coordination of the preparation and submitting of application on behalf of all the beneficiaries of the project. It's important to note that the application should indicate only one Programme priority that the activities of the proposed project are focused on. The information on the scope of Programme priorities and specific objectives is provided in the part II of this Programme Manual.

One institution shall be able to implement only one project within the same call for proposals as a lead beneficiary (even if more than one project having the same institution as a lead beneficiary would be approved for funding by JMC), therefore it is recommended to take this rule into account during application phase. For more information please refer to the paragraph 3.1.3. of this Programme Manual.

For the purpose of this Programme Manual the term "application" represents completely filled in AF together with annexes as a whole. The application shall consist of the following parts:

1. filled in application form in its standard form including all declarations signed by proper beneficiaries;
2. supporting documents as annexes listed in the AF (if relevant to the project).

The project idea, activities to be carried out, objectives and results and its indicators, implementing arrangements, and project budget have to be presented and justified by filling the AF. The AF has to be filled in English (except some parts which have to be filled in national languages as well). Information in the AF has to be provided in such a detail as to provide substantial amount of information for assessment and selection to be performed.

Supporting documents to be provided together with application as annexes must be seen as an integral part of application. As producing it or issuing it by official institution might be sometimes difficult and lengthy it is advisable to start preparation of supporting documents as soon as possible. The annexes (e.g. documents issued by national or local administrations; technical documentation, etc.) can be submitted in national languages.

During the period of call for proposals the beneficiaries can consult the JS or RCP's in Poland. The information and contact details of contact points can be found in the sub-paragraph 2.2 of this Programme Manual as well as in the Programme website.

Consultation can be obtained by the phone or e-mail provided in the notice of call for proposals and in the paragraph 2.2 of the Programme Manual, on matters related to project and filling of the application. Besides the JS with the support of the RCP's shall organise open events to disseminate the information on the call for proposals and to consult potential beneficiaries on the preparation of projects. These open events are seminars for potential beneficiaries throughout the Programme area. The information on these open events shall be published online in Programme website.

When preparing an application, the lead beneficiary shall ensure that the project follow the information and publicity requirements described in the paragraph 4.6. of this document.

3.6.2. Filling in an application form

The project AF is digital. All the information which is typed will be saved automatically and can simply be sent by e-mail to beneficiaries or to the JS. Application is based on principle "what you see is what you get". It means that only the part which is visible on the screen will be printed. User does not need to have the program FileMaker Pro installed on his/her computer to fill in the AF. Where possible, the application information will follow a „one time entry" principle, so there would be no need to enter the same information twice.

The digital AF can be downloaded from the Programme website www.lietuva-polska.eu.

Detailed guidelines on how to fill in the AF are provided in the Annex 4 to this document.

3.6.3. Submitting an application

The application shall be submitted to the JS by the lead beneficiary in a sealed envelope or parcel, containing:

- **1 original,** which must be bound or fastened permanently. Each page of the bound/fastened original must be numbered, signed by the duly authorised person representing the lead beneficiary organisation. Application has to be dated and stamped by the institution stamp. The total number of pages has to be written on the last page (including annexes).
- **1 unbound authenticated hard copy** of the original AF (stamped with appropriate stamp "As original" and signed by the person authorised to sign the documents on each page) together with all the annexes scanned in CD.
- **Scanned version** of the application and the **electronic version** (file ATTACHMENTcall1.USR) of the AF (the random number on electronic version and on printed AF must be identical) in CD.
- Electronic version of the **detailed project budget** (.xls file of the annex 1 of the AF) in CD.

Scanned/e-versions of the above listed documents can be submitted in 1 (one) CD.

Both electronic and paper versions must be identical i.e. contain the same application's random number. **In case the e-version is not in line with the paper version, application shall be assessed as inadmissible therefore shall be rejected during admissibility and eligibility check** (please refer to the paragraph 3.7 of this document). The hard (paper) version shall be the official version of the application although the electronic version shall be used as a working tool in the process of assessment and selection.

Original of the AF with the annexes should be bound or fastened permanently in other way. "Fastened permanently" means that application is bound in such a way, that it is impossible to take out any page without destroying the binding.

Original of the AF (under the "Signature of the lead beneficiary" as it is indicated) should be signed by a person authorised to sign the documents in the name of the lead beneficiary, stamped with the lead beneficiary stamp and dated. The same person also has to sign on each page of the filled AF.

Each page of bound/fastened original of the AF with the annexes should be numbered. Total number of pages of bound/fastened original of the AF with the annexes should be written on the last page of bound/fastened original of the AF with the annexes. Documents of many pages (e.g. technical design

project) may be bound or fastened permanently in other way separately from original of the AF with other annexes.

A word "original" should be written on the first page of bound/fastened original of the AF with the annexes.

Copy of the AF should be made from the original AF and should be properly authenticated, i.e. - stamped with appropriate stamp – "true copy" and signed by the duly authorised person representing the lead beneficiary organisation on each page.

Copies may be authenticated by other person than a person authorised to sign the documents. In such a case that person should have a written authorisation to authenticate copies of project documents. Original of such authorisation should be attached to the original of the AF or an extract from the internal regulations, proving this right should be added.

Copy of the AF should not be bound or fastened permanently in other way. A word "copy" should be written on first page of not bound/not fastened copy of the AF.

The copies of the annexes should be attached in electronic version in CD.

The relevant annexes should be attached to the AF. Number of annexes depends on the type of the project and national requirements of specific documentation. Attached annexes must be numbered according to the numbers in the annex list (part XV of the AF). If the annex is included for each beneficiary, it has to be numbered using letters after numbers, for example 3.a, 3.b, etc.

It should be noted that the Programme shall apply the principle that the documents, when possible, would be submitted only once by the same institution: in the future in case the same annexes as were attached to the approved project shall be relevant for the new applications, indication of the project number and annex number shall be satisfactory and there will be no need to attached the paper versions of the documents once again – electronic copies shall be accepted.

If the application is too big in size, e.g. the technical documentation or other big size documents are annexed, these annexes could be delivered separately, i.e. not bound together with the AF or only in the e-version (e-version of the particular document shall be accepted only in case it contains all necessary signatures).

The supporting documents to be provided by each Project beneficiary (if applicable) and enclosed together with application as annexes are:

- Detailed project budget.
- Copy of the complete statutes or articles of association of each beneficiary justifying that the status of the organisation is non-profit making *(not applicable to local and regional authorities and their organisational units having a legal entity in place).*
- Copy of the certificate of registration of each beneficiary organisation giving evidence that the organisations are registered as legal entities (for the Polish beneficiaries such document has to be issued by the National Court Register (Krajowy Rejestr Sądowy) not earlier than 3 months before the submission of the AF). *Not applicable to local and regional authorities.*
- Signed PA with required annexes.
- Authorisation from the lead beneficiary organisation that the person has the right to sign the AF (if the AF is signed not by the head of the organisation).

- Copies of the balance sheets for the last 3 years of lead beneficiary (according to national legislation; *not applicable to local and regional authorities and their organisational units having legal entity in place*).
- Confirmation from the State Tax Inspection about payment of taxes *(applied to Lithuanian applicants and has to be submitted only upon additional request of JS).*
- Confirmation from the Social Security office about payment of social security contributions (applied to Lithuanian applicants that have to submit balance sheets and has to be issued not earlier than 3 months before the submission of the AF).
- Confirmation from the Register of the Legal Entities (of all applicants) issued not earlier than 3 months before the submission of the AF that the applicant is operational, not bankrupt or under the legal proceedings *(not applicable to local and regional authorities).*
- Declaration of a body responsible for the monitoring of the Natura 2000 net areas (for Polish beneficiaries, if applicable; standard form to be used). For LT beneficiaries the appropriate annex can be found in the "Guidelines on filling in the application form".

In case works are foreseen in the project such annexes are required to be submitted:

- Copy of the documents confirming the right for land / real estate disposal (beneficiaries from Lithuania should submit extract from State Enterprise Centre of Registers (liet. Valstybės įmonė Registrų centras).
- Copy of an official decision on land or building using conditions (according to the national legislation: in case of Lithuanian applicants the same document from the Centre of Registers contains necessary information).
- <u>Copy of Technical design project:</u>

- in case object is to be co-financed <u>in full</u> from the project budget - full technical project should be submitted (if available and contains all signatures – can be e-version);
- in case object is to be co-financed from the project budget <u>partly</u>, i.e. only part of big technical project is to be financed from the project:

a) possibility to implement project in parts has to be foreseen in the i) technical project as well as in ii) the construction permit or other document of the equivalent probative value. Together also iii) cost estimates for the amount included into the project budget have to be submitted and iv) beneficiaries declaration regarding procedure of acceptance of the object for using after works, financed from the project, shall be implemented *or*

b) in case object is to be co-financed from the project budget <u>partly</u>, but only minor part (not exceeding 20% of all planned works) are to be additionally financed from beneficiaries own resources – i) full technical project should be submitted, ii) documents proving own contribution as well as iii) separation of costs to be financed from the project and from the own resources has to be submitted.

- in case according to the National legislation technical design project is not required - simplified technical project, including defective act, drawings as well as cost estimates and other documents proving necessity of works, quantities and costs should be submitted.

- <u>Copy of the decision on the construction permit or other document of the probative value according to the National legislation (e.g. copy of the proof of submission the notification on the construction in case decision on the construction permit is not required).</u>

- Approval of the technical project *(in case of Lithuanian beneficiaries – order of the customer, approving technical design project and its general and economic indicators).*
- Expertise of the technical project (if applicable).
- Extract from Cadastral measurements file (liet. Kadastrinių matavimų byla) of the land / real estate (schemes of places where investments (works) are planned).
- Copy of the decision on the environmental arrangements of the agreement for realisation of the project (applicable for Polish beneficiaries).
- Environmental impact assessment (if applicable according to national legislation).
- Copy of documentation related to proceeding in the field of the cross-border impact on the environment (for Polish beneficiaries, if applicable).
- Other necessary documents required by Lithuanian or Polish legislation.

– Other documents necessary in the view of the applicant to prove the project expenditure or activities.

These supporting documents must be supplied in the form of originals or copies authenticated as true by the person authorised to sign or the head of the organisation.

The AF with annexes should be delivered in sealed envelope by registered mail, courier, messenger or in person to the JS in Vilnius by the deadline, i.e. not later than **9 June 2016, 16:00 Lithuanian time**.

Address and contacts of the JS:

Public establishment Joint Technical Secretariat
Interreg V-A Lithuania-Poland cooperation Programme
Konstitucijos av. 7
LT-09308 Vilnius, Lithuania
Tel: + 370 5 2610 477
Fax: + 370 5 2610 498

e-mail: info@vilniusjts.eu
www.lietuva-polska.eu

3.7. Assessment and selection procedure

The aim of the selection process is to select projects which contribute most to the achievement of Programme objectives.

Selection process is organised in 2 phases:

1) Assessment of submitted applications, consisting of a) admissibility and eligibility check and b) quality assessment and c) strategic impact assessment;
2) Selection of the projects for funding by the JMC.

The assessment of applications starts upon closure of the open call for proposals, i.e. assessment of applications submitted for the 1st open call for proposals shall start in June 2016.

The assessment is carried out in three steps:

- Admissibility and eligibility check (to verify that the application fulfils the minimum technical and eligibility requirements of the Programme);
- Quality assessment (to provide the JMC members with sufficient information on the quality of each eligible application);
- Strategic impact assessment (to be performed by the JMC members in order projects having biggest strategic value for the Programme are prioritised).

Admissibility and eligibility as well as quality assessment is performed by the JS. The assessment will always be made by 2 (two) members of the JS staff. They will first make an individual evaluation of the project and then they will coordinate their assessments and produce one joint summing-up. This system ensures that the assessment is transparent.

Strategic impact assessment is performed by the JMC members during the JMC meeting.

3.7.1. Admissibility and eligibility check

Upon closure of a call, the JS assesses the compliance of the received applications and their annexes with the formal admissibility and eligibility criteria. The purpose of the eligibility and admissibility assessments is to:

- verify that the proposal fulfils minimum requirements of the Programme;
- avoid further assessment of ineligible applications;
- ensure equal treatment of all proposals to be selected for funding.

All the statements of the admissibility and eligibility check shall be answered in ‘yes’ or ‘no’.
In order to be considered for funding, each application must unconditionally fulfil all admissibility and eligibility criteria.

<u>Admissibility check</u>

The purpose of the admissibility check is to verify that the application fulfils the minimum technical requirements of the Programme. Also the admissibility assessment is meant to ensure that all required documents are available by the moment of submission of the application (in principle this means completeness check).

Eligibility check

The eligibility check is carried out to assess whether an application complies with the eligibility rules established by the Programme for its projects.

The admissibility and eligibility criteria are applicable to all submitted applications and are presented in the Table below.

Table 15: Admissibility and eligibility criteria

No	**Admissibility criteria**
1	The application (1 original, 1 copy and required scanned/electronic versions) delivered to the JS within the deadline of the call
2	Paper application is properly dated, stamped and signed by the lead applicant
3	Digital and paper versions of the application are identical and are completed in English
4	All applicable sections of the application form are filled in
5	All applicants declarations are properly filled in and are duly signed by appropriate applicant
6	All obligatory annexes are attached
7	Lead applicant provided the additionally requested documents in given time
	Eligibility criteria
1	Project involves at least 2 (two) applicants – one from Lithuania and one from Poland
2	Lead applicant organisation is eligible: a) it has eligible legal status; b) it is located in the Programme area.
3	All applicants organisations are eligible: a) have eligible legal status; b) are located in the Programme area; c) in case applicant from outside Programme area but within the national borders of Lithuania and Poland is involved, its participation is justified.
4	Specific requirements of the call are fulfilled
5	Minimum and maximum budget requirements are respected: if applicable (*this may vary from call to call*)
6	Co-financing is secured (availability of co-financing proved by supporting documents), including minimum Programme requirements on its type, eligible co-financing rate etc. is used). The ERDF co-financing rate does not exceed 85% of total eligible cost

If during the assessment of admissibility and eligibility check the JS notices that requested documents are missing, the JS must additionally request the lead applicant for missing documents. Such a request can be sent only once during this assessment stage.

The lead applicant must provide the requested missing documents within the given deadline.

However, applicants should take into account that the request to submit missing documents by no means can give the possibility to the lead applicant to provide new information or improve / change the application.

If the lead applicant is not able to provide the requested documents in given time the statement is answered negatively.

If the JS is in a position to give a positive answer to all the statements of the admissibility and eligibility check, the application is assessed as eligible and is a subject to further step – quality assessment.

In case anyone admissibility and eligibility criterion is not met, the application is assessed as inadmissible and quality assessment of such application shall not be performed.

3.7.2. Quality assessment

Applications that are fully admissible and eligible will be the subject to a quality assessment according to the quality assessment criteria, approved by the JMC.

The purpose of this assessment is to evaluate which of the submitted applications contribute mostly to the objectives of the Programme, are mostly relevant in terms of the cross-border cooperation, which of the projects has biggest social and economic impact on the cross-border region, demonstrates cost effectiveness and ensures the efficient and smooth implementation.

Quality assessment criteria are divided into 2 (two) categories:

- Feasibility criteria – the main aim is to determine extent of the project's contribution to the achievement of Programme objectives (results).
- Operational criteria – the main aim is to assess the viability of the proposed project, as well as its value for money in terms of resources used versus results delivered.

If a project is considered important enough and relevant for the Programme, any operational defects found during the operational assessment should not lead to immediate rejection. On the other hand, operational quality of an application does not mean that the project will bring sufficient benefit to the Programme area. Therefore, the applications will be assessed using feasibility and operational criteria at the same time, but use weighting of scores to increase the importance of the quality assessment *(table below).*

Table 16: Weighting of scores of the quality assessment criteria

Weight	Description
1 - very good	relevant information has been provided, showing that project is exceptionally well in line with the requirements set by the Programme
0,75 – good	relevant information has been provided, showing that the project is well in line with the requirements set by the Programme
0,5 – satisfactory	information has been provided, showing that the project meets the requirements set by the Programme
0,25 – poor	information can be found to prove that the minimum requirements of the Programme have been met
0 – unacceptable	no information has been provided or the information provided is not in line with the requirements set by the Programme

While organising the assessment process the *four eyes principle* shall be observed. Each application should be assessed basing on the number of criteria and the certain score up to maximum allowed attributed in relation to every criterion.

JS can give maximum 95 scores. At any stage of the assessment of application the JS can seek for the support of external experts. Outcomes of the quality assessment by JS to be sent to JMC including JS ranking list, assessment checklists and project cards.

In order to ensure equal treatment of all applications, the quality assessment is carried out on the basis of the information provided in the application. No additional clarifications will be requested during the quality assessment process. The quality assessment criteria are presented in the table below.

Table 17: Quality assessment criteria

QUALITY ASSESSMENT. FEASIBILITY CRITERIA (maximum score – 65) (performed by JS)				
No	Criteria	Description	Max score	Sections in AF
1	**Project relevance with the chosen priority**		**32**	
1.1.	The project addresses cross-border challenges and needs to be supported by the Programme	Do the project objectives and activities fall under the chosen priority of the Programme? Are the project objectives defined in relation to the specific objective(s) of the chosen priority? Which cross-border problems/needs does the project meet?	8	I.3, II.1, II.2, II.3, II.4
1.2.	The project activities contribute to the achievement of the Programme outputs and results	Which Programme result and output indicator(s) does the project comply with? How does the project contribute to achievement of at least one Programme result and output indicator? Are the chosen indicators realistic? Are the chosen indicators coherent with the project activities?	8	II.4. II.7
1.3	Project activities demonstrate clear added value	Do the project activities overlap any actions, which have been regularly implemented so far? Are the project activities a continuation of the actions, which were begun within the CBC LT-PL 2007-2013 Programme? Could the project objectives be achieved if the project was not implemented? Will the project activities be continued after its completion?	6	II.2, II.3, II.4
1.4.	The project contributes to the horizontal principles of the European Union according to the Article 8 (7) Regulation (EU) No 1299/2013.	What is the project contribution to the sustainable development principle? What is the project contribution to the equal opportunities and non-discrimination principles? What is the project contribution to the equality between men and women principle?	5	II.8

1.5.	Project impact and contribution to EU / national / regional strategies	What is the project general impact on the Programme area / CBC region? What is the project economic impact on the Programme area / CBC region? What is the project social impact on the Programme area / CBC region? Which EU / national / regional strategic documents does the project contribute to? Does the project comply with the European Union Strategy for the Baltic Sea Region (EUSBSR)? If so, which EUSBSR policy area(s) the project is related to?	5	II.9
2	**Cross-border cooperation character**		**20**	
2.1.	The importance of the cross-border approach to the topic addressed is clearly demonstrated	Does the project justify the need for cross-border cooperation? Can the results (or only to some extent) be achieved without cooperation? Is there is a clear benefit from cooperating for the project beneficiaries?	8	II.5
2.2	At least 3 cooperation criteria are fulfilled	Does the project fulfil the mandatory CBC criteria of joint development and joint implementation? How the project activities fulfil joint development? How the project activities fulfil joint implementation? Which out of additional CBC criteria (joint staffing and joint financing) does the project fulfil? How the project activities fulfil joint staffing and/or joint financing?	7	II.6
2.3.	The project demonstrates a base for future cooperation	Which project activities seem to be a link for the future cooperation? Does the project foresee to create any sustainable cross-border structures/networks?	5	II.4, II.11
3	**Partnership**		**7**	
3.1.	The partnership has sufficient potential to realise the planned activities and to deliver the expected outputs and results.	Does the partnership involve the appropriate beneficiaries with the capacity to deliver and make use of the project results? Is the partnership well balanced, meaning that the different beneficiaries contribute and benefit to a similar extent without the dominance of one country or one beneficiary?	7	I.2, II.12, II.13, III.2, VIII

		Are all beneficiaries contributing to the content of the project (none of the beneficiaries has a managing task only)? Does partnership include sufficient competences and expertise to implement the planned activities and to achieve the planned results? Are the relevant administrative levels, e.g. local, regional, and national institutions involved?		
4	**Sustainability of the project**		**6**	
4.1.	The activities of the project are sufficient to ensure the sustainability of the outputs and results.	Is the project demonstrating clear division for ownership of outputs, provisions to ensure financial and institutional sustainability of project results? Will the project produce outputs and/or results, which are tangible and will be used beyond the project implementation phase? Are the target groups of the project's main outputs defined clearly (who will use the main outputs)?	6	II.11
QUALITY ASSESSMENT. OPERATIONAL CRITERIA (maximum score – 30) (performed by JS)				
5	**Budget, management and work plan of the project**		**26**	
5.1.	The budget is coherent and proportionate in relation to the planned activities, outputs, results and involvement of beneficiaries.	Is financial allocation per budget line in line with the work plan? Is distribution of the budget per period in line with the work plan? Is distribution of the budget for activities in line with the work plan? Is the need for engaging external expertise justified and are the costs realistic (if applicable)? Is the need for equipment purchases justified and are the costs realistic? Is the budget clear and realistic? Are the budget tables filled in without arithmetical mistakes?	6	III.1, III.2, III.3, III.4, IV, VI
5.2.	Project demonstrates value for money	Are sufficient and reasonable resources planned to ensure project implementation? Does project budget appear proportionate to the proposed work plan and the main outputs and results aimed to be achieved? Do total partners' budgets reflect real involvement (are balanced and realistic)?	6	II.4, III.1, VI.

5.3.	The State Aid rules are followed	Do planned project activities constitute state aid?	2	IX., X.
5.4.	The management structure shows sufficient potential to secure the sound content and financial management of the project application	Is management structure proportionate to the project size and needs? Are management procedures (such as reporting and evaluation procedures in the area of finance, project content, communication) clear, transparent, efficient and effective? Does project management include regular contact between project beneficiaries and ensures transfer of expertise across the partnership (internal communication within the partnership)?	4	II.12
5.5.	The Lead beneficiary /all beneficiaries have the management and other staff resources necessary to deliver the project	Does the Lead beneficiary demonstrate capacity to manage the EU co-financed projects or other international projects or can ensure adequate measures for management support? Is track record of experience in the EU funded projects or in delivering similar types of activities/projects provided?	4	XI.
5.6.	The project design is logical	Is there coherence between the problem to be addressed and the project activities/intended results? Are project activities consistent and concrete, clearly described and fully explained? Is distribution of tasks among beneficiaries appropriate (e.g. sharing of tasks is clear, logical, in line with beneficiary role in the project, etc.)? Is time plan realistic? Are activities, deliverables and outputs in a logical time-sequence?	4	I.4, II.4, II.7, IV, V., VI.
6.	**Communication**		**4**	
6.1.	Communication activities are appropriate and forceful to reach the relevant target groups and stakeholders	Do the communication objectives clearly link to the project specific objectives? Are the approach/tactics chosen appropriate to reach communication objectives? Are communication activities and deliverables appropriate to reach the relevant target groups and stakeholders?	4	I.3, II.7, II.10

3.7.3. Strategic impact assessment

After JS finalises quality assessment of eligible applications, the results are being submitted to the JMC members, which shall perform strategic impact assessment.

The strategic assessment of JMC can be done only towards the projects, which received at least 65 scores after quality assessment performed by JS.

During the assessment stage JMC members might give additionally maximum 5 scores for the applications which demonstrate the biggest added value for the Programme. Strategic impact assessment shall be performed according to the criterion presented in the table below.

During the JMC meeting the Ranking list, incorporating both quality assessment by JS and strategic impact assessment by JMC is prepared.

Strategic impact assessment shall be performed according to the criteria presented in table below, by answering each question (criterion) from a) till e). Answer "YES" to any question (criterion) means 1 (one) point, while answer "NO" means 0 (zero) points.

Table 18: Strategic impact assessment criterion

STRATEGIC IMPACT CRITERION (maximum score – 5) (performed by JMC during the meeting)				
7.	The project has a clear strategic impact for a cross-border region	a) does the project correspond to the guiding principles? b) does the project propose systematic solutions in order to achieve Programme objectives? c) does it demonstrate strong cross-border-character (result or output of the project benefits both sides of border)? d) does the project show economic impact (e.g. strengthening competitiveness), social impact (e.g. preservation of the cultural heritage, raising qualifications) on regional level? e) do the project activities contribute to solving the problems of the entire Programme area or its significant part?		

3.7.4. Specific guiding principles for each Investment priority

Besides the quality assessment criteria detailed above, additional specific guiding principles are set for the selection of the projects. Additional specific guiding principles will provide further information to the JMC on how the projects contribute to specific objectives of the Programme:

Table 19: Specific guiding principles for the selection of the projects

Priority axis	**Specific objective**	**Specific guiding principle**
1. Preserving and protecting the environment and promoting resource efficiency	1.1. To increase the sustainable use of natural and	operations that demonstrate potential to increase the number of tourists in the CP area through

	cultural heritage for tourism in the cross-border area	maintaining natural and cultural heritage or joint activities for tourists; operations that demonstrate good integration and synergy with other development investments made or planned in the area or close area of operations
2. Promoting sustainable and quality employment and supporting labour mobility	2.1. To promote business creation, development and cooperation through improved business support services	operations that contribute to the development of new or upgraded joint (or promoting cooperation) services for business and these services promotes creation of green jobs (as defined in the "Green Employment Initiative", COM(2014)446); operations that clearly identify the market needs and demonstrate how the developed or upgraded services meet the market needs
	2.2. To decrease unemployment through coordinated cross-border employment initiatives	operations that contribute to better employment opportunities for unemployed and persons seeking changes in career. A particular attention should be paid on operations targeted at youth or older people; operations that foresee strong involvement of local communities
3. Promoting social inclusion, combating poverty and any discrimination	3.1. To enhance the access to social and health care services for cross-border inhabitants thus combating social exclusion and poverty	operations implemented by NGOs will be prioritized
4. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	4.1. To increase cross-border cooperation of the institutions in order to develop more integrated and better quality public governance and public services in the CP area	operations that contribute to better local and regional governance and increased public services, and also demonstrate very strong potential to continue cross-border cooperation between authorities or service providers after operation completion will be prioritized. The selection of operations will involve an assessment of the degree to which the operations solve the main cooperation problems in the CP area.

3.7.5. Selection of applications for funding

As a result of the assessment of the 1st call for proposals, the summary report (Ranking list) shall be produced.

The Ranking list shall present the following information:

- the list of projects which have not passed the admissibility and eligibility check;
- the list of projects that have not reached the minimum required score during quality and strategic impact assessment, i.e. not recommended for funding;
- the list of projects which are eligible and have reached the minimum required score number i.e. is recommended for funding in the sequence of ranking (indicating those applications which cannot be funded because of limited funds available).

Applications in the Ranking list shall be ranked according to the final score attributed to each of it. The maximum score that a project can be given is **100 (max 95 scores** by JS and **additional 5 scores** can be given by JMC during the JMC meeting).

Decisions for funding shall be made by the **JMC in compliance with Rules of Procedure of the JMC,** basing on the final assessment results (Ranking list).

The applications which fail to score (after the quality and strategic assessments) at least **70 scores** out of **100 in total** should be not recommended for financing.

In case one institution planned to act as a lead beneficiary **in several projects** and assessment result in those projects will be above threshold score of 70, JMC should approve only one project, which received the highest final score.

Based on the information and motivated opinion, provided by the members, the JMC may take the decision to request the JS to carry out the additional eligibility check or quality assessment. JMC can also seek for additional applications' quality assessment by external experts.

The JMC must also decide on the eligible applications which are not decided to grant the funds because of limited funds available. It can be rejected or included to a reserve list of applications to be considered in the decision-making phase of the next call for proposals. The reserve list is valid for 6 (six) months.

As an outcome of the selection process the **final ranking list,** shall be prepared and approved by the JMC. The final ranking list shall contain list of:

- projects recommended for funding without/under several conditions;
- projects not recommended for funding after quality and strategic impact assessment;
- projects rejected as didn't fulfil requirements of admissibility and eligibility check.

The final ranking list shall fix the maximum eligible expenditure allowed for each eligible application. Final approved amounts shall be fixed in the finally approved AF and in the SC.

Information to the beneficiaries

The individual letter (grant letter or regret letter) informing the lead beneficiary on the decision of the JMC shall be sent within the 2 (two) weeks from the date of signing of the minutes of the JMC meeting in which the decision is taken (or within another deadline, if JMC decides so). It is the responsibility of the lead beneficiary to inform the other project beneficiaries about the outcome of the assessment.

The JMC may approve the project directly or under certain conditions. If the application is approved conditionally, the conditions shall be clearly indicated in the grant letter of the JS. The term for accepting the conditions and/or correcting the application shall be not more than 2 (two) months from the date the grant letter was send by JS to the lead beneficiary. The JS can suggest the JMC to prolong this term once,

if the lead beneficiary provides the justified reasons and submits to the JS its request on the term's extension in written.

