



**Co-funded by
the European Union**

**CROSS - BORDER COOPERATION PROGRAMME
2014-2020***

**Guidelines
for Grant Applicants and Project Implementation**

Reference: Third call for proposals for capitalisation and
result reinforcement

Deadline for submission of project applications:
31 January 2023

Approved by JMC on 1 December 2022

* Latvia–Russia Cross Border Cooperation Programme 2014-2020 adopted by the European Commission on 18 December 2015, EC decision No C (2015) 9181

NOTICE

These are Guidelines for Grant Applicants and Project Implementation (hereafter – Guidelines) of the Cross-border cooperation Programme 2014-2020 for the **third call for proposals for capitalisation and result reinforcement**. The objective of the 3rd open call for proposals is to promote the exploitation and dissemination of the successful practices and maximise results of previously financed projects of the Programme.

These Guidelines include procedural/ practical information ranging from design of project full application, preparation of related documents, selection and contracting process to project management from the beginning of project implementation to Project report and balance payment, and up to the obligations beyond the project implementation period. They intend to assist applicants in drafting application form and preparation of supporting documents as well as explain the rules and procedures to be followed and formats/templates to be used by the lead beneficiaries and beneficiaries involved in project implementation to ensure accurate and eligible project implementation, including contractual obligations, operational and financial management, visibility, monitoring of the project and other important aspects of project implementation.

It should be noted that before approval of application submitting parties are called “applicant” and “project partners”, after signing grant contract “lead beneficiary” and “beneficiaries”.

All document templates to be filled in for the third call for proposals for capitalisation and result reinforcement can be downloaded on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

Please note, that these Guidelines do not in any way replace the obligations and provisions set out in the respective EU and national legislation.

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ABBREVIATIONS

Audit Authority	AA
Budget heading	BH
CCP	Control Contact Point
Cross-border cooperation Programme 2014-2020	Programme
European Commission	EC
European Economic Area	EEA
European Union	EU
Joint Technical Secretariat	JTS
Managing Authority	MA
Joint Monitoring Committee	JMC
Ministry of Environmental Protection and Regional Development of the Republic of Latvia	MEPRD
National Authority	NA
Non-governmental organisation	NGO
Thematic objective	TO

1 GENERAL INFORMATION ABOUT THE PROGRAMME

1.1 BACKGROUND

The Programme has been adopted by the EC on 18 December 2015. The EU renders financial support to the Programme within the European Neighbourhood Instrument and the European Regional Development Fund. The Republic of Latvia is co-financing the Programme.

1.2 LEGAL FRAMEWORK

- 1. Commission Implementing Regulation (EU) No 897/2014** of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument (Regulation (EU) No 897/2014);
- 2. Commission Implementing Regulation (EU) No 2020/879** of 23 June 2020 amending Implementing Regulation (EU) No 897/2014 as regards specific provisions to align the provisions for the implementation of cross-border cooperation programmes financed under the European Neighbourhood Instrument with specific measures in response to the COVID-19 pandemic (Regulation (EU) No 2020/879);
- 3. Regulation (EU) 2022/2192** of the European Parliament and of the Council of 9 November 2022 laying down specific provisions for the 2014-2020 cooperation programmes supported by the European Neighbourhood Instrument and under the European territorial cooperation goal, following programme implementation disruption;
- 4. Regulation 2018/1046 of the European Parliament and of the Council** of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations No 1296/2013, No 1301/2013, No 1303/2013, No 1304/2013, No 1309/2013, No 1316/2013, No 223/2014, No 283/2014, and Decision No 541/2014/EU and repealing Regulation No 966/2012 (Regulation (EU) No 2018/1046);
- 5. Programme document** adopted by the EC on 18 December 2015, EC decision No C(2015) 9181;
- 6. "Requirements for Communication and Visibility in EU-financing external actions"** laid down and published by the EC;
- 7. The Programme implementation guidelines and annexes**, including "Communication and Visibility Guidelines for Project Beneficiaries of 3rd call for proposals for capitalisation and result reinforcement" and any other guidelines and relevant Programme documents that will be developed and published on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.
- 8. Applicable national legal acts and EU regulations and cross-cutting issues** of environmental sustainability, gender equality, HIV/AIDS, and democracy and human rights.

For the matters relevant to implementation of the call for proposals, which are not covered by the legal framework referred to in section 1.2 of the Guidelines, in these Guidelines and the grant contract, the national rules of the Republic of Latvia shall apply.

1.3 PROCESSING OF PERSONAL DATA OF NATURAL PERSONS

In order to ensure compliance with legal framework and to ensure fulfilment of functions, Programme implementing bodies process natural person data in accordance with the Regulation

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(EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

As applicants/ lead beneficiaries and project partners/ beneficiaries are obliged to keep and provide all the required information regarding full application/ project, including natural person data, to Programme implementation bodies. Applicants/project partners/ lead beneficiaries and beneficiaries are also obliged to ensure that processing and movement of such data complies with the requirements set in the above-mentioned regulation.

1.4 ANTI-FRAUD POLICY OF THE PROGRAMME AND TREATMENT OF IRREGULARITIES

Introduction

The MA/JTS as well as the participating country Republic of Latvia and the EC are **zero-tolerant to fraud and corruption** and support transparent assessment, selection and financial and operational management of the projects implemented according to the applicable legal framework of the Programme.

Terminology

Fraud means any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete statements or documents which has as its effect the misappropriation or wrongful retention of Programme co-financing parties' financial contributions;
- non-disclosure of information on violation of a specific obligation, with the same effect;
- the misuse of such funds for purposes other than those for which they are originally granted.

Passive corruption means deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, or would have, the effect of harming the financial interest of the Republic of Latvia or the EU.

Active corruption is deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interest of the Republic of Latvia or the EU.

Conflict of interests exists where the impartial and objective exercise of the functions of any person under a contract is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

Irregularity therefore is any breach of the legislative acts of the Republic of Latvia and the EU, documents of the Programme that regulate the management of the Programme, as well as grant contract resulting from the action or failure to act of the beneficiary and that has or might have a negative influence on financial contribution of the EU and/or Republic of Latvia to the Programme budget by charging unjustified item of expenditure to financial contribution of the EU and the Republic of Latvia to the Programme budget.

Non-compliance with the applicable legal framework of the Programme may result in either irregularity or ineligible costs.

Responsibilities and anti-fraud measures

Republic of Latvia as participating country of the Programme shall use all appropriate measures to prevent any irregularities, fraud and corruption and of any measure taken or planned to deal with them. In case of suspicions of fraud, it will be investigated in cooperation between participating country – the Republic of Latvia, the MA/ JTS and the EC where necessary. All the relevant national procedures shall be used to ensure that appropriate investigation and prosecution takes place.

Reporting Fraud

In order to prevent and detect acts of fraud, corruption and any other irregularities in the assessment, selection and implementation of the projects co-financed by the Programme, the MA/JTS supports whistleblowing.

Therefore, the MA/JTS urges anyone becoming aware of any element, which arouses suspicions of fraud or corruption and any other irregularities, to alert such case by e-mail external-lv-cbc@varam.gov.lv or by regular post to address Peldu street 25, Riga, LV-1494, Latvia without delay.

All information received by the MA/JTS regarding suspicion of fraud, corruption or any other irregularity will be taken into account and investigated accordingly.

The identity of the whistle-blower is protected.

1.5 OBJECTIVE AND SCOPE OF THE 3rd CALL FOR PROPOSALS

The objective of the 3rd call for proposals for capitalisation and result reinforcement is to promote the exploitation and dissemination of the successful practices and maximise results of projects financed within the 1st and 2nd call for proposals and of direct award projects of the Programme.

Projects within the 3rd call for proposals are expected to:

- Contribute to transferring project results, knowledge, good practices (knowledge and transfer oriented approach);
- Contribute to improvement of achieved outputs and results (project result reinforcement and sustainability approach);
- Contribute to enhancing the visibility of projects/programmes results (communication oriented approach).

Within the 3rd call for proposals only project applications are accepted, which purpose is to capitalise and/or to ensure reinforced and more sustainable project results of on-going or implemented projects, financed by Programme within the 1st or 2nd call for proposals or within the direct award project in the following 2 Programme TOs:

I. TO1 Business and SME development:

- 1.1. Promotion of and support to entrepreneurship;
- 1.2. Development and promotion of new products and services based on local resources.

II. TO6 Environmental protection, climate change mitigation and adaptation:

- 2.1. Efficient management of nature objects;
- 2.2. Joint actions in environmental management;
- 2.3. Support to sustainable waste and waste water management systems.

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The list of awarded projects and beneficiaries within the 1st and 2nd call for proposals and of direct award projects is available on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

On-going or implemented project, financed by Programme within the 1st or 2nd call for proposals or within the direct award project, which is subject to capitalisation and/or reinforcement of results shall be clearly indicated in the application form.

Indicative list of activities (but not limited to) to be supported within the 3rd call for proposals:

Objective 1: contribute to transferring project results, knowledge, good practices (knowledge and transfer oriented approach)

Activities: *transfer and exploitation of results and experience exchange:*

- Promoting achievements and demonstrating the added value of cooperation of Latvian partners within the 1st and 2nd call for proposals and of direct award projects of the Programme (e.g. organization of events, information campaigns, trainings, development of documents or other activities to extend impact and geographical scope of the project results within regions of Latvia, to adjust achievements for further usage by other partners and stakeholders etc.).
- Implementing experience exchange activities, including by reaching new partners and target groups (e.g. organization of seminars, workshops, masterclasses, storytelling, discussions, and/or development of guidelines, toolkits, manuals, etc.).

