

LATVIA - LITHUANIA
CROSS BORDER COOPERATION
PROGRAMME

Under European Territorial Cooperation
Objective
2007-2013

PROGRAMME MANUAL



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Glossary of Terms

Additional Partner – institution that does not fulfil partnership requirements, but is interested to contribute to project implementation with its own financial resources, e.g. private profit making organisation.

Adjacent region – in the context of cross-border cooperation and in duly justified cases, the ERDF may finance expenditure incurred in implementing projects or part of projects up to a limit of 20 % of the amount of its contribution to the Programme concerned in NUTS III level areas adjacent to the eligible areas for the Programme, as defined in the Article 21 of the Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999. In the Latvia–Lithuania CBS Programme only Kaunas County is involved as an adjacent region.

Audit trail - a sequence of information i.e. accounting records that provide detailed information about expenditure. The accounting records record the procurement procedure, if applicable, date on which expenditure has been committed, the amount of each item of expenditure, the nature of supporting documents, the date and method of payment. Audit trail provides evidence of the expenditure claimed and enables tracing financial data to its source. As a rule, original documents are necessary for the audit trail. If this documentation is not available, the expenditure will be rejected. The basic rule is: if it cannot be proved, it did not happen!

Applicant - legal body that complies with the requirements for the applicants established in the Programme documents submitting the project application for receiving financial support.

Applicant's Pack - set of documents containing the information, requirements and forms needed to prepare project application. It is aimed at project applicants. The Applicant's Pack consists of Latvia-Lithuania CBC Programme document, the Programme Manual, the Application Form, Partner Declarations, the relevant European Union (EU) and national legislation and National Eligibility Rules.

Call for Proposals – the time period during which potential project applicants can present applications.

Co-financing - financial contribution to the project's budget from the involved Project Partners.

De-commitment (N+2 rule): A process whereby the European Commission can withdraw the funds from the Programmes that are not spending at a predefined rate. According to N+2 rule, funds allocated to a Programme must be spent within three years (where "N" is the commitment year and "+2" is the year by the end of which funds committed in "N" have to be spent). The rule is applied at Programme level however, in case de-commitment is a result of slow spending on project level, the Programme can retain expenditure from under-performing projects.

Eligible costs/expenditure - expenditure incurred and paid by Project Partners that can be reimbursed from Programme funds. The expenditure has to meet the criteria set out in the Programme document, the Programme Manual, the Subsidy Contract, relevant EU and national legislation and National Eligibility Rules.

European Regional Development Fund (ERDF) - the ERDF is intended to help reduce imbalances between regions of the Community. It aims to strengthen economic and social cohesion in the EU by correcting imbalances between the regions. The ERDF can intervene in three objectives of Regional Policy: Convergence, Regional Competitiveness and Employment, European Territorial Cooperation. In terms of financial resources, the ERDF is by far the largest of the EU's Structural Funds.

European Territorial Cooperation Objective - is the third Objective of the EU Regional Policy for 2007-2013 Programming Period which takes over from EU Community Initiative and

supports cross-border, transnational and interregional cooperation. Latvia-Lithuania CBC Programme is implemented under this Objective.

Expenditure paid - relates to payments made by the Project Partners, supported by receipted invoices or accounting documents of equivalent probative value.

Grant – amount of ERDF funding allocated to the approved project that has to be matched with national co-financing provided by Project Partners.

Ineligible expenditure - expense presented for reimbursement from the ERDF not respecting the conditions of the Programme document, the Programme Manual, the Subsidy Contract, relevant EU and national legislation and National Eligibility Rules.

Lead Partner (LP) – the term used in this Programme is a synonym for the term “lead beneficiary” as defined in Article 20(1) of the Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999. The Lead Partner has full financial responsibility for the entire project including all Project Partners and it is responsible for proper reporting of progress to the Joint Technical Secretariat as also stipulated in the Subsidy Contract.

Partnership Agreement – a legal agreement established between the Lead Partner and Project Partners determining division of mutual responsibilities among them. The model Partnership Agreement will be available on the Programme website.

Priority - a priority of the strategy described in the Programme document comprising a group of projects which are inter-related and have specific measurable goals. There are two Priorities subdivided into total five Directions for Support in the Programme.

Project - in the Latvia–Lithuania CBC Programme documents, the term “project” is used with the same meaning as the term “operation” used in EC legal acts. In accordance with the Article 2 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 an “operation” is defined as a project or group of projects selected by the Managing Authority of the Programme concerned or under its responsibility according to criteria laid down by the Monitoring Committee and implemented by one or more beneficiaries allowing achievement of the goals of the Priority axis to which it relates.

Project period - the time period necessary for project implementation indicated in the Subsidy Contract. Only expenditure incurred and paid during the project period is considered eligible.

Project monitoring - monitoring arrangements are established by the Programme implementing bodies to determine project’s progress towards achievement of its outputs and results. This process involves collection and processing of data and other evidence related to project performance.

Project Partner – the term used in the Programme document and further documents is a synonym to term “beneficiary” as defined in Article 20(2) of the Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999. These are other organisations that, in addition to the LP, sign a Partnership Agreement and are involved in the implementation and financing of a project, sharing the project results and whose costs are considered eligible.

Programme document - document submitted by an EU Member State and adopted by the European Commission setting out a development strategy with a coherent set of priorities to be carried out with the aid of ERDF. It is the most important document describing the Programme’s background, objectives, priorities, financing and implementation arrangements.

In the context of the Latvia–Lithuania CBC Programme the term “Programme document” is used as a synonym to term “Operational Programme”.

Progress Report – a regular report presented by the project comprising of the Activity Report and the Financial Report. It documents the progress of the project and, once approved, serves as a payment request towards the Programme. At the end of each Reporting Period the LP has to submit a Progress Report, validated by 1st level controller, to the JTS.

Real costs - the whole system of payments is based on this principle. Projects can only claim amounts that they have really been charged (amounts ‘incurred’) in connection with work required for the project, and can only claim them from the Programme after these amounts have actually been paid by the project.

Request for payment - the Progress Report, validated by LP 1st level controller, serves also as a request for payment. The request for payment indicates the amount of money to be reimbursed to the project for the reported period.

Sub-contractor - a third party organisation or firm that is assigned to perform specific tasks on behalf of the partnership. Public procurement rules must be followed in selection of a sub-contractor.

Subsidy Contract - the contract between the Managing Authority and the project’s LP laying down the rights and responsibilities of the approved grant. The contract could also indicate the possibility to de-commit money from under-performing projects.

Total eligible project budget - the total eligible costs of the project including both Programme funding from ERDF funds and co-financing provided by the Project Partners.

Work Packages - thematically grouped activities of the project, e.g. project management and coordination, information and publicity. A project can divide its activities into minimum two and maximum five Work Packages.

Abbreviations:

AA	Audit Authority
AF	Application Form
BL	Budget Line
CA	Certifying Authority
CBC	Cross Border Cooperation
EU	European Union
ERDF	European Regional Development Fund
FLC	First Level Controller
GoA	Group of Auditors
JMSC	Joint Monitoring Steering Committee
JTS	Joint Technical Secretariat
LA	Lead Applicant
LV	Latvia
LT	Lithuania
LP	Lead Partner
MA	Managing Authority
MS	EU Member State
PP	Project Partner
WP	Work Package
R&T	Research And Technology

1 INTRODUCTION

This Manual provides an overview of planning and management of the projects financed by the Latvia–Lithuania Cross Border Cooperation Programme 2007-2013.

The Manual provides guidance on the full project life-cycle, starting from the preparation of the application to the implementation, monitoring, reporting and finalization of the approved project. The Manual can be updated whenever major changes in the Programme implementation system occur. The latest version will be available on the Programme website.

The Manual is a part of the Applicant's Pack that also includes:

Relevant EU legislation;

Latvia–Lithuania Cross Border Cooperation Programme 2007-2013. The Programme was approved by the European Commission on 17 December 2007 (Decision No K (2007)6295);

Application Form and Partner Declarations;

National legislation and National Eligibility Rules.

The above documents are available for download from the Programme website www.latlit.eu.

Potential applicants are advised to study the above documents carefully as they provide detailed description of Programme's aims, Priorities and Directions for Support, project selection criteria and implementation arrangements. The text of this Manual is the main guide for the applicants and project implementers.¹

¹ Please note that the information in the Programme Manual is based on the Programme document and relevant Community and national legislation. If there is any conflict between the information provided in this Manual and the Programme document or national or Community legislation, the latter takes precedence.

2 GENERAL PROGRAMME INFORMATION

2.1 European Territorial Cooperation

European Territorial Cooperation Objective is a successor of the Community Initiative INTERREG. It is financed from the ERDF funds, that are focused on three main areas:

- development of economic and social cross-border activities;
- establishment and development of transnational cooperation, including cooperation between maritime regions;
- increasing the efficiency of regional policy through interregional promotion and cooperation, networking and exchange of experiences.

In the framework of European Territorial Cooperation, Latvia and Lithuania will participate also in the Baltic Sea Region 2007-2013 Programme and in the interregional cooperation programme INTERREG IVC where both countries are eligible with the whole territories, and can cooperate with each other in several topics.

Also both countries will participate in Lithuania, Latvia and Belarus Cross Border Cooperation (CBC) Programme under the European Neighbourhood and Partnership Instrument (ENPI).

Central Baltic Programme will be implemented under European Territorial Cooperation Objective in parallel to this Programme, covering partly the same eligible territory as for the Programme - Kurzeme region of Latvia, and similar topics for co-operation.

Latvia will participate in the Latvia-Estonia CBC Programme under European Territorial Cooperation.

Lithuania will participate in two CBC Programmes under European Territorial Cooperation Objective and one ENPI Programme, where the territory will partly overlap with the Programme: Lithuania-Poland and South Baltic CBC Programmes and Poland, Lithuania and Russian Federation CBC Programme. In case of Lithuania-Poland CBC Programme the territory will cover also Kaunas County, which in both Programmes will be regarded as an adjacent territory.

2.2 Latvia-Lithuania Cross Border Cooperation Programme 2007-2013

Latvia-Lithuania Cross Border Cooperation Programme 2007-2013 (hereinafter referred to as "Programme") will be implemented under the European Territorial Cooperation Objective. Latvia and Lithuania have built an intensive cooperation relationship during implementation of Latvia-Lithuania-Belarus INTERREG IIIA Priority within the Baltic Sea Region INTERREG III B Neighbourhood Programme. Implementation of the Programme is taking this cooperation to a new level and will stimulate motivation for further acceleration of socio-economic development of the Programme's area.

2.3 Legal Framework

In general, four levels of rules and requirements guide projects:

1) European Union legislation:

- **ERDF Regulation** - Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999. The ERDF Regulation provides framework for activities financed from the European Regional Development Fund, including the European Territorial Cooperation Objective Programmes.
- **General Regulation** - Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European

Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999. The General Regulation sets general rules and requirements for all Structural Fund Programmes.

- **Implementing Regulation** - Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund. The Implementing Regulation determines detailed rules for Programme implementation.

2) Latvia–Lithuania Cross Border Cooperation Programme 2007-2013 document;

3) Programme Manual, Application Form with Annexes, Subsidy Contract and other guidance documents on Programme level;

4) National legislation and National Eligibility Rules.

In all cases, if there is a national legislation that corresponds to the EU regulations regarding for example the eligibility of expenditure, Lead Partners and Project Partners have to follow the national legislation of their country as well. The national legislation applies also in cases when it is stricter than the EU legislation or Programme rules. It is planned that in the 2007-2013 Structural Funds programming period Member States shall issue the National Eligibility Rules that will also apply to Latvia–Lithuania CBC Programme.

2.4 EU Horizontal Policies

In addition to the Regulations mentioned in the previous chapter, there are several horizontal policies and principles that must be respected and followed by all EU financed activities. This includes e.g. sustainable development, equal opportunities, partnership, additionality and free competition.

Sustainable Development

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

It is thus closely linked to the general objective of the Programme to contribute to sustainable and cohesive socio-economic development of the border region in order to make it competitive for economic and business development and attractive for people living and visiting.

Environment nevertheless remains the most important aspect of sustainable development. In case there is a risk that a planned project might have significant adverse impact on the environment, an environmental impact assessment must be carried out in accordance with the national legislation. The applicants are asked to clarify in the Application Form whether the planned project activities might have influence, either positive or negative, to the environment, including on local and regional level. Negative impacts should be identified and applicants should explain how they will prevent or mitigate those.

Equal Opportunities

The aim is to ensure equal opportunities between men and women. Another objective from the equality point of view is to prevent all kind of discrimination, e.g. based on sex, racial or ethnic origin, age or disability.

Projects that build structures (e.g. men and women equally presented in project decision-making or in project target groups) or implement activities aiming at promotion of equal opportunities should describe these activities and report on the results.

Partnership

Projects shall fulfil the partnership principle by ensuring that all relevant levels of administration as well as all relevant types of organisations participate in the project activities. This could be, for example, participation of regional and local levels or, correspondingly, public authorities, economic and social partners (such as SMEs) and civil society (such as non-governmental organisations).

Additionality

The principle of additionality means that EU financing shall not replace public or equivalent financing by a MS of similar sources.

Projects selected for financing are expected to bring added value, i.e. create something that would not have been done without Programme's intervention. In addition, the organisations involved in the project activities cannot use Programme financing to replace funding for their statutory tasks.

Competition

Free movement of goods, services and people is one of the basic principles of the EU. In order not to distort free competition, it is normally not possible to subsidise enterprises with public financing. However, there are certain exceptions to this rule. A set of so called "state aid regulations" define general conditions under which especially small and medium size enterprises can receive funding from the EU and other public sources.

In the Programme private enterprises are welcome to participate in projects as Additional Partners. However, not only private enterprises but also other types of organisations have to fulfil the set requirements of state aid in case they are implementing profit-making activities in a sector where there is or can be trade between the EU MSs.

State Aid

The following EU legal acts determine the rules for state aids:

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

In addition, the European Commission is preparing a new Block Exemption Regulation. It shall be finalized during 2008 and will cover several earlier block exemption regulations, e.g. training, SMEs and environment. The latest applicable state aid provisions are available at http://ec.europa.eu/comm/competition/state_aid/overview/index_en.cfm.

The state aid provisions do not apply in cases projects aim at activities, where there is no trade between the MSs and/or the project outputs and results are available for unrestricted common use free of charge.

In order to avoid situation where state aid regulations have to be applied, the project should not include activities that have commercial character. In all cases, the outputs and results of the projects have to be made available for public free of charge.

2.5 Programme Management

Management structure of the Programme consists of the following bodies:

Joint Monitoring and Steering Committee (hereafter referred to as the "JMSC") - is responsible for ensuring effectiveness and quality of Programme implementation through selecting projects for funding, monitoring their implementation, making substantial changes in Programme implementation procedures, monitoring the Programme implementation and proposing amendments to the Programme document. Members of the JMSC are representatives from national, regional, or local level, economic and social partners from Latvia and Lithuania.

National Sub-Committees - the work of the JMSC is supported by the National Sub-Committees established in Latvia and Lithuania. The National Sub-Committees ensure wider participation of regional and local authorities, economic and social partners and non-governmental organisations in the implementation of the Programme by pre-discussing the national positions before the JMSC meetings.

National Authorities of the Programme are the Ministry of the Interior of the Republic of Lithuania and the Ministry of Regional Development and Local Governments of the Republic of Latvia. These institutions are responsible for Programme development, relevant policy making and monitoring of Programme on behalf of the Member States (MSs).

Managing Authority (hereafter referred to as the "MA") is responsible for efficient and correct management and implementation of the Programme. The functions of the MA are carried out by the Cross Border Cooperation Programme Managing Division of the Support Instrument Department of the Ministry of Regional Development and Local Governments of the Republic of Latvia. MA signs Subsidy Contracts and ensures that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification.

Certifying Authority (hereinafter referred to as the "CA") is responsible for drawing up and submitting payment applications for the ERDF funds to the European Commission, receiving payments and paying out subsidies to the projects. The tasks of the CA are performed by the Cross Border Cooperation Programme Financing Division of the Finance Department of the Ministry of Regional Development and Local Government of the Republic of Latvia.