The conditions set by the JMC must be fulfilled before signing the SC. The verification of the fulfilment of the conditions is carried out by the JS. During this process the *four eyes principle* should be observed. If during the verification some information which makes it impossible to verify positively or negatively on fulfilment of any of the conditions is missing, the JS shall have a right to consult the respective members of JMC.

After the verification is completed, the JS approves the fulfilment of conditions (so called the final approval of the AF) and prepares a detailed checklist which shall be distributed to the JMC members.

In case project fails to fulfil conditions set by the JMC within the deadline or conditions are not fulfilled properly the decision of JMC on project funding is automatically cancelled. The same approach shall apply in case lead beneficiary of the project refuses to sign SC or doesn't sign it within the set deadline.

In case of rejection of application, a decision has been made that the project is not suitable for the Programme. This does not though stop beneficiaries from submitting a new project application to the Programme in the future. Beneficiaries whose project has been rejected will have to go through the full application procedure for any future project submission, i.e. a new full AF can be developed.

3.8. Complaint Procedure

The term „complaint procedure“ to be understood – different from the term „appeal“ – as a procedure not to replace, but in the best case to avoid a later appeal (national court procedure).

This chapter defines the procedure for a complaint against funding decisions taken by Programme authorities, formal requirements of the assessment (see 3.8.1). The purpose of the procedure is to ensure effective examination of complaints.

Complaints during project implementation are not the subject of this complaint procedure because: 1) complaints against a decision of the MA during project implementation based on the subsidy contract concluded between the Managing Authority and the Lead Beneficiary should follow the rules laid down in the Subsidy contract and 2) complaints related to the FLC or AA (regarding irregularities or irregular expenditure detected during AA's audits) have to be lodged to the responsible national authority according to the applicable national rules (see 3.8.2).

Complaints regarding irregularities or irregular expenditure detected during AA's audits are not a part of the above mentioned complaint procedure. Beneficiary should follow national legal acts.

3.8.1. Complaint against funding decisions and formal requirements of the assessment

The applicants can complain about the decision of the JMC, for which the legal basis is Article 74 (3) of Regulation (EU) No 1303/2013.

Within 7 (seven) calendar days after communication of the JMC decision, the lead beneficiary has the right to submit a complaint, giving clear arguments.

The complaint can be submitted only against the following criteria:

a. the outcomes of the technical (admissibility and eligibility check) and/or quality assessment, including strategic assessment of the project application, based on the selection criteria approved by the JMC, do not correspond to the information provided by the lead beneficiary during the project assessment and selection process; and/or

b. the project assessment and selection process failed to comply with specific procedures laid down in the Programme Manual that materially affected or could have materially affected the decision.

Only the project's lead beneficiary as the one representing the project partnership affected by the funding decision is entitled to submit a complaint. Therefore, it is the task of the lead beneficiary to collect and bring forward the justification of the complaint from all project beneficiaries.

The complaint should include:

a) name and address of the lead beneficiary;
b) reference number of the application which is a subject of the complaint;
c) clearly indicated reasons for the complaint, including listing of all elements of the assessment which are being an issue for complaint and/or failures in adherence with procedures limited to the criteria mentioned above;
d) any supporting documents.

The relevant documentation shall be provided for the sole purpose of supporting the complaint and may not alter the quality or content of the assessed application. No other reasoning for the complaint than

indicated (i.e. clearly indicated reasons for the complaint, including listing of all elements of the assessment which are being an issue for complaint and/or failures in adherence with procedures limited to those criteria for lodging a complaint which are mentioned above) will be taken into account during the complaint procedure.

A complaint will be rejected without further examination if submitted after the set deadline or if the formal requirements are not observed.

The JS, in consultation with MA, examines the complaint and checks whether the complaint contains all necessary details (as mentioned above). The complaint will be examined on the basis of the information provided by the lead beneficiary in the complaint.

The JS shall provide the MA no later than 20 (twenty) calendar days after the receipt of the complaint with a copy of:

a. the complaint after the formal check by the JS;
b. the original AF and all supporting documents that were taken into consideration by the relevant bodies during the project assessment and selection process;
c. all documents related to the assessment of the application including checklists and the record of the JMC decision;
d. any other documents requested by the MA relevant to the complaint.

A meeting regarding examination of the complaint is assembled by the MA not sooner than 25 (twenty five) calendar days after the documents related to complaint are provided and no later than 40 (forty) calendar days after the complaint was submitted. The JS is invited to the meeting to present the position of the technical examination and to answer possible questions. The MA may decide to invite the lead beneficiary for a hearing. The representatives of the JS have the right to respond to the statement by the lead beneficiary. MA may request clarifications from both parties (lead beneficiary and JS).

Based on the findings of this assessment, the decision regarding approval or rejection of the complaint shall be proposed to the JMC. The final decision on the legitimacy of the complaint (if the complaint is justified or to be rejected) is taken by the JMC. The decision of the JMC is communicated by the JS in writing to the lead beneficiary.

The complaint procedure – from the receipt of the complaint to the communication of the JMC decision to the lead beneficiary should be resolved within maximum 50 (fifty) calendar days.

The decision of the JMC is final, binding to all parties and not subject of any further complaint proceedings within the Programme based on the same grounds.

3.8.2. Complaint against the results of FLC

Complaints regarding the results of FLC, if envisaged, are examined based on the national solutions of the Member State in which the beneficiary is seated.

Lithuanian beneficiaries may file objections regarding the results of verifications conducted by the FLC pursuant to provisions set in the service contract signed with the FLC.

Polish beneficiaries may file objections pursuant to Article 25 of the *Act on the rules for the implementation of the programmes of the Cohesion Policy financed under the financial perspective 2014-2020*.

IV. PROJECT IMPLEMENTATION AND REPORTING

4.1. Signing of the Subsidy Contract

The funds can be committed to the lead beneficiary only after the SC is signed. The contracting procedure starts right after the project fulfils conditions set while assessment and project receives the final approval.

The SC is signed by the duly authorized representatives of the MA and the lead beneficiary.

The finally approved application as well as PA shall be an integral part of the SC. The SC lays down the mutual tasks and obligations for both parties, the SC stipulates the rights and duties of the lead beneficiary as well as of the authorities involved in the implementation of the Programme. It also contains reference to the relevant EU and national legislation as well as other rules and requirements that the project has to comply with. The main aim of the SC is to guarantee the project's compliance with the Programme. The model SC will be provided on the Programme website.

Main provisions of the SC:

- describes project budget;
- describes project duration;
- defines the reporting and payment requirements (e.g. procedures, frequency and deadlines);
- identifies the obligations of the Parties (e.g. terms for amendment or termination of Subsidy Contract, sustainability requirements).

The SC shall be signed within **one month** following the final approval of the Project in two originals: one original for the MA, another one for the lead beneficiary.

Before preparation of the draft SC, the JS will ask the lead beneficiary to specify the project start date (this might be done when sending grant letter to the lead beneficiary). The JS shall prepare the draft of SC after the information needed will be received from the lead beneficiary and send the draft to MA by e-mail for pre-approval. After receiving MA opinion on the SC draft the JTS shall send it to the lead beneficiary for signature, indicating the date when the latest it shall be sent back. After receiving signed SC, the JS shall send it to the MA for signing. One original of the SC when signed and registered by the MA shall be sent back to the lead beneficiary via the JS.

4.2. Starting the project implementation

Through organised events, provided information, prepared documents the Programme seeks to support project implementation.

To each finally approved project there will be assigned Project Manager and Financial Manager from the JS side, these managers shall be the first point of contact while communicating project related issues. Information to the lead beneficiary shall be sent as soon as those persons are assigned.

Project beneficiaries will be requested to indicate the project contact persons.

Project start date, together with the reporting schedule is indicated within the SC. It is recommended that immediately after the signed SC is received, lead beneficiary makes certified copies of SC for each project beneficiary.

Soon after the process of contracting, the trainings for beneficiaries will be organised by the JS/RCPs in order to present requirements of the Programme for the proper management of the projects (monitoring and reporting procedures, communication requirements, eligibility of expenditure, FLC and payments). Information will be disseminated via email directly to the indicated contact persons on projects side.

4.3. Reporting and payment procedure

The project funding is based on a principle of expenditure compensation. That means that expenditure needed to implement project activities have to be incurred and paid by beneficiary first and then claimed for compensation from the Programme. It should be kept in mind that 85 percent of eligible project expenditure shall be subject to compensation (see paragraph 1.5). Compensation of payments can only be made for eligible expenditures i.e. those meeting the eligibility requirements (see paragraph 3.4 and Annex 2), indicated in the finally approved AF, supported with all the necessary documents justifying the expenditure and proving the payment made.

The application for compensation of expenditure is made by submitting the project reports (progress reports (hereinafter – PR, for the form see Annex 6: Progress report – model form) and consolidated progress reports (hereinafter – CPR, for the form see Annex 7: Consolidated progress report – model form)) together with the appropriate annexes, including the *Declaration of validation of beneficiary expenditure* (see Annex 8: Declaration of validation of beneficiary expenditure – model form) issued by the first level controllers.

The reports have to be submitted in English by filling the reporting forms according to the guidelines which will be included into reporting forms and announced on Programme website.

The validation of project activities and expenditure by the first level control is carried out on beneficiary's level in respect of each project.

4.3.1. First level control

The FLC is a system for validation of project activities and expenditure incurred and paid by every project beneficiary before that expenditure can be declared in the CPR. The FLC is carried out by a designated Controller. Expenditure not validated by the FLC cannot be reimbursed by the Programme. Each project beneficiary is responsible for validation of its expenditure. In case the report is submitted for the time period when no expenditure have been incurred and paid out, it is not needed for the PR to be validated by the FLC.

FLCs of the project beneficiaries must be chosen according to the provision set by the country where the beneficiaries are located and must perform their controls on the basis of the FLC system established in that country. It shall be taken into account that depending on the FLC system set up in the country expenditure related to the FLC can be eligible for funding. In this case it is necessary to include this expenditure into the Project budget already at the stage of applying for financing.

FLC verifications include the following procedures:

- Administrative verifications in respect of each progress report by beneficiaries;
- On-the-spot controls of operations, carried out on a sample basis. The frequency and coverage of the on-the-spot controls shall be proportionate to the amount of public support to an operation and to the level of risk identified by such verifications and audits by the AA for the management and control system as a whole.

By validation the Controller shall declare that:

- the activities in the beneficiary's progress report have been actually implemented;
- the goods, services and works have been actually delivered;
- the documents justifying the expenditure incurred and proving that amounts related are paid out by beneficiary are existing and checked by the controller;

- the expenditure declared in the beneficiary's PR are eligible for funding as required by the Programme, this Manual and national rules, if such have been established.

The beneficiaries are responsible to provide the FLC with the requested documents and explanations at any time on the verification process within the deadlines defined by the FLC.

The beneficiaries are also obliged to implement the recommendations issued by the FLC as a result of the on-the-spot controls.

It is necessary to inform the FLC on any results of the previous verifications carried out by other control bodies that concerned project implementation and that may affect the work of the FLC, including the control results with regard to public procurement.

In the Republic of Poland:

The FLC system in Poland is **centralised**.
For Polish beneficiaries institutions responsible for conducting the FLC are National Controllers - Voivodes of Podlaskie and Warmińsko-Mazurskie Voivodeships. Polish beneficiaries do not incur the cost of the FLC.

Contacts:

Voivodeship Office of the Podlaskie Voivodeship Office of European Territorial Cooperation Ul. Mickiewicza 3, 15-213 Białystok, Poland	Voivodeship Office of the Warminsko-Mazurskie Voivodeship Department of Infrastructure, Geodesy and Agriculture Al. M. Piłsudskiego 7/9, 10-575 Olsztyn, Poland

The FLCs are obliged to follow the NA prepared guidelines "*Wytyczne dla Krajowego Kontrolera w programach Europejskiej Współpracy Terytorialnej 2014-2020*", the document can be found on the NA website (http://www.ewt.gov.pl/strony/o-programach/dokumenty/wytyczne-dla-krajowego-kontrolera-w-programach-europejskiej-wspolpracy-terytorialnej-2014-2020/).

In the Republic of Lithuania:

The FLC system in Lithuania is **decentralized**.

The decentralised system of the FLC has been chosen in the Republic of Lithuania. Each Lithuanian beneficiary should choose the FLC institution through the public procurement procedure (minimal requirements for procurement of the FLC services, terms of reference for the public procurement the FLC services, model of the FLC contract, report and checklist for the FLC can be found in *LT Implementing Rules* (on MA website) and the cost of conducting the FLC should be covered from the project budget, as this expenditure of Lithuanian project beneficiaries should have been foreseen in the project budget of the approved AF. Lithuanian beneficiaries should take into account that contract with the chosen FLC can be signed only after controller will be accepted by the Ministry of the Interior of the Republic of Lithuania (MoI) and only after the Designation certificate is issued by the MoI. Requirements for documents to be submitted to the MoI for acceptance of the FLC are available in *LT Implementing Rules* (on MA website).

Contacts:

Regional Policy department of the Ministry of the Interior of the Republic of Lithuania **Address:** Šventaragio st. 2, LT-01510 Vilnius **Telephone:** +370 5 271 7074 **Fax:** +370 5 271 8782 **E-mail:** vilnius.rpd.rastine@vrm.lt

In case of the approval the selected FLC, the project beneficiary from Lithuania shall inform the project lead beneficiary. If the proposed FLC is rejected, the respective project beneficiary from Lithuania has to select a new FLC and start the approbation procedure again. The FLC could be changed only in justified cases and the above mentioned approbation procedure shall be followed again.
The lead beneficiary of the project will be requested to attach to the first CPR the designation certificates of all project beneficiaries from Lithuania.
All Lithuanian beneficiaries and the FLCs are obliged to follow the requirements set by the MA which are a part of the Implementation rules.

4.3.2. Reporting frequency

During the project implementation all projects report on their progress regularly. The reporting covers both the project activities and the financial progress of implementation.

The reporting periods and deadlines for submitting CPR to the JS are automatically set due to the start date of the project. Reporting frequency for all projects is optional and is based on **3 (three) months reporting period bases**. The reporting schedule is an annex to the SC.

4.3.3. Use of euro and exchange rate

All expenditure reported in the project reports must be denominated in euro. Project expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the EC in the month during which that expenditure was submitted for verification to the Controller (article 28 (b) of the ETC Regulation).

Any exchange risk and loss has to be borne by the project beneficiaries.

4.3.4. Reporting levels

- ✓ ***Reporting on the beneficiary level***

Validation at the beneficiary level is carried out by the FLC (National Controller) of each beneficiary separately in respect of activities and expenditure of that beneficiary.

Within **10 (ten) calendar days after the end** of the relevant reporting period each beneficiary (including the lead beneficiary) prepare PR and sends all required supporting documents to its FLC, leaving enough time for FLC to carry out verification.

The beneficiaries are obliged to prepare necessary documentation to be ready at the day of submission of the PR to the FLC. It will allow to provide the FLC with the documents requested by the FLC immediately.

The beneficiaries should cooperate closely with their FLC during the reporting process. As a general rule, in case of clarifications/questions raised by the FLC, the beneficiaries should be able to provide answer no later than on the date specified by the FLC.

The deadlines for providing the progress report, documents and answers to the clarifications/ questions of the FLC by the beneficiaries (including the lead beneficiary) shall be set in the Partnership Agreements.

The FLC shall fill in appropriate part of the progress report, and, using the approved form, issue the *Declaration of validation of beneficiary expenditure*.

Within 60 (sixty) calendar days (starting from receiving appropriate documents) the FLC verifies the expenditure based on supporting documents. The FLC can clarify any issues and deduct (not to certify) any expenditure that is considered ineligible or irregular.

As a general rule, only expenditure incurred during the relevant reporting period can be included into the PR. The indicator can be reported as achieved only when delivered and fully paid.

If the beneficiary does not deliver necessary explanations and additional documents requested by the FLC in the timeframe set by the FLC, such expenditure will be deemed ineligible or irregular in the given reporting period and the FLC will finalize its work and certify only those expenditure which were not questioned. In such cases the expenditure which is deemed ineligible or irregular in given reporting period but the FLC did not finalize its work shall be described separately in the *Declaration of validation of beneficiary expenditure* of the relevant reporting period and the final decision regarding such expenditure must be done during the verification of the following reporting period (expenditure can be shifted only to the next reporting period).

The FLC confirms eligible expenditure in a form of the *Declaration of validation of beneficiary expenditure*.

Complaints regarding the results of FLC, if envisaged, are examined based on the national solutions of the Member State in which the beneficiary is seated.

Beneficiaries may file objections regarding the results of verifications under Article 23 of the ETC Regulation 1299/2013; Polish beneficiaries may in such case file objections pursuant to Article 25 of the Act on the rules for the implementation of the programmes of the Cohesion Policy financed under the financial perspective 2014-2020.

The FLC shall check as well if the project generates net revenue:

- If the project has foreseen net revenue generating activities in the application form, but the factually generated net revenue is exceeding the national co-financing (15%) needed for the implementation of this activity, the net revenue amount by which the co-financing is exceeded should be deducted from the eligible project costs;
- If the project generates net revenue which wasn't foreseen during application procedures, such net revenues shall be deducted from the eligible project costs.

Each project beneficiary is responsible for the prior validation of its expenditure by the FLC and submitting to the lead beneficiary in due time agreed in the Partnership agreement:

- approved and signed by the FLC progress report;
- *the Declaration of validation of beneficiary* expenditure issued by the FLC;

- required supporting documents.

Figure 2: Reporting on the beneficiary level

✓ ***Reporting on the project level***

The lead beneficiary as being responsible for project implementation has to submit the CPR on behalf of all the partnership. That means the information on the whole project activities implemented by every beneficiary and expenditure incurred by all beneficiaries in this particular reporting period have to be consolidated into one report. The lead beneficiary shall use the verified by the FLC PRs provided by other project beneficiaries for preparation of the CPR and within 5 (five) calendar days submit it to JS together with all required supporting documents. The detailed arrangements between the beneficiaries as for preparation of progress reports have to be provided in the PA.

The lead beneficiary should make sure that costs and activities reported in the CPR are relevant, belong to the project and are validated by the FLC of the appropriate beneficiary. **The CPR should be submitted to JS not later than 75 (seventy five) calendar days after the reporting period was finished.**

Please note that project preparation costs could be included only in the first PR and respectively in the first CPR and cannot be claimed in the following Progress / Consolidated progress reports.

Figure 3: Reporting on the project level

Table 20: Time frame of the reporting

Step	Time for activity	Activity	Preparing institution
1	10 (ten) calendar days	Preparing PR of the beneficiary and submitting it to the FLC of a Project beneficiary / lead beneficiary	Project beneficiary / lead beneficiary
2	60 (sixty) calendar days	Checking of the PR; Issuing Declaration of validation of beneficiary expenditures	FLC of the project beneficiary/ of the lead beneficiary
3	5 (five) calendar days	Preparing CPR and submitting it to the JS	Lead beneficiary

Attention: In duly justified cases the lead beneficiary can ask the MA via the JS for postponement of the deadline for submission of a CPR submitting to the JS a reasoned request in written for postponement not later than 2 (two) weeks before the actual deadline for submission of the given CPR. In case the request appears, MA will reply in written via the JS within 5 (five) calendar days from receiving it, setting up the new deadline for submitting the given CPR.

The JS is responsible for formal check of the CPR, it verifies if submitted documents are complete and checks the validity of the *Declarations of validation of project expenditure*. If there are some shortcomings or missing documents, the JS requests to provide clarifications / corrections / missing documents (the deadline for providing the answer to the JS shall be 14 (fourteen) calendar days from the date when the fax with information was sent to the lead beneficiary). After the JS confirms that the CPR is complete and the *Declaration of validation of beneficiaries' expenditure* are valid and sends the approved reports and the payment request to the MA.

In case the JS has doubts regarding some expenditure or activities, sends a letter to the lead beneficiary asking the appropriate FLC to verify one more time given expenditure. If appropriate FLC confirms eligibility of given expenditure, the JS will confirm that the CPR is complete and *Declarations of validation of beneficiary expenditure* are valid and shall send the approved report and the payment request to the MA.

If appropriate FLC does not confirm eligibility of given expenditure, PR should be corrected, the new, corrected Declaration should be issued. New versions of PR and CPR should be sent to the JS. Afterwards the JS confirms that the CPR is complete and *Declarations of validation of beneficiaries' expenditure* are valid and shall send the approved CPR and the payment request to the MA.

After confirmation of corrected PR (reduced of inappropriate expenditure), the FLC simultaneously informs the beneficiary that he may file objections regarding the results of verifications. The complaint procedure described in the sub-paragraph 3.8.2 will take place. If in the result of this procedure the expenditures turn out to be eligible, the beneficiary can include it in the next PR.

The JS undertakes to evaluate the CPRs in 30 (thirty) calendar days from the day of receiving the full set of the originals of the CPRs or the documents with corrections and clarifications from the lead beneficiary. It should be noted that in case a CPR for the next reporting period is submitted, it is not assessed until the CPR for the previous reporting period is approved.

The MA undertakes to approve the CPRs in 10 (ten) working days from the day of receiving the information about CPRs approval from the JS.

MA approves CPR and within 10 (ten) working days issues the payment of the ERDF funding amount to the lead beneficiary. Afterwards the lead beneficiary distributes appropriate amounts between the project's beneficiary's respect the deadline specified in Partnership Agreement and inform JS about it.

Please note that the beneficiary should receive the total amount of eligible public expenditure due in full and no later than 90 (ninety) calendar days from the date of submission of the CPR to the JS, however, in case the clarifications or correction are needed or documents are missing this period is put on hold until the proper documents are submitted to JS for assessment.

IMPORTANT:

It should be noted that during all stages of checks, the project can be approached with requests to clarify or provide additional information. The deadlines for processing the project reports are put on hold for the period of time when the project provides its answer. Therefore it is in the best interest of the project to submit correct and complete reports and to reply to questions within the set deadlines.

Figure 4: Scheme of the reporting

4.4. Modification procedure

Beneficiaries should keep in mind that any modifications to the project scope and to the partnership should be avoided. Also the budget planned in the approved AF should be implemented as precisely as possible. However, it is possible to implement certain modifications, if they are duly justified.

General rules regarding modifications in the projects:

1. Essence of the project cannot be changed;
2. There can be no negative effect on the project results;
3. Once the requested modification has been approved, the reverse case shall not be accepted;
4. Modifications can be done only in well justified cases;
5. Modifications related to activities or the budget could be done not more often than once in half a year, therefore the need for modification shall be carefully examined before introduction of the request (i.e. project beneficiary shall try to anticipate modifications in their parts of the project and shall introduce them together in one request).
6. Project modifications which require prior or formal approval should enter into force from the date of the decision or approval. No costs requiring prior or formal approval can be incurred before the decision has been made.
7. Project can submit the last possible request not later than 2 months before the end date of the project.
8. Decisions regarding different project implementation issues are taken only on the basis of officially submitted full package of documents and following requirements and procedures set in the Programme (requests for modifications submitted by email contain opinions which are not binding as not all the information/documents might be presented to the JS. Decisions regarding different project implementation issues are taken only on the basis of officially submitted documents and following requirements and procedures set in the Programme).
9. After the agreement to the SC is signed and new budget is applied, all further requests for modification should be based on the newly approved budget.

Modifications are divided into two types:

- Not requiring amendment of the SC;
- Requiring amendment of the SC (formal modification procedure required).

4.4.1. Modifications not requiring amendment of the SC

Project modifications not requiring amendment of the SC are divided into the following groups:

I. Information only, prior approval of JS/MA not needed:

a) budget reallocations inside the budget categories are made not requiring prior approval. In case there is an overspending between the budget lines of the same beneficiary within one the same budget category and there are no changes in the allocations for the territories, justified description of the change indicating from which budget lines the overspending is being covered should be described in the appropriate CPR. The following budget lines should not be overspent: Staff costs, all lump sums and flat rates. Changes within the same budget category should be agreed between project beneficiaries in the PA.

b) minor adjustment of the project activities which do not have an impact to the overall implementation of the project activities (e.g. deviation from the initial plans by 2-3 months, but not influencing end date of the project, taking into account that last three

months are dedicated to Closure activity (meaning that implementation of other project activities shall not overlap with implementation of the Closure activity) and achievement of project indicators could be done without a formal procedure and could be described while reporting (described in the appropriate CPR).

c) modifications of the technical character that don't have an impact to the content of the project (bank data change, change of the beneficiary name, legal status, change of contact person, etc.) are made based on the need. The JS should be informed officially about these types of modifications as soon as possible after they were introduced.

In case of modifications described in the **part I** of this chapter lead beneficiary has to provide information ether in the respective CPR (a and b) or inform JS officially (scanned/faxed, via DEP) immediately after respective modification was introduced (c). It is expected that lead beneficiary shall inform JS within time period of 14 (fourteen) calendar days after modification of technical character came into force.

II. Modifications under flexibility rule, requiring prior approval of JS:

d) budget reallocations between budget categories after which the accumulative amount reallocated (together with prior reallocations) wouldn't exceed the limit of 20% of the total budget category as approved by the JMC;

e) prolongation of activities other than Closure activity, not changing the total project duration (not covered by (b)). In case the prolongation is needed for approved project to finalise activities other than Closure and the total project duration shall not be changed, no prolongation of project implementation period is made in such case.

f) Budget reallocation changing the budget lines of the approved project budget when existent budget lines are divided (a new budget line/sub-line appears), merged (an existent budget line/sub-line vanishes) or the same budget line is shifted from one category to another not changing the approved total project budget;

g) Correction of budget lines descriptions/unit rates/units not changing the approved total project budget.

The project total budget cannot be exceeded in any cases. The increases should be cumulative on project level. The flexibility rule should not be used to reallocate the funds between beneficiaries.

Flexibility rule should not apply to all budget lines. The following budget lines should not be overspent using the flexibility rule: Staff costs, all lump sums and flat rates. Using of the flexibility rule should be agreed in details between beneficiaries in the PA.

Procedure for handling modifications not requiring amendment of the SC

In case of modifications not requiring amendment of the SC, but requiring prior approval of the JS, as described in the **part II** of this chapter, the lead beneficiary has to submit to JS the Request for modification accompanied with relevant annexes. Such modification, if approved, comes into force (expenditure/activity is eligible) after its approval by the JS.

There are following steps for handling of modifications (d, e, f, g):

1. At least 14 (fourteen) calendar days before the date on which modification should come into force, the lead beneficiary has to send the JS scanned/faxed, via DEP the following documents (original documents are not obligatory):

    a) signed, stamped, dated and agreed with other beneficiaries Request for modifications form (Annex 9),

b) signed Budget reallocation table (available at the Programme website), if relevant,
c) signed updated Project detailed budget, if relevant,
d) signed updated Action plan, if relevant,
e) other documents, needed for the justification of modification, if relevant
f) updated Partnership Agreement, if applicable;

2. The JS will check the request. Only when all relevant documents will be received the request will be proceed for the decision. In case some documents, clarifications or corrections are needed, JS shall address lead beneficiary officially (fax, via DEP or post).
3. Decision of the JS shall be taken within 7 (seven) calendar days after appropriate request for modifications, including additional clarifications and/or documents are received.
4. The JS will inform lead beneficiary on the decision via an official letter.

4.4.2. Modifications requiring amendment of the SC (formal modification procedure required)

I. Modifications demanding prior approval of the MA

Decisions regarding any modifications beyond the scope of the budget reallocations inside the category, flexibility rule, minor adjustments and modifications of the technical character require amendment of the SC taken by the MA:

- change of the beneficiary;
- prolongation of the project implementation period not exceeding the Programme deadline (except case described in II (e));
- budget reallocation between the expenditure categories after which the accumulative amount reallocated (together with prior reallocations) would exceed the limit of 20% of the total budget category as approved by the JMC;
- budget reallocation between beneficiaries;
- budget reallocation between Programme and out of Programme areas – regardless the percentage of the reallocation between the expenditure category.

II. Modifications demanding prior approval of the JMC

The prior approval of the JMC is required for the following modifications in the projects:

- Change of the lead beneficiary; Changing the approved project budget if modifications influence the total value of the project.