Objective 2: contribute to improvement of achieved outputs and results (project result reinforcement and sustainability approach)

Activities: *improvement of achieved outputs and results*

- Improving and adjusting the results and outputs developed within 1st, 2nd calls for proposals and through direct award projects of the Programme in order to make them more available, attractive, usable and sustainable. To adjust them to the needs of the target audience (e.g. by equipping already developed objects with modern technologies, additional facilities and equipment which complements the existing one and expands the possibilities of using the achieved results, expand their availability, by improving developed information and other materials or studies, by expanding a number of copies, making adjustments in the content to make them up-to date and retain their actuality for the target audience/ expand target audience, etc.).

Objective 3: Contribute to enhancing the visibility of projects/programme results (communication oriented approach)

Activities: *awareness raising of public and enhancing the visibility of project/programme results*

- Raising awareness and promoting project achievements to stakeholders and general public (e.g. organization of festivals, fairs, exhibitions, information campaigns, development and/or improvement of publicity materials, etc.).
- Reaching and involving new target groups and stakeholders (e.g. organization of public events and information campaigns for new target audiences, adjustment of created publicity materials to new audiences, etc.).

The following requirements need to be taken into consideration upon development of project application:

1. Maximum duration of project is 7 months, at the same time provided that project end date can be planned not later than 15 November 2023.

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2. According to the paragraph 3 (b) of the Article 1 of the Regulation (EU) No 2020/879 amending the paragraph 3 of the Article 18 of the Regulation (EU) No 897/2014 all project activities financed by the Programme shall end on 31 December 2023 at the latest and according to the paragraph 7 (b) of the Article 1 of the Regulation (EU) No 2020/879 amending the Article 48 of the Regulation (EU) No 897/2014 project expenditure shall not be eligible, where it is paid after 31 December 2023.
3. The project shall involve at least two beneficiaries from Latvia of whom at least one was a beneficiary of the project within the 1st or 2nd call for proposals or of the direct award project of the Programme.
4. In case several project applications will refer to the same project implemented within the 1st or 2nd call for proposals or within the direct award project of the Programme, a condition may be set to unite the partnerships of projects applications in one or to coordinate implementation of activities between projects, if several project applications will be approved related to the same already financed project.
5. Each project must contribute to achievement of set output and result indicators under relevant priority as described below.
 - 5.1. If the project under the 3rd call for proposals capitalise or reinforce the results of already awarded project **under priority 1.1. "Promotion of and support to entrepreneurship"**, it has to contribute to achievement of following output indicator (to output No. 1 mandatory, to output No. 2 optionally, depending on planned activities):

Output indicator	Measurement unit
1) Number of business development organisations receiving support	Organisations
2) Number of enterprises substantially and actively involved in projects (optional)	Enterprises

The project may contribute to outputs already achieved in project(s), which results are capitalised or reinforced and/or to new outputs (for example, business development organisation may be new or already supported within the 1st call for proposals).

The above-mentioned output indicators will contribute to achievement of following Programme result indicator:

Result indicator	Measurement unit	Source of data
Number of operating small business ¹	Enterprise	Official statistical data, assessment of achievement of result indicator will be carried out only on Programme level

- 5.2. If the project under the 3rd call for proposals capitalise or reinforce the results of already awarded project **under priority 1.2. "Development and promotion of new products and services based on local resources"**, it has to contribute to achievement of following output indicator:

Output indicator	Measurement unit

¹ Economically active micro and small enterprises in the core regions of the programme

Number of institutions using Programme support for promoting local culture and preserving historical heritage	Institutions
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The project may contribute to outputs already achieved in project(s), which results are capitalised or reinforced and/or to new outputs (institution may be new or already supported within the 1st call for proposals or within the direct award project).

The above-mentioned output indicator will contribute to achievement of Programme result indicator indicated below. In the application form the target value for the project shall be indicated by the applicant:

Result indicator	Measurement unit	Source of data
Number of new cross-border products and services based on local resources	Product/service	Project reports

The tourism products and services (e.g. tourism routes, events attracting tourists to particular territory) based on local resources may be new or already created within the 1st call for proposals or within the direct award project. Under definition of cross-border products and services are meant products or services already created within the 1st call for proposals or within the direct award project or new products or services which have broader effect on the regions of Latvia indicated in the section 1.7. of the Guidelines.

5.3. If the project under the 3rd call for proposals capitalise or reinforce the results of already awarded project **under priority 2.1. "Efficient management of nature objects", 2.2. "Joint actions in environmental management" and 2.3. "Support to sustainable waste and waste water management systems"**, it has to contribute to achievement of following output indicator (to output No. 1 mandatory, to output No. 2 optionally, depending on planned activities) and in the 3rd call for proposals such project will be implemented under priority **2.2. "Joint actions in environmental management"**:

Output indicator	Measurement unit
1) Cross-border initiatives for promotion of sustainable use of natural resources	Initiative
2) Number of persons actively participating in environmental actions and awareness raising activities (optional)	Persons

The project may contribute to outputs already achieved in project(s), which results are capitalised or reinforced and/or to new outputs (initiative may be new or already supported within the 2nd call for proposals). Under definition of cross-border initiatives are meant initiatives already implemented within the 2nd call for proposals or new initiatives for promotion of sustainable use of natural resources which have broader effect on the regions of Latvia indicated in the section 1.7. of the Guidelines.

The above-mentioned output indicators will contribute to achievement of following Programme result indicator, which shall be calculated on the level of project by disseminating questionnaire to event participants before and after each event:

Result indicator	Measurement unit	Baseline value	Target value	Source of data

Percentage of event Participants knowledgeable on sustainable use of natural resources (level 4 and above).	Scale point (0 to 6) Levels: 0) I have no knowledge. 1) I have some general knowledge but it will not change my activities/behaviour 2) I have a lot of knowledge, but it will not change my activities/behaviour 3) I have some general knowledge and it might change my activities/behaviour 4) I have some general knowledge and it will change my activities/behaviour 5) I have a lot of knowledge and it will change my activities/behaviour 6) I have a lot of knowledge and it will radically change my activities/behaviour	% to be calculated during project implementation	48%	Project reports
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In addition, applicants and project partners should consider the cross-cutting issues of environmental sustainability, gender equality, HIV/AIDS, democracy and human rights in respect of their projects. These cross-cutting issues are also integrated into the application form for convenience of applicants and project partners. Projects with negative influence on any individual mistreated because of any characteristics will not be selected for co-financing.

1.6 FINANCIAL ALLOCATION FOR THE PROJECT IMPLEMENTATION

The financial allocation for the 3rd call for proposals for capitalisation and result reinforcement is indicative. Currently, available funding is over 1 million EUR. Information on additional released Programme funding might be determined more precisely at the beginning of year 2023.

The limits per project and per beneficiary:

- **Minimum Programme co-financing to project 45 000,00 EUR;**

➤ **Maximum Programme co-financing to beneficiary 72 000 EUR.**

NB! Recommended number of beneficiaries per project 3-4.

The MA recommends not to exceed total project budget over 200 000 EUR.

1.7 REGIONS THAT CAN PARTICIPATE IN THE 3RD CALL

Following regions of Latvia can participate in projects within the 3rd call for proposals: *Vidzeme, Latgale, Zemgale, Riga and Pieriga* (see the map below).



1.8 PROGRAMME MANAGEMENT

JMC	The main responsibility of the JMC is to take the decisions on all the principal issues related to the Programme implementation, decide on the selection of the projects, monitor the implementation of the Programme. The JMC follows the implementation of the Programme and progress towards its priorities using the objectively verifiable indicators and related target values defined in the Programme. Furthermore, it examines all issues affecting the performance of the Programme, and may issue recommendations to the MA regarding the implementation of the Programme and its evaluation. Consequently, the JMC monitors actions undertaken as a result of its recommendations. In addition, the JMC participates in the project selection process and makes the final decision on projects and grant amounts allocated to them.
NA of Latvia	NA of Latvia is responsible for the set up and effective functioning of management and control systems at national level and shall support the MA in ensuring that the management and control system for the Programme is set up and this system functions effectively. In addition NA ensures that national systems for prevention, detection and correction of irregularities function effectively and is responsible for recoveries of amounts unduly paid on its respective territory. The NA also represents Latvia in the JMC.
MA	The main responsibility of the MA is to manage the Programme in accordance with the principle of sound financial management. Main tasks related to the selection and management of the projects include: ensuring that guidelines for project selection and implementation are drawn

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	<p>up; launching calls for proposals; signing grant contracts with the lead beneficiaries; deciding on requested project modifications; ensuring that beneficiaries are provided with information and documentation necessary for implementing the projects, making payments to the lead beneficiaries of the projects and other.</p> <p>MEPRD fulfils the functions of the MA of the Programme.</p>
JTS	<p>The JTS responsibility is to assist the MA, the JMC, the NA and, where relevant, the AA, in carrying out their respective functions. The JTS is also responsible for tasks related to the selection and monitoring the implementation of the projects, including assisting the MA in drawing up guidelines for project selection and implementation, and launching the calls for proposals. The JTS's assistance in implementation of projects to beneficiaries entails providing beneficiaries with document templates (grant contract, partnership agreement, etc.) setting out the conditions for support for each project, including the financing plan and the time limit for execution; carrying out operational and financial follow-up of the projects, making the desk-check of beneficiaries' reports and requests for payments, examining requests of project modification, communication and presenting to the MA opinion of the JTS and other tasks.</p> <p>External Programmes Division of MEPRD fulfils functions of the JTS.</p>
AA	<p>The AA, with support from the Group of Auditors, performs the following main functions: prepares and submits audit strategy for performance of audits to the EC and NA; ensures that audits are carried out on an appropriate sample of projects; ensures that audits are carried out on the management and control systems of the Programme; ensures that audits are carried out on the annual accounts of the Programme.</p> <p>Audit Department of the MEPRD carries out functions of the AA of the Programme.</p>
CCP	<p>CCP is organised in Latvia in order to support the MA in its control of the Programme obligations.</p> <p>In Latvia the Investments Supervision Department of the MEPRD carries out functions of the CCP.</p>

1.9 OFFICIAL LANGUAGE

The official working language of the Programme is English. Application form and Project report shall be submitted in English, however, additional/supporting documents of the Project report can be submitted in Latvian. All official documentation and communication related to the implementation of projects shall be in English. Interpretation and translation costs foreseen during the project implementation can be included in the budget of the project.