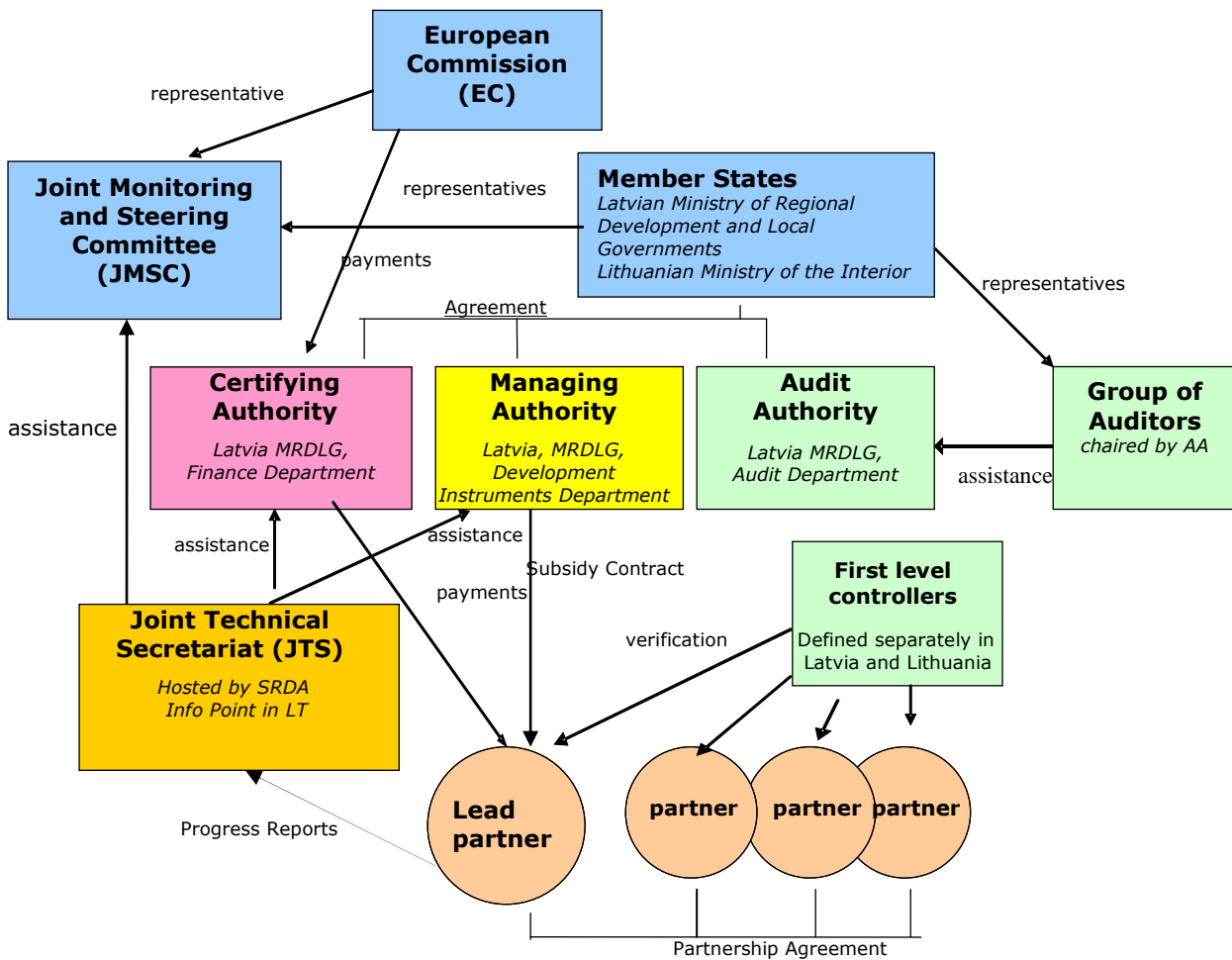
Audit Authority (hereinafter referred to as the "AA") is responsible for ensuring that audits are carried out in order to verify effective functioning of the management and control system of the Programme and for ensuring that audits are carried out on projects on the basis of an appropriate sample to verify expenditure declared. The tasks of the AA shall be performed by the European Union Structural Funds Audit Division of the Audit Department of the Ministry of Regional Development and Local Government of the Republic of Latvia.

With regards to the functions of the MA, CA and AA, the Ministry of Regional Development and Local Governments of the Republic of Latvia will ensure segregation of duties between the various bodies functioning within the Ministry's structure.

Group of Auditors (hereinafter referred to as "GoA") has a task to assist the AA and carry out the duties what are entailed with accomplishment, management and coordination of functions of AA. The GoA consists of the representatives of the AA and the Internal Audit Service of the Ministry of the Interior of the Republic of Lithuania.

Joint Technical Secretariat (hereinafter referred to as the "JTS") is the main contact point for potential beneficiaries and selected/ running projects, as it provides daily assistance to applicants and project managers during project preparation and implementation. JTS is responsible for day-to-day management and monitoring of the Programme, supporting MA and CA in implementation of their tasks and organising the JMSC meetings. JTS of the Programme is hosted by the State Regional Development Agency of Latvia and is located in Riga. JTS will have a Local Office in Lithuania.

The following chart illustrates the Programme implementation structure:



2.6 Language of the Programme

The official language of the Programme – i.e. the language of Programme document, related official correspondence, legal, application and reporting documents, is English.

Application Form has to be submitted in English, but the specific annexes of the project application (e.g. technical documentation, feasibility studies, etc.) can be in Latvian or Lithuanian with short summaries in English.

Progress Reports also have to be submitted in English, except for supporting documentation, e.g. list of participants, agenda, studies, etc.

3 LATVIA-LITHUANIA CBC PROGRAMME

3.1 Programme Objectives

The Programme aims at contributing to sustainable and cohesive socio-economic development of the border region in order to make it competitive for economic and business development and attractive for people living and visiting.

The specific objectives of the Programme are:

- to strengthen border area economic and social base and to increase competitiveness by establishing currently missing primary structures and capacities for development at regional level;
- to create favourable living conditions and to strengthen border region communities by improving quality and access of public services/supplies, effective management of environmental resources and raising the human capacity for further development.

3.2 Programme Area

The Programme area includes the following NUTS III regions:

Latvia: Kurzeme, Zemgale, Latgale

Lithuania: Klaipeda, Telsiai, Siauliai, Panevezys, Utena and Kaunas (as adjacent region)

The Programme area is illustrated in the map below.



Kaunas region participates in the Programme as adjacent region. This means that no more than 20% of the Programme total eligible public funds will be granted to project partners from this area.

In duly justified cases and only if it is for the benefit of the Programme, up to a limit of 10% of the Programme's budget may be used outside the Programme area and the European Community.

3.3 Programme Priorities and Supported Activities

The Programme supports projects aimed at solving problems and enhancing regional development that need intervention on cross-border level. It fosters cross-border cooperation in various fields, which by national laws and regulations of participating countries fall under the competence of regional and local actors. The Programme does not support projects, which can be implemented independently on each side of the border. Moreover, it has to be taken into account, that many problems of local, regional or national importance in the border areas can be solved applying cross-border approach.

Due to international nature of the projects, the proposed activities should also be in line with the inter-governmental cooperation agreements signed between Latvia and Lithuania.

Cross-border cooperation in this Programme should move away from exchange of experience and organising one-off events towards ensuring sustained cooperation in the framework of cross-border partnerships in planning and implementing joint development activities with concrete and tangible results for regions on both sides of the border.

Programme consists of two Priorities, each of these covering several Directions for Support.

3.3.1 Priority I Encouragement of Socio Economic Development and Competitiveness of the Region

Priority I is divided into two Directions for Support.

Direction for Support 1: Facilitating Business, Labour Market and R&T Development

The activities promoting use of potential for better cross-border interaction in research and innovation, business facilitation and development, joint marketing activities and establishment of common education infrastructure will be supported in the scope of this Direction. These activities should lead to increase in supply and productivity of labour force and regional mobility, compliance of the education and training system with demands of labour market and introduction of life-long learning possibilities. In this context, the activities supporting partnerships, contact making, exchange of experience, common development strategies and joint positioning are essential for encouraging economic development and competitiveness of the region. Local and regional authorities can identify needs and initiate projects improving existing business infrastructure. It should also be kept in mind that potential business development presents certain threats to the environment, therefore adequate measures tackling eventual deterioration of environment should be envisaged.

Eligible activities under this Direction for Support include, but are not limited to:

- activities improving flexibility and innovativeness of business sector; supporting innovation and use of information and communication technologies (ICT), product development with a high added value, design and marketing;
- elaboration of specialized research and technological development (R&D) programmes;
- activities promoting use of potential for better cross border interaction in research and innovation between (vocational) schools, colleges, universities and businesses;
- networks of business and research cooperation (engineering, laboratories), aiming at use of new techniques and technologies leading to competitive production;
- carrying out joint marketing activities;
- establishment of common education infrastructure;
- reconstruction/creation of business sites and business support institutions for facilitation of establishment and development of (new) businesses;

- elaboration of concepts on science and technology parks;
- elaboration of joint strategies, concepts and plans;
- (re)construction of educational buildings;
- cooperation of businesses and business support structures (joint training, benchmarking); establishment of business contacts, fairs, development days, training sessions, study visits, consultations, etc;
- exchange of experience in bringing economically inactive people back to labour market;
- support to life-long learning and retraining activities on local level;
- development of education centres, re-qualification and training centres;
- development of cross-border vocational education, including pre-vocational training activities and higher education;
- supporting cross-border cooperation between educational institutions, including joint applied research, student exchanges, exchange of teachers, exchange of study programs, study trips and improvement of material basis.

Direction for Support 2. Improvement of Internal and External Accessibility of the Border Region

In the scope of this Direction support will be provided to development of new transport and logistics solutions in the cooperation area, promoting innovative information and communication technology (ICT) services to make the region easier accessible from outside, repairing and restoring connections between different regions and urban and rural settlements. The priority is equally given to elaboration of strategies and development of projects in the spheres of road, rail, bus, air and water transportation as well as information and communication technologies. The Programme reserves an opportunity to finance investment projects improving existing transportation and communication networks of the border region. Also studies, assessments and plans can be supported in order to prepare future large-scale investments. Eligible activities under this Direction for Support include, but are not limited to:

- elaboration of studies, concepts, assessments, strategies and plans including strategies on improvement of cross border road infrastructure, on development/ improvement of urban planning, concepts on development of cross-border transportation;
- (re)construction of urban objects (resting places, stopping places etc.);
- applied research on cross-border transportation needs;
- creation of new cross-border bus lines;
- reconstruction and establishment of bicycle routes;
- improvement of harbours' communication systems;
- elaboration of joint web pages of cross-border region;
- marketing activities on cross-border issues;
- organization of trainings for raise of knowledge and qualification;
- creation of internet access points, use of ICT for provision of services (e-services).

3.3.2 Priority II Attractive Living Environment and Development of Sustainable Community

Priority II is divided into three Directions for Support.

Direction for Support 1: Enhancing Joint Management of Public Services and Natural Resources

Under this Direction support will be provided to finding joint solutions to common natural environmental problems, common management of protected areas and nature reserves, integrated coastal zone management, environmental education and raising awareness on environmental issues, cross-border cooperation related to environmental monitoring such as early warning systems, cooperation in case of disasters, flood prevention and fighting forest fires. Majority of public services, such as energy and water supply, health care, fire fighting must be provided on the same level/ similarly on both sides of the border. It is crucial to determine how to best tackle the problems and improve the social situation for specific target groups in problem areas. The use of innovative methods and "know-how's" in health and social care services aimed at reduction of strain in public health services is important. Getting emergency services to respond jointly to a possible industrial accident is vitally important. Taking into account the presence of Mazeikiu Nafta and Ignalina nuclear power plant companies in the Programme territory the emergency rescue plans in case of man-caused catastrophes are important. Investments in establishment of joint public services to be provided similarly on both sides of the border are also supported under this direction. The municipal water and wastewater, as well as solid waste treatment infrastructure shall be addressed through national support and in general shall not be supported under this programme. However, activities related to exchange of experience in this area, as well as activities aimed at identification of more efficient ways of providing these services in the border area could be supported.

Eligible activities under this Direction for Support include, but are not limited to:

- creation of joint public health, social and transportation services;
- creation of joint fire brigades, rescue teams;
- (re)constructed infrastructure for provision of joint services;
- joint maintenance of public order in cross-border regions;
- elaboration of concepts and joint actions in protecting cross-border environment;
- implementation of joint environment protecting activities;
- creation of joint environmental monitoring systems;
- creation of systems for natural and technological risk prevention and early warning systems;
- joint activities supporting local energy production, creating renewable energy and alternative energy sources;
- organization of campaigns on raising environmental awareness;
- joint activities on preserving the protected areas and improving joint waste management.

Direction for Support 2: Increasing Attractiveness of the Border Region

The direction supports activities for improving internal and external attractiveness of the Programme area, and strengthening existing cultural and historical ties within the region. Through this Direction cultural centres, museums, libraries and architectural and cultural heritage sites could be renovated and renewed. The direction covers the variety of tourism sectors, including nature, maritime, and cultural tourism, as well as recreation and sports. The Direction is aimed at further development and diversification of the existing basic tourism infrastructure, and with an equal importance creation of new tourism services and products. All tourism development activities should be accompanied by proper marketing techniques, which as far as possible define the area as a single tourism destination.

Eligible activities under this Direction for Support include, but are not limited to:

- development of joint tourism routes, products, services, packages, tourism infrastructure (recreational facilities, motorways, yachting, eco-tourism, parking, tourism info terminals, information boards and signs, etc.) and their common marketing;
- development of new nature related/seasonal tourism products/services;

- renovation, restoration and reconstruction of cultural-historical heritage objects in order to develop tourism products and services;
- elaboration of joint tourism strategies, analysis and studies;
- support of establishment of nature and visitor centres, nature study trails;
- organization of workshops for tourism operators;
- cooperation among tourism operators within public and private sectors;
- training activities, including exchange of experience and tourism workshops, fairs

Direction for Support 3: Development of Active and Sustainable Communities (Small Project Facility)

Under this Direction the local communities can exchange experiences of best practices on social issues and build up networks in education, implement culture, sport and leisure activities especially considering needs of young people. The activities should contribute to establishment of durable cross-border cooperation links on different levels in the border area and improvement of neighbouring relations between cross-border regions, laying also the basis for broader cooperation scope in the future. These activities also focus on equal opportunities for both genders as well as different age groups. Eligible activities under this direction of support include, but are not limited to:

- implementation of joint culture, social, education, sports and youth related cooperation projects among cross-border public institutions, local communities, NGOs, including common services and establishment of cooperation structures;
- long-term and sustainable planning activities;
- development of cooperation between bordering municipalities;
- community projects: development of skills (regional speciality), study trips, initiating joint activities, culture exchange and events; culture festivals, exchange of professional experience, village societies, folklore groups, local language courses, promotion of region's image, unique cultural and historical identity, etc.

3.4 Programme Funding

The Programme is financed by the European Regional Development Fund (ERDF) and co-financed by Project Partners. The ERDF budget available for commitments to projects during the period 2007 to 2015 amounts to 60 082 466 EUR.

The division of ERDF funds between the two Priorities is as follows:

- Priority I: Encouragement of Socio Economic Development and Competitiveness of the Region – 31.958.759 EUR
- Priority II: Attractive Living Environment and Development of Sustainable Community – 28.123.707 EUR

Co-financing from the Programme can be up to 85% of the total eligible project costs. This means that Project Partners' own contribution must be a minimum of 15% of total eligible project costs.

4 PROJECT GENERATION

4.1 Basic Cooperation Principles

Programme support will be focused on activities that encourage socio-economic development of the region and make it attractive for people living and visiting. Furthermore, projects should demonstrate clear cross border impact on the border region, as well as comply with the following basic principles of cooperation:

Cross border impact

The physical effect of the investments in the project should be beneficial to and serve the needs on both sides of the border, with clear cross border impact; as well as the element of cooperation and partnership in all the projects is compulsory.

Projects have to fulfil four main cooperation principles:

Joint development – project idea has to be developed jointly by the Project Partners from both sides of the border.

Joint implementation - projects have to follow the principle of joint implementation of activities as opposed to implementing similar activities on each side of the border in parallel;

Joint staffing - project team carrying out the project has to involve members from the partnership. There shall be appointed overall Project Coordinator and Financial Manager for the project, usually employed by the Lead Partner;

Joint financing – all Project Partners shall contribute to the project financially. There will be joint project budget established.

Sustainable development

Priority will be given to projects, that are related to renewed Lisbon and Gothenburg strategies aiming at strengthening growth, competitiveness and employment, protecting and improving quality of life and quality of natural environment in the cooperation territory;

Producing added value

The application should demonstrate innovative approach; in other words, it should differ from already available cross border solutions for given problem or given territory in order to avoid duplication of work and use of already known methodology.

Raising competence

Proposal should demonstrate that during implementation of the project actors involved in the project will increase their capacity in running/ implementing sustainable development policies;

Durability

The project should aim at producing results and establishing structures that exist beyond the lifetime of projects; in the sense that the Programme funding should serve as start-up financing towards durable and sustainable solutions.

4.2 Project Size

Maximum grant size depends on the Priority and the Direction for Support under which the project is proposed.