Procedure for handling modifications requiring amendment of the SC (formal modification procedure required)

Modifications are handled according to the following procedure:

1. The lead beneficiary shall address the JS with a written request (using Request for modification form – Annex 9) **not later than 1 (one) month before the date on which the amendment of the project should enter into force.**
2. The signed, stamped, dated and agreed between other project partners Request for modification form should be accompanied with the following documents:
   a) signed updated Budget reallocation table, if relevant;
   b) updated declarations of partners in case of budget reallocation between project partners;
   c) certified detailed project budget, if relevant;
   d) signed each page of updated Action plan, if relevant;
   e) additional relevant documents;

   If request is submitted by fax or scanned, **original should be also sent by post.**
3. The JS will check if the Request for modification form is filled in correctly and supported by all the necessary details and required documents. In case any additional information or documentation is needed the lead beneficiary will be requested to deliver it. **Only when all relevant documents are received the request will be proceeded for the MA approval/JMC decision.**

ATTENTION:

- All modifications have to be based on reliable information collected from beneficiaries, agreed by all beneficiaries involved (the JS may request additional proof that all the beneficiaries have no objections to the modifications being introduced) and must result from the project activities to be implemented. Request submitted by the lead beneficiary should be signed by all beneficiaries.
- All modifications could be done only during the project implementation (after the end date indicated in the SC no modifications could be done).
- In case of budget reallocation new version of certified detailed project budget should be submitted.
- The last possible request for modifications can be submitted not later <u>than 2 months</u> before the end date of the project.
- In case of the reallocation between beneficiaries new declarations should be submitted.
- In case of modification in action plan new version of the action plan should be submitted.
- If change is related to use of savings made during the implementation, and expenditure, through which savings appeared is not yet the reported, beneficiaries must submit supporting documents confirming the amount of savings (i.e. contract for works, official results of the tender, etc.).

4.5. Irregularities and recoveries

The term "irregularity" following Article 2 (36) of the Regulation (EU) No 1303/2013 means any breach of Union law, or of national law relating to its application, resulting from an act or omission by an economic operator involved in the implementation of the European Structural and Investment Funds, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.

The above-mentioned irregularity occurs due to the action or failure to act of the beneficiaries, and has or might have a negative influence on the general budget of the European Community.

Expenditure that does not comply with the EU or national rules is irregular (an 'irregularity') or ineligible and cannot therefore be declared to the EC as expenditure that qualifies for EU support. But if the above-mentioned expenditure is detected by the FLC during their validation procedure, or by the MA/CA/JS during the monitoring, clarification and certification procedure, it does not result in reduction of the value of the Subsidy Contract, because it will be deducted from the payment of the respective progress report and will not be declared to the EC.

In the event of irregularities the procedures listed in Article 27(2-3) of ETC Regulation and Articles 122 (2), 132 (2) and 143 (1-4) of the Common provisions Regulation as well as relevant national rules will be applied.

4.5.1. Irregularity administration procedure

The irregularities can be detected on the basis of any information available by: beneficiary, lead beneficiary in respect on the own or other beneficiary expenditure, the FLC, the JS, the MA/CA, the NA, the AA and other EU or national control bodies authorised to carry out controls.

The following cases can be recognized as irregularities in the projects (this is not the complete list):

- providing of false information in the application for funding or progress reports;
- not providing the necessary documents;
- not observing the requirements of project durability and ownership;
- not observing the public procurement requirements or procurement rules;
- infringements of other SC provisions or provisions of EU or national legal acts which have
- caused or may cause that irregular expenditure is incurred;
- failure to reach project outputs and results according to the SC.

The irregularity detection procedure on project level is performed:

- in Lithuania – according to the procedure defined in *LT Implementing Rules;*
- in Poland – irregularity is detected by the FLC.

The decisions on further actions on irregularities (not depending on the country where they were detected) are taken by the JMC. If irregularity was committed by PL beneficiary, the proposal for the JMC decision on further actions related to irregularity is prepared in consultation with NA.

In cases when irregularity was detected "Notification on the detected irregularity form" (hereinafter – Notification) (Annex 10) should be filled by institution which has detected the irregularity and sent to the JS. Notification should be submitted through Programme data exchange platform (hereinafter – DEP) or in case authority has no user rights, Notification shall be submitted to JS by email and JS will put information into the DEP.

MA is responsible to prepare and submit the quarterly information / quarterly reports to the EC about detected irregularities or absence of irregularities during the reporting period in Lithuania. In Poland the Organisational unit in the Polish Ministry of Finance, competent within the scope of informing the EC about irregularities in the use of the Structural Funds and the Cohesion Fund is responsible to submit the quarterly reports or information about absence of irregularities to the EC. Information about irregularities on Polish side should be also sent to MA.

4.5.2. Recovery procedure

MA recovery procedures shall perform following the requirements set in Resolution of the Government of the Republic of Lithuania No 590 of 30 May 2005 (amendment No. 1459 of 23 December 2014) on the Rules on Recovery of Financial Support and Co-financing to the State Budget of the Republic of Lithuania (hereinafter – Rules on Recovery).

There are three ways of recovery suggested by the Rules on Recovery:

1. Recovery of irregular expenditure by transferring funds to the account of MA.
2. Deducting irregular expenditure from the declared amount in the respective CPRs if the final payment for the project was not made.
3. Another decision could be taken following the provisions set in other legal acts.

In case JMC decision related to the detected irregularity is taken, MA shall issue the decision on recovery of funds related to irregular expenditures. After MA shall take a decision on recovery of expenditures, recovery process shall be initiated.
The lead beneficiary shall be informed about this decision in a period of 3 (three) working days by sending a copy of the decision on recovery via e-mail and original copy to the lead beneficiary address indicated in the SC. Copy of information shall be sent to JS.

The basic provision of the procedure for recovery of irregular expenditure for Lithuanian and Polish beneficiaries will be established in the SC. Basing on them, the MA shall ask the lead beneficiary to recover the unduly paid amounts. The lead beneficiary basing on PA shall request the repayment of the relevant amount from the beneficiary, committed irregularity.

Following the provisions set in the article 27 point 3 of ETC Regulation if the lead beneficiary does not succeed in securing repayment from other beneficiaries or if the MA does not succeed in securing repayment from the lead or sole beneficiary, the Member State or third country on whose territory the beneficiary concerned is located shall reimburse the MA any amounts unduly paid to that beneficiary. The MA shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating Member States as laid down in the cooperation programme.

4.6. Project information and publicity requirements

The information and publicity requirements are set in the Article 115 of the Common Provisions Regulation. Detailed rules concerning the information and communication measures for the public and information measures for beneficiaries are laid down in the Annex XII of the Common Provisions Regulation.

Communication is one of the project's prerequisite activities, therefore beforehand actual implementation of the project, the beneficiaries shall plan resources (both financial and human), measures and results to be achieved.

The main objectives of the publicity requirements on the project level are the following:

a) To inform the society about the project results and benefits;
b) To highlight contribution of the European Union;
c) To ensure transparent use and assimilation of the European Union funds.

In this relation each beneficiary must plan the publicity measures which shall be conducted during the implementation of the project in relation to its contribution to project activities. Communication is a common responsibility of all project beneficiaries to ensure that the project outcomes will be presented to the public. The ways of doing this may vary depending on the project's target groups and nature of the project, however it must be admitted, that all projects are obliged to disseminate information about the project.

4.6.1. Minimum publicity requirements

Depending on the nature of the project activities and expenditure incurred each beneficiary shall implement the following minimum publicity requirements:

- All information and communication measures of the project shall display the EU flag together with the inscriptions "European Union" and "European Regional Development Fund" (exception: when space is limited the reference to the ERDF can be left out, see detailed guidance in the "Use of the logos and references").
- All project beneficiary organisations having a website must publish there at least short project description including the project's aims and results and highlighting the received EU funding.
- All project beneficiary organisations must display in their premises at least one information poster (minimum size A3) informing about the project and the EU contribution. The poster shall be displayed in the publicly visible place such as an entrance area of the building.

For the projects that fulfil the following criteria:
a) the total ERDF support exceeds 500 000 Eur;
b) the project consists of the purchase of physical object or of the financing of infrastructure or of constructions operations.

at the site of an infrastructure investment carried out within a project, a temporary billboard of significant size has to be put up during the implementation of the infrastructure investment at the site of the operation.

Not later than 3 (three) months after completion of the project, the billboard has to be replaced by a permanent explanatory plaque. Both the billboard and the plaque have to carry the described references to the EU and to the Interreg Lithuania-Poland 2014-2020 Programme. The plaque or the billboard shall state the title and the main objective of the project. It shall be prepared in accordance with the technical characteristics adopted by the EC in accordance with the Article 115(4) of the Common Provisions Regulation.

Besides the mentioned obligatory publicity and information measures, each project shall ensure proper delivery and maintenance of the publicity outcomes:

a) Inform the JS in advance about the upcoming events of the project at least 2 (two) weeks before the event;
b) Display the EU flag in the venue of the trainings, seminars, fairs, exhibitions and others events, which are part of and co-financed within the project. On all materials and presentations related to the event the references must be displayed as instructed above;
c) Collect the evidence of the promotional activities (copies of publications, photos of events, promotional tools, copies of the press releases with the list of recipient, etc.);
d) Label the purchased within the project equipment with stickers with the EU flag with the reference to the "European Union" and the Programme logo. This is to facilitate identification of the equipment purchased with project funding. As there are different needs for the stickers (size, material, etc.) the stickers shall be produced by the project;
e) Submit a copy of any publicity or information material together with the Progress/Final reports;
f) Keep at least 1 (one) set of the produced information material at the lead beneficiary/beneficiaries institution for audit purposes.

All publicity outputs shall be listed in the table of the indicators. Additionally, the public availability of results is to be guaranteed also after project closure for at least 5 (five) years. The basic project information (aims, beneficiaries, amount of funding and its source, description of activities) and description of the main results shall be found on the beneficiaries website's (both on the project website if such was elaborated during the project implementation or on the Lead beneficiary website) even after the project closure.

4.6.2. Use of the logos and references

Visual identification of the Programme is supported though the unified branding of the cross border Programmes overall the Europe. For the implementation of the Programme a unified branding is developed by the INTERACT Programme.

Figure 5: Programme logo

Different chromatic versions as well as versions with inscriptions “European Union” and “European Regional Development Fund” in national languages (Lithuanian and Polish) are available on the Programme website www.lietuva-polska.eu. Please note, that all linguistic versions are equal and might be used according to the needs.

In case of small gadgets such as pens with limited space for logos and inscriptions, the following references shall be used:

- The flag of the EU with the textual reference "European Union";
- Programme logo.

Figure 6: simplified version of the Programme logo

If there are other logos displayed in addition to the EU emblem, the EU emblem shall be at least the same size as the biggest of other logos, measured in height or width. The placement of the above mentioned references is to be well visible but can otherwise be freely decided.

It is also necessary to indicate in all media communications a reference to the contribution of the ERDF. The EU logo should be at least the same size as the other logos being used (Programme, beneficiary institution or project logo). The Programme and the EU emblem can be found and downloaded from the Programme website.

The detailed rules on the design, size and content of the publicity measures are set by the JS and can be found on Programme website. It should be noted that in case the publicity and information requirements are not observed or partly observed, the related outcomes, e.g. publications, events, etc., can be considered as non-eligible for ERDF co-financing.

Implementing of the publicity measures is a prerequisite of the funding of the project. The related expenditures are eligible for funding from the grant. It shall be checked by the FLC as referred to in the paragraph 4.3.1.

4.6.3. List of projects

Project beneficiaries shall be aware that acceptance of project funding by the ERDF constitutes an acceptance of their inclusion in the list of projects published in accordance with article 115(2). The required information shall be taken from the AF, however in case some information would be missing, the beneficiaries shall provide it to the Programme bodies.

Following the Regulation on the Programme’s website the following information shall be presented:

- project title;
- project summary in English, Polish and Lithuanian;
- project start date;

- project end date (expected date for physical completion or full implementation of the operation);
- total eligible expenditure allocated to the project;
- Union co-financing rate, as per priority axis;
- project location postcode; or other appropriate location indicator;
- country;
- name of category of intervention for the operation in accordance with point (b) (vi) of the first subparagraph of Article 96(2);
- date of last update of the list of operations.

As it is stated in the Regulation, the list of operations on the website shall be updated at least every 6 (six) months.

4.7. Project closure

At this phase the project content activities should be completed and all outputs delivered. The partnership takes care of the final administrative provisions before the funding is over. Factors connected to project closure, work contracts ending and especially the collection of all relevant information for the final report should be planned for.

The Final progress report has to be submitted in accordance with the requirements set in the SC. The last progress report shall demonstrate that all project outputs and results are achieved. Not achieving the expected outputs and results and not ensuring the durability of project results may lead to ineligibility of all or a part of project expenditures.

More information on closure and final reporting can be found in chapter 4.3 Reporting and payment procedure.

4.8. Durability and ownership of the project outputs

The project lifecycle formally ends with the closing date of the project, however the project outputs and results are intended to continue producing value, e.g. being used or enjoyed by the community.

Certain responsibilities of the project beneficiaries do not stop with the finalisation of a project but they also continue after the project closure. In particular, project beneficiaries should be familiar with the specific requirements regarding ownership modifications, record keeping after completion of projects and revenue generating.

The ownership of the outputs having the character of investments in infrastructure and productive investments, produced during the project implementation must remain with the lead beneficiary or all beneficiaries for at least 5 (five) years after the final payment to the lead beneficiary (article 71 of the Common provisions regulation). Any substantial modification of the project or of the outputs within 5 (five) years after the final payment to the lead beneficiary must be avoided. In this regards, the projects must avoid:

- a cessation or relocation of a productive output outside the Programme area;
- a change in ownership of the investment or productive investment giving to a firm or a public body an undue advantage;
- a substantial change affecting the nature of the investment or productive investment which would result in the undermining of its original objective.

These conditions only apply to the outputs that have a character of investment in infrastructure or productive investments.

Outputs such as training material, etc. are not affected by the requirements of the retention of ownership. Projects producing such outputs should make their outputs available under a public licence. This means that external organisations should be able to use, modify or disseminate the project outputs. However, it must be ensured that all modified and extended versions of the tools/training/etc. are free of charge.

Should any of the above conditions not be met by any of the beneficiaries, the MA/JS must be informed without any delay. This might imply recovery of the funds unduly paid.

The JS is responsible for collecting and evaluation of the information regarding ownership and durability of project outputs from each lead beneficiary of the project 5 (five) years after the final payment to the lead beneficiary.

All accounting and supporting documents (e.g. SC, project AF, service contracts, public procurement documentation, rental agreements/contracts, important communications with project beneficiaries /MA/JS, etc.), documents related to the expenditure, controls and audits, and documents required to ensure an adequate audit trail must be stored in a safe and orderly manner by the LB and the PBs and be accessible at least 5 (five) years after the final payment have been paid to the PBs. In case of retaining the documents electronically, internationally accepted security standards must be met.

4.8.1. Monitoring sustainability (durability) of project results

MA via JS shall monitor only those project investment results which are subject to long term assets.

Each year within the period of 5 (five) years after final payment to the lead beneficiaries, the responsible project managers in the JS prepares a letter-reminder to the lead beneficiaries of finished projects with the request to inform MA via the JS how the project sustainability (durability) and ownership of project results is ensured.

Every year within the period of 5 (five) years after the final payment the lead beneficiary is obliged to provide the information about sustainability of project results collected from the relevant project beneficiaries and to send it to the JS:

- Form Report on sustainability (durability) of project results after project completion *(the form and instructions how to fill it in shall be prepared and published on Programme website)*
- In case of investment into infrastructure - declaration that it is not planned to change ownership of object for the rest of period (that is - within 5 (five) years after the final payment to the lead beneficiary);
- Confirmation that no cessation was made for the productive activity in case if productive investments were supported by the Programme; confirmation should be accompanied by the statement that it is not planned to implement any cessation for the productive activity for the rest of period (that is - within 5 (five) years after the final payment to the lead beneficiary).

In addition, the lead beneficiary is obliged to provide the ownership documents of:

- Object where investments were made in case if investments in infrastructure were supported by the Programme and
- Ownership documents of other long-term assets, in case if investments in productive activity were supported by the Programme

(i.e, extracts from the Real estate/fixed assets register, xxx, etc.) after the 1st year and after the 5th year after completion of investment project.

If additional information is needed the JS requests it from the lead beneficiary of the project. After relevant information is received the responsible project managers in the JS evaluates received documents (including the check whether lead beneficiary provided information regarding all relevant beneficiaries and all relevant outputs) and checks whether all obligations due to sustainability (durability) of the projects results are kept.

In case if deviations from the rules appear, the JS informs the project lead beneficiary setting the time frame and asking to take necessary corrective measures. If finally the lead beneficiary fails to keep requirements or to implement corrective measures, the lead beneficiary is requested to reimburse the relevant ERDF co-financing to the Programme based on the decision by the JMC.

4.8.2. Monitoring revenue

The project net revenues shall be monitored during project implementation. If projects have planned revenue generating activity in the application form, but the factually generated net revenue is exceeding the national co-financing needed for the implementation of this activity, the net revenue amount by which the co-financing is exceeded should be deducted from the eligible project costs while reporting. If the project generates net revenue which wasn't foreseen during application procedures, such net revenue shall be deducted from the eligible project costs while reporting.

Monitoring net revenue generated after project completion is not applicable to operations which total eligible costs is not exceeding 1.000.000 euro.

ANNEXES

ANNEX 1

MODEL FORM OF THE PARTNERSHIP AGREEMENT

(minimum scope of document to be applied by the beneficiaries)

The following agreement is made between
_____ [Name and address], represented by _____ [name, position] (lead beneficiary)

and

_____ [Name and address], represented by _____ [name, position] (beneficiary 2),
_____ [Name and address], represented by _____ [name, position] (beneficiary 3),
_____ [Name and address], represented by _____ [name, position] (beneficiary__),

Hereinafter all together referred to as "Parties",
for the preparation and implementation (in case of approval) of the Interreg V-A Lithuania-Poland cooperation programme project_____ [insert title of the project].

Having regard to:

a) Regulation (EU) No **1303/2013** of the European Parliament and of the Council of 17 December 2013 (Common Provisions Regulation);
b) Regulation (EU) No **1301/2013** of the European Parliament and of the Council of 17 December 2013 (ERDF Regulation);
c) Commission implementing Regulation (EU) No **215/2014** of 7 March 2014;
d) Regulation (EU) No **1299/2013** of the European Parliament and of the Council of 17 December 2013 (ETC Regulation);
e) Commission delegated Regulation (EU) No **481/2014** of 4 March 2014 (ETC eligibility rules);
f) Commission delegated Regulation (EU) No **480/2014** of 3 March 2014 (Jumbo Delegated Regulation);
g) Commission Implementing Decision of 16 June 2014 No **2014/366/EU (**Implementing Decision on ETC resources);
h) Directive No **2014/24/EU** of the European Parliament and of the Council of 26 February 2014 (Directive on public procurement);

hereinafter referred to as EU Regulations;

And:

a) Commission Decision No C(2015)9279 of 15 December 2015 approving the Interreg V-A Lithuania-Poland cooperation programme (Programme document);
b) The Programme Manual and further amendments valid for the call in which the application was approved;
c) Jointly submitted Application Form for co-financing of the Programme;
d) Subsidy Contract to be signed by the lead beneficiary with Managing Authority;
e) Other Programme and national rules

hereinafter referred to as the "Documents"

The Parties agree:

§ 1
Definitions

Each time this Partnership Agreement refers to:

1. Programme – this shall mean the Interreg V-A Lithuania-Poland cooperation programme;
2. Joint Monitoring Committee (JMC) – this shall mean the main decision making body of the Programme;
3. Managing Authority (MA) – this shall mean the Ministry of the Interior of the Republic of Lithuania;
4. National Authority (NA) – this shall mean the Territorial Cooperation Department of the Ministry of Economic Development of the Republic of Poland;
5. Joint Secretariat (JS) – this shall mean a public establishment Joint Secretariat established by the Ministry of the Interior of the Republic of Lithuania, performing duties of Joint Secretariat of the Programme;
6. Application Form (AF) – this shall mean the Application Form for co-financing from the Programme together with all attachments;
7. Project – this shall mean the operation defined in the Application Form submitted for co-financing of the Programme;
8. Beneficiaries – this shall mean the legal entities indicated in the Application Form who participate in the project implementation;
9. Lead beneficiary – this shall mean one of the beneficiaries who is authorised by the other(s) to act as a main party in application and project implementation and is a legal party towards the MA;
10. Subsidy Contract (SC) – this shall mean the contract signed between MA and lead beneficiary;
11. Controller - institution, independent from lead beneficiary/beneficiary organisation, which is responsible for conducting of the first level control (FLC) and ensures the verification of activity implementation, legality and regularity of the expenditure declared by each lead beneficiary / beneficiary participating in the project.

§ 2
Subject of the Partnership Agreement

Subject of this Partnership Agreement (hereinafter - PA) is the organisation of a cross-border partnership in order to prepare and implement the project under the Programme, according to the Documents. By the present PA, the Parties shall define the rules of procedure for the work to be carried out and the relations that shall govern them within the cross-border partnership set up in order to complete the aforementioned project (if approved). PA shall be submitted to JS together with AF of the project.

§ 3
Duration of the PA

This PA shall take effect on the date on which it is signed by all Parties. It shall remain in force until the lead beneficiary has discharged in full its obligations toward the MA as written in the SC. In case the project is not approved for funding, provisions of this PA regarding project implementation shall not come into the force.

§ 4
Obligations

1. Lead beneficiary is responsible for the overall management and implementation of the project. Lead beneficiary shall be the beneficiary of the ERDF grant and shall manage the funds in accordance with the details of this PA and the Documents. Lead beneficiary assumes sole responsibility for the entire project vis-à-vis the MA. Shall be also responsible for enforcement from the beneficiaries their obligations listed in § 4 point 3 of the PA.

2. In particular, the lead beneficiary shall fulfil the following obligations:
   a) appoint a project coordinator, responsible for the whole project implementation and a financial manager, responsible for the whole project finances;
   b) distribute a copy of the SC and other official documents to all beneficiaries;
   c) start and implement the project according to the AF;
   d) notify the JS of any factors that may affect implementation of the project;
   e) draw up and submit to JS consolidated progress reports with supporting attachments (including progress reports of all beneficiaries and Declarations of validation of beneficiaries expenditure) according to the Documents, within defined deadlines and with assistance of the beneficiaries;
   f) timely onward transfer the relevant parts of payments received from the MA to the beneficiaries;
   g) manage and monitor appropriate spending of the subsidy awarded;
   h) receive and distribute amount to cover preparation costs (if any) between the project beneficiaries according indication in the Annex no. 2 to PA (division of preparation costs among the partners); *{to be deleted if not relevant}*
   i) carry out the project's overall accounting, paying a special attention to the correctness of the public tender procedures taken for the needs of the project implementation;
   j) communicate with the bodies implementing the Programme and to notify other beneficiaries of any substantial communication with the bodies implementing the Programme;
   k) react promptly to any request of the beneficiaries and bodies implementing the Programme.

3. Each beneficiary (including lead beneficiary) accepts the duties and obligations regarding:
   a) appointing a contact person for the parts of the project for which it is responsible;
   b) timely carrying out the activities for which it is responsible according to the AF;
   c) contributing to the project activities within the approved budget;
   d) compliance with rules of information and promotion;
   e) respecting national regulations regarding personal data processing and protection;
   f) abiding the project implementation period mentioned in SC and further amendments;
   g) intellectual property and ownership rules as stated in § 14 and § 15 of the PA;
   h) bearing currency risk in the frames of payments in the project;
   i) drawing up the progress reports for its part of the project according to the Documents and submit it within defined deadlines to the First Level Control;
   j) submitting according to the Documents and within defined deadlines the progress reports validated by controller to lead beneficiary together with supporting documents and Declaration of validation of beneficiary expenditure issued by the controller;
   k) notifying the lead beneficiary and controller of any event that could lead to any deviation of the project;
   l) abiding the procedure of implementing changes in the PA according to Documents;
   m) controls and audits - in particular producing all documents required for the control and audit, provide necessary information, give access to its business premises for audit purposes, fulfil all the requirements set during audits and controls;
   n) retaining for control and audit purposes and keeping all documents related to the project costs and activities at least 5 years after the final payment has been made by the MA to the lead beneficiary. If SC will be terminated before the final payment, regardless the reason of termination beneficiaries are obliged to keep all documents related to the project costs and activities in a safe and orderly manner 5 years after date of SC termination. Other retention periods, as might be stated by national law, shall remain unaffected;
   o) disclosing any revenues which occur or may occur with relation to the project implementation and during relevant reference period after the project completion;
   p) ordered recoveries of funds;
   q) reacting promptly to any request by the lead beneficiary and the Programme bodies;
   r) respecting all rules and obligations laid down in the Documents and conducting obligations from PA in compliance with them;

s) complying with the national legislation in terms of accountancy and public procurement procedures;
t) complying with other EU and national legislation;
u) taking all necessary steps enabling the lead beneficiary to comply with its responsibilities as set out in the SC.

§ 5
Rights

1. Each beneficiary has the right to receive information from the lead beneficiary on the issues related to the management of the project and the financial flows received from and transferred to the MA.
2. The lead beneficiary has the right to receive information and documentation from the beneficiaries related to the activities of the project.

§ 6
Liability

1. Each beneficiary, including the lead beneficiary, shall be liable to the other beneficiaries and shall indemnify and hold harmless such other beneficiaries for and against any liabilities, damages and costs resulting from the non-compliance of its duties and obligations as set forth in this PA and its annexes.
2. No party shall be held liable for not complying with obligations ensuing from this PA in case of *force majeure*. In such a case, the beneficiary involved must announce this immediately in writing to the other beneficiaries.

§ 7
Budgetary and financial management, accounting principles

1. Lead beneficiary is the sole responsible party to the MA for the financial management of the project. Financial share of particular beneficiaries in the project costs as well as the maximum amount of co-financing from Programme funds for particular beneficiaries are established in the project budget defined in the approved AF. ERDF financial contributions shall be paid into the account of the lead beneficiary.
2. As soon as possible, but not later than within 7 (seven) calendar days after receiving payments from the MA, the appropriate amount and proportionally according to the progress report approved by the MA, the lead beneficiary shall be responsible for distributing the funds received between the beneficiaries in accordance with certified expenditure incurred for project actions effectively carried out. No deduction, retention or further specific charge shall be made. Lead beneficiary shall provide information about such transfer to the JS within 5 (five) calendar days after transactions have been made.
3. Lead beneficiary shall be responsible for an application for reallocation between budget lines as defined in the Programme Manual.
4. Parties must ensure the correctness of their accounting system and documents. Lead beneficiary may request further information, documentation and evidence from all the beneficiaries to that effect.

§ 8
Reports

1. Progress reports (PR) with relevant attachments shall be submitted to the lead beneficiary in accordance with the requirements stipulated for the lead beneficiary in the SC. The beneficiaries are obliged to have their expenditure certified by the FLC. In order to receive certificate, after the end of the relevant reporting period the beneficiaries (including lead beneficiary), within 10 (ten) calendar days prepare PR and send it with all required supporting documents to relevant FLC. Beneficiaries

shall also answer to the clarifications / questions of controllers related to PR within deadlines set by FLC.

2. Every beneficiary must provide the lead beneficiary with information needed to draw up the consolidated reports and other documents required by bodies implementing the Programme.
3. Lead beneficiary, on behalf of all beneficiaries, submits consolidated progress report (CPR) and all progress reports with necessary annexes to JS.
4. Lead beneficiary shall send to every project beneficiary the e-version of each CPR submitted to the Programme bodies and keep the beneficiaries informed of all relevant correspondence (it could be done using e-platform available for the projects).
5. In case of significant remarks to reports or in the event of non-fulfilment of the rules concerning eligibility of expenditure, the lead beneficiary shall ask the beneficiary(s) to correct the submitted progress report. The deadline for submission of corrected report will be set by lead beneficiary and will depend on the date defined by JS for correction of consolidated progress report. Lead beneficiary shall use the official methods of correspondence with other beneficiaries to receive the answer to its requests.

§ 9
Modifications of the project and amendments to SC

1. Any request for modifications of the project budget or other statements from the approved AF or the SC submitted by the lead beneficiary to the MA/JS shall be authorised by the beneficiaries beforehand.
2. All beneficiaries accept that amendment to the SC and constituting its integral part, in order to be valid, may be introduced only during period of implementation of the project substantive measures.
3. The beneficiaries of the project are required to inform the lead beneficiary about any planned and existing changes related to their part of the project. If a given change of the part of the project requires introduction of the amendment to the SC, beneficiaries are required to submit to the lead beneficiary also documents that are necessary to make amendment to the SC.

§ 10
Information and publicity measures

1. Any notice or publication by the project (including events) must specify that the project is part-financed by the Programme. The Commission Regulation (EC) No 1303/2013 and other EU Regulations must in any case be observed.
2. The beneficiaries agree that the Programme bodies shall be authorised to publish, in whatever form and by whatever medium, the following information: names of the beneficiaries, name of the project, project summary, project start and end date; total eligible expenditure allocated to the project, Union co-financing rate; location of the project , name of category of intervention for the project in accordance with point (b) (vi) of the first subparagraph of Article 96(2) of the EC Regulation No 1303/2013.