2 REQUIREMENTS FOR PROJECTS, APPLICANTS AND PROJECT PARTNERS

2.1 CO-FINANCING RATE

Maximum Programme co-financing rate is 90% of the eligible costs of the project.

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Applicant and each project partner must contribute not less than 10% of its total eligible costs of the project. The contribution by applicants and/or project partners must derive either from their own resources or from sources other than the EU budget.

2.2 LOCATION

Project and its activities must be located and take place in the regions of Latvia indicated in the section 1.7. of the Guidelines. Applicants and their partners must be also located in the regions of Latvia indicated in the section 1.7. of the Guidelines.

If it is necessary for the project implementation and for the benefit of the regions of Latvia indicated in the section 1.7. of the Guidelines, in duly justified cases up to 20% of the total budget of the project may be spent for implementation of the project soft activities outside of the regions of Latvia indicated in the section 1.7. of the Guidelines, but in the territory of Latvia and/or other EEA country. These costs have to be clearly indicated, specified and justified in the application form and approved by the JMC. For example, if the project beneficiary organises an event outside of the regions of Latvia indicated in the section 1.7. of the Guidelines, but in the territory of Latvia and/or other EEA country or travels to event outside of the regions of Latvia indicated in the section 1.7. of the Guidelines, but in the territory of Latvia and/or other EEA country, then all costs connected with the organisation of event or traveling to event (e.g. travelling, external expertise, equipment etc.) fall within the scope of activities implemented outside of the regions of Latvia indicated in the section 1.7. of the Guidelines.

If during the project implementation partners discover that it is necessary to organise an activity or its part outside of the regions of Latvia indicated in the section 1.7. of the Guidelines, but in the territory of Latvia and/or other EEA country, the lead beneficiary has to receive a prior approval of the JTS.

For the simplification purposes, project beneficiaries are allowed to cover travel and accommodation costs to events organized by the MA/ JTS outside of the regions of Latvia indicated in the section 1.7. of the Guidelines, but in the territory of Latvia and/or other EEA country, (if applicable) without prior approval by the Programme.

2.3 ELIGIBLE APPLICANTS AND PROJECT PARTNERS

Each project shall involve **at least two** beneficiaries from Latvia of whom at least one was a beneficiary of the project already awarded within the 1st or 2nd call for proposals or of the direct award project of the Programme. One of those partners will act as the applicant. Number of applications to be submitted by an applicant for this call for proposals is not limited.

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

The following bodies can act as beneficiaries:

- 1. public authorities** understood as national institutions, regional and local authorities of the Republic of Latvia.
- 2. public equivalent bodies** meaning any legal body of the Republic of Latvia governed by public or private law:
 - 1.** established for the specific purpose of meeting needs for the general interest and not having industrial or commercial character,

2. having legal personality, and

1. 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,
2. 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.

3. NGOs of the Republic of Latvia constituting legal bodies that have been established for the specific purpose of meeting needs for the general interest and not having an industrial or commercial character, and having legal personality.

NB! An NGO acting as beneficiary should be established at least 2 years prior to applying for the 3rd call for proposals.

In addition to the requirements set above in this section, the applicants and project partners must satisfy all criteria listed below:

1. be legal persons effectively established in the regions of Latvia indicated in the section 1.7. of the Guidelines and
2. comply with the eligibility criteria defined for each selection procedure;
3. be non-profit making (with exception of public equivalent body participating as the applicant or project partner) and
4. be directly responsible for the preparation and management of the project with their partner(s), not acting as an intermediary, and
5. not be in any of the situations listed below:
 1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 2. they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata (i.e. against which no appeal is possible);
 3. they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the European Investment Bank and international organisations;
 4. they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
 5. they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the EU financial interests;
 6. they are subject to an administrative penalty:

1. are subject to a conflict of interests;
2. are guilty of misrepresenting the information required by the MA as a condition of participation in the procurement procedure or fail to supply that information;
3. contractors who have been declared to be in serious breach of their obligations under contracts covered by the budget.

Points 5.2. and 5.5. shall not apply where the applicants or partner(s) can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them, who are subject to a judgement as referred to in points 5.2. or 5.5.

In any case, any applicant or project partner should demonstrate the institutional and financial capacity, and the relevant thematic expertise required for implementation of its part of the project. These can be evidenced by the means foreseen in the application form and the supporting documents attached to the full application.

3 PROJECT BUDGET AND ELIGIBLE COSTS

3.1 ELIGIBILITY OF COSTS

Eligible costs are actually incurred² by the beneficiaries and meet all of the following criteria:

1. they are incurred (paid³) during the implementation period of the project. In particular:
 1. costs relating to services or supplies shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services or supplies after expiry of the implementation period do not meet this requirement; cash transfers between the lead beneficiary and the other beneficiaries may not be considered as costs incurred;
 2. costs must be paid before the project end date. An exception is made for preparatory costs;
 3. procedures to award contracts, as referred to Article 52⁴ of Regulation (EU) No 897/2014 and following, may have been initiated and contracts may be concluded

² In these Guidelines **costs incurred** means costs actually paid during the project implementation period.

³ Costs are considered to be paid out when the amount is debited from the project beneficiary organisation'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.

⁴ Applicable Rules

1. If the implementation of a project requires procurement of goods, works or services by a beneficiary, the following rules shall apply:
 - (a) where the beneficiary is a contracting authority or a contracting entity within the meaning of the Union legislation applicable to procurement procedures, it may apply national laws, regulations and administrative provisions adopted in connection with Union legislation or rules of paragraph 2;
 - (b) where the beneficiary is an international organisation, it may apply its own procurement rules if they offer guarantees equivalent to internationally accepted standards;
2. In all other cases the following obligations shall be complied with:
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by the beneficiary(-ies) before the start of the implementation period of the project, provided the provisions of Article 52 Regulation (EU) No 897/2014 have been respected;

2. they are indicated in the project's estimated overall budget and they fall under project activities set in the full application form;
3. they are necessary for the project implementation;
4. they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary (exception in case of preparatory costs and when flat rate is applied);
5. they comply with the requirements of applicable tax and social legislation;
6. they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
7. they are supported by relevant invoices and/or other equivalent accounting documents, provided by delivery services or supplies within the project (exception in case of preparatory costs and when flat rate is applied).

Only **eligible costs** will be taken into account for a grant. The budget is both a cost estimate and a ceiling for eligible costs that will be covered by Programme co-financing. When submitting application, documents justifying planned project costs (e.g. price offers) are not required.

Ineligible costs are the following costs of beneficiaries relating to the implementation of the project:

1. debts and debt service charges (interest);
2. provisions for losses or liabilities;
3. costs declared by the beneficiaries and already financed by national or the EU budget, Programme budget or another international financial instruments or funding sources;
4. purchases of land or buildings;
5. currency exchange losses;

(a) the contract is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests;

(b) for contracts with a value of more than EUR 60 000, the following rules shall also apply:

- (i) an evaluation committee shall be set up to evaluate applications and/or tenders on the basis of the exclusion, selection and award criteria published by the beneficiary in advance in the tender documents. The committee must have an odd number of members with all the technical and administrative capacities necessary to give an informed opinion on the tenders/applications;
- (ii) sufficient transparency, fair competition and adequate ex-ante publicity must be ensured;
- (iii) equal treatment, proportionality and non-discrimination shall be ensured;
- (iv) tender documents must be drafted according to best international practice;
- (v) deadlines for submitting applications or tenders must be long enough to give interested parties a reasonable period to prepare their tenders;
- (vi) procurement procedures set out in Articles 53 to 56 shall be followed.

Candidates or tenderers shall be excluded from participating in a procurement procedure if they fall under exclusion criteria indicated in Article 136 (1) and 141 (1) of Regulation (EU) No 2018/1046.

6. duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation;
7. loans to third parties;
8. fines, financial penalties and expenses of litigation;
9. contributions in kind as following: any provision of non-financial resources free of charge by a third party shall be considered as contributions in kind at Programme or project level. The cost of staff assigned to a project or Programme shall not be considered a contribution in kind but may be considered part of the minimum 10 % co-financing when paid by beneficiaries.

The 3E Principle in the project budget

The project budget has to be in line with the **3 E principle**, i.e., principles of *economy*, *efficiency* and *effectiveness*.

1. **The principle of economy** requires the beneficiaries to use the project resources timely, in appropriate quantity and quality and at the best price.
2. **The principle of efficiency** concerns the best relationship between consumed resources and achieved results.
3. **The principle of effectiveness** concerns achieving the set specific objectives and intended results.

3.2 DESCRIPTION OF BHs

Project budget is divided among following BHs "Staff costs", "Travel and accommodation costs", "External expertise and services costs", "Equipment costs", "Preparatory costs" and "Office and administration costs (indirect costs)" allowed for the 3rd call for proposals and further detailed into budget lines.

The detailed breakdown of the project budget (including all direct eligible costs of the project) as well as its division per project partners (i.e. lead beneficiary and beneficiaries) should be provided in the application form and shall consist of the Programme's grant and the applicant's and the project partners' co-financing (contribution).

All expenditures included into the budget breakdown should comply with the rules on eligibility of costs set in section 3.1. of the Guidelines.