The following table indicates the minimum and maximum ERDF grant projects can apply for:

	Minimum ERDF, EUR	Maximum ERDF, EUR
Priority I, Direction 1	20.000	2 million

	Minimum ERDF, EUR	Maximum ERDF, EUR
Priority I, Direction 2	20.000	>2 million
Priority II, Direction1 and 2	20.000	2 million
Priority II, Direction 3	20.000	200.000

In exceptional cases under Priority I Direction 2 well-justified projects of high importance may exceed the limit of 2 million EUR. The decision whether to support such project will be made by the JMSC.

Non-governmental organisations that do not fulfil the requirements of a public equivalent body, can act as Lead Partners only in the Priority II Direction 3 for projects with maximum ERDF grant amount of 200.000 EUR.

For projects requesting grant between 20.000 and 50.000 EUR, investments are not encouraged.

4.3 Project Duration

If requested ERDF grant is up to 200.000 EUR maximum project duration can be 18 months.

If requested ERDF grant exceeds 200.000 EUR maximum project duration can be 30 months.

4.4 Partnership Requirements

Projects have to involve at least one Lithuanian and one Latvian partner, which is registered or permanently located and actively operating in the eligible area of the Programme.

One of the Project Partners has to be appointed as the LP.

As an exception, Latvian and Lithuanian state funded institutions and non-governmental organisations that are registered outside eligible Programme area and do not have permanent offices in the eligible Programme area can act as project LPs and Project Partners in the projects. In any case their participation must be crucial to project success and the additional competence or knowledge they bring should not exist in the eligible area. In referred cases, the named non-governmental organisations can act as LPs only for the Priority II Direction 3. All benefit from the activities should remain in the eligible area.

Please note that expenditure incurred by Project Partner(s) located outside the Programme area may be eligible if the project would have difficulty in achieving its objectives without that Project Partner's participation.

All Project Partners have to contribute to the project financially. That is confirmed by the LP and the Project Partner Declaration attached to the Application Form.

Once the project is approved, all Project Partners (except Additional Partners) have to sign Partnership Agreement (see chapter 4.4.4.).

The number of Project Partners involved in project is not the criteria determining if the project partnership is ideal or weak. More important is Project Partners' expertise and authority necessary to carry out the planned activities. The topics that project is addressing define also the profile and type of organisations that could be involved in the project activities.

4.4.1 Lead Partner

Each project has to appoint a Lead Partner (hereafter referred to as the "LP"). LP submits the Application Form and it is responsible for the whole project, including implementation of activities, reporting and coordination of activities among the involved partners. The LP shall

also be responsible for division of tasks among the Project Partners involved in the project. In case of approval of the project, the LP signs a Subsidy Contract with the MA, thus undertaking full financial and legal responsibility for the project. Responsibilities of the LP and Project Partners are set in Art. 20 of General Regulation and further specified in chapter 10 of the Programme document.

The LP has to be registered or permanently located (i.e. permanent regional divisions/branches of national institutions) in the eligible territory of Lithuania or Latvia with exception identified in chapter 4.4. and must be:

- (1) local and regional public authority;
- (2) national institution;
- (3) public equivalent body, which means any legal body governed by public law:
 - (a) established for the specific purpose of meeting needs for the general interest and not having industrial or commercial character,
 - (b) having legal personality, and
 - * either financed, for the most part, by the state, or 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, where more than half of the members are appointed by the State, regional or local authorities or by other bodies governed by public law;
- (4) non-governmental organisation (in case of projects requesting grant up to 200.000 EUR under Priority II Direction 3).

4.4.2 Project Partners

Project Partners can be all the bodies fulfilling the criteria listed in chapters 4.4. and 4.4.1.

Legal entities not corresponding to one of the above categories are welcome to participate in projects as Additional Partners.

4.4.3 Additional Partners

Project Partners coming from Latvia and Lithuania but not corresponding to one of the legal entities categories mentioned in the chapter 4.4.1. are considered as Additional Partners of the project. Additional Partners have to finance their activities from their own resources and they are not entitled to receive ERDF funding from the Programme. They are not taken into account when the partnership requirements are being assessed. Their participation must be covered from their national contributions or from other relevant sources.

4.4.4 Partnership Agreement

The Project Partners should provide full support to the LP to ensure successful implementation of the project. In order to ensure high quality project that fulfils its objectives, a Partnership Agreement (contract) between the LP and Project Partners (hereafter referred to as "Partners") has to be concluded before signing the Subsidy Contract.

Signing of the Partnership Agreement is compulsory for all the Partners contributing financially to the project budget.

The Partnership Agreement includes information on each Partner's financial commitments and detailed partner budget, responsibilities and tasks for the implementation of various activities within the project, delivery of outputs and results, working languages, financial liability in case of discovered irregularities, cost sharing, procedures for solving disputes as well as internal

reporting and payment procedures and deadlines. The Partnership Agreement has to describe each Partner's role in implementation of the activities and administration of the project.

As a minimum requirement, the issues to be stipulated in the Partnership Agreement include:

- definition of responsibilities and mutual obligations among Partners;
- payment procedures among the Partners;
- handling of potential changes in the project setup;
- financing of the project's common costs, if relevant;
- arrangements for recovering funds unduly paid to the Partners;
- work schedule;
- decision-making procedures and responsible persons in Partner organisations;
- procedures for solving disputes and imposing penalties;
- financial management structure;
- reporting obligations and related deadlines for timely submission of Partner reports;
- inputs (certification of expenditure, activity and financial reports) to LP;
- working language(s);
- physical or intellectual ownership of the project outputs;
- responsibility for the different Work Packages and their administration;
- project documentation arrangements to ensure audit trail;
- detailed budget breakdown per Work Packages and Budget Lines for each Partner.

The Partnership Agreement must be concluded and the original must be submitted to the JTS when submitting the signed Subsidy Contract: only then the project will receive the co-signed Subsidy Contract from the MA. A model form of the Partnership Agreement shall be available on the Programme website.

4.5 Project Outputs and Results

It is very important that applicants set the objectives and define the expected project outputs clearly and precisely right from the beginning of the development of the application. The defined project objectives and planned outputs should contribute to achievement of the Programme level result indicators. Detailed explanation on defining and measuring the project outputs and results is indicated in Annex I of the Programme Manual.

For estimation and report of the project outputs and results, it is relevant to identify sources of measurement such as official statistics, regional development agencies' data, interviews, reports, assessment sheets, institution's strategic plans, agreements, as well as define measurement units (figures, percentage). If the project is using percentage (%) as an indicator, the baseline information and target objective has to be indicated (e.g. if indicator is "increase of operating SMEs in the region by 5 %", the applicant should indicate number of operating SMEs in the selected region before the project start and number of operating SMEs expected by the end of the project).

Outputs

Each project must specify and quantify the **project outputs** to be achieved during the project implementation. The project outputs should directly contribute to the achievement of project sub-objectives and contribute to the defined project objectives. The project receives funding for achievement of the planned outputs, therefore the planned outputs in the project will be closely monitored by JTS/MA !

The outputs are *tangible deliverables and visible outcomes or products* of the project activities and have a direct and immediate effect to specified target groups and stakeholders. They have to be identifiable, quantifiable products, easy to measure in physical or monetary units using reliable methods that make it possible afterwards to check whether or not the activity has occurred and evaluate it, for example: number of meetings, seminars or training sessions, number of people that received certificates, number and type of reports, number of persons trained, amount of infrastructure investments, number of cooperation networks established, number of institutions that have established new cross-border contacts, policy tools or written concepts, increased capacity of treatment plant (m³, %), established infrastructure object, etc.

A set of pre-defined project outputs is provided in the Application Form. The projects are required to select the most suitable project outputs as well as to define additional relevant outputs and describe them. The examples are provided in the table below:

Project	Outputs
Restoration of cultural monument	<ul style="list-style-type: none"> • 350 m2 restored; 1 new exhibition hall prepared; restored cultural monument is functioning as an exhibition space; 100 visitors per month expected; • 2 experience exchange visits; 20 LV-LT cultural heritage specialists participated and established contacts; • 2 joint training seminars on cultural heritage restoration methods; 50 cultural heritage experts from LV-LT trained; at least 80% of the participants gave positive feedback for the training; • 2 information events for local communities; 100 participants.
Development of SMEs activities in border regions	<ul style="list-style-type: none"> • 3 joint trainings on SME start-up; 50 persons in LV-LT trained on legal requirements for establishment of SMEs and related financial management; 5 persons from participants established SMEs; • 1 joint feasibility study on current status and development opportunities for SMEs in border regions prepared in Latvian and Lithuanian language; at least 5 promising infrastructure objects identified for implementation of investments based on results of the study; • 1 cross-border final conference, 100 participants; • renovation of premises (100 m2) for establishment of cross-border business consultation center, including painting of walls, change of 5 windows, 10 computers purchased and installed; 5 new business consultation experts employed; 1 cross-border business consultation centre established and functioning; • 150 individual consultations on SME start-up provided by the consultation centre; 150 persons in border regions from LV-LT consulted; positive feedback from 80% of the clients received; • 1 joint website established and functioning; database of operating SMEs in the region, information on consultations will be published; 100 persons/per month visited website; • 1 joint network established involving 10 business institutions.
Development of joint health services	<ul style="list-style-type: none"> • 3 experience exchange visits; 120 LV-LT local and regional health care and planning experts participated; new network established involving 10 hospitals in border regions; • information events for local inhabitants on established joint health care services across the border; 150 LV-LT participants; 1000 information leaflets produced and disseminated; positive feedback of cross-border services received from at least 80% of information events participants; • 2 trainings for specialists on improvement of health care services to local inhabitants organized; 50 nurses in LV-LT trained; 1 joined data base on health care institutions in border regions established; 2 joined services on provision on first aid established; • exchange of information system established and coordination of health care measures ensured by functioning joined database; involving at least 10 hospitals; • at least 500 patients received access to health care services across the border.

Results

A set of predefined results are established by the Programme. They express the Programme's expectations towards projects and lay down the main aims of the Programme in different areas of support. Projects should contribute to one or more predefined specific results.

The results are direct and immediate effects resulting from the project and from production of the outputs. Usually they are reached by the end of the project and imply qualitative value (change the situation/ make improvements). They should also be measured in concrete units such as the number of new working places created, staff with increased qualification, etc.

Each project is expected to contribute to at least one of the **Programme defined results**. It is required that each project has to select the expected result(s) that are most suitable for its objectives in the scope of the selected Priority and Direction for Support as well as describe them and quantify, if possible.

The Programme result indicators are provided in the table below:

Priority I Direction 1. "Facilitating Business, Labour Market and R&T Development"
<ul style="list-style-type: none">▪ Created new working places;▪ Improved business infrastructure;▪ Increased variety and amount of available business support services;▪ Increase in number of R&T development activities in the region;▪ More qualified labour force;▪ Improved educational infrastructure.
Priority I Direction 2. "Improvement of Internal and External Accessibility of the Border Region"
<ul style="list-style-type: none">▪ More developed cross-border transportation;▪ More developed cross-border transportation infrastructure;▪ Greater opportunities of access to information on the Internet.
Priority II Direction 1. "Enhancing Joint Management of Public Services and Natural Resources"
<ul style="list-style-type: none">▪ Created means for performing joint public services;▪ Created means on protecting the environment at cross-border level.
Priority II Direction 2. "Increasing the Attractiveness of the Border Region"
<ul style="list-style-type: none">▪ Created opportunities for receiving a more visitors.
Priority II Direction 3. "Development of Active and Sustainable Communities (Small Project Facility)"
<ul style="list-style-type: none">▪ Greater interaction among various institutions and people on both sides of the border.

5 APPLICATION AND SELECTION PROCEDURES

5.1 Project Development

Detailed instructions on how to fill in the Application Form are provided in Form itself. The Programme Manual also provides important information on project development and implementation requirements.

The projects have to be developed in close cooperation among the partners.

Assistance and advice can always be requested from the JTS. Feel free to contact the JTS at any time if you have questions on project development and application procedures.

There is also a possibility for individual consultations in the JTS in Riga, Latvia and in Lithuania. Consultations are available upon prior booking.

In order to provide detailed information to the applicants on filling in the Application Form, explain the most important project implementation requirements, as well as provide opportunity for additional individual consultations, Lead Applicant seminars will be organized by the JTS.

Further information about the seminars and other assistance available will be published on Programme website.

5.2 Submission of Application

There will be regular Calls for Proposals launched by the JTS. Information prior to each Call for Proposals will be published on Programme website. Please note that relevant sections of the Programme Manual will be updated for each Call. The whole application round (from launch until decisions on the projects to be supported) could take approximately 6 months.

The Applicants have to submit the following documents:

- [Application Form](#)
- [Partner Declarations](#)
- [If relevant, Supporting Documents](#)

- Application Form

The Application Form has to be elaborated and submitted in English by the LP. The Application Form has to be signed by the authorised representative of the LP institution having the authority to approve financial commitments on behalf of the LP institution.

- Partner Declarations

LP, all Project Partners and Additional Partners must attach their Partner Declarations to the Application Form. The Partner Declaration is a legally binding statement confirming that the respective partner is committed and able to participate in the project both legally and financially, and able to deliver the required outputs. It confirms that the Partner:

- undertakes to comply with the principles of good partnership practice;
- does not receive any other Community funding for the activities scheduled in the action plan;
- contributes financially or in kind to the project (the concrete amounts have to be specified);
- indicates VAT payer/non-payer status;
- guarantees that its legal status complies with the eligibility rules set by the Programme.

A Partner Declaration must be completed and signed by person authorised to make financial commitments on behalf of the organisation. All information in the Partner Declaration must correspond to information presented for each Partner in the Application Form. Only the

standard forms presented in the Applicant's Pack can be used and the wording may not be amended. There are separate forms to be used for LPs, Project Partners and Additional Partners.

➤ Supporting Documents:

- I. Non-profit LPs (e.g. NGOs, foundations, etc.) are required to submit the Application Form together with the following certified by LP copies or originals of documents in their national language:
 - a. Registration Certificate;
 - b. Statutes;
 - c. Original Statement from the national tax authority on payment of taxes (issued after 1 April 2008);
 - d. Establishment Agreement;
 - e. Annual Financial Report or Activity and Financial Report for the previous year.
- II. LPs and Project Partners that are permanently located and actively operating in the eligible area, but their legal address is outside eligible area, have to submit documents proving evidence of existence of the local office (e.g. Establishment Agreement; Statutes) in the Programme area.
- III. In case the project includes construction works, the full set of technical documentation in line with the national building legislation (including feasibility study, technical project, environmental impact assessment, permits for building, etc.) in original language has to be submitted. These documents are required to obtain evidence that in case the project is approved the tender procedure for construction works can begin immediately. Furthermore, the detailed breakdown of (re)construction costs has to be included.
- IV. In case total costs under the Budget Line "Equipment and Infrastructure" or total costs for preparation of technical documentation for investments in Budget Line "External services" exceed 50.000 EUR the applicant has to submit a Feasibility study including the information:
 - executive summary;
 - current regional situation in the particular field;
 - detailed description of the planned investments and construction works in the project (in case of elaboration of technical documentation – after the project);
 - management plan for the future;
 - marketing plan;
 - expected socio-economic effects;
 - analysis on different scenarios (expected, optimistic, pessimistic).

The Feasibility study can be compiled in English or in Lithuanian or Latvian with a summary in English.

The Application Form shall be submitted to the JTS electronically by e-mail and as a hard copy. The date of receiving the electronic version of the Application Form must be not later than **30 June 2008**.

The original hard copy (duly signed and stamped) of the Application Form, Partner Declarations and one copy of Supporting Documents (if relevant) shall be sent by mail in one package to the JTS and it is considered as the official application. The date of the post stamp on the envelope must be no later than **30 June 2008**.

If LP does not receive the original Partner Declarations by the set deadline, the faxed or scanned copies of the original Partner Declarations have to be included in the envelope submitted by the LP and the original Partner Declarations must be sent by mail directly to the JTS by the respective Project Partner with the date of the post stamp no later than **30 June 2008**.

The Application Form, Partner Declarations and one copy of Supporting Documents (if relevant) can be submitted electronically by e-mail as e-documents i.e. signed with valid electronic signature and received no later than **30 June 2008**. In this case the electronic version is considered as the official application. However, please note that if any of the documents cannot be submitted as e-documents (e.g. Partner Declarations), the LP has to send them by mail with the date of the post stamp no later than **30 June 2008**.

The LPs may be requested to provide additional documents before signing the Subsidy Contract.

The documents have to be sent to the following address:

Latvia-Lithuania CBC Programme JTS
State Regional Development Agency
Elizabetes 19
Riga, LV-1010, Latvia
Phone + 371 6 735 06 22
[Email: info@latlit.eu](mailto:info@latlit.eu)
e-document to be sent to: edokumenti@vraa.gov.lv

5.3 Assessment Procedure

After registration at the JTS, each application is subject to a two-step assessment procedure.