§ 11
Cooperation with third parties, delegation and outsourcing

1. In case of cooperation with third parties, including sub-contractors, the beneficiaries shall remain the sole responsible parties to the lead beneficiary and the Programme bodies concerning compliance with their obligations as set in this PA. The lead beneficiary shall be informed by the beneficiaries about the subject and party of any contract concluded with a third party, but not later than ___ working days after concluding such contract.
2. No project beneficiary shall have the right to transfer its rights and obligations under this PA without the prior consent of the other beneficiaries and the responsible Programme implementing bodies.

3. Cooperation with third parties including subcontractors shall be undertaken in accordance with appropriate Community and national regulations, including the national public procurement legal acts.

§ 12
Assignment, legal succession

1. Neither the lead beneficiary nor the beneficiaries are allowed to assign their duties and rights under this PA without the prior consent of the other parties to this PA. The parties to this PA are aware of the SC provisions whereupon the lead beneficiary is allowed to assign its duties and rights only after prior written consent of the JMC.
2. In the case of legal succession, the lead beneficiary or the beneficiary concerned is obliged to transfer all duties under this PA to the legal successor.

§ 13
Revenue generation

4. All beneficiaries should estimate any net revenue that will be generated in the project already during the project preparation according to the Documents. If a project foresees to generate revenues during the project's implementation, the revenue generating activities must be planned beforehand, clearly described in the AF.
5. All beneficiaries must report within PR generated net-revenues and prove that not to exceeding the limits as foreseen in Documents.
6. If foreseen in the AF, generated net-revenue is exceeding the national co-financing (15%) needed for the implementation of this activity the net-revenue amount by which the co-financing is exceeded should be deducted from the eligible project costs while reporting.
7. If project generates net revenue which was not foreseen in the application form - the eligible expenditure of the project shall be decreased by the any amount of net-revenue by which the national co-financing for implementation of particular activity is exceeded while reporting.
8. In case there are no operating costs related to activity generating revenue (e.g. the fees for participation in the event are taken), the whole amount of generated revenue is treated as net revenue if the whole costs of such an event are planned to be financed from the project. If not the whole, but only part of the event's costs was included into the project budget, the net revenue should be calculated proportionally.

§ 14
Intellectual property

1. Beneficiaries will ensure that all products that derive from the project will be property of the partnership and the results of the projects will be made available to public.
2. In case of pre-existing intellectual property rights which are made available, these are fully respected (Beneficiaries will list them in a separate annex to PA).

§ 15
Reporting sustainability

1. Lead beneficiary undertakes to ensure that the ownership of any outputs and results produced during the project implementation remains with the lead beneficiary or beneficiaries and will not be transferred for at least five years after final payment to the lead beneficiary was made by MA.
2. Beneficiaries are obligated to provide the lead beneficiary with any necessary evidences of the sustainability of the project activities during reporting sustainability, according to Documents.

§ 16
Non-fulfilment of obligations, delay, withdrawal

1. In case of total or partial incompletion of the obligations arising from PA and Documents by any of the beneficiaries, the lead beneficiary shall admonish the respective beneficiary to comply within a maximum of one month. Lead beneficiary shall make any effort to contact the beneficiaries in resolving the difficulties including seeking the assistance of the Programme bodies.
2. Should the non-fulfilment of obligations arising from PA and Documents continue, the lead beneficiary, authorized by all remaining beneficiaries, may decide to exclude the beneficiary concerned from the project, with approval of the MA. In such case, the JS shall be informed immediately if the lead beneficiary intends to exclude a beneficiary from the project. The opinions of all remaining beneficiaries should be delivered to JS. Exclusion of the beneficiary requires amendment to the SC.
3. The excluded beneficiary is obliged to refund to the lead beneficiary any Programme funds received which it cannot prove on the day of exclusion that they were used for the project implementation according to the rules of eligibility of expenditure.
4. In case of non-fulfilment of a beneficiary's obligation having financial consequences for the funding of the project as a whole, lead beneficiary may demand recovery of funds unduly paid.
5. Lead beneficiary and the beneficiaries agree not to withdraw the given beneficiary from the project unless there are unavoidable reasons for it. If this nonetheless happens, lead beneficiary and the beneficiaries shall try to cover the contribution of the withdrawing project beneficiary, either by assuming its tasks or by asking one or more new beneficiaries to join the partnership.
6. In case the lead beneficiary shall withdraw from the project, the SC shall be terminated. If other project beneficiary is willing to overtake the lead beneficiary responsibilities it should apply for the JMC approval, and only then a new SC with the MA shall be signed.
7. If one of the beneficiaries decides to withdraw from the project, the lead beneficiary as well as all the remaining beneficiaries shall take all the efforts to take over the obligations as well as the tasks or to find the new beneficiary who would take over all the obligations as well as tasks of the missing beneficiary. If the new beneficiary is found it shall become the party of this PA only after the approval by JMC.
8. If the new beneficiary cannot be found and the remaining beneficiaries are not willing/able to take over the responsibilities as well as tasks of the missing beneficiary, the MA will take the decision whether to terminate or not the SC.
9. If SC is suspended in the whole or part by decision of MA resulting from the violations caused by non-fulfilment or improper fulfilment of terms/conditions set in SC, all the beneficiaries are obliged to cooperate in order to correct the violations within their competence in the project.

§ 17
Demand for repayment by the Managing Authority

Should the MA in accordance with the provisions of the SC demand repayment of subsidy already transferred, every beneficiary is obliged to transfer its part of the repayment amount to the lead beneficiary. Lead beneficiary shall without delay submit the letter by which the MA has asserted the repayment claim and notify every beneficiary of the amount repayable. The repayment amount is due within four weeks following the notification by the lead beneficiary. The amount repayable shall be subject to interest; the provisions of the SC shall apply by analogy for all beneficiaries.

§ 18
Disputes between beneficiaries

1. Should a dispute arise between beneficiaries of the project, every beneficiary shall be obliged to try to reach a settlement during a negotiations procedure.

2. Lead beneficiary will inform the other beneficiaries and may, on its own initiative or upon request of a beneficiary, ask the MA/NA/JS for advice.
3. Should a compromise through negotiations procedure not be possible, every beneficiary could request arbitration carried out by an ad-hoc arbitration committee after having asked the MA/NA/JS for advice through the lead beneficiary. The ad-hoc arbitration committee will consist of____ [specify the number] members of both Lithuanian and Polish nationalities, at least one being of the same nationality as the beneficiary involved in the dispute, appointed by the representatives of all parts of this agreement. If all parts of this agreement has not appointed all the independent arbitrators within one month of the lead beneficiary request to it to decide on such appointment, the lead beneficiary shall have the authority to appoint all arbitrators. In the latter case, a designated member of the MA/NA/JS will supervise the proceeding of the arbitration committee.
4. Every beneficiary shall be obliged to apply the decisions of the arbitration committee, subject to the applicable law hereby agreed upon and in compliance with the provisions of the Community law.
5. In the case amicable settlement with the involvement of arbitration committee is not possible, the dispute will be finally decided in accordance with the jurisdiction of the lead beneficiary country. The place of jurisdiction is court having material competence in the state in which the lead beneficiary is established]

§ 19
Working and translation languages

The working languages of the partnership shall be_____ [specify]. Any official document of the project shall be made available in English.

§ 20
Applicable law

1. This PA is governed by_____ [specify law of lead beneficiary country] law.
2. In the event of translation of this PA and its annexes, the English version shall prevail.

§ 21
Nullity

If any provision in this PA should be wholly or partly ineffective, the parties to this PA undertake to replace the ineffective provision by an effective provision which comes as close as possible to the purpose of the ineffective provision.

§ 22
Amendment of the PA

1. This PA shall only be amended in writing. The amendments shall be stamped and signed by all parties involved. Lead beneficiary shall present the amended PA to the JS as soon as possible, but not later than 21 (twenty one) calendar day after the amendment is stamped and signed by all the parties involved.
2. Modifications to the project that are approved by the JMC shall be effective as alterations of this PA, also without adherence to this formal requirement.

§ 23
Right of Termination

1. In case the project is not approved for funding or in case of termination of the SC this PA is terminated automatically.

2. If the SC is terminated by decision of MA in which demand repayment of ERDF amounts already paid to the lead beneficiary in full or in part, beneficiaries accepts the following duties and obligations:
   a) Lead beneficiary is obliged to transfer the appropriate amount within 1 (one) month from the date of receiving the MA demand.
   b) Beneficiaries are obliged to repay to lead beneficiary appropriate amounts of funds transferred to them within 15 (fifteen) calendar days from the date of receiving demand from lead beneficiary (demand shall include copy of MA decision).
   c) Any delay in effecting repayment from lead beneficiary shall give rise to interest on account of late payment, starting on the due date and ending on the value day of actual repayment on the basis described in SC.
   d) If delay in effecting repayment to MA is caused by delay in repay to lead beneficiary from beneficiaries, the lead beneficiary has a right to ask these beneficiaries also for repayment the amounts incurred as a result of charging interest in relation to amounts requested to repay from them.
3. The SC can be terminated upon the request of lead beneficiary or by mutual agreement of parties of SC, with the consent of all parties of PA. Conditions for termination of SC and consequently termination of PA must be agreed between beneficiaries and addendum to the PA regarding rules of termination shall be signed by all parties. In case termination on request of lead beneficiary, beneficiaries accepts the following duties and obligations:
   a) Lead beneficiary refunds the ERDF funds to MA together with interest calculated pursuant to the provisions specified in SC.
   b) Beneficiaries are obliged refund appropriate amounts of ERDF funds to lead beneficiary with interest calculated in relation to their amounts pursuant to the provisions specified in SC.
4. If the SC is terminated by MA because European Commission fails to make the funding available, any claim by the beneficiaries against the lead beneficiary for whatever reason is excluded.

§ 24
Domicile

1. To the effect of this PA, the beneficiaries shall irrevocably choose domicile at the address stated in the AF where any official notifications can be lawfully served.
2. Any change of domicile shall be forwarded to the lead beneficiary within 15 (fifteen) calendar days following the change of address by registered mail.

§ 25
Concluding provisions

1. This PA has been made in ___ [specify number] originals: one for each Party and one to be submitted to the JS. Each original has the equal legal force.
2. The EU as well as the national legislation of the chosen country (as it is set in paragraph 19.1 of this PA) regulates the provisions that are not set in this PA.
3. Annexes to this PA:
   Annex 1. Division of indicators among the project beneficiaries;
   Annex 2. Distribution of preparation costs; *{to be deleted if not relevant}*
   Other (please specify).

Written in _____ [specify the town] on _____ [specify date]

Lead Beneficiary	
Name of the lead beneficiary institution:	
Person authorised to sign the documents, position:	
Address:	
Phone:	Fax:
Institution code:	
Bank name:	
Bank code:	
Account number:	
Date, place and signature:	Official stamp:

Beneficiary 2	
Name of the beneficiary institution:	
Person authorised to sign the documents, position:	
Address:	
Phone:	Fax:
Institution code:	
Bank name:	
Bank code:	
Account number:	
Date, place and signature:	Official stamp:

Beneficiary 3	
Name of the beneficiary institution:	
Person authorised to sign the documents, position:	
Address:	
Phone:	Fax:
Institution code:	
Bank name:	
Bank code:	
Account number:	
Date, place and signature:	Official stamp:

Etc.

Annex No 1 to the PA

Division of indicators among the project beneficiaries

Specific Output Indicator	**Measurement unit**	**Value of indicator and planned achievement by particular beneficiary**	**Description of outputs to achieve by beneficiaries**
-Full name of Indicator-	*-i.e. events -*	*Total: xxx* *LB- 2,* *B2- 1,* *B3 – 1,* *B4 – 1 -*	*- i.e. 2 seminars 1) xxxxxx and 2) xxx will be organized by lead beneficiary, 1 conference will be organized by B2, etc. -*
…		**…**	**…**

{Please add to the table as many rows as needed}

In case during the process of the final approval of the project division of indicators changes, the latest agreed division of indicators shall be effective as alterations of this Partnership Agreement, also without adherence to this formal requirement.

Annex No 2 to PA
{to be deleted if not relevant}

Distribution of preparation costs (if such)

Beneficiary	Description of expenditures	Amount (EUR)
Lead beneficiary (Name of the lead beneficiary institution)	*-i.e. Travel and accommodation costs on the meeting regarding preparation of the project in...-*	
Beneficiary 2 (Name of the beneficiary 2 institution)		
Beneficiary 3 (Name of the beneficiary 3 institution)		
Beneficiary …		
Total amount (EUR):		**2000**

{Please add to the table as many rows as needed}

ANNEX 2

FACT SHEET ON ELIGIBILITY OF EXPENDITURE

Content

I. General requirements
II. Additional eligibility rules for Polish beneficiaries
III. Timesheet model form

I. General requirements

All data in the project budget should be provided in "total" amounts, i.e. ERDF (85%) + beneficiaries contribution (15%).

1. Staff costs

Staff costs consist of gross employment costs of staff members employed by the project beneficiaries as listed in the AF and working full or part time on the implementation of the project, i.e. salaries of the staff, directly engaged in the project activities.

This budget category includes staff costs of employees in line with the valid employment/work contract and costs of natural persons working for the beneficiary organisation under a contract other than an employment/work contract and receiving salary payments. Both the employment/work contract and contract of natural persons working for the beneficiary organisation and receiving salary payments are hereinafter referred to as "employment document".

The employees of the project can be regularly employed by the beneficiary institution or can be employed solely for project implementation period under the employment document.

Staff costs shall be calculated individually for each project employee separately.

General principles:

- Staff costs must relate to activities which the beneficiary organisation would not carry out if the project was not undertaken.
- Overheads and any other office and administrative expenditure cannot be included under this budget category.
- Daily allowances and any other travel and accommodation costs cannot be included under this budget line.

The salaries are counted including taxes, social and pension contributions and health insurance as well as other related costs (e.g. compensation for unused holidays) as required by national laws in the country where project beneficiary is located.

Staff costs of the project beneficiary can be calculated and reimbursed only on the basis of real costs.

"Real costs" mean that staff costs are actually paid out basing on the pay slips or documents of equivalent probative value.

Staff costs include the employee's total **gross remuneration** and the employer's charges, i.e. eligible components of staff costs are:

- salary (fixed in the employment documents) and

- other costs directly linked to the salary payment, incurred and paid by the employer, such as: employment taxes, social taxes, holidays, pension, etc. provided they are in line stated by law or with the employment policy of the project beneficiary.

There are four options to calculate staff costs on real costs basis. One or more options can be selected by project beneficiaries for the employees of the project:

1. Full time assignment of the person employed by the beneficiary organisation on the project

The gross employment cost of the permanent employee of the beneficiary institution shall be fully eligible if the employee dedicates 100% of his/her working time to the project.

Example:

- Total monthly gross salary of employee X (together with employer's costs) is 3000 EUR
- Percentage of time worked monthly on the project is 100 %
- Eligible staff costs for the employee X is 3000 EUR

The following main documents shall have to be available for control purposes:

- ✓ Employment document (i.e. employment/work contract/appointment order or other contract of natural persons working for the beneficiary organisation);
- ✓ A document clearly showing that the employee works 100 % of the time on the project (it can be employment document and/or other document issued by the employer like appointment decision or other);
- ✓ Job description providing information on responsibilities related to the project;
- ✓ Document identifying the real salary costs (gross salary and employer's charges) for the employee (pay slips or other documents of equivalent probative value);
- ✓ Proof of payment of salaries and the employer's charges;
- ✓ No registration of the working time (filling in timesheet) is required.

2. Part-time assignment of the person employed by the beneficiary organisation on the project on a fixed percentage of time per month

This method of calculating real salary costs is to be applied if the staff is not engaged in the project activities on full time basis and employee dedicates a fixed percentage of his/her working time to the project.

The gross employment cost multiplied by the fixed percentage of time worked on the project, is eligible. The fixed percentage has to be defined for each staff member and it remains applicable for the entire project duration.

Example:

- Total monthly gross salary of employee Y (together with employer's costs) is 3000 EUR
- Percentage of time worked monthly on the project is 40 %
- Eligible staff costs for the employee Y 1200 EUR

The following main documents shall have to be available for control purposes:

- ✓ Employment document (i.e. employment/work contract/appointment order or other contract of natural persons working for the beneficiary organisation);
- ✓ A document setting out the percentage of time to be worked on the project (it can be the employment document and/or other document issued by the employer, clearly identifying the

fixed percentage of monthly time dedicated to the project (if fixed percentage is not specified in the employment document);

- ✓ Job description providing information on responsibilities related to the project;
- ✓ Document identifying the real salary costs (gross salary and employer's charges) for the employee (pay slips or other documents of equivalent probative value);
- ✓ Proof of payment of salaries and the employer's charges;
- ✓ No registration of the working time (filling in timesheet) is required.

3. Part-time assignment of the person employed by the beneficiary organisation on the project on the flexible number of hours per month

This calculation method is to be applied if employee dedicates a flexible share of his/her working time to the project.

A flexible share of the gross employment cost (incl. employer's social charges), in line with a number of hours varying from one month to the other worked on the project shall be eligible.

The **hourly rate** is calculated by dividing the latest documented annual gross employment cost by 1720 hours or dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours.

Example:

- Total monthly gross salary of employee Z (together with employer's costs) is 3000 EUR
- Annual gross salary of employee Z is 3000*12 = 36000 EUR
- Hourly rate for employee Z is 36000/1720 = 20,93
- Employee Z worked on the project in e.g. July 10 hours
- Eligible staff costs for the employee Z for July 20,93*10 = 209,30 EUR

The following main documents shall have to be available for control purposes:

- ✓ Employment document (i.e. employment/work contract/appointment order or other contract of natural persons working for the beneficiary organisation);
- ✓ Job description providing information on responsibilities related to the project;
- ✓ Document identifying the real salary costs (gross salary and employer's charges) for the employee (pay slips or other documents of equivalent probative value);
- ✓ Data from the working time registration system, e.g. time sheets (model form – Timesheet form, see part III of this fact sheet) to the Programme Manual), providing information on the number of hours spent per month on the project. The time registration system must cover 100 % of the actual working time of the employee (including the working time not related to the project);
- ✓ Proof of payment of salaries and the employer's charges.

4. Person employed by the beneficiary organisation on the project on an hourly basis

An employee is contracted on an hourly basis and dedicates a certain number of hours to work on the project. The staff costs are calculated on the basis of an hourly rate fixed in the employment document. The hourly rate shall be multiplied by the number of hours actually worked on the operation to the hourly rate agreed in the employment document based on a working time registration system.

Example:

- Hourly rate of the employee W (together with employer's costs) fixed in the employment document 21 EUR

- Employee W worked on the project in e.g. July 20 hours
- Eligible staff costs for the employee W for July 20*21 = 420 EUR

The following main documents shall have to be available for control purposes:

- ✓ Employment document (i.e. employment/work contract/appointment order or other contract of natural persons working for the beneficiary organisation);
- ✓ Job description providing information on responsibilities related to the project;
- ✓ Document identifying the real salary costs (gross salary and employer's charges) for the employee (pay slips or other documents of equivalent probative value);
- ✓ Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project;
- ✓ Proof of payment of salaries and the employer's charges.

NOTE: Regardless of the assignment (full-time or part-time) to work on the project, staff costs of each project employee are calculated by multiplying a standard hourly rate – according to the staff category the employee belongs to (1-4 described above) – by the total number of hours worked on the project per month.

The following salary related costs <u>are not eligible</u> for financing from the Programme:

- additional voluntary health insurance or pension contribution;
- additional payments to the staff working on project which are not based on the regular employment contract conditions (bonuses, premiums);
- severance pay.

2. Office and administrative expenditure

Office and administrative expenditure covers operating and administrative expenses of project beneficiary involved in the implementation of the project (support delivery of project activities).

They are limited to:

- office rent;
- insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
- utilities (e.g. electricity, heating, water);
- office supplies;
- general accounting provided inside the beneficiary organizations;
- archives;
- maintenance, cleaning and repairs;
- security;
- IT systems;
- communication (e.g. telephone, fax, internet, postal service, business cards);
- bank charges for opening and administrating the account or accounts where the implementation of an operation requires a separate account to be opened;
- charges for transnational financial transactions.

General principles:

- ✓ Office equipment, IT hardware and software, and furniture, and fittings cannot be included under this budget line; these costs must be reported as equipment expenditure. This does not include IT system support of an administrative nature; these costs falls under the Office and administrative expenditure budget category.
- ✓ Costs of FLC of the Lithuanian project beneficiary cannot be included under this budget category; they must be reported under the *External expertise and services costs* budget category.

For calculation of office and administrative expenditure simplified costs option – **flat rate** – is to be used by the project beneficiary. Office and administrative expenditure can be calculated and afterwards reimbursed by the Programme on the basis of flat rate of (up to) 15 % of eligible direct **staff costs**. The calculation based on the flat rate for office and administrative costs will be done automatically in every progress report taking into account the amount of direct staff cots that have been reported. The expenditure covered under this budget category will not require any documentation from the project beneficiaries (i.e. invoices, payment proofs, etc.) (the FLC check focuses on the correct reporting of the staff costs and that no expenditure related to the office and administrative expenditure budget category is included in any other budget line) and the expenditure items should not be included in the costs itemisation lists of the progress reports. Any difference to the real costs is neither checked nor monitored.

3. Travel and accommodation costs

This budget category concerns travel expenditure only of employees of the beneficiary institution if:

- directly related to the activities implemented in the project in locations other than usual place of residence of these employees, or
- necessary for project administration (e.g. participation in project meetings, meetings with the Programme bodies, seminars, conferences, etc.) and have a valuable contribution to the implementation of the project and the delivery of the project outputs.

These activities have to be included in the approved AF.

Expenditure on Travel and accommodation costs shall be limited to the following elements:

1. travel costs (e.g., tickets, travel and car insurance, fuel, car mileage, toll and parking fees);
2. costs of meals:
3. accommodation costs;
4. visa costs;
5. daily allowances.

Where expenditure, listed in points 1-4 are covered by the daily allowance, they shall not be reimbursed as an addition but shall be covered by the daily allowance (i.e. no double funding is permissible).

Moreover, in cases where the organiser of a meeting/seminar/conference, etc. covers a part of the costs of stay (e.g. by providing meals, transportation or hotel accommodation) the daily allowances, to which an employee is entitled, shall be reduced according to the requirements set in the national rules.

General principles of Travel and accommodation costs budget category:

- ➢ costs must be definitely borne by a project beneficiary and in line with the travel and accommodation policy/rules of the project beneficiary. Direct payment by a staff member of the beneficiary organization must be supported by a proof of reimbursement from the employer; each project beneficiary institution can cover travel and accommodation costs only for its employees;

- choice of transport and accommodation type should be led by effectiveness, cost-efficiency and eco-friendliness (the most economical way of transport should be used, economy class travel on public transport should be chosen);
- public transports have priority over private or company cars and taxis. The use of taxis, private or company cars is only allowed in duly justified cases (e.g. if it is verifiably the most economic means of transport or if it substantially saves time; only rent costs of the vehicle and fuel shall be eligible in this case);
- the national limits must be observed for covering the travel and accommodation costs and subsistence allowances for the employees of the beneficiary institution located in that country;
- cancellation costs are eligible only in case of "force majeure" and provided they are finally borne by a project beneficiary.

Travel and accommodation costs of external experts and service providers cannot be included under this budget line; they must be foreseen as No 4 *External expertise and services costs*.

The following main documents shall have to be available for control purposes:

- ✓ internal decision document of beneficiary institution on authorizing the travel and (if necessary) accommodation of its employees (e.g. orders);
- ✓ documents proving that the journey actually took place (ticket for the public transport used together with other evidence of travel i.e. boarding pass (electronically sent invoice with the reservation number is acceptable);
- ✓ contracts and invoices/bills for the rent of the vehicle and fuel used for travel;
- ✓ accounting documents proving the payment of the related amounts;
- ✓ daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee;
- ✓ other documents required by the internal rules of the beneficiary institution (i.e. travel reports).

In any case the project beneficiary shall keep the following documents as well:

a) agenda of the events (meetings, seminars, conferences, etc.);
b) proof of participation (e.g. signed participation lists or similar);
c) transport justifications (boarding passes, tickets or similar, etc.);
d) proofs of payment (receipts, bills, bank account statements, etc.).

The travel expenditure which is not mentioned in the list of elements is not eligible under this category of expenditure.

Travel and accommodation costs outside the Programme area can be eligible if necessary to reach the project results. Such activities have to be included in the approved AF. In all cases, benefits of such activities to the Programme have to be properly demonstrated and justified.

4. External expertise and service costs

Budget category No 4 *External expertise and service costs* includes expenditure of external service/expertise providers - i.e. legal body or natural person other than beneficiary organisation/employee, who are subcontracted to carry out certain tasks/activities linked to delivery of the project results. Project beneficiary cannot be contracted as external experts. If a project beneficiary cannot implement a certain task, the task may be reallocated to another project beneficiary or produced to an external service provider.

Payments to external service/expertise providers shall be made on the basis of contracts or written agreements as well as invoices or requests for reimbursement issued by external experts and service providers that provided services essential for the project.

FLC services for Lithuanian beneficiaries (up to 4 % of total costs of Lithuanian beneficiary total eligible project budget) should be indicated under the budget category of No 4 *External expertise and service costs*.

Expenditure on external expertise and service shall be limited to the following services and expertise provided by an organisation other than the project beneficiary:

a) studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks;
b) training;
c) translations;
d) IT and website development, modifications and updates;
e) promotion, communication, publicity or information linked to an operation or to a Cooperation Programme as such;
f) financial management;
g) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
h) participation in events (e.g. registration fees);
i) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
j) intellectual property rights;
k) verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 and Article 23(4) of ETC Regulation;
l) certification and audit costs on programme level under Articles 126 and 127 of Regulation (EU) No 1303/2013;
m) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by monitoring committee;
n) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
o) other specific expertise and services needed for project.

Ineligible services:

- Expert opinion, consultancy in the area of the beneficiary's appeal from a decision of a national controller or of the MA;
- Wages/compensation for professional artists and authors;
- Expenditure for basic courses (e.g. language, accounting, use of MS Office package);
- Expenditures for film making, commercials, audio material, advertisements which cost deviates to a large extend from the commonly binding market prices (i.e. because of a soundtrack protected by a copyright law, artistic image or participation of a known person).

General principles of External expertise and services costs budget category:

- External expertise and services costs have to be connected to the implementation of certain project tasks that cannot be carried out by the project beneficiaries themselves and therefore are outsourced to external service providers;

- The work by external experts and service providers must be essential to the project and have to be linked to activities foreseen in the AF;
- Each beneficiary organisation is responsible for ensuring that all applicable EU, Programme, national and internal public procurement rules (if applicable) are respected. Even below EU thresholds, contracts with external providers must comply with the principles of transparency, non-discrimination, equal treatment and effective competition;
- Project beneficiaries or services of staff employed by the beneficiary (i.e. freelancers) cannot be contracted as external service providers (by any other project beneficiary). It is not possible to contract an employee of the same institution, who is working independent with labour contract, to deliver any kind of services, which are a needed to reach project results;
- Advance payments may only be accepted if they are in line with commercial law and practice, stipulated in the service contract, are supported by an invoice or another document of probative value and provided that the service has been delivered within the project eligibility period; such payments shall be eligible only in specific cases when the delivery of service cannot start without the advance;
- Partial payments to the external service providers shall be eligible only after the part of the contracted services is delivered. The possibility to deliver the service in parts must be indicated in the service contract.

The following main documents shall have to be available for control purposes:

- Evidences of the selection process;
- A contract or other written agreements of equivalent probative value laying down the services to be provided with a clear link to the project; any change to the contract must comply with the public procurement rules and must be sufficiently documented;
- An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules;
- Proof of payment;
- Outputs of the work of external experts or service deliverables;
- Certificate/attestation of a completed course/training;
- Copy of a promotional material (e.g. leaflet, poster, brochure, folder, inserts to newspapers or magazines, press advertisement promoting a project) and in case of large promotional/information materials, photographs of these materials, of which at least one shows the proper marking of materials;
- Website address – in case a website is developed as part of the project;
- Recording of a spot aired on TV or on the radio which advertises the project, together with a written statement of the broadcaster confirming the date, hour and place of the broadcast.