3.2.1 BH 1 "STAFF COSTS"

Expenditure on staff costs consist of gross employment costs of staff employed by the beneficiary organisation, which are engaged in the project activities. Staff costs should be reported based on real costs method, when real expenditure is reported and justified with the supporting documents.

Staff costs include costs of employees in line with the employment/work contract (wages, employment taxes, social security charges, health insurance and other remuneration related costs).

Please note that both the employment/work contract and an appointment decision/contract of natural persons working for the beneficiary organisation and receiving salary payments are hereinafter referred to as employment document.

Project staff can be hired by the beneficiary either full-time or part-time.

BH specific rules:

- 1.** staff costs must relate to activities which the beneficiary organisation would not carry out if the project was not undertaken;
- 2.** if relevant, staff costs must be supported by time-sheets of employees working part-time for the project;
- 3.** overheads and any other office and administration costs cannot be included under this BH, should be included in BH "Office and administration costs", or "Travel and accommodation costs";
- 4.** daily allowances and any other travel and accommodation costs cannot be included under this BH, should be included in BH "Travel and accommodation costs";
- 5.** in case the staff member is working part-time for the project and part-time for other tasks in the beneficiary organisation, in general actual salary rate must be used, when calculating his/her costs in the project budget;
- 6.** staff member, who is working for the project and remunerated from staff costs, cannot conclude any service contracts that are financed within the same project;
- 7.** staff costs cover real costs paid out based on a payslip or a document of equivalent probative value;
- 8.** the following costs are eligible components of staff costs:
 - salary payments fixed in the employment document or by law;
 - any other costs directly linked to the salary payments incurred (paid out) by the employer (such as employment taxes and social security, including pensions or holiday payments etc.) both 1) fixed in the employment document or 2) deriving from legal obligations in accordance with the national legislation and standard practices in the country and/or organisation despite the fact that they are not explicitly stated in the employment document. Organisation's standard practices shall refer to all staff of the organisation and no special rules can be made for project employees;
- 9.** the salary payments must relate to responsibilities specified in a job description of the individual staff member;
- 10.** taxable benefits linked to salary payments are eligible as long as they are in line with the employment policy of the project beneficiary organisation, e.g., bonus payments, health insurance, relocation benefits⁵. They must be directly linked to the salary payments related to the project and figure on the payslip;
- 11.** overtime is eligible in exceptional cases, provided it is in conformity with the national legislation and the employment policy of the project beneficiary organisation and directly related to the project, and it is actually paid to the staff member;
- 12.** staff costs must be calculated individually for each staff member.

If the beneficiary's organisation does not have the necessary human resources to ensure implementation of project, these specialists can be employed on the basis of service contracts. In this case their costs have to be budgeted under the BH "External expertise and service costs".

⁵ Extra bonuses or changes to salaries due to running of an EU project should be evaluated against sound financial management principles (if they are justified by e.g. special qualifications, changes to the task description, etc.)

Full time

An individual dedicates 100% of his/her working time to the project.

Staff costs = total of the gross employment cost.

The following main documents must be available for control purposes by reporting of costs:

1. Employment document;
2. Job description providing information on responsibilities related to the project;
3. Payslips or other documents of equivalent probative value;
4. Data from the project beneficiary organisation working time registration system providing information on the total number of hours worked per month. The time registration system must cover 100% of the actual working time of the employee;
5. Proof of payment of salaries and the employer's contribution;
6. Other documents that could be relevant according to national legislation;
7. Other relevant supporting documents.

No submission of project time sheets is required.

Part-time assignment with a fixed percentage of work dedicated on the project per month

An individual dedicates a fixed percentage of working time to the project.

Staff costs = fixed percentage of the gross employment cost in line with a fixed percentage of work dedicated on the project as stipulated in the employment document or other document (e.g. order).

The following main documents must be available for control purposes by reporting of costs:

1. Employment document;
2. Document setting out the percentage of time to be worked on the project per month (if not specified in the employment document, e.g. order);
3. Job description providing information on responsibilities related to the project;
4. Payslips or other documents of equivalent probative value;
5. Data from the project beneficiary organisation working time registration system providing information on the total number of hours worked per month. The time registration system must cover 100% of the actual working time of the employee;
6. Proof of payment of salaries and the employer's contribution;
7. Other documents that could be relevant according to national legislation.
8. Other relevant supporting documents.

No submission of project time sheets is required.

Contracted on an hourly basis

An employee is contracted on an hourly basis and dedicates a certain number of hours to work on the project.

Staff costs = part of the gross employment cost depending on the number of hours worked on the project.

The staff costs are calculated on the basis of an hourly rate fixed in the employment document:

Hourly rate = fixed in the employment document.

Staff costs = hourly rate x number of hours worked on the project + any other costs proportionally to employment time and workload for the project deriving from obligations of beneficiary based on national legal acts (e.g. taxes, sick leave and holiday payments).

The following main documents must be available for control purposes by reporting of costs:

1. Employment document (including information on the hourly rate);
2. Job description providing information on responsibilities related to the project;
3. Payslips or other documents of equivalent probative value;
4. Data from the project beneficiary organisation working time registration system providing information on the total number of hours worked per month. The time registration system must cover 100% of the actual working time of the employee
5. Project time sheets if employee also fulfils tasks not related to the project implementation.
6. Proof of payment of salaries and the employer's contribution;
7. Other documents that could be relevant according to national legislation.
8. Other relevant supporting documents.

Lead beneficiary and beneficiaries are not allowed to sub-contract each other or employees of their organisations involved in project implementation in order to carry out project activities.

3.2.2 BH 2 "TRAVEL AND ACCOMMODATION COSTS"

Travel and accommodation costs are costs of employees of the beneficiaries' organisations and other persons (if justified) related to their participation in project meetings, seminars or events and supported by the documentary evidence for travel. Only travel costs (public transport, including e.g. ferry, plane, train, bus and taxi, car rent, travel and car insurance, fuel, car mileage, toll and parking fees), accommodation costs (including city taxes), visa costs (if relevant) and daily allowances are eligible under this BH.

BH specific rules:

1. sound financial management principles (economy, efficiency and effectiveness) should apply to the choice of transport and accommodation. In line with the result-oriented policy approach effectiveness should be the leading principle. As the second principle, cost - efficiency should be ensured, taking into account the entire cost of the mission (travel cost, staff costs related to the travel, etc.);
2. any expenditure item defined as travel costs, accommodation costs, costs of meals or visa costs that is already covered by a daily allowance, cannot be eligible in addition to the daily allowance, i.e. no double-financing is allowed;
3. costs must be borne by the project beneficiary organisation. Direct payment by a staff member of the project beneficiary organisation must be supported by a proof of reimbursement from the employer;
4. travel and accommodation costs of external experts and service providers cannot be included under this BH; they must be included in respective service contracts and be reported under BH 3 "External expertise and services costs";
5. travel and accommodation costs related to activities outside of the regions of Latvia indicated in the section 1.7. of the Guidelines are eligible if planned and justified in the application form. In case travelling outside of the regions of Latvia indicated in the section 1.7. of the Guidelines is foreseen in the project, costs shall be planned under separate line within this BH. Please specify in the project budget the planned travels;

6. maximum rates for travel and subsistence costs of staff and other persons taking part in the project shall be respected, provided they exceed neither the costs normally paid by the beneficiary according to its rules and regulations (which are in accordance with national legislation) nor the rates published by the EC at the time of the mission;
7. in well-justified and documented cases, project beneficiaries have a possibility to cover travel and accommodation costs of guests/target group/stakeholders (e.g. speaker of a conference, teacher (if not reported under BH "External expertise and services costs"), members of a project steering group outside of the project beneficiary's organisation, member of stakeholder(s) if their involvement is planned in project application etc.) and driver of the project beneficiary organisation and report them under this BH;
8. travel and accommodation costs must be justified by activities carried out within the project, e.g. participation in project meetings, project site visits, seminars, conferences, etc.;
9. travel and accommodation costs should be properly documented in line with the national legislation or internal policy of the beneficiary's organisation. In exceptional cases national rules concerning missing/lost documents may be accepted.

The **list of supporting documents by reporting of costs** for BH "Travel and accommodation costs" includes, but not limited to:

- invoices from travel agency (or hotel, etc.), as well as proof of payment;
- tickets (plane, train, boat, etc.);
- event related documents, e.g. invitations, trip reports, agendas, etc.;
- reimbursement sheets in case of payment directly to relevant persons for the travel expenditure, as well as proof of payment;
- Travel reports, route sheets and any other documentation according to the national legal acts.

3.2.3 BH 3 "EXTERNAL EXPERTISE AND SERVICES COSTS"

Under this BH, the costs of an external service provider, an expert or consultant provided by a public or private body or a natural person who is not employed in the project have to be reported.

The following costs are eligible under this BH:

1. studies or surveys (e.g. evaluations, strategies, handbooks);
2. training;
3. translations;
4. IT systems and website development, modifications and updates;
5. promotion, communication, publicity or information linked to a project;
6. services related to the organization and implementation of events or meetings (including rent, catering or interpretation). Please note that costs for lunch are eligible for a minimum six hours meeting and costs for dinner can be included for events taking place more than one day;
7. participation in events (e.g. registration fees for conferences, business and tourism fairs and others);
8. legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
9. intellectual property rights;
10. provision of guarantees by a bank or other financial organisation where required (by EU or national law or the programme manual);
11. travel and accommodation for external experts, speakers, chairpersons and other participants (if justified) of meetings and events, and service providers;

12. insurance for equipment;

13. other specific expertise and services needed for the project.