At first, applications are checked against the technical eligibility criteria – i.e. if they have fulfilled the technical requirements of the Programme (see chapter 5.3.1). The technical eligibility check is performed by the JTS. The necessary verifications are carried out in co-ordination/ cooperation with the relevant national authorities. In case the project does not fulfil the technical eligibility criteria, it is not assessed for quality.

Secondly, projects that fulfil the technical eligibility criteria are subject to quality assessment. This is carried out by the JTS and external experts, if necessary. The quality assessment, which is based on the quality criteria (see chapter 5.3.2.) results in a ranking list is to be submitted to the JMSC for selection.

The assessment of strategic relevance of project applications will be undertaken by the JMSC at its meetings. The members of the JMSC shall organize the National Sub-Committee meeting involving sector ministries and social economic partners before the JMSC meeting. In the scope of National Sub-Committees the submitted project applications shall be evaluated regarding their compliance to the relevant sector policies and their contribution to local, regional and national development objectives.

During JMSC discussions, the JMSC members shall communicate the argumentation of the National Sub-Committees.

5.3.1 Technical Eligibility Criteria

- Application is received no later than by the specified deadline in electronic version and hard copy (date on post stamp) or in electronic version as e-document.
- Application is duly filled in, signed, stamped and dated.
- At least one Lithuanian and one Latvian partner, who is registered or permanently located in the eligible Programme area is participating in the project.
- LP is eligible (type + territory).
- Project Partners are eligible (type + territory).
- All partners contribute to the project financially.
- Co-financing rates have been observed.

- Partner Declarations of all Project Partners, supporting documents and feasibility study for investments/technical documentation, if relevant, are attached.
- Project activities are carried out in eligible area.
- Project duration is within the set limits.
- Project budget is within the set financial limits.
- There is no duplication with current or completed projects.

5.3.2 Quality Criteria

The following selection criteria are used in the quality assessment:

Policy context:

- Project is relevant to the Programme objectives.
- Project has cross-border nature and impact on both sides of the border.
- Project demonstrates clear impact on development of the border regions and its objectives are included in the local or/and regional (policy) planning documents.
- Project clearly demonstrates the added value and innovative approach.
- Project is in line and contributes to the relevant EU and national legislation and policies, in particular to sustainable development, equal opportunities and impact on the environment.

Project and Partnership:

- The proposed methodology and approach is coherent with the project rationale.
- Coherence between the problem/ issue, project objectives and planned results is clearly defined.
- Project activities are targeted at and/or carried out in the immediate border areas.
- Proposed time plan is realistic for implementation of the proposed activities.
- Proposed partnership is relevant for solving problem that is addressed by the project.
- Project fulfils the principles of joint development, joint implementation, joint staffing and joint financing.
- Balanced involvement of all Project Partners is proposed.
- Is involvement of Project Partners outside eligible Programme area crucial for success of the project and does it bring benefit to the eligible area.
- Expected results are concrete, measurable and relevant to the target groups.
- There are provisions to ensure the financial, institutional and administrative durability of the project results.

Budget and finances:

- There is coherence between planned project activities, results and the proposed budget.
- Proposed investments are relevant and coherent with the project rationale and objectives.
- Division of project budget among Work Packages is logical, proposed costs are realistic.
- The proposed budget is in line with sound financial management principles.
- Division of project budget and responsibilities among the Project Partners is balanced

(justified).

Management and promotion:

- Project has clear management and coordination structures and procedures.
- Clear and fair division of management and tasks among Project Partners is proposed.
- Project has clear project implementation quality management system.
- The LP has experience in project management and financial management.
- There is clear and relevant strategy for dissemination of project results.

5.4 Selection of Projects

All eligible applications are presented to the JMSC. Decisions on projects to be funded are made by the JMSC based on the results of quality assessment.

During JMSC discussions of the project applications that have passed the quality assessment the JMSC members shall communicate the argumentation of the National Sub-Committees.

After the JMSC has taken the funding decisions, the LPs of the rejected projects receive letter from the JTS explaining the grounds on which the application failed.

All LPs of the approved projects receive letter from the JTS stating the decision of the JMSC and the total ERDF funding approved. The decision may include certain conditions deriving from the results of the assessment.

Only after these conditions are fulfilled and the final decision on funding has been made, the Subsidy Contract for the ERDF funding can be concluded with the LP.

6 Contracting

Following decision of the JMSC to approve an application for funding, the MA will prepare a Subsidy Contract to be concluded with the LP of the approved project. The JTS will notify the applicants on the results of the assessment and the decision of the JMSC. The notification letter shall include reasoning for approval/ rejection. The LP is responsible for communicating the JMSC's decision to the other Project Partners.

After the project is selected for funding, fulfils the conditions set by the JMSC and LP submits the Partnership Agreement to the JTS, Subsidy Contract is concluded between the MA and the LP. The fulfilment of the conditions will not include any substantial alteration of the approved project proposals.

The MA sends the Subsidy Contract to the project LP within 2 months after the funding decision, only if all the conditions of the JMSC are fulfilled, unclear issues explained and the project finally approved. The LP has 1 month to sign and return the Subsidy Contract together with the Partnership Agreement to the MA. The MA will co-sign the Subsidy Contract and send it to the LP only in case the Partnership Agreement is attached. The project has to start no later than 1 month after the MA has signed the Subsidy Contract.

The Subsidy Contract determines the rights and responsibilities of the LP and the MA, the scope of activities to be carried out, terms of funding, requirements for reporting and financial controls, etc. A model of Subsidy Contract shall be available on Programme website. It is highly recommended that applicants become familiar with the provisions of the Subsidy Contract before submitting the application.

The project costs become eligible on the next day after the project has been approved by the JMSC.

7 Project Implementation

7.1 Project Management

7.1.1 Lead Partner Principle

All projects must follow the "Lead Partner Principle" in project management. Therefore each project has to appoint one LP that will take full financial and legal responsibility for the proper implementation of the entire project (including all Partners) towards the MA. During project implementation only the LP may request payments based on the Subsidy Contract.

In particular, the LP is responsible for:

- Setting up and maintaining efficient and reliable project implementation system (strategic, project and financial management), e.g.:
 - ensuring efficient use of the project's resources;
 - co-ordination of activities (division of tasks) among the involved Partners and ensuring that these tasks are subsequently fulfilled;
 - ensuring proper communication with and among the Partners and wider public;
- Signing and submitting the application form to the JTS;
- Representing the project – the LP serves as a contact point to the JTS concerning the implementation of the project and should ensure continuous communication between the Programme (JTS) and the project partnership;
- Signing the Subsidy Contract with the MA (thus undertaking the full financial and legal responsibility for the entire project);
- Signing Partnership Agreement with all Project Partners in which rights and responsibilities of both parties are defined;
- Progress on the project as far as its financial and physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved Application Form;
- Establishing adequate project monitoring and evaluating system that ensures timely delivery of project outputs and results in a proper quality;
- Timely and correct reporting of activity related progress and financial follow-up to the JTS;
- Requesting and receiving payments, which will be then timely forwarded to the Project Partners;
- Ensuring that the EU and national legislation concerning financial management and controls (first-level control), public procurement, information and publicity and state aid rules are respected and observed by the Project Partners;
- LP is responsible for checking that the expenditure that is supported by invoices or documented by accounting documents, has actually been paid out by the Project Partners within the Reported Period, for activities described in the approved Application Form and that the products or services have actually been delivered;
- Observance of the project spending plan;
- Production of all documentary evidence required for audit and payments.

However, Project Partners are responsible to implement their part of project activities in line with the Application Form and eligibility requirements (see chapter 2.3). In accordance with Article 20(3) of the ERDF Regulation, each Project Partner participating in the project shall:

- assume responsibility in the event of any irregularity in the expenditure which it has declared;
- repay the LP any amounts unduly paid in accordance with the agreement existing between them;
- be responsible for information and communication measures for the public;
- keep available all documents related to the project in accordance with the requirements of Article 90 of the General Regulation.

The responsibilities of the LP and Project Partner resulting shall be defined in the Subsidy Contract.

7.1.2 Management and Coordination

In order to be able to run the project efficiently, the LP has to set up an efficient and reliable management and co-ordination system. The co-ordination includes issues related to the thematic activities, as well as administrative and financial management of the project and its accounts. Another important task of the project co-ordination is to prepare regular Progress Reports and Final Report at the end of the project.

LP has to appoint or sub-contract a Project Coordinator, who is qualified to handle the thematic co-ordination of the project activities, able to act as a driving force in the partnership and mobilise the partners in order to achieve the objectives stated in the application. In case the Project Coordinator is subcontracted, a responsible contact person from the LP organisation should be appointed and has to be available both during project implementation and at least six months after the project's official end date to enable a smooth closure of the project.

The tasks of the Project Coordinator include, but are not limited to the following:

- co-ordination of activities (division of tasks) among the involved Project Partners and ensuring that these tasks are subsequently fulfilled;
- monitoring the progress of the project and ensuring the delivery of planned outputs;
- securing an efficient use of the project's resources;
- being a contact point for the project;
- ensuring continuous communication between the Programme (JTS) and the project partnership as well as among the Project Partners;
- preparation and submission of the Progress Reports to the JTS.

In order to ensure effective and efficient communication with the Programme management, the Project Coordinator has to have good knowledge of English and previous experience in project management.

LP also has to appoint or sub-contract a skilled Financial Manager who is responsible for the adequate and orderly accounting practice and proper management of the project's budget, including the ERDF co-financing. The Financial Manager should ensure:

- a sound book-keeping system;
- proper documentation of payments and payment flows, well-functioning audit trail;
- compliance with EU and national legislation as well as Programme rules on financial management, eligibility of costs and public procurement;
- a clear communication of the aforementioned rules and regulations to the Project Partners (e.g. through regular contacts with book-keepers in Partner institutions, Project Partner training, provision of information and regular updates, a close contact with 1st level controllers, etc.);
- observance of the budget allocations;
- follow the project's spending plan, including the set-up of reliable cash flow forecasts and tight control of the incurred cash flows in order to avoid the consequence of the N+2 Rule;
- timely preparation of the six-monthly financial Progress Reports.

The Financial Manager has to work in close cooperation with the Project Coordinator and the local coordinators/ book-keepers in Partner institutions in order to enable efficient overall financial management of the project.

The tasks of Project Coordinator and Financial Manager can be carried out by the same person in case of small scale projects with total eligible project budget up to 50.000 EUR.

In addition, each Project Partner must nominate a local coordinator, who is the contact person with the Project Coordinator, and a book-keeper, who is responsible for project book-keeping in the Project Partner organisation.

It is very important that Project Coordinator and Financial Manager are involved already in the development phase of the project. It is highly recommended to involve the permanent staff from public institutions for project management and implementation tasks that will help to sustain the established network of cooperation after closing project activities.

The JTS has to be informed immediately (in written form) on changes in the project management team.

7.1.3 Decision-making

Each project has to determine the necessary procedures for decision-making and co-ordination. In case of large-scale projects, it is advised to establish a Steering Group, which is composed of important stakeholders in the particular field and/or partner representatives, who are not involved in daily work of the project. Suggested tasks of the Steering Group could include monitoring and guidance of the project implementation, as well as reviewing and approving work plans and reports. The members of the Steering Group should not be the same as persons involved in daily project management, e.g. project managers.

Working groups, task forces and advisory groups could be established to co-ordinate the daily implementation of activities, to fulfil specific tasks, to carry out certain activities, etc. Small projects are also advised to foresee decision-making mechanisms and explain them in the Application Form. Adequate representation of involved partners should be observed in establishing decision-making and co-ordination mechanisms, and over-complication of the structures should be avoided.

7.1.4 Monitoring and Evaluation

In order to be able to assess the progress of the project, each project establishes a monitoring and evaluation system. The monitoring and evaluation system should be built on the indicators and should concern the following aspects of implementation:

- progress towards achievement of the project's goals. This shall be determined based on the output and result indicators presented in the Application Form,
- effectiveness and efficiency of implementation: is the project progressing in line with the initial time plan presented in the Application Form? Is the budget plan implemented and are allocations per budget category observed? How do the project's achievements relate to the encountered expenditure (cost-benefits)?
- quality of management and co-ordination: are management and co-ordination procedures efficient and are the resources used in this process sufficient?
- quality of project results: the project has to establish an appropriate quality management system, so that it can meet the legal or functional requirements of the project. Both the tools and techniques to monitor the quality of project implementation (e.g. evaluation sheets, interviews, reports, external expert evaluation) and structure (defining who sets the criteria, who monitors the quality, what external and internal constraints exist, etc.) shall be defined in Application Form.

7.2 Changes in Project Implementation

The LP is obliged to request approval from the JTS/MA if the project budget, duration, partnership or activities change. The JTS is responsible for the practical administration of changes for running projects.

All minor changes (e.g. changes in contact information, minor rescheduling of activities, small budget implementation plan deviations) can be reported as 'deviations' to the JTS through the six-month Progress Reports.

The LP must submit the official request to the JTS on all the changes beforehand. A form for the request is available on the Programme website. In this form, the LP is asked to briefly describe the requested change and provide the justification. In addition, a revised version of

the Application Form (with updates in the respective parts) has to be attached. In case of a new Project Partner replacing a "dropout" Project Partner, a Partner Declaration from the new Project Partner also has to be attached.

When duly justified, the changes may be approved by the MA or the JMSC.

The change enters into force when the Addendum to the Subsidy Contract is approved.

The following changes in the project are possible:

⇒ Budget Reallocation

Changes in Budget Lines, Work Packages and Project Partners budgets are allowed as long as the maximum amount of ERDF funding awarded remains the same. The project can reallocate the budget between the Budget Lines and/or Work Packages up to 30 % of the total eligible project budget. As a rule, the budget reallocation can be requested only once during the project implementation. Only in well justified cases, the project can apply for subsequent budget reallocation.

⇒ Prolongation of Project Duration

In well-justified cases, project can be prolonged up to 6 months as a maximum. Project prolongation after project has ended is not possible.

⇒ Correction of Project Activities And Outputs

⇒ Change of Project Partners

The project can apply for changes in the project partnership in case e.g. a particular Project Partner is "dropping out" from the project and new Project Partner is taking over its responsibilities.

7.3 Publicity and Information Requirements

Each project during its implementation has to comply with the publicity and information requirements laid down in the Implementing Regulation (Article 8, 9 and Annex I).

As the EU finances the Programme all Project Partners have to follow publicity requirements, and promote both the Programme and the EU.

Examples of information and publicity tools include press releases, inserts in newspapers, TV shows, press conferences, web pages, marketing and information materials, other types of publications, visual displays and signs, project documentation, etc. Also at all project meetings and events publicity requirements have to be followed.

It is advised that each project designs an internal plan for information and publicity activities in order to ensure proper dissemination of information to other potentially interested authorities as well as to the public. Therefore, the Project Partners should plan the resources for the implementation of information and communication measures when preparing the Application Form. The communication measures on project level should be targeted at two main objectives:

- dissemination of the results achieved and the good practices implemented;
- ensuring transparency in the use of public funds.

Projects are required to send samples of information and communication tools (e.g. publications, CDs) to the JTS together with Progress Reports.

The Programme will have a corporate design established that will also include the Programme logo. The Project Partners have to apply the same corporate design, where relevant (e.g. use of logos).

Please note, that if the visibility regulations are not observed or partly observed, the related events, publications, etc. are not eligible for ERDF co-financing.

Use of Logos

The use of the EU emblem and Programme logo with reference notes is obligatory on all communication materials, tools, project documents and outputs produced by the co-financed project. Use of the EU and Programme logo is also obligatory when using other logos, like project's or partner's own logo. The EU flag and Programme logo have to be at least the same size as the other emblems used. The Programme logo and EU flag have to be first from the left side if other logos or emblems is used.

The Programme logo and EU emblem with reference notes are available for download on Programme website and are provided below:



Websites

Information about project activities has to be published on operating Project Partners' websites. If new websites are created from project funds they must contain reference to the Programme and relevant EU sites and the EU and Programme logos at the front page of the website.

In case a website only contains an article about the project, the visual logos and reference note have to be published in the same window as the article.

Publications and Other Printed or Electronic Materials

Publications (such as booklets, leaflets, newsletters, studies, analyses, documents, etc.) and other written materials, including articles and press releases, must display the EU flag, Programme logo and the reference note.

As a minimum, the project is required to send at least one press release in the beginning of the project and one press release at the end of it. A press release is a public relations announcement issued to the news media and other targeted publications with the aim of drawing media attention to a specific activity of the project (e.g. a kick-off meeting, a dissemination conference). The press release should indicate the project title and main objectives/activities of the project, amount of funding and contact data of responsible person from relevant partner institution.

In case, the project designs its own corporate identity (letterheads, business cards, presentation templates, etc.), it must include the logos of the EU and the Programme and the reference note.

The same rules set above must be applied to electronic information and audio-visual materials (e.g. presentations, CD-ROMs).

Any publication, in whatever form and by whatever medium, including the Internet, must include the following statement: "This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of <name/title of the Project Partner> and can under no circumstances be regarded as reflecting the position of the European Union."