Insurance of fixed assets and infrastructure created under the project

1) The expenditure incurred for insurance of fixed assets, permanently installed in the project, and for infrastructure created under the project, is eligible.
2) The costs of insurance for the duration period of the project are eligible.
3) If insurance compensation is obtained, the funds should be used towards purchasing fixed assets that would substitute for the damaged assets as closely as possible, or towards replacement of damaged infrastructure. Otherwise, all financial benefits obtained by the beneficiary, including payments from project insurance, must be returned in proportion to the share of EU co-financing in project eligible expenditure.

5. Equipment expenditure

Expenditure for the financing of equipment purchased, rented or leased by a beneficiary, necessary to achieve the objectives of the project, can be declared under this budget category.

Equipment expenditure other than covered by the No 2 *Office and administrative expenditure* budget category is limited to the following items:

a) office equipment;
b) IT hardware and software;
c) furniture and fittings;
d) laboratory equipment;
e) machines and instruments;
f) tools or devices;
g) vehicles only in exceptional cases when special transport (fire brigade cars, ambulances, etc.) is necessary to reach project results and ensure its durability;
h) other specific equipment necessary for the project.

For equipment that is a **key component of one or more project outputs** the full cost of the equipment can be claimed (i.e. no depreciation is to be applied).

General principles of Equipment expenditure budget category:

- purchase cost of equipment is eligible, if it has been approved by the JMC when approving the project for funding;
- purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and incurred, and paid within the eligible period;
- operating and servicing costs of equipment used solely for project purposes shall be eligible;
- costs of equipment are eligible, if no other EU funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible;
- costs of equipment are not included under any other budget category;
- related equipment cannot be purchased, rented or leased from another project beneficiary;
- equipment has to be purchased in respect of public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected.

Depreciation rules must be applied to the equipment used for managing and implementing the project. When planning expenditure for equipment the following points need to be considered:

1) If the equipment has been purchased before the project approval - the depreciation shall be applied. Only the value of the depreciation which shall incur during the project timeframe can be eligible;
2) If the equipment has been purchased during the project lifetime but the depreciation plan is longer than the period of time between the date of purchase and the project's end - the depreciation shall be eligible. Only the value of the depreciation which shall incur during the project timeframe can be eligible;
3) If non-depreciable equipment (e.g. low-value asset) shall be purchased - the full purchase cost of the equipment can be eligible;
4) If the equipment is rented or leased, depreciation does not apply, i.e. full cost can be eligible;
5) If the equipment has been purchased by the beneficiary organisation, but is used only partially for the project - only a pro rata corresponding to the share related to the use of the equipment for the project can be eligible. This pro rata has to be calculated in compliance with points 1, 2 and

3 above (depreciation), and according to a justified and equitable method in line with legislation or general accounting policy of the beneficiary organisation.

Lease

Expenditure incurred in relation to the use of financing methods that do not result in immediate transfer of ownership of a given good to the beneficiary (user entity), especially expenditure incurred in relation to lease, qualify for co-financing.

1) In the case of lease financing of project expenses, a part of leasing instalment related to the repayment of stock capital instalment by the beneficiary can be considered eligible.
2) Expenditure that does not qualify for co-financing is expenditure related to the execution of the lease agreement, in particular the following:
a) lessor's margin;
b) insurance fees.
3) Funds under the project are paid to the beneficiary (lessee) in amounts corresponding to actual lease instalments.
4) In the case where the provisions of tax law stipulate the issue of a single invoice on the date of concluding the lease agreement, and reimbursement is made to the lessee, the proof of incurring expenditure is the repayment schedule together with information on payments and an account statement.
5) If the term of the lease agreement exceeds the end date of expenditure eligibility, expenditure eligible for co-financing are only lease instalments whose payment date falls within the period of incurring eligible expenditure defined in the subsidy contract and actually paid during this period.
6) The maximum amount of eligible expenditure may not exceed the market value of the leased good. This means that the amount eligible for co-financing may not exceed:
a) the amount stated in the proof of purchase issued to the lessor by the supplier of the co-financed good – in the case of goods purchased not earlier than within 12 months prior to submitting the application form by the beneficiary;
b) the market value of the leased good, stated in the appraisal prepared by an authorised expert or in the appraisal prepared on the basis of the methodology presented by the beneficiary – in the case of goods purchased earlier than within 12 months prior to submitting the application form by the beneficiary. The appraisal may be replaced by documenting the selection of the leased good in the tendering procedure/market analysis.
7) The following forms of lease are eligible for co-financing: finance lease, operating lease and leaseback.

Finance lease

The essence of finance lease is a lease agreement under which the risk and benefits from using the leased good are transferred to the lessee (the beneficiary of the co-financed project). Such agreements frequently include the option to acquire the leased good or provide for a minimum lease period that corresponds to the period of using the leased assets.

Operating lease

The essence of operating lease is a lease agreement under which the risk and benefits resulting from the possession of the object of the lease are generally not fully transferred on the lessee (beneficiary), and the period of using the leased good may be shorter than the period of its economic usability (depreciation period).

Leaseback

The essence of leaseback is to link the lease agreement with a sale agreement that precedes it. In the case of concluding a leaseback transaction, the beneficiary sells a good he/she owns to a leasing company and, at the same time, acquires the right to continue using the good, on terms defined in the lease agreement. Thanks to this operation, the beneficiary continues to use the good although he/she has sold it, and pays lease instalments on its use. The principal of the lease instalment, paid by the beneficiary in leaseback, is expenditure eligible for co-financing. It should be remembered, though, that EU co-financing may not be used towards re-acquisition of a good if its acquisition had been co-financed from EU funds or under a subsidy from national public funds.

The following main documents shall have to be available for control purposes:

- evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- contract for the delivery of the equipment (if applicable);
- invoice (or a supporting document having equivalent probative value to invoices, in the case of depreciation) providing all relevant information in line with the applicable accountancy rules;
- calculation scheme of depreciation;
- proof of payment and delivery.

Costs related to furnishing and equipment of the workplace for employees directly involved in the project are eligible in their proportional amounts, only for project employees employed on at least half-time basis. In case an employee performing work related to the project is employed on a less than half-time basis, the costs related to furnishing and equipment of the workplace are non-eligible.

The costs of second-hand equipment may be eligible provided that the following three conditions are fulfilled:

- No other assistance has been received for it from the European Structural Funds;
- Its price does not exceed the generally accepted price on the market in question;
- It has the technical characteristics necessary for the project and complies with applicable norms and standards.

It is also very important to indicate clearly the future ownership of equipment in the AF. It should be noted that according to durability principle any equipment should be used by the beneficiaries for the purpose foreseen in the approved project AF and for the benefit of target group for 5 (five) years after the final payment for beneficiary is made.

Advance payments for the equipment can be eligible only in specific cases when the delivery of it cannot start without the advance payment and advanced payment is indicated in the contract for the delivery of equipment. Respective provisions on repayment of advance payments paid in case the contractual obligations are not fulfilled have to be included in the contract.

6. Infrastructure and works

This category is not listed in the Commission Delegated Regulation, however, as the Programme foresees investment activities, which cannot be financed under any of above mentioned categories, additional budget category No 6 *Infrastructure and works* was introduced.

This budget category covers costs related solely to the investments in infrastructure that do not fall into the scope of any other budget category:

- ✓ Site preparation (e.g. clear of vegetanion, removal of the surface soil layer, demolution works, management of construction waste, etc.);
- ✓ Delivery;
- ✓ Constructing;
- ✓ Installation;
- ✓ Renovation;
- ✓ Other costs necessary to the implementation of construction works.

As a general rule, all the other indirect infrastructure related costs (e.g. investment supervision, authors supervision, purchase of equipment to the infrastructure objects, etc.) shall be included under other appropriate budget categories (e.g. budget category No 4 *External expertise* and service costs or budget category No 5 *Equipment expenditure*). In case of difficulty in assigning the exact part of the invoice to separate budget lines, the assignment of the whole amount to one of the budget line can be done basing on the prevalent part of the purchase as it was planned during the public procurement procedure.

Moreover, it should be noted that costs of land or real estate purchase are not eligible under the Programme in relation to investment in infrastructure or any other activities of the project results.

General principles of Infrastructure and works budget category:

- costs of infrastructure and construction works are eligible if they have been approved by JMC when approving the project for funding;
- in order to be eligible, infrastructure and construction works shall be the result of cross border cooperation actions specifically directed at improving the development of the Programme area in line with the additionality principle. The cross border dimension and added value must be evident;
- infrastructure and construction works will be financed only if crucial for the achievement of the project's outputs and results, and if they are clearly described in the AF;
- costs of infrastructure and construction works are eligible if no other EU/regional/national funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible;
- all costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected;
- all compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure and all technical preconditions for the investment have to be fulfilled in order to start the procurement procedures of works i.e. all the permissions and approvals related to construction works are available, technical design project is ready, construction permit or other document of equal probative value according to the National legislation (e.g. copy of the proof of submission the notification on the construction in case decision on the construction permit is not required) is issued. All relevant documents shall have to be attached to the AF (please refer to the Chapter 3.6.3);
- full costs of infrastructure and construction works may be eligible under this budget category as far as they are fully justified in the framework of the project activities and the final result of infrastructure and construction works is an output of the project, i.e. no depreciation is eligible;
- the purpose and ownership of the infrastructure cannot be changed for at least 5 (five) years after the project end date.

<u>Additional works – for the additional works to be regarded as eligible expenditure, all the following conditions must be met:</u>

a) the expenditure is justified and necessary for the achievement of the project objective;
b) the expenditure is linked to works which were unforeseeable at the stage of project preparation, or works which were planned, but it has become necessary to carry out more works than what was specified in the contract, and which are now essential for the proper implementation of the project;
c) the project co-financing, inclusive of expenditure for additional works, cannot exceed the amount specified in the subsidy contract;
d) the expenditure was made in line with the public procurement law;
e) the expenditure does not concern activities, for which regional investment aid was granted;
f) the beneficiary has been granted permission of the JS for financing such additional works as part of the project.

The following main documents shall have to be available for control purposes:

- ✓ evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- ✓ contracts laying down the infrastructure and works to be provided, with clear reference to the project and the Programme;
- ✓ deeds of acceptance of works and invoices providing all relevant information in line with the applicable accountancy rules;
- ✓ deed of acceptance of the infrastructure object for using and its registration in the National register (according to national requirements);
- ✓ proof of payment and delivery.

It is very important to indicate clearly the future ownership of investment objects in the AF. It should be noted that according to durability principle any investment objects should be used by the beneficiaries for the purpose foreseen in the approved project AF and for the benefit of target group for at least of 5 (five) years after the final payment for beneficiary is made.

NOTE: Accumulated amount of budget categories No 5 *Equipment expenditure costs* and No 6 *Infrastructure and work costs* cannot exceed 85 % of total eligible project budget. When accumulated amount of those two categories (No 5 *Equipment expenditure costs* and No 6 *Infrastructure and work costs*) exceeds 60 % of the total eligible project budget, such a project is treated as **investment project** (please refer to the Chapter 1.4.1 of the Programme Manual).

Contractual penalties

There are two main ways of contractual penalty settlement:

1. On the basis of a VAT invoice (or another equivalent document) issued by the contractor, the beneficiary pays the contractor the invoice amount less the contractual penalty. Then, reimbursement concerns only the amount actually paid by the beneficiary, in line with the general rule on eligibility, which says that expenditure actually incurred by the beneficiary is eligible for co-financing.
2. The beneficiary makes a payment in line with the VAT invoice (or another equivalent document) issued by the contractor, i.e. without deducting the contractual penalty in cases when it is not effecting the value of the object. Having paid the total amount due on the VAT invoice, the beneficiary receives a payment of the required amount (contractual penalty) from the contractor.

The beneficiary then can present the amount equal to the VAT invoice amount for settlement, for which he/she has a payment confirmation in 100%.

7. Preparation costs

Lump sum of fixed amount of 2.000,00 EUR for preparation costs, if such, could be foreseen in the AF and are meant to cover costs incurred by all project partners in relation to preparation of the AF: preparation costs of travel, accommodation (if necessary), per diems and meals during beneficiaries meetings and preparation costs for translation (during beneficiaries meetings) and organization of the events (beneficiaries meetings). Projects will only be able to receive preparation costs reimbursed to the lead beneficiary once with the first CPR.

8. Ineligible costs:

- costs incurred and/or paid outside project duration (except for preparation costs);
- fines, financial penalties and expenditure on legal disputes and litigation;
- costs of gifts, except those not exceeding 50 EUR per gift where related to promotion, communication, publicity or information and where communication rules have been respected;
- costs related to fluctuation of foreign exchange rate;
- interest on debt;
- recoverable VAT;
- charges for national financial transactions;
- travel and accommodation costs of participants of events organised by the project, where the participants do not contribute to delivery of the project results;
- consultant fees or other service costs between beneficiaries for services and work carried out within the project;
- contracting of employees of the beneficiaries organisations as external experts, e.g. as freelancers (by any other project beneficiary). It is not possible to contract an employee of the same institution, who is working independent with labour contract, to deliver any kind of services, which are a needed to reach project results;
- advance payments not foreseen in the contract and not supported with an invoice or another document of probative value. Also, advance payments cannot cover the whole sum of the product or service as this must be delivered before the final payment can be made;
- in kind contribution.

II. Additional eligibility rules for Polish beneficiaries

I. General rules and assessment of eligibility of expenditure

1. The description of the accounting document should be drawn up on the original accounting document and should include at least:

▪ project number;
▪ amount eligible under the project;

2. It is recommended that the project number is provided on the first page of the document. The other remaining elements of the description can be presented on the reverse side of the accounting document. The description may also have the form of a rubber stamp.

3. If the verification of documents by the national controller/other authorised bodies reveals gaps or errors in the description of an accounting document, all corrections must be made on the original accounting document.

4. If the subsidy contract is signed after a part of the project eligible expenditure is incurred, the beneficiary should (if it is allowed by the accounting system) transfer the said expenditure in the books to appropriate analytical accounts (synthetic or non balance sheet) in order to meet the requirement of maintaining separate accounting records. Otherwise, the beneficiary should mark the accounting documents with an adequate code and draw up a list of all accounting documents confirming the expenditure incurred under the project before signing of the subsidy contract.

5. In the case of cash expenditure, the following dates are considered to be the dates of incurring expenditure:

▪ made by a bank transfer or debit card – the date when the bank account of the beneficiary was debited;

▪ made by a credit card or similar deferred payment instrument – the date of transaction resulting in debiting the bank account of the credit card or similar instrument;

▪ made in cash – the date of actual payment. If the cost is incurred directly by an employee of the beneficiary, the beneficiary must keep the documents evidencing this fact. The date of disbursement of cash or the bank account of the beneficiary is considered as the date of expenditure. If an employee received an advance from the beneficiary institution for expenditure related to the project, the date of incurring the expenditure is the date of actual payment of the invoice/bill, etc.

6. In the case of depreciation: date of depreciation write-off.

7. In the case of compensation of amounts due: for example, the date of compensation approval by the other party.

II. Staff costs

1. Expenditure on remuneration of a person working on a project under a civil law contract, who is also an employee of the beneficiary, is non-eligible, except for specific task contracts (umowa o dzieło).

2. Expenditure related to beneficiary staff remuneration, based on a specific task contract is eligible, if the nature of the performed tasks go over and above the tasks derived from the employment contract (what in fact justifies the conclusion of the specific task contract), and the specific task contract is settled based on the task acceptance protocol.

3. Additional benefits may be eligible, if the duties of a given beneficiary staff member increase temporarily due to project implementation and provided that they were granted in accordance with the applicable labour law. The benefits may be granted both as the only remuneration for work on the project and as a supplement to the remuneration of the beneficiary staff, settled under the project. A benefit may be eligible, provided that the following conditions are met:

- the possibility to grant the benefit results directly from the labour law;
- the benefit has been provided for in the staff regulations or in the salary regulations of the beneficiary institution or in other applicable provisions of labour law;
- the benefit was introduced at the institution of the beneficiary at least 6 months before the submission of the Application Form (the condition does not apply to cases where the possibility to grant the additional benefit comes from universally applicable legal acts);
- the benefit can be potentially applied to all beneficiary employees and its granting rules are the same for staff involved in project implementation and for other beneficiary employees;
- the benefit is eligible in the framework of the project only during the involvement of the given person to the project;
- the amount of the benefit depends on the scope of additional obligations, however, in case of carrying out tasks in several projects of the same beneficiary, the project staff member is granted only one benefit, which is calculated proportionately to the employee's involvement in a given project.

4. Benefits will be eligible only up to 40% of the basic salary along with other components of remuneration, with the restriction that any exceeding of this limit may be solely based on generally applicable law.

5. Rewards (with the exception of a jubilee award) or bonuses might be eligible, provided that the following conditions are met:

- rewards or bonuses are granted with regard to the involvement of the beneficiary's employee in the implementation of tasks related to the project;
- rewards or bonuses are provided for in the staff regulations or in the salary regulations of the beneficiary's institution or in other applicable provisions of labour law;
- rewards or bonuses were introduced at the beneficiary's institution at least 6 months before the submission of the Application Form;
- rewards or bonuses potentially cover all beneficiary employees and the granting rules are the same for both the staff involved in project implementation and for other employees.

6. Total professional involvement of an employee, whose salary costs are accounted for under the project, cannot exceed 276 hours per month. The beneficiary should verify the fulfilment of this condition before involving a given person in the project. This condition should be fulfilled during the whole period of eligibility of salary of a given person in the project.

In case of any irregularities in the fulfilment of the above-mentioned term, the remuneration of the employee is considered as non-eligible (fully or partially) in the project, in which the involvement of the employee resulted in a breach of this condition.

7. The salary of the project staff employed simultaneously on the basis of an employment contract at the institution participating in Programme implementation will be deemed non eligible, unless there is no conflict of interest or double financing.

8. A person entitled to make binding financial decisions on behalf of the beneficiary must not have a record of being subject of a judgment which has the force of res judicata for crime against property, against business trading, against the functioning of the state and local government institutions, against

the credibility of the documents or of committing a tax offence, what will be verified by the beneficiary on the basis of a statement of that person.

9. Examples of non-eligible expenditure for staff costs:

- payments to the State Fund for Rehabilitation of Disabled Persons (Państwowy Fundusz Rehabilitacji Osób Niepełnosprawnych (PFRON));
- the benefits for the project staff that are paid from the ZFŚS;
- costs of civil insurance of public officials for damage caused in the exercise of public authority;
- costs of contributions and optional fees, which are not required by the applicable national law.
- benefits not related to the project under implementation (e.g. for arriving at work on time, for not smoking, for abiding by the work regulations).

III. Travel and accommodation

1. Daily allowances – is eligible in the amount not higher than rates established in the national law (applicable for all beneficiaries, not only those from the public sector)

2. Accommodation costs – only in justified cases can eligible expenditure be higher than rates established in national law (applicable for all beneficiaries, not only those from the public sector)

IV. VAT

1. There is no legal possibility to reclaim VAT if the beneficiary does not acquire the right to reduce due tax (related to taxable activities under the project) by accrued tax (related to the purchases of goods, services and fixed assets reimbursed under the project).

Such a situation may take place in the five following cases (in the three initial cases, VAT may be an eligible expenditure in full):

- the beneficiary is not a VAT payer in the project (when the project is not accompanied by any revenue – acquired goods, services or fixed assets are not used for taxable sale, or under the project there is no direct or indisputable relation between the acquired goods, services or fixed assets and taxable actions – therefore, there is no right to a deduction);
- the beneficiary is exempt from VAT because the value of their sales did not exceed the value defined in Article 113 of the Act on the goods and services tax cumulatively in the previous fiscal year. One should nonetheless bear in mind that such an exemption can be lost or resigned from;
- the beneficiary carries out only activities exempt from VAT;
- the beneficiary performs taxable activities, but some purchases are listed in

Article 88 of the Act on the goods and services tax. In such case, these purchases do not yield the right to a deduction. VAT included in these purchases is an eligible cost, while for other purchases it may be deducted and may not be an eligible cost;

- the beneficiary performs taxable and VAT-exempt activities. In such a situation, eligible cost is only the VAT that serves VAT-exempt activities - if VAT paid in relation to incurring an eligible expenditure may be reclaimed in part, the VAT part that cannot be reclaimed is eligible. This is the case when the beneficiary performs activities that are VAT-exempt and taxable. The beneficiary should assign the accrued VAT on his activities to three groups:

- accrued VAT, resulting from the performance of activities in relation to which the beneficiary has the right to deduct accrued tax – VAT is deducted in full (and hence may not be eligible expenditure);
- accrued VAT, resulting from the performance of activities in relation to which the beneficiary does not have the right to deduct accrued tax – VAT is not deducted at all (and hence may be eligible expenditure);
- accrued VAT, resulting from the performance of activities in relation to which the beneficiary has the right to deduct accrued tax and activities in relation to which the beneficiary does not have the right to deduct accrued tax – in such case the beneficiary should specify the part of accrued VAT that cannot be deducted. Only this part of VAT can be considered eligible. If such specification is impossible to make and the beneficiary can only define the amount of accrued VAT pursuant to Article 90 of the Act on the goods and services tax (so-called sales proportion), VAT may not be considered as eligible expenditure.

2. A situation where VAT is eligible for part of a project is admissible. In such a case, a transparent project settlement system should be ensured, so that there are no doubts as to which part or to what extent VAT may be considered eligible.

3. In individual cases, should there be doubts as to the nature of expenditure or the right to deduct accrued VAT, the beneficiary may be requested to enquire with a competent tax authority for an individual interpretation of tax law.

4. A beneficiary is obliged to deliver to the FLC a statement on the eligibility of VAT with the first and the final project progress report and upon the request of the First Level controller.

III. Timesheet model form

Title of organization:
Project No:
Project title:
Name of employee: **Position in the project:**

Number of hours/days total: *please indicate*
Number of mission days total: *please indicate*

Month:……. **Year: 20...**

Day	**Number of hours / days worked on the project**	**Mission days**	**Place of perform ance**	**Project work description**
01				
02				
03				
04				
05				
06				
07				
08				
09				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
Total:				

Date, signature of employee

Date, signature of Project manager

ANNEX 3

Interreg
Lietuva-Polska
European Regional Development Fund

EUROPEAN UNION

APPLICATION FORM

Interreg V-A Lithuania-Poland cooperation Programme

The filled in Application Form should be submitted to:
Joint Technical Secretariat
Konstitucijos pr. 7, LT-09308 Vilnius, Lithuania
Tel.: +370 5 261 0477
Fax: +370 5 261 0498
E-mail: info@lietuva-polska.eu

Title of the project (*max. 100 characters*)

Project acronym (*optional*)

Project title in national languages

Lietuviškai:	
Po polsku:	

Project summaries (*max. 1500 characters with spaces in each*)

English:	
Lietuviškai:	
Po polsku:	

I. BASIC INFORMATION

I.1. Value of the project

	Total	%
Total eligible project budget		100,00
Total ERDF support		85,00
Total beneficiaries contribution		15,00

I.2. Project beneficiaries

Lead beneficiary institution	*English:*	
	Lietuviškai:	
	Po polsku:	

Country:	*drop list*	County / Voivodeship:	*drop list*	Municipality / District and Commune:	*drop list*
Legal form:					

Detailed information	Enterprise code			
	Address			
	Postal code		City	
	Tel. No.		Fax No.	
	Web address			
VAT	Entitled to VAT	□ Yes □ No	VAT payer No.	
Organization Procurement Status (*applicable only for Lithuanian beneficiary*)				
Person authorized to sign the documents	Name		Surname	
	Position in lead beneficiary institution			
Contact person	Name		Surname	
	Position in lead beneficiary institution			
	Address			
	Postal code		City / Country	

	Tel. No.		Mobil. Tel. No.	
	Fax. No.			
	e-mail			

Beneficiary 2 institution	*English:*				
	Lietuviškai:				
	Po polsku:				
Country:	*drop list*	County / Voivodeship:	*drop list*	Municipality / District and Commune:	*drop list*
Legal form:					

and so on…

I.3. Programme priority and specific objective *drop list*

1. Preserving and protecting the environment and promoting resource efficiency
2. Promoting sustainable and quality employment and supporting labour mobility
3. Promoting social inclusion, combating poverty and any discrimination
4. Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration

I.4. Project timing

Expected start date of the project activities:	
Project duration (in months):	

II. DETAILED PROJECT DESCRIPTION

II.1. Project location

Programme territory		Out of Programme territory
Lithuania: □ Alytus county □ Marijampolė county □ Kaunas county □ Tauragė county □ Vilnius (except for City of Vilnius) county	Poland: □ Ełcki subregion □ Suwalski subregion □ Białostocki subregion	_____

II.2. Justification of the project

Not more than 5000 characters with spaces

II.3. Objectives of the project

Not more than 3000 characters with spaces

II.4. Activities of the project

Not more than 5000 characters with spaces

II.5. Cross-border impact

Not more than 2000 characters with spaces

II.6. Ways of cooperation

	Relevant for the project	Justification
Joint development of the project	Yes	*Not more than 2000 characters with spaces*
Joint implementation	Yes	*Not more than 2000 characters with spaces*
Joint staffing	*drop list* Yes / No	*Not more than 2000 characters with spaces*
Joint financing	*drop list* Yes / No	*Not more than 2000 characters with spaces*

II.7. Project output and result indicators

ID	Result Indicators	Contribution	Description
1.1.R.1.	Number of tourists accommodated in the CP territory	*drop list* Positive / Neutral / Negative	
2.1.R.1.	Share of newly established business entities in relation to the total number of registered business entities	*drop list* Positive / Neutral / Negative	
2.2.R.1.	Registered unemployment rate	*drop list* Positive / Neutral / Negative	
3.1.R.1.	People at risk of poverty or social exclusion	*drop list* Positive / Neutral / Negative	
3.1.R.2.	Population perceiving an unmet need for health care	*drop list* Positive / Neutral / Negative	
4.1.R.1.	Share of institutions benefiting from cross-border cooperation	*drop list* Positive / Neutral / Negative	

ID	Output Indicators	Value	Description	Division between beneficiaries
1.1.O.1.	Number of heritage sites developed or adapted			
1.1.O.2.	Number of joint tourism routes developed			
1.1.O.3.	No of natural and cultural heritage objects and related products promoted			
2.1.O.1.	Number of new or upgraded joint (or promoting cooperation) services for business			
2.1.O.2.	Number of persons having participated in joint trainings and events			
2.2.O.1.	Number of participants in joint local employment initiatives and joint training (common)			
2.2.O.2.	Number of participants in cross-border mobility initiatives (common)			
3.1.O.1.	Number of participants in projects promoting gender equality, equal opportunities and social inclusion across borders (common)			
3.1.O.2.	Number of NGOs involved in cross-border cooperation for combating poverty and social exclusion			
3.1.O.3.	Number of new or upgraded health care services and prevention programmes			
4.1.O.1.	Number of institutions involved in the cross border cooperation			
4.1.O.2.	Number of persons having participated in joint trainings or exchange of staff			

No	Other Indicators	Value	Description	Division between beneficiaries

Visibility outputs	No of outputs	No of copies (if applicable)	Description	Division between beneficiaries
Press articles and press releases				
TV and radio broadcasting				
Leaflets, brochures and flyers				
Gadgets				
Newsletters				
Websites				
Stands, billboards, memory plates				

II.8. Horizontal principles

	Type of contribution	Description of contribution
Sustainable development	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*
Equal opportunities and non-discrimination	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*
Equality between men and women	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*

II.9. Information regarding contribution to EU / national / regional strategies, including European Union Strategy for the Baltic Sea Region (EUSBSR)

Project shall contribute to EUSBSR	*drop list* Yes / No	*drop list* Policy area
Description, not more than 2000 characters with spaces		

II.10. Information and publicity measures

Not more than 3000 characters with spaces

II.11. Sustainability (durability) of project results

Not more than 3000 characters with spaces

II.12. Management of the project

Not more than 3000 characters with spaces

II.13. Experience of beneficiaries in the field of EU funded or other international projects

Not more than 3000 characters with spaces

III. PROJECT COSTS

III.1. Value of the project

	Total	% of total project costs
Total cost of the project		100,00
Total costs out of programme territory		
Total ERDF support		85,00
Total beneficiaries contribution		15,00
Total costs for categories „Equipment expenditure“ and „Infrastructure and works“		

III.2. Project costs by Beneficiaries

	Total eligible costs			ERDF support	Beneficiaries contribution		
	Total	Main programme territory	Out of programme territory		Total	Public	Private

Lead beneficiary							
Beneficiary 2							
Beneficiary 3							
Beneficiary 4							
Beneficiary 5							
Beneficiary 6							
Beneficiary 7							
Beneficiary 8							
Total							

III.3. Project revenues

drop list No / Yes, soft activities shall generate revenue / Yes, infrastructure shall generate revenue

Not more than 3000 characters with spaces

IV. ACTION PLAN

Activity		Beneficiaries involved	Outputs	Duration																		
				Year 1												Year 2			Year 3			
				1	2	3	4	5	6	7	8	9	10	11	12	13	…	24	25	…	30
1.																					
2.																					
3.																					
4.																					
5.																					
6.																					
7.																					
8.																					