BH specific rules:

- 1.** work by external experts and service providers must be essential to the project and specified in the application form; accommodation and travel costs (if applicable) of external experts must be a part of service contract and be included in the total cost of provided services;
- 2.** all costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected;
- 3.** subcontracting other project beneficiary organisations or employees of other beneficiary organisations, who already work for the project based on an employment contract, is not allowed;
- 4.** costs for external services are eligible if quality of produced outputs is ensured;
- 5.** costs of renting rooms owned by the project beneficiary, who organizes project events, are not eligible;
- 6.** costs related to organization of internal one beneficiary (without participation of other institutions) meeting are not eligible under this BH but can be covered under BH "Office and administration costs". Exception might apply if costs for one beneficiary internal meetings were planned and approved in the application form.

The **list of supporting documents by reporting of costs** for BH "External expertise and services costs" includes, but not limited to:

1. Evidence of the selection process, in line with national procurement rules or the EU public procurement rules depending on the contract amount;
2. A contract or a written agreement laying down the services to be provided, if required by national legal act. For experts paid on the basis of a daily fee, the daily rate together with the number of days contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the public procurement rules and must be documented;
3. An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules;
4. Outputs of the work of external experts or service deliverables, e.g.:
 - developed documents (e.g. studies, researches, programmes);
 - information and publicity materials (e.g. press articles, leaflets, CDs, website printouts, brochures, small promotion materials such as pens, etc.);
5. In case of organisation of meetings and events:
 - meeting/event agenda,
 - memo/minutes/report of the meeting/event, if available,
 - list of participants with signatures for each day (a standard form of a "List of participants" for reporting on events must be used which is published on the website Interreg.lv <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>),
 - photos from major meetings/events,
 - as recommendation - evaluation summary from training/skills raising events/workshops/consultations based on individual participant's assessment sheets,

- handouts (obligatory to be provided for control purposes if preparation of handouts is paid under this BH);
- 6. Proof of payment;
- 7. Act of delivery and receipt;
- 8. Other documents that could be relevant according to the national legislation;
- 9. Other relevant supporting documents.

3.2.4 BH 4 "EQUIPMENT COSTS"

Purchase or rent of equipment is eligible under BH4 "Equipment costs", if such equipment is necessary for reaching project results, equipment is listed in the application form and beneficiaries guarantee its durability.

Relevance of the investments in equipment should be evident and in line with the project objective.

The equipment budgeted under this BH can be:

1. office equipment;
2. furniture and fittings;
3. machines and instruments;
4. tools or devices, special clothes;
5. IT hardware and software;
6. other specific equipment needed for projects.

NB! For activities targeted at digitalisation of public services (e.g. e-systems databases) approval from MEPRD for development of IT products in Latvia must be submitted with the application⁶.

BH specific rules:

1. equipment has not been supported from any EU funds or by other international, national, regional and/or local funds;
2. all costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected;
3. equipment cannot be purchased or rented from another project beneficiary;
4. for equipment rented for a certain period during the project lifetime rental costs for the respective period are eligible, if necessity for renting of equipment is properly justified and costs are planned in the application form;
5. expenditure for insurance of the equipment permanently installed in the project is eligible for the project duration period. Justification for equipment insurance shall be provided in the application form and costs for insurance must be planned and reported under BH 3 "External expertise and service costs";
6. purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and costs incurred (were paid out) within the project duration, the purchase of vehicle is not allowed in the project;

⁶ Cabinet of Ministers regulation No. 597 of 31 August 2021 "Procedures for Supervising Development Projects for State Information Systems"

- 7. equipment should be aimed at public use; its ownership and the way of use cannot be changed (see rules for project results under Section 5.1.3. "Ownership of the project results").
- 8. depreciation of the equipment purchased from project cannot be included in the project budget.

The **list of supporting documents by reporting of costs** for BH "Equipment costs" includes, but not limited to:

1. Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
2. Invoice providing all relevant information in line with the applicable accountancy rules;
3. Contract laying down the purchase of equipment, if required by national legal acts;
4. Proof of payment;
5. Act of delivery and receipt;
6. Proof of origin of equipment and supplies, if relevant;
7. Pictures of purchased equipment with proof that publicity rules have been respected (where relevant);
8. Other documents that could be relevant according to national legislation.

3.2.5 BH 5 "INFRASTRUCTURE AND WORKS"

Costs under BH 5 "Infrastructure and works" are not allowed in the projects within the 3rd call for proposals for capitalisation and result reinforcement.

3.2.6 BH 7 "PREPARATORY COSTS"

A grant may be awarded retroactively for preparatory costs for the development of project full application.

Preparatory costs: costs for travel, translation and other costs for preparation of project full application. They are covered as a lump sum of EUR 1800 (Programme co-financing) per project and shall be indicated in the full application. They will be paid to lead beneficiaries that have signed grant contract. Such costs are limited to travel and subsistence costs of staff and other persons taking part in the project, provided they do not exceed the costs normally paid by the beneficiary according to its rules and regulations.

Preparatory costs have to be listed in the application form.

Preparatory costs are eligible only if payments are made after the publication of the 3rd call for proposals and not later than the day, on which the full application was submitted to the Programme.

No grant may be awarded retroactively for projects already completed.

Only lead beneficiaries of the approved projects will be able to claim the reimbursement of the preparatory costs once grant contract for implementation of the project is signed. Amount of preparatory costs included in the application form will be paid as initial pre-financing and thus shall be included in initial pre-financing payment request.

3.2.7 BH 9 "OFFICE AND ADMINISTRATION COSTS" (INDIRECT COSTS)

Office and administration costs cover running costs and administrative expenses of the beneficiary organisation implementing project activities.

Indirect costs under "Office and administration costs" are calculated as a flat-rate of up to 7% of eligible direct costs, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method.

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When using the flat rate, the beneficiary does not need to document that the expenditure has been incurred and paid, or to prove that the reported amount using the flat rate would correspond to the real costs for office and administration.

Indirect administrative costs are related to:

1. office rent;
2. insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
3. utilities (e.g. electricity, heating, water);
4. office supplies;
5. archives;
6. maintenance, cleaning and repairs;
7. security;
8. IT systems (operating/administrative IT services of general nature that support delivery of the project. This includes maintenance costs of IT systems, e.g. costs related to the maintenance of a computer used by the project manager to administrate the project);
9. communication (e.g. telephone, internet, postal services, business cards);
10. bank charges for opening and administering the account or accounts where the implementation of an project requires a separate account to be opened;
11. costs related to organization of internal one beneficiary (without participation of other institutions) meeting.

Indirect costs are eligible if they:

- do not duplicate the costs of other BHs and they are not declared under any other BH of the project;
- do not fall into the list of non-eligible costs, and
- do not exceed the rate stated in the budget.

In the course of project implementation the actual administrative and office costs may not exceed the percentage of direct costs as set in the last approved application form. Actual final eligible amount of administrative costs will be verified upon approval of Project report.

Lead beneficiary's total budget in the project (EUR)	70 000 EUR
Lead beneficiary's preparatory costs (EUR)	2 000 EUR
Eligible direct costs (EUR) from which maximum available administrative costs are calculated	68 000 EUR
Percentage of direct costs claimed as office and administration costs	7%
Office and administration costs initially planned in the budget of lead beneficiary	4760 EUR

4 PARTICIPATION IN 3RD CALL FOR PROPOSALS

NB: Taking into account good administrative practice an application can be verified and subsequently excluded at any stage of the call for proposals evaluation process whenever it is obvious that any of the project partners (including an applicant) does not meet the eligibility criteria.

NB: any attempt to contact or influence the JMC, MA, or JTS during any stage of assessment or decision making process may result in the immediate exclusion of the respective application from further consideration.

4.1 INFORMATION ACTIVITIES FOR THE APPLICANTS AND PROJECT PARTNERS

The Programme plans to hold information event(s) for support of this call for proposals. For the date and time of the event(s), please consult the MA/JTS or follow the news on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

Additionally, the questions may be sent to the e-mail address external-lv-cbc@varam.gov.lv or asked during personal consultations.

NB! In the interest of equal treatment of applicants the MA/JTS cannot give prior opinion on the eligibility of the applicant, the project partner, or the project, or its specific activities.

4.2 SUBMISSION AND EVALUATION OF THE FULL APPLICATIONS

The 3rd call for proposals for capitalisation and result reinforcement is carried out in one - full application stage. In order to apply for grant, applicants have to fill in full application form. Application form with all relevant document templates is available for downloading on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>. The application form and relevant documents have to be filled-in in English. Instructions on how to fill in the application form are available in the guidance included in the application form template.

4.2.1 CONTENT OF FULL APPLICATION

1. **Application form** (one per project), duly filled-in.
2. **Partnership statements** (of each project partner (including the applicant) duly filled-in).
3. **Financial flow form** (one per project).
4. **Description of methodology of calculation of administrative costs** (of respective project partner, who plans administrative costs in its budget).
5. **Statement with list of State Aid activities** (of respective project partner, who plans state aid activities).

By signing the application form, the applicant declares accepting, in case where it is awarded a grant, the contractual conditions as laid down in the grant contract.

4.2.2 WHERE AND HOW TO SUBMIT FULL APPLICATION

The application documents shall be submitted **electronically**, in one electronic mail (if technically possible) to the official e-mail of the Programme external-lv-cbc@varam.gov.lv. The subject of the electronic mail "Application for CBC Programme 2014-2020. Third call for proposals for capitalisation and result reinforcement: application form <project acronym>". Each document shall be signed **with secure electronic signature** by authorised person, having the right to making such decisions as following:

No	Title of document	Who signs
1	Application form	authorised person of the applicant

2	Partnership statement	authorised person of the each partner (including applicant)
3	Financial flow form	authorised person of the applicant
4	Description of methodology of calculation of administrative costs	authorised person of the each partner (including applicant), who plans administrative costs in its budget
5	Statement with list of State Aid activities	authorised person of the each partner (including applicant), who plans state aid activities

Where an applicant submits several different applications, each one has to be delivered in separate electronic mail.