Events

The organisers of such events as conferences, seminars, fairs and exhibitions, which are financed by the project have to display the EU flag, Programme logo and reference note in meeting rooms, on documents, i.e. agendas, lists of participants, handouts and presentations.

Purchases

Equipment or other purchases made within the project have to carry stickers with the EU flag, Programme logo and the reference note. In case many small items are purchased in the framework of the project, it is advised to put a poster or sign in the room, institution or site for which the purchase has been made.

On the souvenirs like T-shirts, bags etc. the EU and the Programme logos have to be printed.

Equipment and Infrastructure

All infrastructure investments that are made within the projects have to be marked by a billboard, poster or a plaque during project implementation and after completion of works. The visual signs have to carry EU flag, Programme logo and the reference note.

Every part-financed piece of equipment must comply with the information and publicity rules and must be marked with the following label, which must not be removed even after the finalization of the project.



Projects that receive more than 500.000 EUR public funding for infrastructure or construction activities shall put up a billboard during the project implementation and, no later than six month after completion of the project, a permanent explanatory plaque. Both items should be visible and of significant size and the above-mentioned reference to the EU contribution should cover up at least 25% of the space.

However, it is highly recommended to put billboards and permanent explanatory plaques also for smaller infrastructure objects.

8 Financial Framework

8.1 Start and End Date of the Project

The date when the first costs have incurred (amounts have been charged or paid) or the date fixed in the Subsidy Contract is the official start date of the project. This date is important for calculating the end date of each project, as the project duration may not last longer than specified in the approved Application Form.

The earliest date on which the activities can start and the expenditure can incur is the day after the decision of the JMSC, with the only exception being the Preparation Costs.

The latest, a project has to start within 1 month after receiving the Subsidy Contract from the MA.

In order to determine the end date of the project, it is important to take into consideration that all payments have to be made before this date in order to be eligible (incl. payment for the financial control and preparation of the last Progress Report).

The start and end date of the project is fixed in the Subsidy Contract.

All projects have to end by 31 December 2014 at the latest.

8.2 Payments to the Projects and Use of Euro

Payments to the projects are made on a reimbursement basis and no advance payments are available, unless national co-financing from state budgets is available for projects. Programme National Authorities shall set the national co-financing schemes, if available.

Progress Report, which is approved by the JTS, serves as a basis for CA to transfer the ERDF co-financing to the LP account.

Payments will be made in EUR only. Please note that any foreign-exchange commissions and losses are not eligible for co-financing and have to be covered by the project.

The expenditure in national currency (other than EUR) must be converted into EUR with an accuracy of four digits after the comma (e.g. 1.0234). Project Partners have to follow the daily exchange rate of the Bank of Latvia and the Bank of Lithuania.

In order to avoid the rounding differences the expenditure in the financial report must be rounded to two decimals after the comma.

It is the responsibility of the LP to distribute the funding among all Project Partners in time, after having received the payment from the CA. It has to be decided among the Partners, which Partner(s) covers the currency-exchange risks and costs related to the national transfer of funds within the project, as it is not eligible expenditure.

8.3 Project Revenue

Revenue is regulated in Art. 55 of the Council Regulation (EC) No. 1083/2006, where a revenue-generating project is defined as follows: "...any operation involving an investment in infrastructure the use of which is subject to charges borne directly by users or any operation involving the sale or rent of land or buildings or any other provision or services against any payment".

As a rule, public, public equivalent and third sector bodies may not earn profit from the project, e.g. sell project outputs, charge attendance fees, etc.

If a project generates revenue, for example, through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or partly by the co-financed project. The ERDF funding is calculated on the basis of the total cost after deduction of any revenue.

All revenues (e.g. attendance fees for workshops, sales revenue of brochures, rentals, services, enrolment fees or other equivalent receipts) generated by the project during its lifetime and five years after the project closure represent income that reduces the eligible expenditure and the consequent the ERDF co-financing.

All estimated revenues within the period of five years after the project closure must be calculated and deducted from the project's eligible expenditure before the final balance payment to the project is made.

All Project Partners are responsible for keeping accounts of all their revenues in order to track down the revenues and to have the required documentation available e.g. for control purposes.

In case unauthorised profit making is discovered during control procedures, the project risks re-paying the whole or part of the expenditure directly related to profit making.

8.4 Cost-sharing

Sharing of costs in project means division of certain project costs among Project Partners according to transparent and equitable method complying the requirements of national legal acts. Examples of costs that can be shared in a project are the following: project website, project publications, joint study, etc.

It is required to have a sufficient documentation covering the calculation basis and method, the type of costs (what costs are shared between the Project Partners), the expenditure incurred and paid out (invoices, accounting data etc.) and other specifications that might be necessary in order to verify the acceptability and eligibility of the method. A proper documentation is needed, so that LPs, Project Partners, 1st level controllers, second level auditors and/or other potential Programme or EU controllers can verify the method. Each Project Partner should also check the acceptability of the method beforehand with its 1st level controller.

The agreement on the cost sharing among the involved Project Partners has to be signed in a written form either by adding annex on cost sharing in a Partnership Agreement or signing a separate agreement. It is important that the LP and implementing partner establish a system that will prevent the double reporting of the shared costs.

The following actors are involved in the cost sharing procedure:

1. LP and its 1st level controller;

2. Implementing partner and its 1st level controller;

Implementing partner is the Project Partner who is responsible for generating the relevant cost(s) (contracting external expert, equipment, etc.) that will be shared later on. The implementing partner is responsible for the maintenance of the full accounting documentation according to the book-keeping rules of its country. If relevant, the implementing partner is responsible for fulfilling the required public procurement or contracting requirements, etc.

3. Paying partner(s) and their 1st level controllers.

Paying partners are all Project Partners that have signed the cost sharing agreement.

The written agreement should contain the following information:

- estimated total amount of expenditure;
- kind(s) of expenditure;
- indication of the implementing partner/paying partner(s);
- cost sharing method - division key (incl. its calculation) with the relevant; justification;
- financial liability and procedure in case of ineligible costs discovered or recovery of funds.

The cost sharing model must be in possession of the LP, the implementing partner and all paying partners. Each Project Partner should check the acceptability of the method beforehand with its 1st level controller.

Carrying out activity by the Implementing Partner

The implementing partner executes the planned activity. It is the contracting part for all external experts and suppliers and ensures that activities and contracts comply with the applicable eligibility rules (e.g. public procurement rules).

Payment and validation of shared costs

The implementing partner pays the full amount of the shared expenditure (e.g. invoice(s) from suppliers or external experts etc.) and ensures that the costs are identifiable in its accountancy and financial management system. The date when such expenditure is paid by the implementing partner is considered to be the official date of the costs to be reported (costs shall be reported during that Reporting Period). The 1st level controller of the implementing partner validates the total amount of the contract and the applied cost sharing method.

Sharing the costs between relevant Project Partners according to the agreement

After the 1st level controller of the implementing partner has validated the costs, they are shared according to the agreed and documented cost sharing method.

The implementing partner submits a financial note on the shared costs including the relevant documentation to each related Project Partner and the LP with:

- identification of the implementing partner;
- identification of the relevant paying partner;
- identification of the cost-sharing subject and method;
- breakdown of costs that were paid by the implementing partner, including a brief description and the relevant paying partner's share per cost item and in total;
- a document certifying the eligibility and payment of the costs (e.g. signed validation of the 1st level controller).

It is the responsibility of the implementing partner to guarantee that all costs related to the common activities are properly audited.

Reporting

The LP adds the validated cost shares to each relevant partner's expenditure and compiles the overall report. All cost sharing expenditure shall be reported in the Progress Report during the period the payment made by the implementing partner of the cost sharing subject took place. All cost sharing expenditure shall be broken down to each contributing Project Partner. The LP 1st level controller ensures that no double reporting of shared costs takes place. The LP 1st level controller validates the overall report including the shared costs allocated for each relevant Project Partner.

The level of detail of the required documentation forms should be agreed on beforehand with the relevant Project Partners and the LP, preferably in written form. The implementing partner is not allowed to add any profit margins for itself in the total amount of shared costs. Only actual costs can be shared.

Please note that the JTS cannot take any responsibility for the actual application of the cost sharing.

The cost-sharing method, when the LP is withholding a certain amount of Project Partners' expenditure after receiving payment from CA, is not eligible.

9 Project Budget

The total project budget is the total amount of financial resources that are available to meet the project expenses over its duration. It is composed of the following financial resources:

- a) *ERDF funding* (funding provided from the ERDF that is generated by eligible Project Partners).
- b) *National co-financing* (eligible contribution provided from the Project Partners to the project budget and used to generate the ERDF funding).
- c) *Eligible project budget* (the sum of ERDF funding and the national co-financing).
- d) *Non eligible project budget* (financing that is not eligible contribution to generate ERDF funds such as recoverable VAT and financing provided by Additional Partners).
- e) *Total project budget* (the sum of total eligible budget and non-eligible financing).

It is essential for the successful project implementation that each Project Partner plans its budget when developing the project application. Involvement of all Project Partners in the planning stage results not only in a stronger partnership, but also in a more realistic project budget.

9.1 Eligibility of Expenditure

Only costs related to the project are eligible costs. They must have occurred at the earliest on the day after the JMSC has approved the project and before the end date of the project, with the only exception being the Preparation Costs.

Eligibility of costs are also geographically bound to the territory covered by the Programme. The only exceptions eligible for assistance are indicated in chapter 9.7.

The eligibility of costs is defined in the Latvia – Lithuania CBC Programme document, this Programme Manual, Subsidy Contract and relevant EU and national legislation including National Eligibility Rules.

9.2 General Rules Applicable to Project Budget

9.2.1 Sound Financial Management

The project budget has to be used according to the principle of sound financial management as stipulated in Council Regulation no 1605/2002 of 25 June 2002, namely in accordance with the principles of economy, efficiency and effectiveness:

- the principle of economy requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- the principle of efficiency is concerned with the best relationship between resources employed and results achieved;
- the principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

9.2.2 No Sub-Contracting Between Project Partners

Project Partners financially contributing to the project and receiving ERDF funds from the Programme as well as Additional Partners are not allowed to sub-contract each other in order to carry out project activities. This does not apply to the system of sharing of common costs.

9.2.3 Conflict of Interests and Avoiding Corruption

The LP and Project Partner(s) must undertake all necessary precautions to avoid conflicts of interest and must inform the JTS/MA immediately about any situation constituting or likely to lead to any conflict of this kind.

There is a conflict of interest 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.

All Project Partners have to follow the national public procurement laws for the sub-contracting activities in order to avoid situations where conflict of interests or corruption might occur.

9.2.4 Double Financing

During the Programme period running from the 1 January, 2007 until the 31 December, 2015 the project can receive funding only once within the Programme for the same activities.

All costs that were already co-financed from any EU funds or were fully covered by other international, national, regional and/or local funds are not eligible as this is considered double-financing. In case of co-financing provided from state budget the costs can be considered as eligible providing that the amount does not exceed the partner co-financing share (15%) to the project.

9.2.5 Ownership of Project Results

The project results within five years from the completion of the project shall not undergo a substantial modification:

- affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and
- resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

Ownership, title, industrial and intellectual property rights of the outputs and results of the projects and other documents relating to the project shall be vested in/ remain with the LP and the Project Partners.

9.2.6 Public Benefit

The project objectives and the results have to be of the public benefit and publicly accessible free of charge, i.e. including prepared guidelines, teaching materials, studies, public infrastructure, etc. It is recommended to store these documents in the Project Partner websites. Investments and other project results co-financed by the Programme should be aimed at public use.

9.2.7 Reporting of Expenditure

Expenditure can only be reported if the following principles are fulfilled:

- Calculation is based on real costs. It means that only costs incurred by an eligible Project Partner, accounted for and proved by delivery of works, services or supplies (at least partial delivery in the case of advance payments) within the eligible project implementation period can be considered as project costs.
- Costs are definitively borne by the LP or Project Partner(s) and would not have arisen without the project.
- Expenditure has actually been paid out. Expenditure is considered to be paid when the amount is debited from the partner institution's bank account. The bank statements usually prove the payment. The date when the invoice was issued, recorded or booked in the accounting system does not count as a payment date.
- Expenditure is directly linked to the project. Costs related to activities that are not described in the Application Form are generally ineligible.
- Expenditure is reported under the correct Budget Line and corresponding Work Package.

- Expenditure is reported in the same Reporting Period as it was paid (with exception of costs sharing, if relevant).
- The reported expenditure must not exceed:
 - o the approved eligible project budget;
 - o the approved each Project Partner budget.

It must be possible to clearly identify which expenditure has been allocated and reported in the project and to ensure that expenditure is not reported twice (in two different Budget Lines, Reporting Periods, projects/funding schemes). Therefore, the LP and all Project Partners involved in the implementation of the project and receiving ERDF funds from the Programme must maintain:

- Separate accounting system;
- Project specific accounting code (Council Regulation (EC) No 1083/2006, Art. 60(d)) to record project costs in the accounting system and also noting, - the project number, short project title, WP and partner title, by writing it or stamping on the original invoices and checks/ payment orders and agreements. If space is available, also Programme title should be indicated.
- Book-keeping lists/ overviews (with entries in English) - i.e. list of all expenditures for all transactions relating to the project without prejudice to national accounting rules.

This will ensure that project funds are explicitly separated from the Partners' general budget and can be clearly identified, as well as properly monitored and managed.

The LP and the Project Partners must ensure that all accounting documentation related to the project is available and filed separately and that all project related payments have a clearly distinguishable book-keeping code, even if this leads to a dual treatment of accounts (for example if it is necessary to file accounting documents centrally). This requirement allows to file and keep original accounting documents related to the project in a centralized filing system, e.g. in organisation's financial unit according to the national legislation requirements, and to make the approved copies of the accounting documents and file and keep them separately in a project folder with a reference to the place where the original documents are kept.

Accounts must be kept in EUR or in national currencies. However, the financial reports to the JTS must be accounted in euro. The names and contact details of persons responsible for authorising and certifying expenditure within each Partner organisation shall be provided to the LP.

It is the LP's responsibility to ensure an adequate audit trail is documented on all levels of the project, including Project Partners' expenditure which implies that the LP has an overview of:

- ⇒ who paid,
- ⇒ what was paid,
- ⇒ who verified, and
- ⇒ where the related documents are kept.

The LP should request that all Project Partners keep the documents related to the project in a safe and orderly manner at least until the end of year 2021. The documents are archived either as originals or as certified copies on commonly used data media (in compliance with the national regulations). In case of retaining the documents electronically, national security standards must be met. If deemed appropriate, the LP may ask for copies of accountancy documents from the Project Partners.

9.2.9. Requirements to Bank Information

Complete and correct bank information in the Application Form and Progress Reports guarantee fast transfer of the ERDF co-financing.

LPs are very much encouraged to ensure that BIC (SWIFT) and the IBAN are correct and do not contain any space characters. Moreover, the information on the name, address, town and country of the bank and the account holder should be provided.

9.3 Budget Table and Description of the Budget Lines

The project budget is divided between 7 Budget Lines (hereafter referred to as the "BL"), up to 5 Work Packages with duration of six months and Preparation costs BL. Under the Programme the ERDF funding will be granted to the expenditure directly related to the projects with the reference to the following BLs:

- BL1 Personnel
- BL2 Direct Administration costs
- BL3 Indirect Administration costs
- BL4 External Services
- BL5 Travel and Accommodation
- BL6 Equipment and Infrastructure
- BL7 In Kind costs
- BL8 Preparation costs

The budget table in the Application Form describes the budget of the whole project.

Each Project Partner expenditure must be separated in partner's book-keeping system.

It is important that all Project Partners are involved in the preparatory and planning work of the project application that results in strong partnerships and well-justified budget allocations. The involvement of financial managers during preparation of the project budget is essential.

The precondition for eligibility of all expenditure is compliance with the principles of real cost, efficiency, economy and legality of all actions as stipulated in Council Regulation No 1605/2002 of 25 June 2002.

9.3.1 Personnel Costs

Personnel costs (including salaries, wages, employment taxes, social security, health insurance and pension contributions) of the staff directly engaged in the project and employed by the Partner institution on the basis of an employment/labour contract according to the law applicable in the country of the Partner location are eligible under this BL (e.g. project coordinator, financial manager, IT specialist, engineer, planning specialist, etc.).

Personnel costs have to be calculated based national legislation requirements and the principles described in Latvian and Lithuanian National Eligibility Rules. These costs must be certified on the basis of documents, which permit the identification of real costs paid by the partner concerned, e.g. job agreements, decrees, time sheets, record of tasks carried out in the framework of the project, evidence of calculations for the determination of the value of staff time used for the project. The actual salary rate has to be applied !

Each staff member working for the project has to fill in a timesheet indicating the main activities for the project and the amount of working hours per each WP.