V. PAYMENT PLAN (in total, EUR)

Forecast payments	201X	201X+1	201X+2	Total

VI. PROJECT BUDGET

Category of expenditure	*Total eligible costs in EUR*	*Project beneficiary*
Total project costs	Total for project	
1. Staff costs	total for category 1	
<description of each beneficiary costs>		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
2. Office and administrative expenditure	total for category 2	
	calculation for each beneficiary: Amount from staff costs multiplied by 15%	LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
3. Travel and accommodation costs	total for category 3	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
4. External expertise and services costs	total for category 4	
		LB
		B2
		B3
		B4
		B5

		B6
		B7
		B8
5. Equipment expenditure	total for category 5	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
6. Infrastructure and works	total for category 6	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
7. Preparation costs	lump sum	Lead beneficiary

VII. PROJECT BENEFICIARIES

Beneficiary 2	*English:*					
	Lietuviškai:					
	Po polsku:					
Country:		*drop list*	County / Voivodeship:	*drop list*	Municipality / District and Commune:	*drop list*
Legal form:						
Detailed information	Enterprise code					
	Address					
	Postal code		City			
	Tel. No.		Fax No.			
	Web address					
VAT	Entitled to VAT	□ Yes □ No	VAT payer No.			
Organization Procurement Status (*applicable only for Lithuanian beneficiary*)						
Person authorized to sign the documents	Name		Surname			
	Position in beneficiary 2 institution					
Contact person	Name		Surname			
	Position in beneficiary 2 institution					
	Address					
	Postal code		City / Country			
	Tel. No.		Mobil. Tel. No.			
	Fax. No.					
	e-mail					

and so on…

VIII. DECLARATION OF THE LEAD BENEFICIARY

Project title:

In the event of approval of the above mentioned project applying for assistance from the Interreg V-A Lithuania - Poland cooperation Programme I hereby certify that the (*name of the institution*), listed as lead beneficiary in Field I.1. of the Application form will have amount of (*total costs of lead beneficiary*) EUR for project implementation and out of this will provide the amount of **(*amount number*) EUR as beneficiary contribution to the** Interreg V-A Lithuania - Poland cooperation Programme **project budget.**

I, the undersigned, also confirm that

1. the information submitted in this application and its attachments is true;
2. submitting the application I am acquainted with all the requirements and restrictions regarding support granted, and aware of the responsibility and consequences if these requirements are not observed;
3. the project indicated in this application will be taken into life in the way indicated in this application and its' annexes;
4. the project is in conformity with national and EU legislation and policies (i.e. in relation with: environmental protection; equal opportunities and non-discrimination; equality between men and woman);
5. all the beneficiaries participating in the Interreg V-A Lithuania - Poland cooperation Programme project comply with the requirements to eligible beneficiaries described in the Programme Manual;
6. all beneficiaries listed in Annex I to the Application Form are aware of the information presented in the application form and activities of the project and are committed to taking part in the project's activities;
7. I am aware that the lead beneficiary is directly responsible for the overall project and for the effective administration of the support granted;
8. the requested support is necessary to implement the project;
9. the project neither in whole, nor in part, has or will receive any complementary EU funding for this project during the whole duration of the project;
10. I will perform regular monitoring of project in order to ensure implementation of the project as stated in the application form and durability of the results within 5 (five) years after receiving final payment,;
11. I will inform the Managing Authority and other institutions responsible for programme implementation (via Joint Secretariat) about all the changes or deviations in project implementation;
12. I agree that the project should be regularly monitored and checked and that authorised representatives from the EC, European Court of Auditors, Managing Authority, Joint Secretariat and other Programme institutions should perform various revisions and checks on spot related with project;
13. I undertake the obligation to keep all the documents related to the project at least 4 (four) year after the receiving the final payment;
14. I undertake to fulfil the requirements regarding information and publicity for support granted from EU;

15. upon the request of the Managing Authority, Joint Secretariat and other Programme institutions I agree to submit additional information (documents) allowing to evaluate intermediary or final project implementation reports;
16. the project activities do not constitute State aid;
17. (*name of the institution*) listed as lead beneficiary in the Field I.1. of the Application form, <droplist **is /is not**> **entitled** to the recovery of VAT.

I agree that the application form, including annexes are classified as public documents and permit to publish the personal information (name, address, telephone, e-mail provided in this application of the project lead beneficiary, other beneficiaries and Project Co-ordinators) on the Internet webpage www.lietuva-polska.eu.

Signature of the lead beneficiary

Official Stamp of the lead beneficiary

Name and title of the signatory

Date and place

IX. DECLARATION OF THE BENEFICIARY

Project title:

In the event of approval of the above mentioned project applying for assistance from the Interreg V-A Lithuania - Poland cooperation Programme I hereby certify that the (*name of the institution*), listed as beneficiary No. xxx in Field I.1. of the Application form will have amount of (*total costs of beneficiary*) EUR for project implementation and out of this will provide the amount of **(*amount number*) EUR as beneficiary contribution to the** Interreg V-A Lithuania - Poland cooperation Programme **project budget.**

I, the undersigned, also confirm that

1. the information submitted in this application and its attachments is true;
2. submitting the application I am acquainted with all the requirements and restrictions regarding support granted, and aware of the responsibility and consequences if these requirements are not observed;
3. my project part indicated in this application will be taken into life in the way indicated in this application and its' annexes;
4. that my project part is in conformity with national and EU legislation and policies (i.e. in relation with: environmental protection; equal opportunities and non-discrimination; equality between men and woman);
5. I am aware of the information presented in the application form and activities of the project and I am committed to taking part in the project's activities;
6. the requested support is necessary to implement my project part;
7. my project part neither in whole, nor in part, has or will receive any complementary EU funding for this project during the whole duration of the project;
8. I will perform regular monitoring of my project part in order to ensure implementation of the project as stated in the application form and durability of the results within 5 (five) years after receiving final payment;
9. I will inform the Managing Authority and other institutions responsible for programme implementation (via Joint Secretariat) about all the changes or deviations in implementation of my project part;
10. I agree that the project should be regularly monitored and checked and that authorised representatives from the EC, European Court of Auditors, Managing Authority, Joint Secretariat and other Programme institutions should perform various revisions and checks on spot related with project;
11. I undertake the obligation to keep all the documents related to the project at least 4 (four) year after the receiving the final payment;
12. I undertake to fulfil the requirements regarding information and publicity for support granted from EU;
13. upon the request of the Managing Authority, Joint Secretariat and other Programme institutions I agree to submit additional information (documents) allowing to evaluate intermediary or final project implementation reports.
14. (*name of the institution*) listed as beneficiary No X in the Field I.1. of the Application form, <droplist **is /is not> entitled** to the recovery of VAT.

I agree that the application form, including annexes are classified as public documents and permit to publish the personal information (name, address, telephone, e-mail provided in this application of the project beneficiary) on the Internet webpage www.lietuva-polska.eu.

Signature of the beneficiary

Official Stamp of the beneficiary

Name and title of the signatory

Date and place

X. EXPERIENCE OF BENEFICIARIES IN THE EU CO-FINANCED OR OTHER INTERNATIONAL PROJECTS

EXPERIENCE IN THE EU FUNDED PROJECTS

Programme	Project No / Name	Relevant beneficiary	Responsibilities in the project

PROJECT LINKS TO OTHER PROJECTS FINANCED FROM EU OR OTHER PUBLIC SOURCES

Programme	Project No / Name	Relevant beneficiary	Short description of the project

XI. ACTION PLAN IN NATIONAL LANGUAGES

Tables in LT and PL

XII. ANNEXES

No	Content of annex	Attached	Comments
1.	Detailed project budget.	□ Yes	
2	Copy of the certificate of registration of each beneficiary organization giving evidence that the organizations are registered as legal entities (for the Polish beneficiaries such document has to be issued by the National Court Register (Krajowy Rejestr Sądowy) not earlier than 3 months before the submission of the AF). *Not applicable to local and regional authorities.*	*drop list* □ Yes / No	*To be indicated: No of the annex(es) / in case attached to some approved AF – No of project and No of annex*
3	Copy of the actual complete statutes or articles of association of each beneficiary justifying that the status of the organization is non-profit making *(not applicable to local and regional authorities).*	*drop list*	
4.	Signed Partnership Agreement with required annexes.	*drop list*	
5.	Authorization from the lead beneficiary organization that the person has the right to sign the Application Form (if the Application Form shall be signed not by the Head of the organization).	*drop list*	
6.	Copies of the balance sheets for the last 3 years of lead beneficiary (according to national legislation; *not applicable to national, local and regional authorities and their organisational units*).	*drop list*	
7.	Confirmation from the State Tax Inspection about payment of taxes (applied to Lithuanian beneficiaries and has to be submitted upon additional request of Joint Secretariat).	*drop list*	
8.	Confirmation from the Social Security office about payment of social security contributions (applied to Lithuanian beneficiaries that have to submit balance sheets).	*drop list*	
9.	Confirmation from the Register of the Legal Entities (of all beneficiaries) issued not earlier than 3 months before the submission of the Application Form that the beneficiary is operational, not bankrupt or under the legal proceedings *(not applicable, to national local and regional authorities).*	*drop list*	
10.	Copy of the decision on the environmental arrangements of the agreement for realisation of the project (for Polish beneficiaries).	*drop list*	
11.	Declaration of a body responsible for the monitoring of the Natura 2000 net areas:	*drop list*	

	- for Polish beneficiaries standard form to be used; - for Lithuanian beneficiaries – standard form indicated in the annex to the AF filling guidelines should be filled in.		
12.	Environmental impact assessment (according to national legislation).	*drop list*	
13.	Copy of the documents confirming the right for land / real estate disposal (beneficiaries from Lithuania should submit extract from State Enterprise Centre of Registers (liet. Valstybės įmonė Registrų centras).	*drop list*	
14.	Copy of an official decision on land or building using conditions (according to the national legislation: in case of Lithuanian beneficiaries the same document from the Centre of Registers contains necessary information).	*drop list*	
15.	One copy of technical design project. If available and contains all signatures – can be e-version. The second set of technical documentation should be only presented on the request of the Programme Authorities.	*drop list*	
16.	Copy of the decision on the construction permit / Copy of the proof of submission the notification on the construction (in case the decision on the construction permit is not required).	*drop list*	
17.	Approval of the technical project (in case of Lithuanian beneficiaries – order of the customer, approving technical design project and its general and economic indicators).	*drop list*	
18.	Expertise of the technical project (if applicable).	*drop list*	
19.	Extract from Cadastral measurements file (liet. Kadastrinių matavimų byla) of the land / real estate (schemes of places where investments (works) are planned).	*drop list*	
20.	Copy of documentation related to proceeding in the field of the cross-border impact on the environment (for Polish beneficiaries, if applicable).	*drop list*	
21.	Other necessary documents required by Lithuanian or Polish legislation (*please list below*).	*drop list*	
21	Other (*please list below*).	*drop list*	

ANNEX 4

GUIDELINES ON FILLING IN THE APPLICATION FORM

of the

Interreg V-A Lithuania-Poland cooperation Programme

INTRODUCTION

These guidelines are only a recommendatory document with information what data should be filled in each field of the application form. Please get acquainted with the Programme Manual before filling in the application. In case of any doubts about filling in the application, one should turn to the Joint Secretariat (hereinafter – JS) or to the corresponding Regional Contact Point in Poland.

Please note that the digital application form can be downloaded from the Programme website www.lietuva-polska.eu. Instructions how to work with the digital application form shall be also available on the website.

It is necessary to prepare the application for receiving funding from the European Regional Development Fund (hereinafter – ERDF) accurately. All fields should be filled in (if it is not specified otherwise) and the data supplied in them should be precise and thorough.

All fields of the Application Form should be filled in English except some parts which have to be filled in national languages.

EXPLANATION OF POINTS IN THE APPLICATION FORM

Title of the project: (max. 100 characters)

Project acronym (optional):

Title of the project / Projekto pavadinimas / Tytuł projektu - the name of the project should be entered here – it should be short, easily understandable (not more than 100 characters with spaces) and clearly describing the project. One should pay attention to the fact that the project title should not repeat titles of other projects of the applicant or other entities already used under the Programme or other programmes and should not be the same as the Programme priority or the title of specific objective.

Acronym of project title (optional) / Projekto pavadinimo akronimas (pasirinktinai) / Akronim tytułu projektu (opcjonalnie) – the acronym of the project title could be entered here so that it should be easier to identify the project in the subsequent text of the application. It could consist of letters or one or a few words and should be easily spelled and remembered.

Project title in national languages / Projekto pavadinimas nacionalinėmis kalbomis / Tytuł projektu w językach narodowych

Lietuviškai:	
Po polsku:	

The title of the project translated into national language should be entered. Please note that is shall be used in the Subsidy Contract and for publicity of the Programme.

Project summaries / Projekto santraukos / Streszczenie projektu

English:	
Lietuviškai:	
Po polsku:	

The main information about the project should be presented in English and in both national languages, including main aims, events, beneficiaries involved, expected outputs and results and the planned project budget. No additional documents are required.

Description should not exceed the limit of 1.500 characters with spaces and the content in all languages should be the same.

Part I. BASIC INFORMATION / PAGRINDINĖ INFORMACIJA / INFORMACJE PODSTAWOWE

I. BASIC INFORMATION

I.1. Value of the project / Projekto vertė / Wartość projektu

	Total	%

Total eligible project budget		100,00
Total ERDF support		85,00
Total Beneficiaries contribution		15,00

The part reflecting total value of the project shall be filled in automatically when part VI. "Project budget" is filled in.

I.2. Project beneficiaries / Projekto paramos gavėjai / Beneficjenci projektu

In this part contact information about all project beneficiaries shall be filled in.

Lead beneficiary institution	*English:*	
	Lietuviškai:	
	Po polsku:	

Country:	*drop list*	County / Voivodeship:	*drop list*	Municipality / District and Commune:	*drop list*
Legal form:					

Detailed information	Enterprise code			
	Address			
	Postal code		City	
	Tel. No.		Fax No.	
	Web address			
VAT	Entitled for VAT	□ Yes □ No	VAT payer No.	
Organization Procurement Status (*applicable only for Lithuanian beneficiary*)				
Person authorized to sign the documents	Name		Surname	
	Position in lead beneficiary institution			
Contact person	Name		Surname	
	Position in lead beneficiary institution			
	Address			
	Postal code		City / Country	
	Tel. No.		Mobil. Tel. No.	
	Fax. No.			
	e-mail			

Lead beneficiary is the institution selected by all project beneficiaries, responsible for submitting the application for funding to the JS and singing the Subsidy Contract with the Managing Authority (hereinafter – MA), thus undertaking the full financial and legal responsibility for the project. The lead beneficiary is therefore financially liable to the MA for the total amount of Programme funds allocated to the project. Only the lead beneficiary submits payment requests encompassing the whole project on the basis of the Subsidy Contract. In

practice, the lead beneficiary will receive funds from the Certifying Authority and distribute them to other project beneficiaries.

All the requested data about the lead beneficiary should be indicated:

- **Lead beneficiary institution / Pagrindinio paramos gavėjo institucija / Instytucja beneficjenta wiodącego –** official name of the lead beneficiary in three Programme languages (English, Lithuanian and Polish) should be indicated;

- **Country / Šalis / Kraj** – Country of the lead beneficiary institution should be chosen from the drop list;

- **County / Voivodeship / Apskritis / Vaivadija / Okręg / Województwo** – County or Voivodeship of the lead beneficiary institution should be chosen from the drop list;

- **Municipality/District and Commune / Savivaldybė/ Pavietas ir valsčius / Rejon / Powiat i Gmina** – Municipality or District and Commune of the lead beneficiary institution should be chosen from the drop list;

- **Legal form / Teisinis statusas / Forma prawna –** Legal form of the lead beneficiary institution should be indicated. Translation of the adequate definition should be used;

Detailed information / Detali informacija / Informacje szczegółowe – detailed information should be given:

Enterprise code / Įmonės kodas / NIP;
Address (street, No., postal code, city) / Adresas (gatvė, Nr. pašto indeksas, miestas) / Adres (ulica, numer, kod pocztowy, miasto);
Tel. No. / Tel. Nr. / Numer telefonu;
Fax No. / Fakso Nr. / Numer faksu;
Web address / Internetinės svetainės adresas / Strona internetowa;

- **VAT / PVM / VAT – The applicant is entitled to VAT recovery / Pareiškėjas turi teisę susigrąžinti PVM / Wnioskodawca jest zarejestrowany jako płatnik podatku VAT –** option 'Yes' or 'No' should be chosen and VAT payer number should be indicated.

Enterprise code in case of Polish beneficiary should be filled in with 10-digit NIP code, and in case of Lithuanian beneficiary 9-digit code should be given. Please note that in case incorrect amount of digits is indicated an error message will occur, which will disappear only when the correct code is given. In case of Polish beneficiaries both fields "Enterprise code" and "VAT payer No" should be filled in with NIP code.

- **Organisation Procurement Status (*applicable only for Lithuanian beneficiary*) / Organizacijos viešųjų pirkimų statusas (taikomas tik paramos gavėjams iš Lietuvos) / Status organizacji przy wykonywaniu zamówień publicznych –** for the Lithuanian beneficiaries information should be given if the organization is the Purchasing organization according to the Lithuanian public procurement law

- **Person authorised to sign the documents / Asmuo įgaliotas pasirašyti dokumentus / Osoba upoważniona do podpisywania dokumentów –** name, surname and position of the person authorized to sign documents (such as application form, Subsidy Contract and similar) in the lead beneficiary institution should be given:

- Contact person / Asmuo kontaktams / Osoba kontaktowa – all the requested information of the contact person in lead beneficiary institution should be given:

Name, surname / Vardas, pavardė / Imię, nazwisko;
Position in lead beneficiary institution / Pareigos pagrindinio paramos gavėjo institucijoje / Stanowisko w instytucji beneficjenta wiodącego;
Address / Adresas / Adres - street, No., postal code, city and country should be indicated;
Tel. No. / Tel. Nr. / Numer telefonu;
Mobil. Tel. No. / Mobiliojo telefono numeris / Numer telefonu komórkowego;
Fax. No. / Fakso Nr. / Numer faksu;
e-mail / el. paštas / e-mail;

Beneficiaries (other) are institutions and organisations eligible under the Programme, participating in the implementation of the project, carrying out activities, and if requesting Programme funding – bear financial responsibility to the lead beneficiary. The projects can be implemented by at least two and not more than 8 project partners representing the Programme area in both participating countries.

General information about all project beneficiaries should be given below the data of the lead beneficiary:
- **Beneficiary 2 (…) institution / Paramos gavėjo Nr. 2 (…) institucija / Instytucja beneficjenta 2 –** official name of the relevant beneficiary in three Programme languages (English, Lithuanian and Polish) should be indicated;

- Country / Šalis / Kraj – Country of the relevant beneficiary institution should be chosen from the drop list;

- **County/Voivodeship / Apskritis/Vaivadija / Okręg/Województwo** – County or Voivodeship of the relevant beneficiary institution should be chosen from the drop list;

- **Municipality/District and Commune / Savivaldybė/ Pavietas ir valsčius / Rejon /Powiat i Gmina** – Municipality or District and Commune of the relevant beneficiary institution should be chosen from the drop list;

- Legal form / Teisinis statusas / Forma prawna – Legal form of the relevant beneficiary institution should be indicated. Translation of the adequate definition should be used;

Detailed information about all project beneficiaries has to be submitted in Part VII *Project Beneficiaries* and all project beneficiaries have to sign the declarations of the beneficiaries.

As a general rule only institutions from the Programme area can participate in the project as beneficiaries. In duly justified, exceptional cases, institutions from the outside of the eligible Programme area may be accepted provided that it would be difficult to achieve the objectives of the given operation without participation from this particular institution and only when it is necessary for proper implementation of the project activities (in case of Poland beneficiaries only from Warminsko-Mazurskie and Podlaskie Voivodeships, in case of Lithuania – from the entire country can participate). Before including the institution from the outside territory, beneficiaries are recommended to consult Programme bodies via JS on First Level Control (hereinafter - FLC) arrangements for them.

Please be aware that the numbering of the beneficiaries must be the same in all places of the application form and in all other project-related documents.

I.3. Programme priority and specific objective / Programos prioritetas ir konkretus tikslas / Priorytet Programu i cel tematyczny

The applicant has to indicate the priority and specific objective of the Programme to which the applicant assigns the project. The application may be assigned to one specific objective only. The relevant priority and specific objective should be chosen from the drop-lists. In case the call of proposals is targeted not to all priorities or specific objectives, only relevant priority and specific objective can be chosen.

I.4 Project timing / Projekto laikas / Okres realizacji

Expected start date of the project activities / Planuojama projekto pradžios data / Planowana data rozpoczęcia projektu, i.e. exact date when the applicant expects to start activities of the project should be chosen using the calendar.

When planning project implementation project beneficiaries have to evaluate the time needed for implementation of project activities. It should be noted that the time spent on the preparation of the project prior to submitting of application for funding is not regarded as project implementation period. **The earliest date on which the activities can commence and the expenditure can be incurred – is the start date of the project after approval of the Joint Monitoring Committee**. **The earliest date on which project could be started, is the first day of the month following the JMC decision** (i.e. JMC approved the project on 15 July, so earliest day for the project to start would be 1 August). In case project activities are planned to be started later, first day of relevant month should be set as project start date (i.e. activities are planned to be started in March, than 1 March should be indicated as a start date).

However, if the project is approved under conditions, the activities could be started on the risk of the applicant, as the Subsidy Contract will not be signed until all the conditions set in the decision of JMC are fulfilled. Please bear in mind that project assessment and selection process takes several months starting from the deadline for submitting the application. Start date of the project should be planned accordingly.

Project duration (in months) / Projekto trukmė (mėnesiais) / Czas trwania projektu (w miesiącach) should be indicated. The maximum implementation period allowed for the relevant call of proposals should be respected, detailed information can be found in Programme Manual part 3.2.1.

Part II. DETAILED PROJECT DESCRIPTION / DETALUS PROJEKTO APRAŠYMAS / SZCZEGÓŁOWY OPIS PROJEKTU

II. DETAILED PROJECT DESCRIPTION

II.1. Project location

Programme territory		Out of Programme territory
Lithuania: □ Alytus county □ Marijampolė county □ Kaunas county □ Tauragė county □ Vilnius (except for City of Vilnius) county	Poland: □ Ełcki subregion □ Suwalski subregion □ Białostocki subregion	_____

II.1. Project location / Projekto vieta / Lokalizacja projektu

The location of project activities should be specified by checking the relevant boxes. In case some activities are planned out of Programme territory, exact location should be indicated and justification for the need should be demonstrated in part II.2 of the AF.

II.2. Justification of the project / Projekto pagrindimas / Uzasadnienie projektu

II.2. Justification of the project

Not more than 5.000 characters with spaces - actual number

Existing problem(s) or issue(s) the project will address should be described. The background to the problem(s)/ issue(s) should be described. Relevance of project partnership to solving the described problems should be justified. The target group(s) the project will address (the group(s) which will benefit from the results of the project) should be identified. Description should not exceed the limit of 5.000 characters with spaces.

II.3. Objectives of the project / Projekto tikslai / Cele projektu

II.3. Objectives of the project

Not more than 3.000 characters with spaces - actual number

The overall objective and immediate objective(s) of the project should be described. Description cannot exceed 3.000 characters with spaces.

While formulating the overall objective the questions such as: “Why is this project necessary? What is the anticipated long-term impact after achieving the project results?” should be answered. The overall objective has to be clear and realistic. It also has to be possible to choose measurable indicators for the objective easily.

The immediate objective(s) to be achieved due to implementation of the project activities during the project implementation period should be indicated. The activities should be related to the described problems and result from the needs of the identified target group(s) which will be satisfied by the project implementation. The immediate objective(s) should relate to the anticipated project results which will be used by the final beneficiaries.

II.4. Activities of the project / Projekto veiklos / Działania projektu

II.4. Activities of the project

Not more than 5.000 characters with spaces - actual number

The detailed description of the activities (within the limit of 5.000 characters with spaces) of the project should be provided, clearly indicating the role of each project beneficiary. Project activities should be numbered and should be in line with activities indicated in Part IV Action plan. **Numbering of the same activity should be the same in all places of the AF.**

The beneficiaries have to develop and agree to in order to structure their project activities, which shall be development of general description of the project in to details, more information can be found in the Programme Manual part 3.2.2. „Project activities“.

Please note that one project may contain maximum 8 activities and there are three specified activities which are obligatory for all projects to contain:

- **Project management activity** which contains internal communication between beneficiaries, organization of their meetings, division of tasks, etc.
- **Information and publicity activity** which contains public events, preparation and issuance of promotional materials, publications, as well as placing signs and boards at the site of investment, marking the purchased equipment and other informational and promotional items.
- **Closure activity -** this activity is foreseen to be started exactly 3 months before the end date of the project and is designated for closure of the project and preparation of the final report by the beneficiaries. During this activity **only the costs** for project management (such like salaries, office and administrative costs, as well as FLC expenditure of Lithuanian beneficiaries) may be incurred. The beneficiaries should understand that all the project reporting may not be finalised even in the closure period,

but that it is the responsibility of the beneficiary's organisations to ensure that sufficient resources exist for finalising the project.

II.5. Cross-border impact / Poveikis abipus sienos / Wpływ transgraniczny projektu

II.5. Cross-border impact

Not more than 3.000 characters with spaces - actual number

The cross-border impact of the project should be understood as the meaning of the project to the Programme area. It should be described how the outputs and results will influence both sides of the border, how will they benefit from social and economic development of areas on both sides of the border. Please note that limit of 2.000 characters with spaces should be observed.

II.6. Ways of cooperation

	Relevant for the project	Justification
Joint development	Yes	*Not more than 2000 characters with spaces*
Joint implementation	Yes	*Not more than 2000 characters with spaces*
Joint staffing	*drop list* Yes / No	*Not more than 2000 characters with spaces*
Joint financing	*drop list* Yes / No	*Not more than 2000 characters with spaces*

Taking into account the nature of the Programme, beneficiaries have to bring cross-border cooperation in the applying projects. In order to have this effect, 3 or 4 ways of cooperation have to be ensured in the projects. Two of them are obligatory: **joint development and joint implementation**. Justification on how these ways of cooperation are planned to be implemented should be provided only. It should not exceed the limit of 2.000 characters with spaces for each way of cooperation.
One or two more ways should be introduced by the projects: **joint staffing** and/or **joint financing**. The relevant option should be selected from the list and justification in case the way of cooperation is relevant should be filled in, but not exceeding the limit of 2.000 characters with spaces.
More information regarding ways of cooperation can be found in Programme Manual part 1.4.1.

Additional documents, if any, can be submitted together with the application form in order to prove the ways of cooperation. Please note that only the description provided by the applicant in the Application Form (together with the annexes) will be taken into account during the project assessment.

II.7. Project output and result indicators / Projekto produktų ir rezultatų indikatoriai / Wskaźniki produktu i rezultatu projektu

ID	Result Indicators	Contribution	Description

1.1.R.1.	Number of tourists accommodated in the CP territory	*drop list* Positive / Neutral / Negative	
2.1.R.1.	Share of newly established business entities in relation to the total number of registered business entities	*drop list* Positive / Neutral / Negative	
2.2.R.1.	Registered unemployment rate	*drop list* Positive / Neutral / Negative	
3.1.R.1.	People at risk of poverty or social exclusion	*drop list* Positive / Neutral / Negative	
3.1.R.2.	Population perceiving an unmet need for health care	*drop list* Positive / Neutral / Negative	
4.1.R.1.	Share of institutions benefiting from cross-border cooperation	*drop list* Positive / Neutral / Negative	

ID	Output Indicators	Value	Description	Division between beneficiaries
1.1.O.1.	Number of heritage sites developed or adapted			
1.1.O.2.	Number of joint tourism routes developed			
1.1.O.3.	No of natural and cultural heritage objects and related products promoted			
2.1.O.1.	Number of new or upgraded joint (or promoting cooperation) services for business			
2.1.O.2.	Number of persons having participated in joint trainings and events			
2.2.O.1.	Number of participants in joint local employment initiatives and joint training (common)			
2.2.O.2.	Number of participants in cross-border mobility initiatives (common)			
3.1.O.1.	Number of participants in projects promoting gender equality, equal opportunities and social inclusion across borders (common)			
3.1.O.2.	Number of NGOs involved in cross-border cooperation for combating poverty and social exclusion			

3.1.O.3.	Number of new or upgraded health care services and prevention programmes			
4.1.O.1.	Number of institutions involved in the cross border cooperation			
4.1.O.2.	Number of persons having participated in joint trainings or exchange of staff			

No	Other Indicators	Value	Description	Division between beneficiaries

Visibility outputs	No of outputs	No of copies (if applicable)	Description	Division between beneficiaries
Press articles and press releases				
TV and radio broadcasting				
Leaflets, brochures and flyers				
Gadgets				
Newsletters				
Websites				
Stands, billboards, memory plates				

The full list of the Programme result and output indicators is presented in the tables of the application form. This part should be filled in after the beneficiaries choose the Programme priority and specific objective of the project (part II.6 of the AF). First list of result indicators, then list of output indicators and finally visibility outputs should be described.