4.2.3 DEADLINE FOR SUBMISSION OF FULL APPLICATIONS

The deadline for submission of the full applications for applicants of the 3rd call for proposals for capitalisation and result reinforcement is **31 January 2023 (not later than at 23:59 Latvian local time)**.

The date and time of submission of full application is the date and time of received electronic mail to the electronic mail address of the Programme: external-lv-cbc@varam.gov.lv.

Any full application submitted after the set deadline will be automatically rejected.

Assessment and approval of project applications is planned by the JMC indicatively by end of March 2023/ start of April 2023 (depending on number of applications).

4.2.4 EVALUATION OF FULL APPLICATIONS

Full applications will be examined and evaluated by the MA/JTS assessors. All project proposals submitted by applicants will be assessed according to the steps and criteria described below.

Opening, administrative check and verification of technical eligibility of the full applications

During the **opening session** all full applications will be opened and registered with the index number. Those full applications having met the deadlines indicated above (Section "*Deadline for submission of full applications*") are subject to the administrative check and verification of technical eligibility. Applications submitted after the set deadline will be recommended for rejection.

After opening session the MA/JTS will carry out the administrative check and verification of technical eligibility.

During **administrative check and verification of technical eligibility** the representatives of the MA/JTS check that the application form satisfies all the criteria as specified in the table below. If any of the requested information is missing or is incorrect, the full application may be rejected on that sole basis, and such a full application will not be evaluated further.

Administrative check			
Criteria	Yes	No	Not applicable
1. The project application was submitted within the set deadline.			
2. The correct application form template has been used.			
3. Application form is in English (except for project partners' original names and project summary), it is entirely filled in and signed by authorised person.			
4. The partnership statements of each project partner, including the applicant, signed by authorised person, were submitted.			
5. Financial flow form is filled in and enclosed.			
6. Description of methodology of calculation of administrative costs is submitted (if applicable).			
7. On-going or implemented project, financed by Programme within the 1 st or 2 nd call for proposals or within the direct award project, which is subject to capitalisation and/or reinforcement of results is clearly indicated.			
Verification of technical eligibility			
Criteria	Yes	No	
1. The applicant and project partners are eligible (type and territory) in accordance with requirements indicated in section 2.2. and 2.3. of Guidelines.			
2. The project involves at least 2 project partners from Latvia, of whom at least one was a beneficiary of the project within the 1 st or 2 nd call for proposals or of the direct award project of the Programme.			
3. Project duration complies with provisions set in section 1.5. of the Guidelines.			
4. Project is within the financial limits set in accordance with requirements indicated in section 1.6. of the Guidelines.			
5. The budget of activities outside of regions of Latvia indicated in the section 1.7. of the Guidelines does not exceed 20% of the total project budget.			

The MA may invite applicants to submit clarifications or missing documents within **5 working days**. Clarifications are requested by e-mail to the applicant contact person's e-mail in following situations:

1. to submit originals of partnership statements;
 2. to submit financial flow form or description of methodology of calculation of administrative costs (if applicable) or statement with list of State aid activities (if applicable), if not submitted.
- Clarifications will only be requested to conclude the administrative check, and not to improve the content of the application.**

If after clarification process any answer to any of the criteria listed above will be "No" application will be proposed for rejection on that sole basis and will not be evaluated further.

Quality Evaluation of the Full Application

Quality assessment comprises criteria for assessing the relevance and feasibility of project proposals. The result of this assessment will be used to take a decision as to whether a project should be proposed for funding or not.

Quality assessment is structured in four criterions:

Criteria	What is assessed	Maximum Weight	Score	Criteria score weight in percentage
Project context and contribution to Programme	1. The project activities, outputs and results are clearly linked to a Programme priority specific objective, output and result indicator(-s) and activities supported.	20%	5 pts	20%
	2. Cooperation between partners is essential for addressing common territorial challenges and the cooperation has an equal, balanced and significant added value for the project partners, target groups, project area and regions of Latvia indicated in the section 1.7. of the Guidelines.		4 pts	16%
	3. Activities outside of the regions of Latvia indicated in the section 1.7. of the Guidelines clearly benefit the regions of Latvia indicated in the section 1.7. of the Guidelines (if applicable).		3 pts	12%
	4. The project makes a positive or neutral contribution to the Programme cross-cutting issues: environmental sustainability, gender equality, HIV/AIDS, democracy and human rights.			

			2 pts	8%
			1 pt	4%
Relevance and added value of the project for capitalisation and/or project result reinforcement	<p>1. The need for capitalisation and/or reinforcement of results is clearly demonstrated and justified in the project application.</p> <p>2. Project activities for capitalisation and/or reinforcement of results are relevant for target groups and final beneficiaries.</p> <p>3. As a result of capitalisation and/or reinforcement of results obtained knowledge/ experience/ solutions will be transferred to the project partners and/or regions of Latvia indicated in the section 1.7. of the Guidelines.</p> <p>4. The project will involve new partners from the regions of Latvia indicated in the section 1.7. of the Guidelines, who previously did not participate in the CBC Programme 2014-2020 as beneficiaries.</p>	30%	5 pts	30%
			4 pts	24%
			3 pts	18%
			2 pts	12%
			1 pt	6%
Methodology/ approach and activities, partnership and cooperation intensity	<p>1. There is clear linkage among project objective(s), activities, outputs and results.</p> <p>2. Planned activities, outputs and results are realistic (is it possible to achieve them with given resources and time – i.e. partners, budget - and they are realistic based on the</p>	30%	5 pts	30%

	<p>quantification provided).</p> <p>3. Target group(s) are clearly described and involved in the project activities.</p> <p>4. Tasks and responsibilities are clearly defined and justified among the project partners.</p> <p>5. Involved partners are relevant for achievement of project objective and all partners benefit and/or contribute from/to participation in the project.</p> <p>6. Involved partners have adequate management and financial capacity to implement planned project activities.</p>		<p>4 pts</p> <p>3 pts</p> <p>2 pts</p> <p>1 pt</p>	<p>24%</p> <p>18%</p> <p>12%</p> <p>6%</p>
<p>Budget</p>	<p>Project budget is coherent and proportionate to the proposed time plan, project activities, planned outputs and results.</p> <p>1. The project budget is reasonable and cost-efficient in regard to the project objective, activities, outputs and results;</p> <p>2. Breakdown of costs is presented, costs are in line with the time plan and costs are sufficiently described;</p> <p>3. Planned costs are eligible costs according to the requirements set in section 3 "Project</p>	<p>20%</p>	<p>5 pts</p> <p>4 pts</p> <p>3 pts</p>	<p>20%</p> <p>16%</p> <p>12%</p>

	budget and eligible costs”; 4. The need for engaging external expertise is justified and the costs are realistic, if applicable. 5. The need for equipment purchases is justified (e.g., prices, number of units, functionality is provided,) and the costs are realistic, if applicable.		2 pts	8%
			1 pt	4%

Each criterion will be evaluated on a scale from 1 to 5 in full points. The scale is:

5 - Very good (The application fulfils the given criteria to an excellent and the provided information is sufficient, clear and coherent for assessing the criteria.)

4 – Good (The application fulfils the given criteria well, however the provided information includes minor shortcomings)

3 – Sufficient (The application fulfils the given criteria to a sufficient level, however some aspects of the given criteria have not been fully met or not explained in full clarity or detail)

2 – Poor (The application has serious shortcomings fulfilling the given criteria and/or the provided information is in low quality)

1 – Very poor (The application does not fulfil the given criteria or information required is missing).

4.2.5 DECISION MAKING PROCEDURE AND NOTIFICATION OF THE DECISION

After the assessment of the received full applications is completed, applications that have received a score of at least “3” for criterion “Relevance and added value of the project for capitalisation and/or project result reinforcement” and at least 60% for the total score are ranked according to scores given. In case several full applications have received the same evaluation score, priority will be given to those with higher score for criterion “Relevance and added value of the project for capitalisation and/or project result reinforcement”. In case several full applications have received the same evaluation score and have the same score for criterion “Relevance and added value of the project for capitalisation and/or project result reinforcement”, priority will be given to those with higher score for criterion “Methodology/ approach and activities, partnership and cooperation intensity”. Full applications that have received total score of less than 60% will be recommended for rejection. In case several project applications will refer to the same project implemented within the 1st or 2nd call for proposals or within the direct award project of the Programme, a condition may be set to unite the partnerships of projects applications in one or to coordinate implementation of activities between projects, if several project applications will be approved related to the same already financed project. Final evaluation report will be prepared by the MA/JTS and approved by the JMC. After the JMC approves the list of grants to be awarded the MA sends the letters informing on JMC decision to the applicants to finance the successful applicants (with conditions to be fulfilled within the set deadline, if applicable) as well as to unsuccessful applicants the MA sends letters informing on reasons for the negative JMC decision. The JMC may create a reserve list of projects which have received at least 60% of the total score but due to lack of Programme financing are not approved. Upon availability of Programme co-financing, applications may be considered for funding upon JMC decision.

The **conditions** referred to above are minor changes and clarifications to the project, which by no means alter or undermine the decision to award the project with the grant. The conditions include, **but not limited to** minor decrease of the total project budget or BH, provision of

specification for the budget lines or planned project activities and outputs, clarification of the wording used in the application form, confirmation of non-duplication of activities with other projects, included those supported by other donors, where the applicant/ project partner in question is involved.

The amount of the grant and the percentage of Programme co-financing as a result of fulfilment of conditions may not be increased. The assessment of fulfilment of conditions is entrusted to the MA by the JMC.

The MA first starts grant contract signing process with applicants whose full applications have been approved by the JMC without conditions.

In case the conditions are set for an applicant, the MA starts grant contract signing process after the decision regarding fulfilment of conditions is made by the MA.

Applicants that will not fulfil the conditions within set deadline will be proposed for rejection by the MA.