At minimum, the timesheet must:

- be filled in separately for each employee and worker involved in the project;
- contain information on the hours worked for the project on monthly basis;

- briefly state the activities performed within the project;
- be signed by the employee and his/her supervisor.

The Project Partners have to ensure that staff costs are properly counted and no double financing has occurred.

Daily work of staff members, which would be carried out regardless of the project implementation, is not eligible.

NB: Costs paid on the basis of service contracts and/or author agreements to individuals or companies and similar contracts based on civil law cannot be placed under this BL. They have to be placed under the BL "External Services".

9.3.2 Administration Costs

Administration costs have to be office related costs. They can be either:

- a) *direct administration costs* - backed up by direct bills such as costs of consumables, photocopying; mailing; charges for transnational financial transactions; bank guarantees requested by legislation; and
- b) *indirect administration costs, i.e. overhead costs* - share of regular monthly payments for rent, electricity, heating, water, sewerage, data/communication, depreciation costs and other similar costs directly related to project activities and calculated pro rata according to justified and clear method. The calculation of the indirect administration costs must be available upon request. Usually the share calculation is based on the working time of staff members and office space used for the project.

The cost of depreciation of equipment, for which there is a direct link with the project is eligible expenditure, provided that:

- national or Community grants have not contributed towards the purchase of such equipment;
- the depreciation is calculated in accordance with the relevant accountancy rules; and
- the cost relates exclusively to the period of co-financing of the project in question.

Please note that indirect administration costs can be up to 5 % of the total eligible project budget.

The administration costs must be directly linked to the project and fulfil the following conditions:

- they are essential for the project's implementation and would not have been incurred if the project had not been carried out and;
- invoices or other probative equivalent accounting documents directly attributable to the project or project staff supports them; or
- they have been counted pro rata according to justified and clear method and backed up by evidence documents.

If possible, consumables to be reported as project expenditure should be purchased separately from other office consumables.

NB: Purchase of office furniture, computers and other office equipment cannot be placed here. They have to be placed under the BL "Equipment and Infrastructure".

Administration costs of the external experts must be included in the costs listed under the Budget Line "External Services".

9.3.3 Travel and Accommodation

Travel and accommodation costs of employees of the Partner institutions and related to their participation in meetings, seminars, or events and supported by the documentary evidence for

the travel such as agenda, travel tickets, invoices, boarding passes, etc. Travel costs are eligible only if they are directly related to and essential for the effective delivery of the project.

Per diems, travel costs (public transport, including ferry, plane, train, bus and taxi; travel insurance and visa costs), rent of transportation, compensation for the use of personal car and accommodation are reported under this BL.

Per diems can be paid only to persons, who are working in partner organisations based on employment contracts.

In well-justified and documented cases, the Project Partners have a possibility to cover travel and accommodation expenses of guests and to report them under this BL.

The most economic or reasonable way of transport must be used. Please note that despite of the project partner's legal status (e.g. non-governmental organisation, public equivalent body) the subsistence allowances rates as well as accommodation costs must not exceed the set limits for the public authorities under national regulations.

When reaching the thresholds set in national public procurement rules (please see chapter 9.4.), these must be followed in selecting a company or individual that carries out the assignment.

The following costs are not eligible:

- costs exceeding national limits (e.g. rate per room per night);
- travels in the first or business class, unless it is clearly proved that there was no other option or that this was the most economic/less expensive option (documentation on the justification is required);
- use of car or taxi if public transport is available, unless duly justified (documentation on the justification is required);
- daily travels of project personnel from home to office and back.

NB: The travel costs of external experts participating in project activities have to be budgeted under BL "External Services".

9.3.4 External Services

Costs paid on the basis of contracts and against invoices to external service providers who are sub-contracted to carry out certain tasks of the project, such as

- studies and surveys
- translation
- costs for 1st level controls
- speakers for workshops
- trainers, facilitators at events
- external project management
- IT consultants
- costs related to the organisation of meetings and events (renting of premises and equipment, interpretation, printing, catering)
- promotion costs, including inserts in newspapers, TV shows, press conferences, press releases, costs for design, editing, translation, printing of marketing materials, brochures, etc.

The work done by an external expert, consultant or other supplier is eligible provided that the following conditions are fulfilled:

- Work is essential for the project;
- Costs are reasonable according to the standard rates in the country where the contracting Partner is located; average market rates resulting from public procurement procedures apply;
- Quality of produced outputs is ensured.

The project may not sub-contract its own partners or employees of partner organisations, who already work for the project based on an employment contract.

When reaching the thresholds set in national public procurement rules (please see chapter 9.4.), they must be followed in selecting a company or individual providing external expertise.

The expertise that is planned to be sub-contracted must be specified in the Application Form.

In case the total costs for preparation of technical documentation for investments under this BL exceed 50,000 EUR the applicant has to submit a Feasibility study (see chapter 5.2 Submission of Application).

All contracts for external services must be backed up by the necessary documentation required by the national public procurement rules. All documents must be retrievable (e.g. tender documentation).

The information on the project upcoming events has to be sent to 1st level controllers and JTS in a written form (as a minimum via email) no later than 2 weeks in advance.

The following costs are not eligible:

- any services provided by another unit (internal) of the same Project Partner organisation (e.g. translator, IT expert performing any tasks for the project). These costs should be reported under BL1 Personnel;
- advance payments that are not based on an invoice/an accounting document of equal value which is provided by an external supplier;
- sub-contracting that adds the cost of execution of the project without adding proportionate value to it;
- in general entertainment, performers, artists fees (e.g. concerts, festivals) cannot be covered from project budget.

NB: Transportation costs, including event related transportation, must be placed under the BL "Travel and Accommodation".

9.3.5 Equipment and Infrastructure

Purchases, construction or repair works carried out within the framework of the project based on contracts and/or paid against invoices shall be budgeted under this BL. The types of investments, i.e. equipment or infrastructure, have to be in line with aim of the Programme and crucial for the achievement of the project's objectives. Note that the subsidy for investments is seen as an investment grant, meaning that costs for depreciation of the subsidized investment cannot be accounted for in the project's book-keeping.

In case the project plans to install the infrastructure, the relevant Project Partner has to be the owner of the land and/ or have the building rights on the land.

The examples of equipment can be i.e. IT equipment (PC, monitor, printer, incl. common software); special software; scanner; office furniture; exhibition equipment, etc. The examples of infrastructure can be e.g. setting up the information centres, nature trails, installing information signs, etc.

Investments funded by the Programme should be aimed at public use and their ownership and the way of use cannot be changed within five years after the project has been finalized. Otherwise the Programme has the rights to reclaim the funding.

Investments are financed only in case they are necessary for reaching the results, or guaranteeing the durability of the project results. Cross-border character and relevance of the investments should be evident, e.g. by established geographical coverage, functional relations and joint implementation, having a model character.

When reaching the thresholds set in national public procurement rules (please see chapter 9.4.), these must be followed in selecting a company or individual.

Furthermore, the applications for projects, which include construction works, have to be in line with the national building legislation. One copy of a full set of documents required under the national building laws must be submitted to the JTS together with the Application Form.

In case the costs under this BL exceed 50,000 EUR the applicant has to submit a Feasibility study (see chapter 5.2 Submission of Application).

The amount for equipment has to reflect the actual use of these items in the context of the project.

The applicant is asked to provide a breakdown of investment costs in the Application Form. Only investments specified and approved can be reported and cofinanced.

Every co-financed piece of equipment and investment must comply with the information and publicity rules set by Implementing regulation, in particular with the provisions of Article 9 and of Annex I and must be identified with a specific label (see chapter 7.3).

The purchase costs of second-hand equipment are eligible if the following three conditions are fulfilled:

- the seller of the equipment must provide a declaration stating its origin, and confirm that at no point during the previous seven years it has been purchased with an aid of other financial instruments (EU, national or other grants);
- the price of the equipment must not exceed its market value and must be less than the cost of similar new equipment; and
- the equipment must have the technical characteristics necessary for the project and it has to comply with applicable norms and standards.

9.3.6 In Kind Contribution

In kind contribution, except for unpaid voluntary work, is not eligible. Each Project Partner can report the value of unpaid voluntary work only up to the amount of partners' national contribution, i.e. up to 15%, of the total eligible expenditure of each Project Partner.

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

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

Unpaid voluntary work must be:

- essential to the project;
- based on a written agreement;
- proved by timesheets indicating the hours worked for the project;
- minimum monthly or hourly official national net salary level is followed when calculating the value of in-kind contribution.

NB: Staff costs for personnel working in one of the Partner institutions based on employment contract and receiving a regular salary do not count as in-kind contribution, it is cash contribution, since staff costs are actually paid by the Partner institution.

9.3.7 Preparation Costs

The Preparation costs are costs directly linked to the development of the project application in the framework of the Call for Proposals of the Programme.

Preparation costs are eligible if the payments are made after 1 January 2007, but not earlier than 24 months before the JMSC decision and before the day of the JMSC decision. Preparation activities and costs have to be listed in the Application Form.

Only preparation of technical documentation (feasibility study/ investment project, technical project, environmental impact assessment, permits for building) for the project, translation of these documents and translation of the Application Form are eligible as Preparation Costs. The maximum amount of Preparation costs can be up to 5 % of the total eligible project budget but no more than 50.000 EUR whichever is lower.

Preparation costs have to follow the rules applicable to the BL "External Expertise" as well as all rules on eligibility of costs.

The co-financing rate for the Project Partner is also valid for co-financing of the Preparation costs. Preparation Costs are eligible only for projects that are approved by the JMSC.

9.4 Competition and Public Procurement

Public procurement is a process used by governments, regional and local public authorities or public equivalent bodies to obtain goods and services with taxpayers' money. Public procurement presumes observance of the national regulations in which the formal requirements are stipulated. The public procurement rules aim at more efficient use of public funds ("value for taxpayers' money") and increased competitiveness.

The main principles to be respected are transparency, equality and objectivity. The transparency principle in practice means that the public contracts are sufficiently publicised, while equality and objectivity require equal treatment of tenders according to pre-described award criteria. These fundamental principles of public procurement also apply to purchases of services and goods below the threshold values.

The principle of not splitting of tenders must also be followed. It is therefore recommended for Project Partners to implement joint public procurement for purchase of similar type of services and supplies where it leads to cost efficiency.

Whenever a project purchases services, goods, equipment, etc. externally, national public procurement rules must be followed, including relevant internal rules of the Partner responsible for subcontracting.

The public procurement rules for contracting, purchasing of material and equipment or services have to be followed by all Project Partners apart from their legal status, i.e. non-governmental organizations as well. More strict rules have to be applied!

Contracts cannot be awarded to candidates or tenderers who, during the procurement procedure are subject to a conflict of interest.

The implementation of the public procurement procedures should be well documented. Projects should indicate the project number, project title and partner title as well as Programme where possible in the tender documents.

Documents such as public procurement notes, terms of reference, offers/quotes, order forms, and contracts have to be available for financial control and audit purposes. Projects, which cannot provide documentary proof of compliance with public procurement rules, risk losing ERDF funding.

9.5 Value Added Tax and Other Financial Charges

Value Added Tax (VAT) does not constitute eligible expenditure unless it is genuinely and definitively borne by the partner. VAT which is recoverable by whatever means cannot be considered as eligible even if it is not actually recovered by the Project Partner.

Only non-recoverable VAT borne by the Project Partner that may not be refunded or offset by the tax authorities or by any other means may be included in the Progress Report.

Financial charges (e.g. charges for transnational financial transactions) and, where required, also guarantee costs are eligible. This does not apply to debit interests and exchange rate losses, which have to be borne by the LP and its Project Partners.

9.6 Examples of Non-eligible Costs

The following expenditure is considered ineligible expenditure for co-financing from the Programme funds:

- VAT, other taxes and charges, if these are legally recoverable
- sub-contracting costs between Project Partners
- any costs paid outside the eligible project period, except Preparation costs
- already included in other BLs or cost items
- do not show direct link to the project activities
- for sub-contracted activities if relevant public procurement rules were not followed
- luxury goods and services, presents
- already supported by a European or other international or national grant
- bank transfers within Latvia and Lithuania
- service charges arising on finance leases and hire-purchase agreements, depreciation, amortisation and impairment of assets purchased with the help of Government or European Community grants, routine or essential maintenance of a capital facility
- staff costs arising from the statutory responsibilities of the public authority, which would be carried out regardless of the project implementation
- taxes on fringe benefit
- payments for political or religious activities
- loan charges, debit interest, foreign-exchange commissions and losses, and other purely financial expenses, except the costs related to opening and maintaining a separate bank account for project purposes
- costs involved in closing the company
- fines, financial penalties and expenses of litigation
- bad debts
- debit interests and exchange rate losses
- contingencies and contingent liabilities
- decommission of nuclear power stations

9.7 Geographical Eligibility

Eligibility of costs is geographically bound to the eligible territory covered by the Programme.

In duly justified cases and only if it is for the benefit of the Programme area, Project Partners can travel and implement activities outside the Programme area and the European Community. The costs are eligible only in case they are specified in the Application Form or a priori approved by the MA during project implementation and are vital to the success of the project as such.

In total up to a limit of 10% of the Programme's budget may be used outside the Programme area and the European Community.

10 Project Monitoring, Reporting and Control

10.1 Reporting

Project expenditure must comply with the principle of **real costs**. It means that only costs incurred (amounts charged) and paid by an eligible Project Partner, accounted for and proved by delivery of works, services or supplies (at least partial delivery in the case of advance payments) within the eligible project period can be considered as project costs. If the costs are eligible for co-financing and as soon as the Progress Report is accepted by the JTS the co-financing can be reimbursed by the Programme.

The project costs should be reported in the Progress Report related to the date when they were paid (except for cost sharing, if relevant).

10.1.1.1 Deadlines

Project implementation is subdivided into six-month periods. The first and the last Reporting Periods can be shorter or longer. The exact Reporting Periods are established for example Call for Proposals.

For each six-month period, a Progress Report has to be submitted to the JTS. For this purpose the JTS sends out a pre-filled form to the LP shortly before the end of each Reporting Period. Project Partner reports are to be submitted to the first-level control bodies no later than one month after the end of Reporting period. The joint Progress Report has to be returned to the JTS both electronically as well as in hard copy within four months after the end of the Reporting Period.

In case the project spends up to 2.000 EUR during particular Reporting Period, except for the final Reporting Period, the project should send the information before end of the Reporting Period to the JTS. Based on the individual cases the JTS might request to submit only one joint Progress Report for two Reporting Periods instead.

10.1.2 Submission of Progress Reports

Reporting has to be done in English. Supporting documentation, e.g. invoices, contracts, tender documentation, publications, studies, etc, can be both in Latvian and Lithuanian.

A model form of Progress Report can be downloaded from the Programme website. However, only templates of the Progress Report that are pre-filled by the JTS can be used by the LP. The JTS will regularly provide the LP with the pre-filled progress report template that is valid for the given Reporting Period. The pre-filled report includes the description of outputs as well as the budget as planned in the approved Application Form.

However, the Progress Report template can be used by the LP to collect information from all Project Partners.

The Progress Report consists of an Activity Report, Financial Report and 1st level controller declaration. It serves as basis for payments and is used for reporting on the Programme's progress to the JMSC and the European Commission.

The Activity Report includes information on the project's progress, as well as a comparison of initially established targets and those achieved. The Report also requests information on project output indicators.

The Financial Report contains a retrospective accounting of the total costs incurred during the Reporting Period. The report must contain information on both cash and in-kind expenditures. Costs not accounted for or not reported in due time are not reimbursed. The LP ensures that the expenditure stated in the Financial Report has not been included in previously submitted Financial Report.

The hard copy of the Progress Report has to carry the signature and stamp of the LP and the declaration of the LP 1st level controller on the validation of the entire expenditure and activities at a project level.

Together with the Progress Report the LP has to submit the copies of evidence documents for the activities implemented and expenditures incurred to the JTS, including:

1. In case of organization of meetings and events as a minimum:

- meeting/event agenda;
- memo/ minutes/ report of the meeting/event;
- list of participants with signatures for each day;
- photos from major meetings/events;
- evaluation summary from trainings/skills raising events/workshops/consultations based on individual participant's assessment sheets;
- copies of handouts.

2. In case of outputs produced by the sub-contractors, one copy of tangible outputs (studies, research, programmes) and information and publicity materials (hard copy and/or digital, e.g. press articles, leaflets, CDs, websites print-outs, brochures, small promotional materials such as T-shirts, pens), pictures of infrastructure objects built and equipment purchased.