For the Programme result indicators beneficiaries have to select from the drop list if the planned contribution of the project to the result indicators is positive, neutral or negative and to describe how the successfully implemented project would contribute to the achievement of Programme results under the selected Priority.

Table 1: Programme priorities, specific objectives and their result indicators:

Priority	Specific objective	Result indicators
5. **Preserving and protecting the environment and**	5.1. To increase the sustainable use of natural and cultural heritage for tourism in cross-border area	Number of tourists accommodated

Priority	Specific objective	Result indicators
promoting resource efficiency		
6. **Promoting sustainable and quality employment and supporting labour mobility**	6.1. To promote business creation, development and cooperation through improved business support services	Share of newly established business entities in relation to the total number of registered business entities
	6.2. To decrease unemployment through coordinated cross-border employment initiatives	Registered unemployment rate
7. **Promoting social inclusion, combating poverty and any discrimination**	7.1. To enhance the access to social and health care services for cross-border inhabitants thus combating social exclusion and poverty	People at risk of poverty or social exclusion Population perceiving an unmet need for health care
8. **Enhancing the institutional capacity of public authorities and stakeholders and an efficient public administration**	8.1. To increase cross-border cooperation of the institutions in order to develop more integrated and better quality public governance and public services in the CP area	Share of institutions benefiting from cross-border cooperation

Projects are expected to deliver viable products and services (outputs), whose impact should contribute to Programme results. For this purpose beneficiaries have to choose the most appropriate Priority and the most appropriate Specific Objective corresponding to the given Priority (please refer to paragraph 1.2 of the Programme Manual), to which a project can contribute best.

At least one of the given output indicators relevant for the selected Specific Objective must be used. Other relevant to the project output indicators may be added at the bottom part of the table. The values of the corresponding output indicators should be indicated. The listed indicators should be described in the description section (e.g. "Number of heritage sites developed or adapted" the short description of the sites has to be enclosed and it should match the description in other parts of the application form). The division of the outputs between project beneficiaries must be indicated in the last column of the table.

Visibility outputs should be described in the last table. As "No of outputs" is meant the different products and "No of copies" – how many copies of that product is planned to be produced (e.g. 1 leaflet in 10.000 copies). Description of the visibility outputs and division between project partners must be described in the last columns of the table.

II.8. Horizontal principles / Horizontalieji principai / Zasady horyzontalne

	Type of contribution	Description of contribution
Sustainable development	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*

Equal opportunities and non-discrimination	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*
Equality between men and women	*drop list* Positive / Neutral / Negative	*Not more than 2000 characters with spaces*

Horizontal principle is a rule that must be integrated throughout the Programme in all the projects funded by the Programme. Every project approved by the Programme is required to contribute to the improvement of the horizontal principles, type of contribution should be selected from the drop list between positive, neutral and negative and the justification why this type of contribution was selected should be provided in the description part. Please note that limit of 2.000 characters with spaces should be observed in description of each principle.

Compliance of the submitted application with the horizontal principles will be assessed during the quality assessment and will be taken into consideration by the JMC in selecting projects to be financed under the Programme. Please note that JMC, as a body responsible for the selection of applications for funding, shall use common sense and select only those operations which do not cause any harmful effects, the project activities should demonstrante at least the neutral impact on horizontal principles.

Sustainable development is in general understood as achieving a balance between the economic, social and environmental areas. More information can be found in the paragraph 1.6.1 of the Programme Manual.

The principle of **equal opportunities** implies that it is important that all groups in the society have equal access to the opportunities and benefits of the Programme. Safeguarding equal opportunities is especially important with regard to the most vulnerable groups, therefore, appropriate steps must be taken to prevent any discrimination on the basis of sex, race, ethnic origin, religion or beliefs, disability, age or sexual orientation. More information can be found in the paragraph 1.6.2 of the Programme Manual.

Equality between men and women is targeted at ensuring equal opportunities and equal treatment for men and women and combating any form of discrimination on the grounds of gender. More information can be found in the paragraph 1.6.3 of the Programme Manual.

II.9. Information regarding contribution to EU / national / regional strategies, including European Union Strategy for the Baltic Sea Region (EUSBSR) / Atitikimas ES / nacionalinėms / regioninėms strategijoms, įskaitant Europos Sąjungos Baltijos jūros regiono strategiją / Wkład w realizację unijnych/narodowych/regionalnych strategii, oraz strategii UE dla regionu Morza Bałtyckiego

Project shall contribute to EUSBSR	*drop list* Yes / No	*drop list* Priority area
Description, not more than 2000 characters with spaces		

The information if the project plan to contribute to the EU Strategy for the Baltic Sea Region and if yes, to which policy area, should be filled in. More information can be found in the paragraph 1.7 of the Programme Manual. Afterwards the description should be provided together with the information about compliance with other strategic documents.

Depending on the project location and content the compliance with development strategy documents of a given country(ies)/ region(s), including sectoral policies strategic documents, should be described. The relevant national/ regional development strategy(ies) or plan(s) should be indicated and the compliance of the project with them should be justified referring to relevant parts, points etc. of these documents.

It is possible to relate the planned activities with the development strategy by various aspects and at various levels; e.g. the social and economic meaning of the project, the impact of the project on regional development or its part (e.g. increase of regional competitiveness, improvement of investment attractiveness of the region, impact on human resources, contribution to cultural heritage etc.).

Please note that limit of 2.000 characters with spaces should be observed in the description.

II.10. Information and publicity measures / Informavimo ir viešinimo priemonės / Działania informacyjne i promocyjne

II.8. Information and publicity measures

Not more than 3.000 characters with spaces - actual number

The communication and information (communication) strategy of the project should be described here in order to provide an explanation on how the project beneficiaries are planning to implement the information campaign about the project so that the project and its results would be disseminated and promoted widely. The rules of the Commission Regulations on information and publicity measures to be carried out by the member states concerning assistance from structural funds should be referred to. Description should not be longer than 3.000 characters with spaces.

The target group(s) to be addressed with information and publicity activities and the measures with the help of which the activities will be carried out should be indicated. Please consider the examples of such publicity measures: websites, publications, brochures, presentations, exhibitions, information stands – boards, announcements/information in the media, etc.

The information and publicity measures should be marked appropriately, indicating the EU's contribution to the project.

II.11. Sustainability (durability) of project results / Projekto rezultatų tęstinumas / Trwałość rezultatów projektu

II.9. Sustainability (durabiltity) of project results

Not more than 3.000 characters with spaces - actual number

It should be described how the sustainability (durability) of the project outputs and results will be ensured. The following questions should be answered: “Who will own the produced outputs? How, when and by whom will the outputs and results be used? How will they be maintained after the project has been finalised? Who will be responsible for the maintenance, continuation or development of the activities initiated by the project implementation (institutional sustainability)? How will it be carried out including future funding possibilities (financial sustainability)? The question of how the project impact will be sustained after the end of the project should be answered (e.g. who and how will maintain the established cooperation tools, be responsible for carrying out investments intended). The limit of 3.000 characters with spaces should be observed.

II.12. Management of the project / Projekto valdymas / Zarządzanie projektem

II.10. Management of the project

Not more than 3.000 characters with spaces - actual number

Detailed information about planned project management activity, including co-ordination and management structures of the project should be described (within the limit of 3.000 characters with spaces). The structure, responsibilities and procedures for the management and co-ordination of the project should be outlined. If needed, the illustrated management structures in the form of an organisational chart or flow-chart can be attached to the application. The description should include a brief explanation on the arrangements in place for the financial management of the project, including arrangements for reporting and monitoring. It is recommended to describe the experience of the staff that will work with the project implementation, as well as the amount of the budget foreseen for the salaries of the project staff.

II.13. Experience of beneficiaries in the field of the project / Paramos gavėjų patirtis projekto srityje / Doświadczenie beneficientów w dziedzinie objętej projektem

II.11. Experience of partners in the field of the project

Not more than 3.000 characters with spaces - actual number

The experience of the beneficiaries in the field of project implementation should be described. The description should provide necessary information showing that the applicant has the necessary skills and experience to implement the project. Please note that this information should be in line with the data provided in application form part X. “Experience of beneficiaries

in the EU co-financed or other international projects". The limit of 3.000 characters with spaces should be observed.

III. PROJECT COSTS

III.1. Value of the project/ Projekto vertė / Wartość projektu

	Total	% of total project costs
Total cost of the project		100,00
Total costs out of programme territory		
Total ERDF support		85,00
Total beneficiaries contribution		15,00
Total costs for categories „Equipment expenditure" and „Infrastructure and works"		

This part of the application form shall be filled in automatically when part VI. "Project budget" is filled in.

III.2. Project costs by beneficiaries / Projekto išlaidos pagal paramos gavėjus / Koszty projektu w podziale na beneficientów

	Total eligible costs			ERDF support	Beneficiaries contribution		
	Total	Main programme territory	Out of programme territory		Total	Public	Private
Lead beneficiary							
Beneficiary 2							
Beneficiary 3							
Beneficiary 4							
Beneficiary 5							
Beneficiary 6							
Beneficiary 7							
Beneficiary 8							
Total							

Part of the table shall be filled in automatically when part VI. "Project budget" is filled in, only the division between main and out of Programme territory of the total eligible project costs and division between public and private contribution of each beneficiary must be filled in additionally.

III.3. Project revenues

drop list No / Yes, soft activities shall generate revenue / Yes, infrastructure shall generate revenue

Not more than 3000 characters with spaces

First the relevant option should be selected if the project is planning to generate revenue and if yes, from which type of activities. Afterwards detailed description about planned revenues, calculations in respect to the limits should be provided. Detailed information about revenues of the projects is provided in the Programme Manual part 3.5.2.

Part IV. ACTION PLAN / VEIKLŲ PLANAS / PLAN DZIAŁANIA

Activity		Beneficiaries involved	Outputs	Duration																	
				Year 1												Year 2			Year 3		
				1	2	3	4	5	6	7	8	9	10	11	12	13	…	24	25	…	30
1.																					
2.																					
3.																					
4.																					
5.																					
6.																					
7.																					
8.																					

The project activities **(Activity / Veikla / Działanie)**, as described in II.4 should be indicated, listing beneficiaries involved **(Beneficiaries involved / Dalyvaujantys paramos gavėjai / Zaangażowani beneficienci)** (Numbering of beneficiaries should be the same in all places of the application form and in all other project documents). Output column **(Outputs / Produktai / Produkty)** should clearly indicate the physical outputs of the activity, and should match the indicators part from the point II.7. The expected duration of the activities in months **(Duration of the project / Projekto trukmė / Okres realizacji projektu**) should be presented by checking the relevant project cells.

Month 1 in the action plan is considered to be the month of the project start date (not a calendar month).

Part V. PAYMENT PLAN / MOKĖJIMŲ PLANAS / HARMONOGRAM WYDATKOWANIA

V. PAYMENT PLAN				
Forecasted payments	2013	2014	2015	2016

The project payment plan shall be indicated, listing the total amount of project expenditure annually. Years will be filled in automatically basing on the project start date filled in the point I.4. Please take into account that failure to implement the project in accordance with the payment plan may result in the reduction of the assistance granted.

Part VI. PROJECT BUDGET / PROJEKTO BIUDŽETAS / BUDŻET PROJEKTU

Category of expenditure	*Total eligible costs in EUR*	*Project beneficiary*
Total project costs	Total for project	
1. Staff costs	total for category 1	
<description of each beneficiary costs>		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
2. Office and administrative expenditure	total for category 2	
	calculation for each beneficiary: Amount from staff costs multiplied by 15%	LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
3. Travel and accommodation costs	total for category 3	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
4. External expertise and services costs	total for category 4	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
5. Equipment expenditure	total for category 5	
		LB

		B2
		B3
		B4
		B5
		B6
		B7
		B8
6. Infrastructure and works	total for category 6	
		LB
		B2
		B3
		B4
		B5
		B6
		B7
		B8
7. Preparation costs	lump sum	Lead beneficiary

The project budget (eligible costs only) should be broken down by costs categories and by beneficiaries. 7 budget categories are available:

1. **Staff costs / Išlaidos darbuotojams / Koszty personelu**
2. **Office and administrative expenditure / Biuro ir administracinės išlaidos / Wydatki biurowe i administracyjne**
3. **Travel and accommodation costs /Kelionės ir apgyvendinimo išlaidos / Koszty podróży i zakwaterowania**
4. **External expertise and services costs / Išorės ekspertų ir paslaugų išlaidos / Koszty ekspertów zewnętrznych i koszty usług zewnętrznych**
5. **Equipment expenditure / Įrangos išlaidos / Wydatki na wyposażenie**
6. **Infrastructure and works / Išlaidos infrastruktūrai ir darbams / Infrastruktura i roboty budowlane**
7. **Preparation costs / Pasirengimo išlaidos / Koszty przygotowawcze**

Each budget line should correspond to only one project beneficiary. Name of the project beneficiary is filled in automatically basing on the data in the part I.2. Costs can appear only in the lines where name of the beneficiary is indicated. Total costs per beneficiary per budget category should be calculated from the Annex 1 of the application form “Detailed project budget”. Total project budget is summed up automatically.

Please note that in order to facilitate implementation and management of the projects some simplifications are introduced in the Programme:

3. a flat rate for No 2. *Office and administrative expenditure* budget category: it is counted as 15 % of the eligible No 1. *Staff cost* budget category and appears automatically for each beneficiary. Please be reminded to check that the same amounts would be indicated in the detailed project budget attached as annex 1 to the application form;
4. the lump sum of preparation costs: it can be selected zero or fixed 2.000,00 EUR for preparation costs for the whole project in the budget category No 7. *Preparation costs*. Please note that the costs are assigned to the lead beneficiary, the division of

these costs between all project beneficiaries should be foreseen in the partnership agreement.

More information regarding project costs and planning the budget of the project is provided in the Programme Manual part 3.4. and Annex 2 of the Programme Manual "Fact sheets on eligibility of expenditure".

Part VII. PROJECT BENEFICIARIES / PROJEKTO PARAMOS GAVĖJAI / BENEFICJENCI PROJEKTU

Information has to be filled in for each project beneficiary except the lead beneficiary. Part of the information is automatically filled in basing on part I.2. Required information is analogical to information regarding the lead beneficiary from part I.2 of the application form.

Part VIII. DECLARATION OF THE LEAD BENEFICIARY / PAGRINDINIO PARAMOS GAVĖJO DEKLARACIJA / DEKLARACJA BENEFICJENTA WIODĄCEGO

All necessary information in the upper part of the declaration is filled in automatically. In the point 17 it should be chosen from the drop list whether the lead beneficiary institution is entitled or not entitled to the recovery of VAT.

Declaration should be printed, stamped and signed by person authorized to sign documents in the lead beneficiary institution. No additional documents are required. The statement is a legally binding document in the project assessment and selection process.

Part IX. DECLARATION OF THE BENEFICIARY / PARAMOS GAVĖJO DEKLARACIJA / DEKLARACJA BENEFICJENTA

All necessary information in the upper part of the declaration is filled in automatically. In the point 14 it should be chosen from the drop list whether the beneficiary institution is entitled or not entitled to the recovery of VAT.

Declarations for each of the beneficiaries participating in the project must be stamped and signed by person authorized to represent relevant beneficiary institution (authorisation from the beneficiary organisation that the person has the right to sign if the declaration is signed not by the head of the organisation should be submitted as an annex). It is possible to review all the declarations by pushing one of the buttons: "Next beneficiary" or "Previous beneficiary". No additional documents are required. The statement is a legally binding document in the project assessment and selection process.

Part X. EXPERIENCE OF BENEFICIARIES IN THE EU CO-FINANCED OR OTHER INTERNATIONAL PROJECTS / PARAMOS GAVĖJŲ PATIRTIS ES BENDRAI FINANSUOJAMUOSE AR KITUOSE TARPTAUTINIUOSE PROJEKTUOSE / DOŚWIADCZENIE BENEFICJENTÓW W REALIZACJI PROJEKTÓW FINANSOWANYCH ZE ŚRODKÓW UE

EXPERIENCE IN THE EU FUNDED PROJECTS

Programme	Project No / Name	Relevant beneficiary	Responsibilities in the project

PROJECT LINKS TO OTHER PROJECTS FINANCED FROM EU OR OTHER PUBLIC SOURCES

Programme	Project No / Name	Relevant beneficiary	Short description of the project

The experience of each beneficiary in managing / participating in previously or currently implemented EU funded projects or in delivering similar types of activities / projects should be indicated. The title of each programme and project should be provided as well as short description of the role the beneficiary had in each project should be stated. The information may concern projects / activities financed with EU pre-accession funds (PHARE, ISPA, SAPARD), EU structural funds and Cohesion fund and other, including national funds or Partner's own funds, especially those implemented during the last five years.

If the submitted project is logically, topically and closely linked to other projects funded from the EU funds, these linked projects should be indicated in the second table. The linked project may have been implemented by the project beneficiary(-ies) or other entity(-ies). The short description of the activities of the linked project, its value and duration should be provided in the column "Short description of project".

If the project is part of the larger activity or its implementation depends on other projects implementation or is a separate stage of an already started project (activity continuation), these projects are the linked projects and should be described in this point.

Part XI. ACTION PLAN IN NATIONAL LANGUAGES / VEIKSMŲ PLANAS ABIEJOMIS NACIONALINĖMIS KALBOMIS / PLAN DZIAŁANIA W JĘZYKACH NARODOWYCH

The project activities, as described in point II.4 and part IV should be indicated in Lithuanian and Polish languages, indicating beneficiaries involved in each activity and planned outputs (please note that the numbering of the beneficiaries should be the same in all places of the application form and in all other project documents). The expected duration of the project activities in months should be presented by marking the relevant cells. Output column should clearly indicate the physical outputs of the activity. Month 1 in the action plan is considered to be the month of the project start date (not calendar month). **Please note that action plan in all three languages should match.** No additional documents are required.

Part XII. ANNEXES / PRIEDAI / ZAŁĄCZNIKI

No	Content of annex	Attached	Comments
1.	Detailed project budget.	□ Yes	
2	Copy of the certificate of registration of each beneficiary organization giving evidence that the organizations are registered as legal entities (for the Polish beneficiaries such document has to be issued by the National Court Register (Krajowy Rejestr Sądowy) not earlier than 3 months before the submission of the AF). *Not applicable to local and regional authorities.*	*drop list* □ Yes / No	*To be indicated: No of the annex(es) / in case attached to some approved AF – No of project and No of annex*
3	Copy of the actual complete statutes or articles of association of each beneficiary justifying that the status of the organization is non-profit making *(not applicable to local and regional authorities).*	*drop list*	
4.	Signed Partnership Agreement with required annexes.	*drop list*	
5.	Authorization from the lead beneficiary organization that the person has the right to sign the Application Form (if the Application Form shall be signed not by the Head of the organization).	*drop list*	
6.	Copies of the balance sheets for the last 3 years of lead beneficiary (according to national legislation; *not applicable to national, local and regional authorities and their organisational units*).	*drop list*	
7.	Confirmation from the State Tax Inspection about payment of taxes (applied to Lithuanian beneficiaries and has to be submitted upon additional request of Joint Secretariat).	*drop list*	
8.	Confirmation from the Social Security office about payment of social security contributions (applied to Lithuanian beneficiaries that have to submit balance sheets).	*drop list*	
9.	Confirmation from the Register of the Legal Entities (of all beneficiaries) issued not earlier than 3 months before the submission of the Application Form that the beneficiary is operational, not bankrupt or under the legal proceedings *(not applicable, to national local and regional authorities).*	*drop list*	
10.	Copy of the decision on the environmental arrangements of the agreement for realisation of the project (for Polish beneficiaries).	*drop list*	

11.	Declaration of a body responsible for the monitoring of the Natura 2000 net areas: - for Polish beneficiaries standard form to be used; - for Lithuanian beneficiaries – standard form indicated in the annex to the AF filling guidelines should be filled in.	*drop list*	
12.	Environmental impact assessment (according to national legislation).	*drop list*	
13.	Copy of the documents confirming the right for land / real estate disposal (beneficiaries from Lithuania should submit extract from State Enterprise Centre of Registers (*liet. Valstybės įmonė Registrų centras*).	*drop list*	
14.	Copy of an official decision on land or building using conditions (according to the national legislation: in case of Lithuanian beneficiaries the same document from the Centre of Registers contains necessary information).	*drop list*	
15.	One copy of technical design project. If available and contains all signatures – can be e-version. The second set of technical documentation should be only presented on the request of the Programme Authorities.	*drop list*	
16.	Copy of the decision on the construction permit / Copy of the proof of submission the notification on the construction (in case the decision on the construction permit is not required).	*drop list*	
17.	Approval of the technical project (in case of Lithuanian beneficiaries – order of the customer, approving technical design project and its general and economic indicators).	*drop list*	
18.	Expertise of the technical project (if applicable).	*drop list*	
19.	Extract from Cadastral measurements file (*liet. Kadastrinių matavimų byla*) of the land / real estate (schemes of places where investments (works) are planned).	*drop list*	
20.	Copy of documentation related to proceeding in the field of the cross-border impact on the environment (for Polish beneficiaries, if applicable).	*drop list*	
21.	Other necessary documents required by Lithuanian or Polish legislation (*please list below*).	*drop list*	
22.	Other (*please list below*).	*drop list*	

The list of annexes should be filled in, it should be selected from the drop list whether given annex is attached or not, except for the annex 1 – detailed project budget must be submitted in any case, therefore there is no option to choose. Additional annexes may be added to the list. Please note that annexes should be numbered and attached in the same order that it is indicated in the checklist. If the annex is included for each beneficiary, it has to be numbered using letters after numbers, for example 3.a, 3.b, etc.

Please note that the Programme shall apply the principle that the documents, when possible, would be submitted only once by the same institution: in the future in case the same annexes as were attached to the approved project shall be relevant for the new applications, indication of the project number and annex number shall be satisfactory and there will be no need to attach the paper versions of the documents once again – electronic copies shall be accepted.

Number of annexes depends on the type of the project and national requirements of specific documentation. More information can be found in the paragraph 3.6.3 of the Programme Manual.

The standard form for Lithuanian beneficiaries regarding Annex 11 „Declaration of a body responsible for the monitoring of the Natura 2000 net areas“ can be found in Annex 1 to this document.

INFORMACIJA APIE PROJEKTUI TAIKOMUS APLINKOSAUGINIUS REIKALAVIMUS[12]

_____

Paramos gavėjo pavadinimas

_____ _____

data vieta

1. Šiame priede paramos gavėjas iš Lietuvos pateikia informaciją apie dalinai iš Interreg V-A Lietuva – Lenkija bendradarbiavimo programos (toliau tekste – programos) finansuojamo projekto (toliau – projektas) *„įrašyti projekto pavadinimą“* poveikio aplinkai vertinimą (toliau – PAV) ir jo poveikį „Natura 2000“ teritorijoms.

2. Pareiškėjas žemiau esančioje lentelėje Nr. 1 pateikia informaciją, ar projektui taikomos PAV ir (arba) „Natura 2000“ teritorijų reikšmingumo nustatymo procedūros.

Lentelė Nr. 1. Informacija apie projekto PAV ir jo poveikį „Natura 2000“ teritorijoms

Klausimas	Paaiškinimai	Taip/Ne	Jei taip, reikalingi pateikti dokumentai
2.1. Ar projekte planuojama ūkinė veikla įrašyta į PAV įstatymo 1 priedą?	PAV įstatymo 1 priede pateikiamas planuojamos ūkinės veiklos, kurios poveikis aplinkai privalo būti vertinamas, rūšių sąrašas.	□ Taip □ Ne	1. Atsakingos institucijos sprendimas dėl planuojamos ūkinės veiklos galimybių. 2. PAV ataskaita.
2.2 Ar projekte planuojama ūkinė veikla įrašyta į PAV įstatymo 2 priedą?	PAV įstatymo 2 priede pateikiamas planuojamos ūkinės veiklos, kuriai turi būti atliekama atranka dėl PAV, rūšių sąrašas.	□ Taip □ Ne	1.Atsakingos institucijos atrankos išvada, ar privalomas PAV. 2.Atsakingos institucijos sprendimas dėl planuojamos ūkinės veiklos galimybių ir PAV ataskaita *(jei atrankos dėl PAV išvadoje nustatyta, kad PAV privalomas).*
2.3 Ar projektui atranką dėl PAV atlikti reikalinga dėl kitų priežasčių?	Šis punktas žymimas, kai projekte planuojama ūkinė veikla neįrašyta į PAV įstatymo 1 ir 2 prieduose nurodytus sąrašus, tačiau, vadovaujantis PAV įstatymo 3 straipsnio 3 dalimi, atranką dėl PAV atlikti reikalinga dėl kitų priežasčių. *Pavyzdžiui, PAV proceso dalyviai (visuomenė, valstybės, savivaldybių ir kitos institucijos) pareikalavo ir atsakinga institucija, atsižvelgdama į planuojamos ūkinės veiklos mastą, pobūdį ar vietos ypatumus,*	□ Taip □ Ne	1. Atsakingos institucijos atrankos išvada, ar privalomas PAV. 2. Atsakingos institucijos sprendimas dėl planuojamos ūkinės veiklos galimybių ir PAV ataskaita *(jei atrankos dėl PAV išvadoje nustatyta, kad PAV privalomas).* 3. Kita PAV atlikimo dokumentacija.

[12] *Pildomas priedas yra neatskiriama paraiškos dalis ir paramos gavėjas (-ai) yra susipažinęs (-ę) su šiame priede teikiama informacija ir patvirtina, kad teikiama informacija yra teisinga. Priedą pildo tik Lietuvos paramos gavėjas (-ai).*

	nusprendė, kad atranka dėl PAV reikalinga.		
2.4 Ar projekto planuojama ūkinė veikla yra susijusi su „Natura 2000" teritorijomis?	Šis punktas žymimas, kai projektas bus įgyvendinamas „Natura 2000" teritorijoje arba šalia jos. *Projektams, kurių veiklos gali turėti įtakos „Natura 2000" teritorijoms, privaloma atlikti reikšmingumo nustatymo procedūras ir, jei taikoma, pateikti už „Natura 2000" teritorijų stebėseną atsakingos institucijos deklaraciją. Vadovaujantis PAV įstatymo 3 straipsnio 2 dalies 3 papunkčiu, PAV turi būti atliekamas, jeigu projekto planuojamos ūkinės veiklos įgyvendinimas gali daryti poveikį „Natura 2000" teritorijoms ir atsakinga institucija nustato, kad šis poveikis gali būti reikšmingas.*	□ Taip □ Ne	1. Už „Natura 2000" teritorijų stebėseną atsakingos institucijos deklaracija *(jei taikoma)*. 2. Atsakingos institucijos atrankos išvada, ar privalomas PAV *(jei taikoma atrankos procedūra)*. 3. Atsakingos institucijos sprendimas dėl planuojamos ūkinės veiklos galimybių ir PAV ataskaita *(jei PAV privalomas)*.

Pasirašydamas (-a) šią deklaraciją, aš patvirtinu, kad pateikta informacija yra teisinga.

(Paramos gavėjo ar jo įgalioto atstovo pareigų pavadinimas	(Parašas)	(Vardas ir pavardė)

ANNEX 5

SPECIFIC CONDITIONS FOR POLISH BENEFICIARIES REGARDING THE EXECUTION OF PUBLIC CONTRACTS

1. Expenditure incurred in accordance with the principle of fair competition

1) The competent institution that is a party to an agreement commits the beneficiary, in the co-funding agreement, to prepare and conduct a public procurement procedure[13] in the framework of a project in a manner that ensures, in particular, fair competition and equal treatment of contractors and in line with the terms and procedures defined in the Guidelines.