4.3 CONTRACTING

With the MA informative letter on JMC decision to award a grant or in case of conditions - final MA decision on awarding of grant, the successful applicant will be offered to sign a grant contract. As soon as the grant contract is signed by lead beneficiary and MA, contractual relations and responsibilities between these two parties emerge. The lead beneficiary becomes responsible and accountable to the MA for efficient implementation of the project in compliance with the provisions of concluded grant contract and the application form.

All projects also have to fulfil several pre-conditions before grant contracts may be signed:

1. Projects have to **fulfil all the conditions set by the JMC**. These conditions will be stated in the MA letters about approval of project applications.
2. **Financial identification form** has to be filled in in English and its original sent to the JTS. In case the bank provides the documents in national language only, the form may be filled in and certified by the lead beneficiary, and supplemented by original bank statement containing all data. Financial identification form is available on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

In addition to the above stated pre-conditions, there might be some technical updates for the full application forms before conclusion of grant contract, for example, updated start and end date of project implementation, updates in project implementation plan, etc. Responsible project managers from the JTS will provide assistance to the projects in preparation of all the above-mentioned documents and information.

After receiving properly prepared and filled in documents, a grant contract will be prepared by the JTS. After the grant contract is signed by the legal representative of the MA, it will be sent to the electronic mail of the lead beneficiary for signing it electronically with secured electronic signature by the authorized representative of the lead beneficiary within the set deadline.

Partnership agreement has to be signed electronically with secured electronic signatures by all project partners and submitted to the JTS as soon as possible after approval of project by the JMC, but at latest 1 month after the signing of grant contract. Partnership agreement has to lay down provisions for the distribution of tasks, responsibilities and financial contribution of all beneficiaries, including provisions guaranteeing financial management of the funds allocated to

the project, including the arrangements for recovery of amounts unduly paid. Partnership agreement has to be concluded between the lead beneficiary and beneficiaries defining their rights and responsibilities, it will not be a part of or annex to the grant contract. The partnership agreement serves as legal ground regulating relationship within the partnership. The partnership agreement template is available on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

4.4 COMPLAINTS

Complaint procedure described in this section concerns complaints about the JMC decisions taken during project selection process notified to applicant by the MA letter. Complaints against the decisions of the MA taken during project implementation are subject of the grant contract between the MA and the lead beneficiary.

Submission of complaint and formal requirements

The complaint shall be prepared in English and submitted by the claimant (claimant can be applicant) representative with official letter to the MA. The complaint has to be submitted within one month as of the day when the decision, which serves as a reason for complaining, was received.

The complaint should include:

1. Name and postal address of the legal entity (e.g. applicant organisation);
2. Name of the respective authority;
3. Reference number of the project or application which is a subject of the complaint;
4. Clearly indicated reasons for the complaint, indicating decision against which the complaint is filed, listing all elements which are being complaint and/or failures in adherence with Programme or Programme related documents. The applicant shall list all elements of the selection process which applicant is complaining about, including clear reference to the Programme document and specific documents of the call for proposals;
5. To what extent the decision is disputed (describing which part/article of the decision the complaint is about);
6. The petition (explicitly stating what decision/action applicant's envisages to be taken with regard to the concrete decision taken);
7. Signature of the legal representative of applicant;
8. Supporting documents, if relevant.

The relevant documentation shall be provided solely to support the complaint and may not alter the quality or content of the assessed application. No other grounds for the complaint will be taken into account during the complaint procedure.

Supplementing complaint and rejection without examination

If the complaint does not contain necessary information as referred above, the claimant is asked by the MA to supplement the complaint with the required information within 7 calendar days after the day on which the claimant receives the information from the MA. The term for completing the complaint is indicated in the official letter from the MA providing information about the type of shortcomings. In case the claimant does not eliminate discovered shortcomings within the above-mentioned time, the complaint is left unexamined.

The complaint received after the time limit of one month as of the day when the decision, which serves as a reason for complaining, was received, is also left unexamined.

In case complaint is left unexamined, within 15 calendar days the MA informs the claimant by an official letter about the rejection of the complaint without examination, as well as electronically informs the JMC.

Handling of the complaint

The maximum duration for the whole complaint procedure (from the receipt of the complaint till the decision by the MA on the complaint) is 3 (three) months.

Complaints regarding JMC decisions made during project selection process:

- The MA, assisted by the JTS, within one month reviews the complaint and prepares opinion which alongside with the complaint and supporting documents is provided to the JMC for final decision. If additional documents/clarifications are needed, the MA/JTS asks to provide them.
- The JMC reviews the documentation and takes a final decision, based on which the MA issues its decision.
- Depending on the legal status of the claimant, the MA issues its decision in the form of administrative act (if claimant is NGO) or administrative decision (if claimant is public authority or public equivalent body) in accordance with national legislation of the Republic of Latvia.
- The complaint does not repeal the execution of decision, including the deadline for project end date, which is indicated in the section 5.1.1. of these Guidelines.

5 PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL

5.1 ADMINISTRATIVE MANAGEMENT OF THE PROJECT

5.1.1 START AND END DATE OF THE PROJECT

Starting date of the project is important for calculating the **end date of the project**. The start date and the end date set the project duration (i.e. project implementation period), and they are indicated both in the grant contract and in the approved application form. **Project starting date** is agreed between the lead beneficiary represented the common decision of the partnership and the MA. It can be either:

1. the day following that on which the last of the two parties signs the grant contract;
2. a later date agreed in the grant contract and no later than 2 weeks after the signing of the grant contract;
3. before signing of grant contract on project own risk but not earlier than one day after the JMC decision on project approval.

The end date of the project is calculated by adding the number of months indicated in the application form as project duration to the starting date. The project end date can be planned not later than 15 November 2023.

According to the paragraph 3 (b) of the Article 1 of the Regulation (EU) No 2020/879 amending the paragraph 3 of the Article 18 of the Regulation (EU) No 897/2014 all project activities financed by the Programme shall end on 31 December 2023 at the latest and according to the paragraph 7 (b) of the Article 1 of the Regulation (EU) No 2020/879 amending the Article 48 of

the Regulation (EU) No 897/2014 project expenditure shall not be eligible, where it is paid after 31 December 2023.

5.1.2 MANAGEMENT AND RESPONSIBILITIES WITHIN THE PROJECT

All projects should follow the lead beneficiary principle in the project management. Nevertheless, all beneficiaries should be committed to active co-operation for the sake of successful implementation of project. Each beneficiary is legally and financially responsible for activities that it implements and for the share of the Programme funds that it receives. The framework for relationship inside the project is laid down in the partnership agreement, however, distribution of main tasks and responsibilities should be as follows and as set in the grant contract and partnership agreement:

Responsibilities of lead beneficiary	Responsibilities of beneficiary
Implementation of project activities	
<ul style="list-style-type: none"> - assumes responsibility for ensuring implementation of the entire project - signs the partnership agreement with all beneficiaries - signs the grant contract with the MA - sets up and maintains project implementation system - coordinates and monitors activities and tasks among the beneficiaries involved in implementation of the project - ensures that all project activities are implemented in due quality and maintains general quality management of the project - ensures proper communication inside the partnership and with a wider public - represents the project and ensures communication with the MA and JTS - ensures production and maintenance of all documents and evidences required for control and audit purposes - implements relevant project activities in accordance with provisions of Programme documents and national legislation - coordinates and submits requests for changes in the project 	<ul style="list-style-type: none"> - implements relevant project activities in accordance with provisions of Programme documents and national legislation and in due quality - informs lead beneficiary about needed changes in project activities or budget in a timely manner - ensures production and maintenance of all documents and evidences required for control and audit purposes

Financial management	
<ul style="list-style-type: none"> - maintains a separate account or adequate accounting code for the needs of the project - uses allocated financial resources for the purposes of implementation of project in accordance with provisions of Programme documents and national legislation - supervises overall use of project budget 	<ul style="list-style-type: none"> - maintains a separate account or adequate accounting code for the needs of the project - uses allocated financial resources for the purposes of implementation of project in accordance with provisions of Programme documents and national legislation
Communication and visibility	
<ul style="list-style-type: none"> - ensures overall coordination of communication activities and visibility of project - observes provisions of "Communication and Visibility Guidelines for Project Beneficiaries of the 3rd call for proposals for capitalisation and result reinforcement" for applying all necessary communication and visibility actions - implements communication and visibility activities as planned in the full application form 	<ul style="list-style-type: none"> - observes provisions of "Communication and Visibility Guidelines for Project Beneficiaries of the 3rd call for proposals for capitalisation and result reinforcement" for applying all necessary communication and visibility actions - implements communication and visibility activities as planned in the full application form
Reporting and expenditure verification	
<ul style="list-style-type: none"> - ensures that the expenditure presented by the beneficiaries involved in implementation of the project has been incurred for the purpose of implementing the project and corresponds to activities set in the grant contract - prepares individual report and submits it for expenditure verification to public officer in a timely manner - verifies that the expenditure presented by the other beneficiaries involved in implementation of the project has been verified - prepares consolidated Project report and submits it to the JTS with expenditure verification reports of beneficiaries involved in implementation of the project 	<ul style="list-style-type: none"> - prepares individual report and submits it for expenditure verification to public officer in a timely manner - submits individual report and expenditure verification report to the lead beneficiary