The reporting procedure can be summarised as follows:

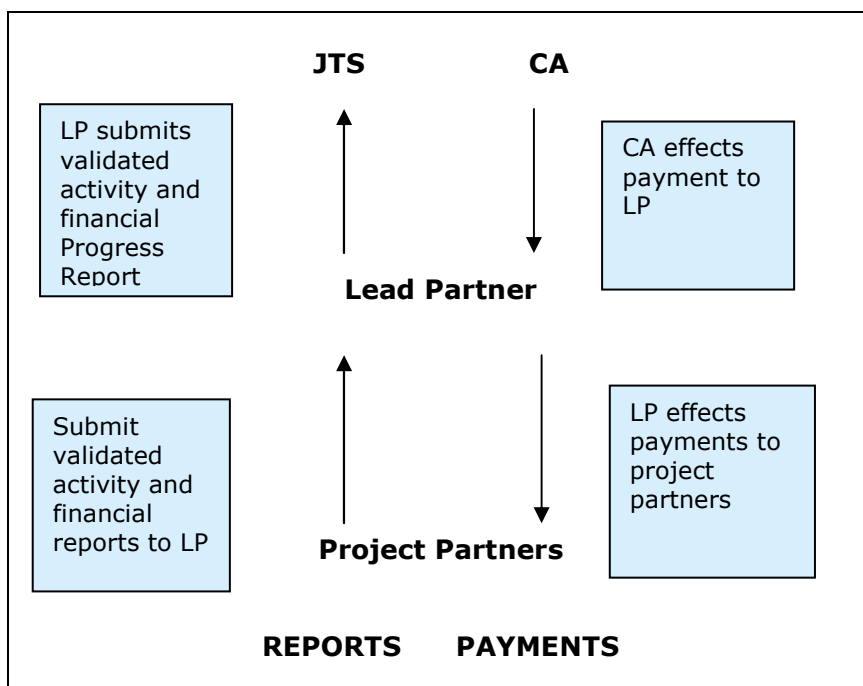
- a) Partners implement their part of activities in the project, cover related costs and retain the accounting documents constituting the audit trail (contracts, invoices, time sheets, calculation and payment evidence, etc.), as well as output documents showing the implementation of the project's activities (minutes of meetings, studies, manuals, policy documents, training materials, etc.)
- b) Each Project Partner has to submit a Partner report with expenditure and activity description to Latvian and Lithuanian first-level control body. Partner Report has to be submitted with all the supporting bookkeeping documents (e.g. receipts, invoices, bills, employment contracts, service contracts, lists of participants). Each Project Partner's project related expenditure must be separated in the partner's bookkeeping system. Based on this report an 1st Level Controller (FLC) Confirmation is issued for each Project Partner's expenditure during the Reporting Period.
- c) Partners report to the LP, who compiles the joint Progress Report. When reporting, the LP and other Project Partners have to ensure that an 1st level controllers verification is performed on their part of the reported activities and expenditure. The LP FLC performs the checks on the LP activities and expenditure, and also verifies that the information provided by the Project Partners is accompanied with the FLC declarations and that it has been accurately reflected in the Progress Report. For the audit trail, the LP retains the input to the Progress Report received from the Project Partners.
- d) The JTC sends the pre-filled Progress Reporting forms to the LP before end of each Reporting Period.
- e) On the basis of the individual reports, the LP compiles joint Progress Report for the whole partnership. The LP submits the Declarations on Project Partners' expenditures and the Progress Report of the whole project to its national FLC.
- f) The LP's controller performs the checks on the LP's activities and expenditure as well as verifies that the information provided by the Project Partners has been verified and confirmed by an FLC in compliance with the country specific control requirements and that the Partner's information has been accurately reflected in the joint Progress Report.
- g) For the audit trail, the LP retains the inputs to the Progress Report received from the Project Partners.
- h) LP submits the joint Progress Report with the FLC's Declaration and LP's Confirmation to the JTS.

- i) JTS checks it and, if necessary, sends clarification requests to the LP. Once all points have been clarified, the Progress Report is approved. The final deadline for checking the Progress Reports at the JTS is six months from receiving the Report.
- j) JTS forwards the Report to the CA.
- k) CA makes payment to the account of the LP.
- l) LP makes payments to the accounts of the Project Partners.

CA is responsible for receiving payments from the EC and for making payments to the LPs. Each project's LP is responsible for allocating subsidies received from the CA to the Project Partners.

To be entitled to claim payments from the CA, each LP is obliged to regularly present Progress Reports to the JTS. This obligation will be determined in the Subsidy Contract.

Please see the picture illustrating the reporting and payment procedure below:



10.1.3 Final Report

After finalization of the project a final Progress Report has to be submitted to the JTS. This Report provides information on all project outputs and results and general feedback from the project to the Programme management authorities. The Report form will be published on the Programme website.

10.2 JTS Monitoring of Progress Reports

The MA and the JMSC are responsible for ensuring the implementation quality of the Programme. They carry out monitoring by reference to financial indicators and the indicators referred to in Article 12(4) of the ERDF regulation specified in the Programme. In addition to the indicators defined in the Programme, the projects establish additional indicators adjusted to their specific needs and targets.

Every 6 months project LP submits the Progress Report to the JTS. These reports are the central source for monitoring progress in project implementation.

Moreover, the project LPs have to inform regularly the JTS and the 1st level controllers on upcoming project events at least by sending an e-mail information latest two weeks in advance.

The JTS monitors all components of the Progress Report, such as the description of activities, the report on achievement of the planned outputs, the lists of expenditure, as well as declarations of validations and controllers' reports/checklists. The achievement of the planned outputs are monitored in relation to the work plan presented in the Application Form. During the financial monitoring the JTS cross-checks whether that what has been validated by the first level controller complies with the provisions of the Subsidy Contract and the Programme documents as well as with the contracted Application Form.

If the information delivered in the progress report is insufficient, the JTS will ask for further information or clarification from the LP. If necessary, the JTS, MA or CA may also ask the LP to provide more in-depth documentation, such as the overall report/checklist on the controls performed at project level, the documents listed in the declaration of the validation of the expenditure, etc. The LP should provide the answers to the JTS within the set timeframe. If there are no further questions concerning the respective Progress Report or other outstanding issues regarding the project, the Report is approved and the payment procedure is started.

The Progress Reports shall be approved in the JTS within 6 months after submission of Progress Report at the latest.

10.3 Audit and Control

In the programming period of 2007 - 2013, the terms "audit" and "control" (and thus auditor and controller) are not interchangeable since they have two different meanings.

The term **control** refers to the check performed by the first level controller (FLC) in compliance with Art.16 of ERDF Regulation and chapter 13.1 of the Programme. The duty of the first level controllers is to **validate** the legality and regularity of expenditure declared by each Project Partner participating in the project.

The term **audit** (or second level auditing (SLA)) refers to the checks performed in compliance with Art. 62, (1 a, b) of General Regulation and Art. 37(2) of Commission Regulation (EC) No 951/2007. The duty of the second level auditors is to carry out the audits on projects on the basis of an appropriate sample to verify the expenditure declared.

The term **controlled beneficiary** refers to the terminology used by Art. 16 (1) of ERDF. The term beneficiary addresses the LP and all Project Partners.

10.4 Validation of Expenditure (1st Level Control)

Each Project Partner is separately controlled by a national control body. In Latvia, the first-level control is carried out by Latvian State Regional Development Agency and in Lithuania the first level control is organised/ carried out by the Ministry of the Interior of the Republic of Lithuania where a centralized system be used with designated external audit companies meeting the specific requirements to perform the function of 1st level control.

After each Project Partner receives the confirmation of 1st level controller (FLC) for its costs, the LP will prepare joint Progress Report. After Progress Report is verified and confirmed by the LP's FLC, it shall be submitted to the JTS.

The LP shall verify that the controllers have validated the expenditure presented by the Project Partners participating in the project. Latvia and Lithuania shall ensure that the FLCs can validate the expenditure within a period of three months.

The FLC validates both expenditure and the activities. The controllers' task is to verify that:

- the costs are eligible;
- the conditions of the Programme, the approved Application Form and the Subsidy Contract have been observed and followed;
- the invoices and payments are correctly recorded and sufficiently supported;
- the activities have actually taken place and the sub-contracted supplies and services have been delivered or carried out;
- the Community rules have been respected especially with regard to information and publicity, public procurement, equal opportunities and protection of the environment as well as relevant national legislation has been respected in particular National Eligibility Rules.

In addition, the LP FLC has to check and confirm that all Project Partner inputs to the Progress Report were confirmed by an FLC and the country specific control requirements are respected. The checks have to be obligatorily documented with the help of a control checklist and a control report.

The FLC must maintain close contact with the JTS managers in order to ask for assistance whenever there is doubt linked to the above points.

It is the duty of the FLC to validate the expenditure declared by each Project Partner participating in the project and its activities prior to submitting the payment request (which is part of the Progress Report) to the JTS.

The validation/verification by the FLC follows a two-step approach:

1. validation/verification of all expenditure and activities declared by the Project Partner and LP in individual progress reports (validation at partner level);
2. validation of the entire expenditure and activities declared by the project in the respective joint project Progress Report (validation at project level).

Each project Progress Report to be submitted by the LP is made up of two parts: the activity part and the financial part (see also chapter 10.1.2). **Both parts** have to be validated in its contents by the FLC of the LP.

PARTNER LEVEL

All FLCs at the Project Partner level are required to:

- validate the expenditure incurred by the controlled Project Partner;
- validate the contents of both the activity and financial component of the project Partner report;
- check that the Partnership Agreement has been signed and all minimum requirements are met;
- draft a report/checklist on the control performed;
- sign the declaration of the validation of expenditure;
- submit the declaration to the LP together with the Progress Report and a detailed list of all the expenditure incurred at Project Partner level.

Please note that Lithuanian Project Partners should budget costs for 1st level controls when planning the project budget. In Latvia, the 1st level controls are expected to be carried out free of charge.

PROJECT LEVEL

In addition to the validation/verification of expenditure and activities incurred by the LP the FLC of the LP has to validate the Progress Report of the entire project.

When the LP receives the declaration of validation/verification of the expenditure provided by the FLCs of the Project Partners, the LP submits these documents to its FLC who then compiles all validated/verified expenditure and activities in the joint Progress Report of the project.

10.5 Audit (Second-Level Auditing)

In addition to the FLCs, all projects funded by the EU Structural Funds are subject to second level auditing performed by national auditing institutions. The projects will be selected randomly in a sample.

In case a project is sampled, it will be checked both at lead partner and project partner level by the national competent auditors (second level auditors) that are members of the GoA.

The national auditor of the country where the lead partner is located (lead auditor) will be in charge of leading the audit and organizing the schedule of the audits at project partner level: each national auditor will be responsible for auditing the partners located in his/her territory, unless agreed differently by the Group of Auditors.

The audit starts when the lead auditor launches the audit and informs the LP about the aim and schedule of the checks. The national auditors involved will get in contact with the project partners and schedule audits accordingly. The audit implies both desk checks and on-the-spot checks.

It is the duty of the LP and of all the Project Partners involved in the sampled project to facilitate the audit activities and to provide requested documentation and accesses to locations and premises.

Sample checks on projects' accounts will be carried out at even intervals. The responsible auditing bodies of the EU and, within their responsibility, the auditing bodies of the participating EU Member States or other national public auditing bodies, are entitled to audit the proper use of funds on the project level.

The provisions of the Article 62 of General regulation imply that the projects might undergo a second level auditing in case they are sampled. If a project is sampled, it will be checked by competent national auditor on both LP and Project Partner.

The national auditor of the country where the LP is located (Lead Auditor) will be in charge of leading the audit and organizing the schedule of the audits at project partner's level: each national auditor will be responsible for auditing the partners located in its territory, unless agreed differently by the GoA.

The audit starts when the lead auditor launches the audit and informs the LP about the aim and schedule of the checks. The national auditors involved will get in contact with the project partners and schedule audits accordingly. The audits imply both desk checks and on spot checks.

Should the project be selected for a sample check, it is a duty of both the LP and the Project Partners to cooperate with the auditing bodies, present any documentary evidence or information deemed necessary to assist with the evaluation of the accounting documents as well as give access to business premises.

Auditors will check:

- ⇒ Compliance of the implementation with the approved project;
- ⇒ Compliance with the rules of regulatory framework of the Structural Funds, of the national legislation and of the Programme rules;
- ⇒ Soundness of management and control system implemented at project level;
- ⇒ Soundness of the FLCs performed.

After finalising the desk checks and on-the-spot checks each audited Project Partner will receive a report from its national auditor and will have a limited period of time to debate the auditors' findings.

Comments from the audited Project Partner will be reported in the auditors' reports. Once all the contradictory procedures have been closed, the lead auditor will compile the *lead auditor report* and inform the AA, the GoA and the JTS/ MA about the outcomes and suggest follow-up actions, if needed.

JTS/MA will address the JMSC for the approval of necessary follow-up actions. The follow-up actions approved by the MC will be implemented by the JTS/MA.

The JTS/ MA will contact directly the LP in the follow-up process and also channel the proper data to the CA. The LP remains at all stages the counterpart of the JTS/MA in case of any recovery of funds.

Costs incurred during the second level auditing by the LP and Project Partners might be reported to the JTS and considered eligible for funding, if complying with the eligibility rules (see chapter 9).

10.6 Other Possible Checks

Besides the sample checks explained above, other responsible Programme bodies such as the European Commission's audit services, the European Court of Auditors, national bodies, JTS/MA, CA may carry out audits to check the quality of the project implementation and in particular its financial management regarding compliance with the EU and national rules. Projects may be selected for checking even after they have ended. That is why it is important to ensure good documentation (system) and safe storage of all project documents at least until 31 December 2021.

10.7 Project Closure

All projects should close their activities within the time frame (project duration) stated in the approved application, considering the day after the project approval by the JMSC as the earliest possible starting date.

It is important that all costs up to the date of finalization are included in the Final Report, as it will not be possible to report potential costs for closure of the project afterwards. All costs that are to be reported to the JTS must have been paid ("gone from the bank account") within the approved time frame (project duration) of the project. This implies that costs for closing the project (e.g. FLC of the last report) must be incurred and paid within the last Reporting Period.

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

- Progress Report: as for all other Reporting Periods, projects also have to submit an audited progress report for the last Reporting Period within three months following the end date of the project.
- Final Progress Report: after finalisation of the project it must be submitted to the JTS. This Report should provide information about the overall outputs, results and possible impacts of the project.
- The Programme rules on information and publicity must be respected for all products produced with the assistance from the Programme including the time after the closure of the project.
- Any substantial modification of the project within five years from the project's completion must be avoided. The project must not undergo any substantial change: affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and resulting either from change in the nature of ownership of an item of infrastructure or the cessation of a productive activity. Not fulfilling these conditions can imply a recovery of the funds unduly paid.

- The Partnership Agreement must clearly state the ownership of the outputs.
- The LP is at all times obliged to retain all files, documents and data about the project on standard data storage media in a safe and orderly manner for audit purposes at least until 31 December 2021.

The following list gives an overview of the documents that should be available for financial control and audit purposes and retained at least until 31 December 2021:

- Approved Application Form;
- Subsidy Contract, Partnership Agreement;
- Relevant project correspondence (financial and contractual);
- Progress Reports;
- Details on budget by the Project Partner, list of declared expenditure by the Project Partner;
- Project Partners controllers' confirmations (and checklists/control reports);
- Bank account statements proving the reception and the transfer of EU funds;
- invoices;
- Bank account statements / proof of payment for each invoice;
- method used by all partners outside the EURO-zone for converting national currency into EUR;
- Personnel costs: calculation of hourly rates, information on actual annual working hours, labour contracts, payroll documents and time records of personnel working for the project,
- List of sub-contracts and copies of all contracts with external experts and/or service providers;
- Calculation of administrative costs, proof and records of costs included in overheads;
- Documents relating to public procurement, information and publicity;
- Public procurement notes, terms of reference, offers/quotes, order forms, contracts;
- Proofs for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, signed participant lists, travel tickets etc.);
- Record of assets, physical availability of equipment purchased in the context of the project.

10.8 Irregularities

In the Article 2 (7) of the General Regulation the 'irregularity' is defined as - any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

Examples of irregularities include:

- An incorrectly calculated payment claim received by the JTS that is corrected before payment is made;
- Evidence indicating that items of ineligible expenditure have been included in the calculation of ERDF grant previously claimed and paid;
- Evidence that project has failed to implement the European Commission's requirements on publicity or public procurement;
- Evidence that project has failed to make progress in the delivery of the agreed outputs and/or results for which the ERDF grant was awarded;
- Evidence that the partnership has not set up an adequate system to control and monitor the project expenditure.

Irregularities can be identified in several ways:

- by the LPs;

- by first and second-level control bodies;
- by the JTS, MA or PA on the basis of signals from the field or from Progress Reports and payment claims;
- by the MSs National Authority while auditing the project.

In accordance with Article 28(4) of the Implementing regulation, irregularities shall be reported by the MS in which the expenditure is paid by the LP implementing the project. The MS shall at the same time inform the MA, the CA and the AA.