2) Public procurement contracts under the project are concluded in accordance with the following:

   (a) The Act – Public Procurement Law – in the case of a beneficiary being an obliged entity pursuant to Article 3 of the Act – Public Procurement Law to apply it;

   or

   (b) The principle of competitiveness, referred to in section 1.3, in the case of:

      i. A beneficiary not being an obliged entity pursuant to Article 3 of the Act – Public Procurement Law to apply it, in the case of public contracts whose value exceeds PLN 50,000 net, i.e. net of the goods and services tax (VAT),

      ii. The beneficiary referred to in (a):

         - In the case of public contracts with value lower than the amount defined in Article 4(8) of the Act – Public Procurement Law and, at the same time, exceeding PLN 50,000 net, i.e. net of the goods and services tax (VAT), or

         - In the case of utilities contracts with value lower than the amount specified in the provisions issued on the basis of Article 11(8) of the Act – Public Procurement Law and, at the same time, exceeding PLN 50,000 net, i.e. net of the goods and services tax (VAT),

Taking into account the conditions resulting from this Sub-chapter, without prejudice to Items 3 and 4.

3) If the beneficiary is a public administration body, he or she may entrust, pursuant to Article 5(2)(1) of the Act of 24 April 2003 on public benefit activity and voluntary work, the performance of public tasks under the procedure laid down in this Act.

4) If, pursuant to current regulations other than the Act – Public Procurement Law, the Act – Public Procurement Law is exempt from application, the beneficiary referred to in Article 3 of the Act – Public Procurement Law conducts a public procurement procedure on the basis of these provisions[14].

---

[13] A public contract shall mean written contracts for pecuniary interest concluded between a contracting authority and an economic operator, having as their subject-matter services, supplies or works provided for in the project implemented under a programme; it concerns both procurement contracts pursuant to the Act – Public Procurement Law and procurement contracts concluded in line with the principle of competitiveness.

[14] Please be advised that in the opinion of the European Commission , the Management Entities of the Special Economic Zones are bodies governed by public law , which are obliged to apply to the Act – Public Procurement Law.

5) If the beneficiary violates the terms and procedures of soliciting a public contract defined in this Sub-chapter, all or part of the expenditures related to this public contract is considered ineligible, pursuant to the Ordinance of the minister competent for regional development issued on the basis of Article 24(13) of the implementation act.

1.1 General terms of public contract execution[15]

1) The value of public contracts is estimated with due diligence, taking into account potential supplementary contracts referred to in Article 67(1)(6) and (7) and Article 134(6)(3) and (4) of the Act – Public Procurement Law or public contracts referred to in Section 1.3 Item 15 of the Guidelines; the value estimation is documented. It is forbidden to divide public contracts into parts that would result in lower estimated value. In determining the value of a public contract, all of the following criteria must be met:

   (a) Services, supplies and construction works are of the same kind or have the same function,

   (b) It is possible to award a public contract at the same time,

   (c) It is possible for a single contractor to execute the public contract.

   If a public contract is awarded in parts (for certain financial, organisational or functional reasons), the value of the public contract is calculated by adding the values of all individual parts thereof.[16]

2) The description of the subject of a public contract shall use the names and codes defined in the Common Procurement Vocabulary[17] referred to in Regulation (EC) No 2195/2002 of the European Parliament and of the Council of 5 November 2002 on the Common Procurement Vocabulary (CPV) (OJ L 340, 16.12.2002, p. 1, as amended; OJ Polish special edition ch. 6, vol. 5, p. 3).

3) The dates of each stage of a public procurement procedure are determined in accordance with national law, EU law and the Guidelines, and in a way that allows keeping them (which concerns both shortening and postponing deadlines). When setting the deadlines, one needs to take into account the complexity of the public procurement procedure, the nature and subject of the public contract and the available personnel of the contracting authority,[18] their tasks, skills and experience.

4) All contractors have the same access to information concerning a given public contract and no economic operator is privileged compared to another; procedures are conducted in a transparent manner.

5) The terms of participation in a public procurement procedure must be proportionate to the subject-matter of the public contract and they cannot restrict competition by setting requirements higher than the needs necessary to achieve project objectives and leading to discrimination of contractors.

6) The criteria for evaluation of tenders filed in the framework of a public procurement procedure include requirements connected with the subject of the public contract. The criteria:

   (a) Cannot restrict competition by setting requirements higher than the needs necessary to achieve project objectives and leading to discrimination of contractors,

   (b) Should in principle determine, apart from the requirements concerning the price, also other requirements concerning the subject of the contract, such as e.g. quality, functionality, technical

[15] It concerns all public contracts referred to in Item 2 of Sub-chapter 1.

[16] In the case of beneficiaries obliged to apply the Act – Public Procurement Law, it does not concern the contracts referred to in Article 6a of the Act – Public Procurement Law.

[17] The Common Procurement Vocabulary is available, *inter alia*, at: http://www.kody.uzp.gov.pl.

[18] In Sub-chapter 1, the "contracting authority" shall be understood as the beneficiary (applicant) or the entity that conducts the public procurement procedure as authorised by the beneficiary.

parameters, environmental, social and innovative aspects, service, contract completion date and exploitation costs.

The tender evaluation criteria may refer to competence of the contractor's characteristics only in the case of non-priority services, specified in provisions issued under Article 2a and 2b of the Act – Public Procurement Law.[19]

7) For improper performance of a public contract, e.g. due to delays on the part of the contractor, incorrect performance of a pubic contract, incomplete performance of a public contract (including e.g. non-adherence to guarantee terms), penalties are imposed as defined in the contract concluded with the contractor. If penalties are not imposed, the reasons for not imposing them must be stated in writing.

8) If the contractor fails to adhere to the terms of the public contract and no contractual penalties are imposed, part of the expenditures connected with the specific public contract may be considered as ineligible.

1.2 Special terms of execution of public contracts awarded in accordance with the Act – Public Procurement Law[20]

1) There are two primary procedures of awarding public contracts, namely open tendering and restricted tendering.[21] If a different procedure than the two primary procedures is applied for awarding public contracts, it must be proven in writing that the basic reasons that allow for its application have been met. If it is not proven that the conditions justifying the application of a given procedure have been met, expenditure under a given public contract may be considered ineligible. In order to ensure an adequate audit trail, documents justifying the procedure selection are archived together with the documentation concerning a given public contract.

2) The duration of individual procedure stages can be reduced (accelerated procedure) for public contracts whose value equals or exceeds the amounts referred to in the provisions issued on the basis of Article 11(8) of the Act – Public Procurement Law only in the situations provided for in EU and national law, including in the case of an urgent need for awarding a public contract. An urgent need may not result from reasons on the part of the contracting authority which it was able to predict acting with due diligence.[22] If an urgent need to award a public contract is invoked, it must be documented. The documentation must be annexed to the record of contract award procedure.

3) Before formal initiation of a procedure by negotiated procedure without publication pursuant to Article 62(1)(3) of the Act – Public Procurement Law, by single-source procurement procedure pursuant to Article 67(1)(1)(a) or (b)[23] and Paragraph 1(1a) and request for quotation, in order to guarantee an adequate level of information dissemination to all contractors, information on the intent to award a public contract, hereinafter referred to as "information on a public contract", must be published. Information on a public contract is published on the website of the contracting authority, if any, and in its headquarters; one should aim at adjusting the extent of such dissemination to the

[19] Non-priority services have been defined in the Ordinance of the President of the Council of Ministers of 28 January 2010 on the list of priority and non-priority services (Dz.U. [Journal of Laws] of 2010 No 12, item 68) and in the Ordinance of the President of the Council of Ministers of 3 December 2012 on the list of priority and non-priority services in the areas of defence and security (Dz.U. of 2012, item 1361).

[20] It concerns solely public contracts referred to in Sub-chapter 1, Item 2(a).

[21] In the case of utilities contracts, an additional admitted procedure is a negotiated procedure with publication (pursuant to Article 134(1) of the Act – Public Procurement Law.

[22] For example, the need to complete individual project tasks in a timely manner because the contracting authority failed to provide sufficient time for a tendering procedure or failed to initiate it sufficiently in advance is not an "urgent need". Delays in earlier contract award procedures do not justify an "urgent need" either. Therefore, it is only possible to decide that there is an urgent need to award a public contract in a situation where the contracting authority is able to demonstrate that, acting with due diligence, it was unable to predict certain circumstances.

[23] It does not concern public contract referred to in Article 67(3)(1) of the Act – Public Procurement Law.

significance of a given public contract to potential contractors, including economic operators from other Member States. Information on a public contract includes in particular the description of the subject of the public contract, criteria of evaluation of initial tenders, conditions of participation in the procedure, description of the manner in which meeting these conditions will be evaluated, and a time frame for submitting initial tenders that should not be shorter than 7 (seven) calendar days from the date of announcement publication.

4) The negotiated procedure without publication pursuant to Article 62(1)(3) of the Act – Public Procurement Law and the request for quotation procedure apply to selected initial tenders referred to in Item 3, and in the case of absence of any initial tenders or their rejection, these apply to contractors selected on the market. If the contracting authority intends to apply single-source procurement pursuant to Article 67(1)(1)(a) or (b) or Paragraph 1(1a) of the Act – Public Procurement Law, in a situation where during the procedure described in Item 3 more than one tender is filed that is not rejected, there are no grounds to apply the above-mentioned procedure.

5) In cases where application of the non-competitive procedure that does not require publication pursuant to the Act – Public Procurement Law has been preceded by a public procurement procedure conducted under a primary procedure, or where there was an urgent need that does not result from reasons on the part of the contracting authority and could not be predicted earlier, and in the case of additional contracts, a notice of intention to conclude a contract is published, referred to in Article 62(2a) and Article 66(2) of the Act – Public Procurement Law.

6) The recommendations listed in annex 1 to the Guidelines apply to public procurement procedures for supplies and services.

1.3. Special terms of the execution of public contracts awarded in accordance with the principle of competitiveness[24]

1) The principle of competitiveness does not apply to:

(a) Public contracts whose subject consists in supplies and services defined in Article 4 of the Act – Public Procurement Law, with the exception of the supplies and services defined in Article 4(8) of the Act – Public Procurement Law, yet the principle of competitiveness does not apply to supplies and services listed in Article 4(3)(i) in terms of public contracts whose subject consists in acquisition of rights in real estate, particularly lease and rental, on the condition of absence of the relations referred to in Item 8,

(b) Expenditures settled by the simplified method referred to in Sub-chapters 6.6 and 8.6 of the Manual,

– Subject to Item 2.

2) In the case of the beneficiary referred to in Sub-chapter 1(2)(b)(ii), it is possible not to apply the principle of competitiveness when awarding public contracts to which the conditions of selection of the negotiated procedure without publication and the single-source procurement procedure, defined in the Act – Public Procurement Law, apply, on the condition of meeting the requirements laid down in Items 1 and 3 of Section 1.2.

3) In the case of the beneficiary referred to in Sub-chapter 1(2)(b)(ii), the principle of competitiveness is considered fulfilled when the public procurement procedure is conducted in accordance with the rules and under he procedures laid down in the Act – Public Procurement Law, on the condition of meeting the requirements laid down in Section 1.2.

[24] It concerns solely public contracts referred to in Sub-chapter 1, Item 2(b).

4) In the case of the beneficiary referred to in Sub-chapter 1(2)(b)(i), the value of a public contract is determined individually for a given project, taking into account the conditions and procedures laid down in Item 1 of Section 1.1.

5) In order to ensure compliance with the principle of competitiveness, one needs to:

(a) Publish a request for quotation in line with the conditions referred to in Item 7. The request for quotation must include at least the following:

i. Description of the subject of the public contract that should not be described by reference to a specific product or source or trade marks, patents, types or origin unless this is justified by the nature of the subject-matter of the public contract and the extent of equivalence has been defined (due to the necessity of protecting business secrets, it is admitted to restrict the extent of a description of the subject-matter of the contract, and it is required to send a supplemented description of the subject-matter of the contract to the potential contractor who committed to ensure confidentiality of the information),

ii. Conditions of participation in the procedure and a description of the manner of evaluating whether they have been met; defining participation conditions is not mandatory,

iii. Tender evaluation criteria,

iv. Information on score or percentage weights attributed to individual tender evaluation criteria,

v. Description of the manner in which points are granted for meeting a given tender evaluation criterion,

vi. The tender submission deadline; the tender submission time frame is not less than 7 (seven) calendar days from the date of publishing the request for proposals in the case of supplies and services and 14 (fourteen) calendar days from the date of publishing the request for proposals in the case of construction works, subject to Item 7(b). The time frame of seven or 14 (fourteen) calendar days starts on the date following the date of publishing the request for proposals and ends on the last day,

vii. Information on the extent of exclusion referred to in Item 8,

viii. Definition of the conditions of amendments to the contract concluded as a result of a completed public procurement procedure, if it is possible to amend such a contract,

(b) Select the most advantageous tender from the submitted tenders, which meets the conditions of participation in a public procurement procedure[25] on the basis of evaluation criteria specified in the request for proposals; the choice of a tender is documented by a record of contract award procedure referred to in Item 10.

6) Publication of a request for proposals stands for initiation of a public procurement procedure in the framework of a project.

7) Publication of a request for proposals consists in:

(a) Publishing it:

i. on the website of at least the beneficiary, if any, and sending a request for proposals to at least three potential contractors, if there are three potential contractors for a given public contract on the market, and publishing the request for proposals, or

[25] If the contracting authority admits submission of partial tenders, the tendering procedure may end in choosing several contractors.

ii. on the website intended for publishing requests for proposals; it concerns only the beneficiaries referred to in Sub-chapter 6.5, Item 2(b)(ii),

and

(b) In the case of public contracts whose value equals or exceeds the threshold defined in the provisions issued on the basis of Article 11(8) of the Act – Public Procurement Law[26] – additionally in publishing it in the Official Journal of the EU to the extent and within the time frames defined in the Act – Public Procurement Law for public contracts of such value.

8) In order to avoid a conflict of interests, public contracts, with the exception of utilities contracts, awarded by a beneficiary that is not an entity obliged to apply the Act – Public Procurement Law pursuant to Article 3 of the Act – Public Procurement Law, may not be awarded to entities with personal or capital ties with the beneficiary. Capital or personal ties are understood as mutual ties between the beneficiary and persons authorised to incur liabilities on behalf of the beneficiary or persons performing actions connected with preparing and conducting the contractor selection procedure on behalf of the beneficiary and the contractor which consist in particular in:

(a) Acting as a partner in a civil partnership or a partnership,
(b) Holding at least 10% of shares or stock,
(c) Acting as a member of the supervisory or management board, proxy, plenipotentiary,
(d) Being a spouse, relative by lineal consanguinity or affinity, secondary relative in the second degree of consanguinity or the second degree of affinity, in a relationship of adoption, care or guardianship.

If the beneficiary awards the public procurement to an entity with links other than those listed in (a)-(d) and those links violate the principle of competitiveness the beneficiary will be requested to reimburse the funds.

9) It is necessary to document conclusion of a contract with an economic operator and draft a record of contract award procedure, referred to in Item 10, in writing.

10) The record of contract award procedure, referred to in Item 5(b), must include at least the following:

(a) Information on how the request for proposals was published,
(b) List of tenders submitted in reply to the request for proposals, with dates when the contracting authority received the tenders,
(c) Information that the condition referred to in Item 8 has been fulfilled by the economic operators,
(d) Information that the economic operators fulfilled the conditions of participation in the procedure, if any,
(e) Information on score or percentage weights attributed to individual tender evaluation criteria and on the manner in which points are granted to individual economic operators for meeting a given criterion,
(f) Identification of the selected tender and justification of the selection,
(g) Date of drawing up the record of contract award procedure and signature of the contracting authority,
(h) The following attachments:
  i. Confirmation that the request for proposals had been published as referred to in Item 7(a) and (b),
  ii. The tenders submitted,

[26] Ordinance of the President of the Council of Ministers of 23 December 2013 *on the amounts of values of contracts and contests on which the obligation to submit announcements to the Publications Office of the European Union depends* (Dz.U. of 2013, item 1735).

iii. Declaration(s) on absence of links with the economic operators who submitted their tenders, signed by the beneficiary or persons authorised to incur liabilities on behalf of the beneficiary and persons performing actions connected with preparing and conducting the contractor selection procedure on behalf of the beneficiary, and the execution or amending the contract concluded with the economic operator.

11) Information on the results of the procedure shall be made available on a free access website, however, in the case of publishing the request for proposals in a manner specified in Item 7(a)(i), the information on the results of the procedure shall be sent to all contractors that submitted the tender, and shall be made available on the website, provided the beneficiary has such a website. Information on the results of the procedure should contain at least the name of the selected contractor. Upon the request of the contractor that submitted a tender, there is an obligation to provide the applicant with the record of the contract award procedure, however, this does not apply to the attachments referred to in Item 10(h)(ii).

12) Following the procedure as regulated in this section the agreement shall be concluded with the contractor[27] selected in accordance with the principle of competitiveness. In case the contractor withdraws from concluding the agreement with the contracting authority, it shall be possible to sign the agreement with another contractor that was awarded the second highest number of points in the public procurement procedure.

13) Where, despite the proper publication of the request for proposals:

(a) only one tender not subject to rejection will be submitted – the principle of competitiveness shall be considered as complied with,

(b) no tenders will be submitted – it is possible to conclude the agreement with the selected contractor without complying with the procedure referred to in this section, however, the conclusion of an agreement with the related entity, referred to in Item 8, shall be possible only with the consent of the institution responsible for verification of progress reports, and provided that this related entity fulfils the requirements laid down in Item 5 (a)(ii).

14) It is not possible to make any significant changes in the provisions of the concluded contract as referred to in Item 12 regarding the content of the tender on the basis of which the contractor was selected, unless the possibility and conditions for introducing such changes are specified in the request for proposals.

15) It is possible to award the contractor that has been selected based on the principle of competitiveness with supplementary public procurement contracts with a value equal to no more than 50% of the public contract value specified in the agreement concluded with the contractor, provided that these contracts are in line with the subject-matter of the basic public contract and the possibility for awarding such a public contract is foreseen in the request for proposals and the agreement with the contractor. In such case it is not necessary to reapply the principle of competitiveness.

16) It is possible to award the former service provider or building contractor with supplementary public procurement contracts, which are not covered in the basic contract and with a value equal to no more than 50% of the value of the procured public contract, are necessary for its proper execution, and the implementation of which has become essential as a result of an impossible to foresee in due time situation, if:

(a) for technical or economic reasons the separation of the supplementary contract from the basic contract would require incurring disproportionate costs; or

[27] If the contracting authority admits submission of partial tenders, the tendering procedure may result in concluding several agreements with contractors.

(b) the execution of the basic contract is dependant upon the execution of the supplementary contract. In such case it is not necessary to reapply the principle of competitiveness.

Recommendations for carrying out public procurement procedures for supplies and services

1) In the course of the public procurement procedures beneficiary's internal procedures as regards the award of public contracts in the form of e.g. internal manuals, rules of procedures shall be applied. These procedures cover all stages of the procurement procedure and indicate individual actions and positions responsible for their implementation.

2) For the most risky procedures[28] it is recommended to develop a specific work plan aiming at the proper and efficient execution of the public contract. This work plan should be developed at the initial stage of project implementation prior to carrying out the proceedings, and should include the time limits for each stage, i.e.:

   (a) preparation of the documentation on the public contract, including the development of the description of the public contract subject-matter,
   (b) launch of the public procurement procedure,
   (c) carrying out of the public procurement procedure,
   (d) conclusion of the contract,
   (e) execution of the public contract,
   (f) acceptance of the contract as documented by acceptance reports,
   (g) verification of invoices issued by the contractor.

   The minimum content of the work plan should contain information on the public procurement procedure, dates when each of the stages/tasks shall be started and ended, and an indication of persons responsible for implementing each task. In order to ensure the audit trail, the work plan should be archived together with the documentation concerning given project.

3) In order to obtain the most competitive tenders and considering the prohibition of separating public contracts to avoid the application of the provisions of the Act, in the case of beneficiaries being the central bodies implementing the project via field/local units, it is recommended to carry out the public procurement procedure at the central level, unless there are arguments justifying the adoption of another procurement method. A decision on applying the decentralised contract may be taken provided that an analysis of both procurement methods shows financial benefits and competitiveness concerns favouring the second solution.

   The presence of such arguments should be documented in form of an estimation and comparison of costs and benefits relating to the selection of both procurement methods: centralised and decentralised.

4) The estimation of the public contract value shall be based on current market prices of the procured goods. To this end, where it is possible, market analysis should be carried out of at least three potential contractors for each public contract[29]. In the case where the three potential contractors are not present on the market, this fact shall be confirmed by a justification indicating objective arguments. The estimation of the public contract value may also be based on similar public contracts executed within a period specified in Article 35(1) of the Act – Public Procurement Law, provided their contractors were selected through a competitive procedure. Documents concerning the method for estimating the public contract value should be archived together with the documentation concerning this public contract.

[28] Risks shall be assessed taking into consideration, *inter alia*, the following factors: contract value, time limits resulting from the project schedule, availability of potential contractors, feasibility of the contract, level of complexity of the contract subject-matter, logistics, etc.

[29] It does not concern public contracts executed periodically referred to in Article 34(1) of the Act – Public Procurement Law.

5) The estimated public contract value should remain valid at the time of the publication of the public procurement notice, in accordance with Article 35 of the Act – Public Procurement Law. Should there be any changes to the circumstances which influence the already established public contract value after it has been fixed, the value of this contract shall be re-estimated before the launching of the procedure. The method for estimating the public contract value should be documented.

6) Appropriate human potential should be ensured, in the extent sufficient to perform the tasks prescribed at each stage of the implementation of the public contract.

7) The implementation of a public contract should be supervised and its acceptance should be reported. To this end, it is recommended to apply internal procedures specifying methods for the implementation and acceptance of the public contract, including the accountability concerns as well as tasks and time limits applicable at the beneficiary level, and models for documents (in particular the acceptance report model for the subject-matter of the public contract, which provides, *inter alia*, for the way of verifying whether all elements of the public contract were implemented in accordance with the provisions of the agreement).

ANNEX 6

PROGRESS REPORT – MODEL FORM in a separate document

ANNEX 7

CONSOLIDATED PROGRESS REPORT – MODEL FORM in a separate document

ANNEX 8

Declaration of validation of the beneficiary expenditure by First Level Controller

Beneficiary submitting Progress Report:	*No and name of the beneficiary*
Project title:	
Project number:	
Report number:	
Reporting period:	*from yyyy/mm/dd to yyyy/mm/dd*

Based on my examination, I hereby confirm that:

1. All services, works, supplies referring to this Progress Report and subject for co-financing were delivered.
2. All expenditures incurred by the beneficiary in the current reporting period are justified and were incurred in line with the budget included in the approved Application Form.
3. All expenditures referring to this Progress Report were incurred in compliance with national and EU regulations. The conditions of Subsidy Contract (Decision Letter and Subsidy Contract (including Annexes)), rules concerning co-financing activities from ERDF, rules of state aid, publicity and information, equal opportunities, protection of environment, competition and public procurement) were observed.
4. All expenditures referring to this Progress Report are eligible according to the rules defined in the Programme Manual and national and EU provisions.
5. The adequate and reliable accounting system and the audit trial are maintained at all levels of the beneficiary institution.
6. Accountancy documents referring to this Progress Report (invoices/documents with equivalent probative value) are formally in line with the requirements set in Programme, national and EU rules.
7. The expenditures referring to this Progress Report reflected in the submitted accountancy documents (invoices/documents with equivalent probative value) were actually paid.
8. Correct exchange rate was applied to convert expenditure incurred in other currencies than euro.
9. The expenditures referring to this Progress Report were not double-financed from any other financial instrument (e.g. EU, international, national or regional).
10. The project management structure has been established by the beneficiary as described in the approved Application Form (part II.12).
11. During the reporting period activities performed by the beneficiary generated revenue of the amount EUR …. (in words … EUR).

☐ The revenue amounting to EUR …. (in words … EUR) has been deducted from the reported costs accordingly to the Programme requirements.

☐ The revenue amounting to EUR …. (in words … EUR) was not deducted from the reported costs as was coherent with the Programme requirements.

12. Information submitted in the Progress Report is correct.
13. During the reporting period the check on spot (was/was not) carried out (the report on check on spot is enclosed as an annex if the check on spot was performed):

Beneficiary number and name	Date of check on spot	First level control institution

14. During the reporting period the amount of EUR …. (in words … EUR) was suspended:

Beneficiary number and name	Budget line	Item(s)	Suspended amount, EUR	Reasons

On the basis of the control carried out I confirm that for this Progress Report **total eligible expenditure amounts to … EUR, (in words: … EUR)**, out of which:
… EUR, (in words: … EUR) were incurred during the current reporting period and
… EUR, (in words: … EUR) of the amount suspended in the previous reporting period are being currently approved.

The total amount of ineligible expenditure amounts to _____EUR and has been removed from the total certified eligible expenditure.

Beneficiary number and name	Budget line	Item(s)	Ineligible amount, EUR	Reference to the breached ES regulation(s), Programme rule(s), national legislation

I confirm that my verification of the beneficiary expenditures was carried out precisely and objectively.

I hereby confirm that I (as well as company/institution I represent) am independent from the project's activities and financial management and authorised to carry out the First level control of the project beneficiary.

Place and date	*First level controller name, surname, position held*	*Institution name*
Signature	*Official stamp*	

Interreg
Lietuva-Polska
European Regional Development Fund
EUROPEAN UNION

ANNEX 9

REQUEST FOR MODIFICATION FORM **(The type of modification should be indicated)**

Lead beneficiary *<insert name>*
Project *<insert index no.>*
Title *<insert title>*

Description and justification of modification (justification has to be described in details)
Impact that the modifications shall make on the project activities, outcomes and results

Annexes:

1) budget reallocation calculation table (available at the Programme website);
2) declarations of beneficiaries (if applicable);
3) updated action plan (if applicable);
4) certified detailed project budget (if applicable);
5) other supporting documents (please specify).

Agreed in *<insert place>* on *<insert date>* between*:

Lead beneficiary: *<insert name of beneficiary >*	
<Name and Surname, Position of person authorised to sign documents>	*<company stamp and signature of authorised person>*
Beneficiary 2: *<insert name of beneficiary >*	
<Name and Surname, Position of person authorised to sign documents>	*<company stamp and signature of authorised person>*
Beneficiary __: *<insert name of beneficiary >*	
<Name and Surname, Position of person authorised to sign documents>	*<company stamp and signature of authorised person>*

* Separate letters/declarations from all project beneficiaries with agreement for the change could be also attached instead of signing this table by all beneficiaries.

ANNEX 10

NOTIFICATION ON THE DETECTED IRREGULARITY
(Title of organisation which detected irregularity)

(Date)
(Place)

1.	**Programme**	
2.	**Project No.**	
3.	**Project title**	
4.	**Specific objective**	
5.	**Institution which detected irregularity**	Title
		Code
		Address
		Responsible person (position, name and surname, tel./fax, e-mail) Contact person (position, name and surname, tel./fax, e-mail)
6.	**Beneficiary concerned**	Title
		Code
		Address
		Responsible person (position, name and surname, tel./fax, e-mail)
7.	**Date and method of irregularity detection**	Date: The method of identification of irregularity: ☐While checking CPRs and (or) PRs and payment requests to the MA ☐If partners refuse to provide necessary documents or provide false or wrong documents requested by Programme institutions on the project or its implementation progress ☐While performing audits and other controls, checks on spot ☐After receiving information from the third parties ☐Other cases _____ *(indicate)*
	List of Documents attached:	*(all documents justifying the irregularity case should be attached as annex to the notification, e. g. Check on spot checklist, audit report, summary of findings and etc.)*
8.	**The type of irregularity**	The type of irregularity*: ☐ Detected irregularity ☐ Fraud / suspected fraud (in case of PL / LT beneficiary)
9.	**Description of detected irregularity***	– which points of the Subsidy Contract were breached; – what legal acts (EC and national) were not followed; – which budget line is related to the detected irregularity; – what is report number where irregular expenditure were declared; – in case COCOF / appropriate Polish national document for calculation of rates of financial corrections connected with realization of projects co-financed by EU funds is applied, points should be indicated; – information about detected irregularity.
10.	**Suggested actions:**	ACTION I
		Description of action:
		Name of Institution what shall take proposed action:
		When action shall be taken:
		ACTION II
		Description of action:
		Name of Institution what shall take proposed action:
		When action shall be taken:

11.	**Amount of ineligible/irregular expenditure detected in euro** (all documents justifying detailed calculations of the amount of ineligible expenditures should be attached as annex to the notification)	Total amount	ERDF amount

The name, surname, position and the signature of a person prepared the notification, date

---

The name, surname, position and the signature of the authorised person of the institution detected irregularity, date