In case the FLC or the second level audits find an irregular use of funds granted, it might imply follow up actions such as: withdrawal or reduction of the subsidy, recovery of granted funds.

In these cases, the procedures listed in Article 27 to Article 36 of the Implementing regulation will be applied.

10.9 De-commitment Rule

The Programme funds are subject to the de-commitment rule. ERDF budget commitments at the Programme level are made on a yearly basis.

According to Article 93 (1) and (2) of the General regulation each annual ERDF budget allocated to the Programme in the year 2007 until 2010 must be spent within the three following years. Each annual ERDF budget of 2011 to 2013 must be spend by the Programme within the two following years. ERDF funds which the CA does not claim from the European Commission in time are automatically de-committed from the Programme's budget and therefore lost.

De-commitment imposes risk on the Programme's success, therefore regular control of Programme spending and implementation of risk-preventing counter measures are part of Programme's management.

Also for projects co-financed by the Programme, the automatic de-commitment has fundamental implications.

The payment claims to the European Commission are based on the projects' certified and reported expenditures, thus very much depending on projects' financial performance. In this regard, the Subsidy Contract will commit approved projects to follow a pre-defined spending schedule which has been set out in the Application Form.

In case the European Commission de-commits Programme funds and if this de-commitment cannot be covered by funds left over from already closed projects, the funds of ongoing projects have to be reduced. In addition, the JMSC might decide to cut the unused funds of significantly delayed projects and to allocate them to new projects.

Projects will be monitored on the basis of payment forecast. If the Programme does not meet its annual spending target because some projects are lagging behind their spending forecast or do not report in full and in time, it is likely that these projects will lose funds. It is therefore important that projects:

- ⇒ carefully prepare a realistic spending forecast;
- ⇒ are ready to start project implementation very quickly after project approval;
- ⇒ monitor these aspects effectively during implementation and;
- ⇒ ensure regular, timely and full reporting.

Regular reporting and timeliness of projects are therefore crucial factors for ensuring regular cash flow to the Programme and to the projects, and avoiding loss of the EU funds. In case the Programme has to de-commit funding, the projects, which are under-spending and/or have serious delays with reporting might lose part of their approved project budget.

The LP and its Project Partners are encouraged to develop a realistic project budget and spending plan from the very start. In this respect, the following experiences could be useful:

- 1) The spending rate of an average three-years-project is lowest at the beginning of the project, because the early stage of the project is dominated by planning and preparation. It increases towards the end of the implementation period, where it reaches its highest level.
- 2) Higher spending rates, especially in the beginning, are appreciated, but they can only be fulfilled if the project implementation is speeded up right from the beginning. For this purpose, the key staff for project co-ordination should be available shortly after the meeting of the Programme JMSC for selection of projects. In addition the kick-off meeting and detailed project planning meetings should be preferably arranged soon after this date.
- 3) Every project should provide at least six-monthly spending targets down to the partner level. These should be included in the Partnership Agreements, which have to be prepared early enough. It is recommended that the LP requires quarterly interim reports in order to monitor the partners' financial performance.

Allocation of a significant part of the budget to the last project Reporting Period will be critically evaluated during the assessment of the project application.

The Subsidy Contract provides the legal basis for de-commitment of funds from running projects. From its provisions follows that projects do not have legal claim for maximum ERDF co-financing, if their 6-monthly payment requests are not at least as high as their 6-monthly payment targets.

Moreover, according to the Subsidy Contract, the MA of the Programme 2007-2013 has the right to withhold project funds that were not spent in time.

However, only projects that are running at least 2 reporting periods/half-finished projects and present an under-spending rate of more than 20% can be subject to this de-commitment procedure.

10.10 Costs Recovery

Without prejudice to the MSs responsibility for detecting and correcting irregularities and for recovering amounts unduly paid, the CA shall ensure that any amount paid as a result of an irregularity is recovered from the LP. The Project Partners shall repay the Lead Partner any amounts unduly paid in accordance with the agreement existing between them.

If the LP does not succeed in securing repayment from Project Partner, the MS territory the Project Partner concerned is located shall reimburse the CA for the amount unduly paid to that Project Partner.

In accordance with Article 20(3) of the ERDF regulation, each Project Partner participating in the project shall:

- (a) assume responsibility in the event of any irregularity in the expenditure which it has declared;
- (b) repay the LP any amounts unduly paid in accordance with the agreement existing between them;
- (c) be responsible for information and communication measures for the public as laid down in Article 8 of the draft Implementing regulation.
- (d) keep available all documents related to the project in accordance with the requirements of Article 90 of the General regulation.

The responsibilities of the LPs and the other Project Partners resulting from the ERDF rules and regulations shall be defined in the Subsidy Contract.

11 CONTACTS

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GUIDELINES ON DEFINING AND REPORTING PROJECT OUTPUTS AND RESULTS

The following is the guide to the projects on specification of the outputs and results to be listed in the project application and reported further on. The document is intended to be a guide to the projects when measuring the outputs and results; assisting in determining whether or not a particular ones are appropriate; providing the minimum quality requirements to be ensured by the projects; and informing on what types of records are necessary to demonstrate the outputs and results when filling in the application and reporting.

If the project plans to list the outputs and results, yet the definition is different from the proposed, the concept has to be explained in the Application Form.

Outputs	Definition and Requirements
Cross-border events organized by the project	<p>Examples: seminars, trainings, study trips, festivals, exchange visits, camps</p> <ul style="list-style-type: none"> ● "Training" can be defined as an event provided by a qualified trainer and aimed at raising skills, knowledge or qualification. ● "Seminar/workshop" can be defined as an event aimed at mutual exchange of experience, transfer of knowledge/ raising qualification; focusing on free discussion, exchange of ideas, demonstration of methods of practical application of skills and principles. ● „Fair" can be defined as a gathering of producers/ sellers in order to promote business by display or trade of production or other goods. ● „Exhibition" can be defined as an event at which products and/or services are displayed/offered to an interested audience. ● "Individual consultations" can be defined as face-to-face or distant interactions provided by a qualified tutor of a particular field for a targeted individual beneficiary. ● "Conference" can be defined as national or international event aimed at information exchange on a particular theme with no less than 50 participants. ● "Forum" can be defined as a general discussion area/ meeting or assembly for a free exchange of ideas, thoughts, and comments. <p><i>Requirements:</i></p> <ol style="list-style-type: none"> 1) Prepared and implemented jointly or in cooperation with partners; having cross-border content, relevance; 2) Publicly announced (in the partners/project websites as well) to all the interested parties. In case of selection of particular participants, clear criteria have to be announced in advance and available upon request. 3) In case of private profit making institutions participation in project activities, they shall cover part of participation costs themselves. 4) Agenda, training curricula, information on selection of participants, photos, evaluation sheets have to be available at Partner institution. 5) Names and institutions of the participants shall be recorded with the signatures. 6) In the trainings targeted for specific social groups, the participant lists should indicate the social status (self-employed, unemployed, student, teacher, etc.). 7) Training/ workshop has to be implemented according to the approved/ certified programme by a recognized training provider and

	<p>should be of sufficient quality to meet the needs of the target group identified.</p> <p>8) Additional skills sought as a result of a training/ seminar or workshop should be outlined.</p> <p>9) 1 consultation (face-to-face/distant interaction or telephone/distant consultation) is identified as a minimum of 1 direct or distant contact hour (minimum 45 min). If the consultations are shorter, it shall be clearly indicated in the description, justified in regards to their relevance and provided assistance.</p> <p>10) Consultations must be reflected on both tutor and trainee time sheets, attendance report, meeting notes, agreements with beneficiaries on types of assistance rendered, etc.</p> <p>11) Tutor time sheets should include which beneficiary (name, institution, address) was supported, the type of support given, where appropriate.</p> <p>12) Evaluation sheets, questionnaires should be filled by participants in the events.</p>
<p>Cross-border strategic planning and monitoring</p>	<p>Examples: studies, strategies action plans, technical projects, joined monitoring systems</p> <ul style="list-style-type: none"> • “Joint development strategy, action plan” can be defined as a plan or method that includes options and priorities or actions towards achievement of the defined long term goal or objective. • „Feasibility study” can be defined as a detailed technical, financial, economic, institutional, social and environmental analysis of the project/plan intended to be implemented; the analysis of the various options for investments and a recommendation on the best solution for their use. <p><i>Requirements:</i></p> <ol style="list-style-type: none"> 1) Documents, developed jointly or in cooperation with the partners, that provide information on cross-border territory and relevant topics. 2) No duplication/ copying of the already existing works. In case of updating the existing documents, the new incorporated elements should be clearly distinguished in the description. 3) Issued in a written form/ hard copy. 4) Information and findings must be freely available for dissemination to the target groups. 5) Data has to be consistent, reliable (providing sources of information and ways of data collection), verifiable and applicable for the involved institutions. 6) Information provided in the feasibility study has to be precise, verifiable and comprehensive; sufficient to provide basis for making decisions on conducting investments or developing particular product/ service, etc. 7) Should be of a sufficient quality to withstand the external professional scrutiny. 8) Have to be approved/ confirmed by the partner institution or other responsible institutions or external evaluators (e.g. technical documents).
<p>Methodological materials/ tools developed</p>	<p>Examples: guidelines, manuals, training programmes</p> <ul style="list-style-type: none"> • „Guidelines” can be defined as a text that provides instructions and advice for performing task and suggesting possible approaches or recommendations that direct to achievement of a certain goal. • „Manual” can be defined as a book or a small handbook giving instructions or information, explanations; consisting of the essential collection of information on a subject and written primarily for the practitioners. • “Joint studies, research works” can be defined as systematic investigations into and study of materials or sources in order to

	<p>establish facts and reach new conclusions.</p> <ul style="list-style-type: none"> • "IT systems, databases" can be defined as all forms of technology used to create, store, exchange, and use the electronic information. <p><i>Requirements:</i></p> <ol style="list-style-type: none"> 1) Materials or tools prepared and implemented jointly or in cross-border cooperation of involved institutions. 2) No duplication/ copying of the already existing works. In case of updating the existing documents, the new incorporated elements should be clearly distinguished in the report. 3) Issued in a written form / hard copy (except IT systems/ tools). 4) Information and findings must be freely available for dissemination to the target groups. 5) Should be of sufficient quality to withstand the external professional scrutiny. 6) Has to be approved/ confirmed by the partner institution or other responsible institutions. 7) Has to be concise and authoritative reference for the defined target groups and practically applicable. 8) Providing expert background information on a given field of knowledge. 9) Learning programmes, training courses should be approved, registered or certified according to the national requirements during or after the project, if applicable, or otherwise approved by the partner institutions. 10) It is highly recommended to carry out external evaluation of produced materials. 11) Joint studies, research works should propose innovative approach, methods, procedures, etc. Aimed at practical applications, influence on policy development (e.g. needs analysis, evaluations) with the help of investigated facts, laws or theories. 12) The information systems have to be: <ul style="list-style-type: none"> ➢ innovative, i.e. using the latest technologies developed; ➢ easily accessible for stakeholders, flexible and user-friendly; ➢ cost effective, i.e. management costs of the systems related to their complexity and tasks. 13) Regular update and operation of the IT systems both during and after the project implementation.
<p>Information and marketing materials</p>	<p>Examples: articles, press releases, conferences, websites, publications, exhibitions, etc</p> <ul style="list-style-type: none"> • A "brochure/ leaflet" can be defined as a flyer or other paper material distributed for the purposes of advertising and promotion. It may advertise events, products, etc. • "Press release" can be defined as a written communication directed at members of news media and other targeted audiences for announcing a specific event or product, etc. Can be mailed or faxed to newspapers, magazines, radio stations, television stations, and/or television networks, published on the website. • "TV, radio broadcasts, movie clips" are project related messages transmitted by radio or television to inform wider public. • "Poster" can be defined as an advertisement printed on a large piece of paper attached to a flat surface or standing up with a clip backing. • "Newsletter" can be defined as periodic specialised letter, usually issued by e-mail, containing news and announcements on project related issues to the subscribers. • "Advertisement in media" - a paid public announcement appearing in the media (newspapers, magazines, TV etc.) <p><i>Requirements:</i></p>

	<ol style="list-style-type: none"> 1) Implemented according to the Programme publicity requirements; 2) As a minimum it is required to publish the information on Partners websites and send at least one press release/ email shot information about project/ financing sources and important project events. 3) Partners are responsible for the quality and content of the implemented publicity activities. 4) Copies of the publications, pictures of the plaques, posters, photos of the events, etc. have to be attached to the reports. 5) Partners have to ensure regular update of information on the created websites both during and after the project implementation. 6) Publications have to be distributed free of charge. 7) Posters can be attached inside the premises of the institution as well as outside the premises.
Established cross-border networks	<ul style="list-style-type: none"> • "Cross-border network" can be defined as a system of durable contacts on both sides of the border among partner/ beneficiary institutions established for the fulfilment of particular tasks, e.g. in order to exchange information and develop useful contacts, etc. Networks often concern particular sectors or themes (i.e. SME's networks, tourist resorts networks, risk managers networks). Can be formal or informal networks. The formal ones are normally regulated by contract or a general written agreement by all partners belonging to network. <p><i>Requirements:</i></p> <ol style="list-style-type: none"> 1) As a minimum involves more than 2 organisations. 2) Evidenced by a signed cooperation agreements/ joint action plans, cooperation structures, forums or established common rules, procedures, etc. 3) Project might generate new, extend already existing thematic, or sector networks of partners/ beneficiaries across the border, i.e. extending the already existing networks to a new field of cooperation. 4) Durable, i.e. intending further cooperation after the project end.
Cross-border services	<p>Examples: municipal cooperation in fields of e.g. water supply, sewerage, heat supply, public transport, health care, education, culture, fire and police protection, etc.; cooperation between public organisations responsible for emergency services, environment protection, health care, nature management, culture, education, businesses, etc.</p> <p><i>Requirements:</i></p> <ol style="list-style-type: none"> 1) Implies planning and/ or joint development of the services. 2) Established in cooperation with partners and/ or ensuring joint use of public services on both sides of the border. 3) Evidenced by cooperation agreements, planning documents, joint action plans, etc. 4) Activities that are not supported by the mainstream Structural Funds resources, therefore the cross-border element has to be clear. 5) Aimed at the improvement of quality of services or introduction of new services provided to the population. 6) As a rule, regular operational costs of existing services shall not be included. 7) The number of people benefiting from joint measures should be provided based on a selected calculation method, e.g. number of users who will be connected to the new water supply system. 8) Monitoring of quality of the services have to be implemented, where relevant (e.g. satisfaction surveys, external evaluation).
Reconstructed/ created public sites and buildings	<p>Examples: information and advisory centres, technology parks of cross border importance, thematic (tourist) routes, recreational areas, inland waterways, small scale road investments in order to fix the interrupted links on borders; environment infrastructure facilities, natural resources monitoring systems, etc.</p>

Infrastructure investments:

- having territorial dimension (physically leading/ installed across the border infrastructure) or infrastructure as part of joined cooperation activities;
- directly bringing the benefit across the border/ benefiting the partners either through establishing functional relationships between locations (consisting/ comprising a joint system, shared use of the final output) or through transfer of knowledge at certain/ all stages (joint design, joint implementation, joint management/testing, joint marketing; demonstration of effects).

Requirements:

- 1) The infrastructure established shall be aimed at public use and will not be of a commercial character.
- 2) (Additional) population served with improved infrastructure shall be identified.
- 3) Scope of the investments into infrastructure shall be specified providing relevant measurement indicators for each particular project: EUR invested, km renovated, ha area developed, m² premises renovated/ established, improved capacity by %. Whenever a percentage indicating the increase of capacity is used, the project has to provide the baseline data.
- 4) The counting/calculation has to be precise, directly related to the implemented project activities and measurable. The evidence documents on the estimation method shall be available at selected partner institution.
- 5) Maintenance provisions of infrastructure shall be ensured after the end of the project.

Results ²	Definition and Requirements
	<p>The result indicator description should include:</p> <ul style="list-style-type: none"> ➤ a baseline information on the situation in particular region and sector when starting the project; ➤ description of sources and measurement methods: e.g. surveys and analysis, national and regional agencies; cooperation agreements, statistical data. ➤ quantified target to be achieved by the end of the project. <p>Definition of „created new working places“ indicator:</p> <ul style="list-style-type: none"> • new gross full-time equivalent jobs that are created directly by Structural Fund intervention; • distinction of permanent and temporary jobs should be made in description. Permanent jobs are sustainable (or durable, at least for 6 months after the end of the project) employment (i.e. jobs resulting from an intervention which will continue in the absence of public support) and temporary jobs employment of transitory nature (i.e. jobs that cease to exist when the funding stops); • job quality shall be described; • evidence that the employment place has been created shall be available (employment contracts).

² Please see the list of pre-defined result indicators in chapter 4.5 *Project Outputs and Results*