Payments	
<ul style="list-style-type: none"> - receives payments from the MA for the implementation of project activities - distributes financial resources received from the MA to beneficiaries involved in implementation of the project - repays amounts not used or unduly paid together with any interest on late payment from itself and concerned beneficiary(-ies) to the MA 	<ul style="list-style-type: none"> - receives payments from the lead beneficiary and uses it for the implementation of the project activities - repays lead beneficiary the amounts not used or unduly paid together with any interest on late payment
Monitoring, evaluation, audit	
<ul style="list-style-type: none"> - sets up the monitoring system, regularly requests and receives information from all beneficiaries to know where the project stands; is responsible for achievement of the project objective and indicators, implemented by beneficiaries that are involved in the project implementation - requests approval of the MA for change of ownership of project results - maintains all project related documentation for at least 5 years after the MA receives balance payment from the EC - provides access to project documentation and project implementation sites for on-spot checks, project visits and ex-post visits by the MA and the JTS - provides access to project documentation, the premises, sites and locations of project implementation, and results if requested by the MA, the JTS, the AA, the NA of the Republic of Latvia, authorised representatives of the EC, the European Anti-Fraud Office, the European Court of Auditors, the Group of Auditors and any external auditor authorised by these institutions or bodies 	<ul style="list-style-type: none"> - regularly provides information to the lead beneficiary on the project progress; immediately signals in case of any delays/problems - informs the lead beneficiary about needed change of ownership of project results - maintains all project related documentation for at least 5 years after the MA receives balance payment from the EC - provides access to project documentation and project implementation sites for on-spot checks, project visits, ex-post visits by the MA and the JTS - provides access to project documentation, the premises, sites and locations of project implementation, and results if requested by the MA, the JTS, the AA, the NA of the Republic of Latvia, authorised representatives of the EC, the European Anti-Fraud Office, the European Court of Auditors, the Group of Auditors and any external auditor authorised by these institutions or bodies

Each project has to carry out internal project monitoring with the purpose to provide effective and timely decision making, e.g. to take improving or corrective actions. The internal project

monitoring includes ongoing project management activities, e.g. collection and analysis of data, project meetings and consultations with stakeholders.

Lead beneficiary has to appoint a **project manager**, responsible for setting up and maintaining the implementation system of the project, and **financial manager** in order to ensure professional financial management. The same person can be appointed both as project manager and as financial manager.

Each **beneficiary** appoints a **project manager**, who is the contact person with the project manager of the lead beneficiary, the MA/ JTS (in case of need), and a **financial manager**, who is responsible for book-keeping in the project in the beneficiary organisation. The same person can be appointed both as project manager and as financial manager.

Please, note that the **staff** appointed by lead beneficiary/beneficiary(ies) should remain in charge of the project for at least 6 months after the project end to enable a smooth closure of the project. Additionally, all the project beneficiaries (including the lead beneficiary) should ensure the storage of project related documents/information and succession of knowledge about the project within organisation for the control purposes, which may take place five years after the date of payment of the balance for the Programme. The MA will inform about this date.

Steering groups and working groups may be established upon need to coordinate daily running of activities, to fulfil specific tasks, to carry out certain activities, etc.

All projects are advised to organize a kick-off meeting with participation of all project beneficiaries. Such an event would greatly serve as a means of setting up a common approach to communication, project implementation and other essential issues. If needed, assigned JTS project manager may also participate upon availability in the kick-off meeting to provide Programme-specific information about project implementation. In this case the JTS should be informed about the event at least 2 weeks before it takes place.

5.1.3 OWNERSHIP OF PROJECT RESULTS

The ownership, title, intellectual and industrial property rights to the project results, reports and other related documents shall be vested in (belong to) the lead beneficiary, beneficiaries or final recipients.

The lead beneficiary and beneficiaries grant the MA, the EC and the Republic of Latvia the right to use freely and as they see fit all documents deriving from the project, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

In case of the transfer of ownership, industrial and intellectual property rights for outputs and results the transfer should be carried out according to the national legislation.

Prior approval from the MA should be received before changing ownership of the project results during implementation period of the project and five years after closure of the project.

In no event may the end use jeopardize the project sustainability. The transfer of ownership rights may not result into a profit for lead beneficiaries and beneficiaries. Should the case occur, the amount equal to amount of profit will be either deducted from the grant or, where project is finalised and the balance payment is made, the MA will recover the respective amount from the lead beneficiary.

5.1.4 PUBLICITY AND INFORMATION REQUIREMENTS

The beneficiaries must take all necessary measures to distribute information about the fact that the project is co-financed by the Programme.

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

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

These measures must comply with the applicable rules laid down in Communication and Visibility Guidelines for Project Beneficiaries of the 3rd call for proposals for capitalisation and result reinforcement.

In order to carry out effective, concise and consistent communication, the beneficiaries must plan communication and promotion activities already at the stage of drafting the full application and should plan these activities and needed funds and specify them in their full application.

It is mandatory to use the Programme logo, which consists of the EU emblem and the text acknowledging the financial contribution of the EU: "Co-funded by the EU", on all communication and visibility materials and products of the project, incl. event materials visible to attendees.

The Programme logo in English and Latvian can be downloaded at the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

During the project implementation period the lead beneficiary should inform the JTS about major or public events in due time (at least four weeks before the event).

If any communication and visibility material or product produced by the project contains an opinion, using a disclaimer that the EU is not responsible for the provided information, is a must.

5.2 FINANCIAL MANAGEMENT OF THE PROJECT

5.2.1 PAYMENTS TO THE PROJECT

The total amount to be paid by the MA to the **lead beneficiary** may not exceed the maximum grant laid down in the grant contract neither in terms of absolute amount nor in percentage of the total eligible project budget. If the total eligible costs of the project at the end of the project are less than the estimated total eligible costs, the MA contribution will be proportionally reduced, except preparatory costs.

The following payments are foreseen for the projects:

1. initial pre-financing instalment (after signing of the grant contract);
2. balance (upon completion of the project and approval of the Project report by the MA).

Once grant contract is signed the lead beneficiary may submit to the MA a request for initial pre-financing instalment according to provisions of the grant contract. Initial pre-financing instalment will be transferred to the bank account of the lead beneficiary within 20 days after signing the grant contract and after submission of the request for initial pre-financing. Initial pre-financing instalment will be transferred from the MA to the lead beneficiary in amount not exceeding 40% of the grant. Additionally, together with the initial pre-financing instalment the MA will transfer the preparatory costs to the lead beneficiary.

Original request for payment should be sent to the MA/JTS electronically to the official electronic mail of the Programme external-lv-cbc@varam.gov.lv.

Balance payment will be made by the MA to the lead beneficiary bank account within 45 days following the approval of the Project report and receipt of the request for final payment in accordance with the grant contract.

5.2.2 USE OF EURO

Payments from the MA to the project will be made in EUR. For the reporting of real costs incurred (paid) in **currencies other than EUR** the conversion into EUR shall be done at the monthly accounting exchange rate set by the EC in the month during which that expenditure was incurred/paid from project bank account with an accuracy of four digits after the comma (e.g. 0.1234).

Any **exchange losses are ineligible** costs and must be covered by the beneficiaries themselves.

5.2.3 KEEPING THE PROJECT ACCOUNTS

All beneficiaries involved in the project implementation have to keep accurate and regular accounts for the implementation of the project using an appropriate accounting and double-entry bookkeeping system. All project related expenditures and receipts have to be clearly identified and verifiable (except cases when flat rate or/and lump sum is applied). In order to ensure it beneficiaries shall maintain either one of these:

- 1. separate accounting system,**
- 2. adequate accounting code**

for all transactions related to project without prejudice to national accounting rules (except cases when flat rate or/and lump sum is applied).

Each beneficiary involved in project implementation must keep all financial documents related to the project (reports, supporting documents, accounts and accounting documents, documents related to the procurements and any other relevant documentation) for five years from the date of balance payment from the EC to the Programme. The MA will inform the lead beneficiary about this date.

5.2.4 CHANGES IN THE PROJECT

All beneficiaries have to submit information to the lead beneficiary about necessary project changes till the deadline agreed within the partnership. The lead beneficiary has to review submitted changes to check if they have no impact on project objectives, are clearly described and sufficiently justified and are in line with the allowed changes (either major or minor) described in these Guidelines. If needed, the lead beneficiary asks for additional clarifications from beneficiary.

NB! It is strongly recommended to consult with the JTS and take its comments into account before planning any changes or submitting request for changes.

The request for changes has to be described in a standardised template available on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana> and can be submitted for both types of project changes (minor or major) together, clearly indicating which changes are minor, which major.

When planning and elaborating changes, the following general principles should always be applied:

- request to the MA should be substantiated. The MA either approves justified requests or rejects requests, which have little or no substantiation or contradict provisions set by legal framework and guiding documents of the Programme,
- changes cannot intend to modify the grant contract and project application form in a way that would alter the project objectives or oppose the equal treatment of all projects and their beneficiaries,
- grant contract and project application form can only be modified within the implementation period of the project,
- changes cannot be made retroactively (except for cases as described in this chapter),
- the maximum amount of the grant may not be increased neither in terms of Programme co-financing share (%) nor actual allocated Programme co-financing in EUR,
- any change extending the implementation period of the grant contract must consider that implementation activities must be completed until 31 December 2023,
- as a general rule - requests for approval of major changes by signing an addendum to the grant contract have to allow an adequate time limit (at least 30 days) before the changes are intended to enter into force;

The following information should be provided in the request for change:

- What was initially planned in the application form: activity package related to requested changes, title of activity, related budget heading, budget line, deliverables;
- Requested changes: description of necessary changes, their purpose, if relevant – sources from which changes will be covered (activity package, title of activity, budget line and budget heading);
- Justification of changes;
- Impact of requested changes – how proposed changes will help to achieve project objective in more efficient way and will foster cooperation.

NB! Without prejudice to the decision of the MA, the eligibility of costs and their relevance shall be verified by public officer upon the expenditure verification check and other further checks.

The MA may request additional information and supporting documents, justifying the requested changes, or disapprove changes of activities, budget, or in any other parts of the full application form, if they are not justified or modify the project's purpose.

5.2.4.1 MINOR CHANGES

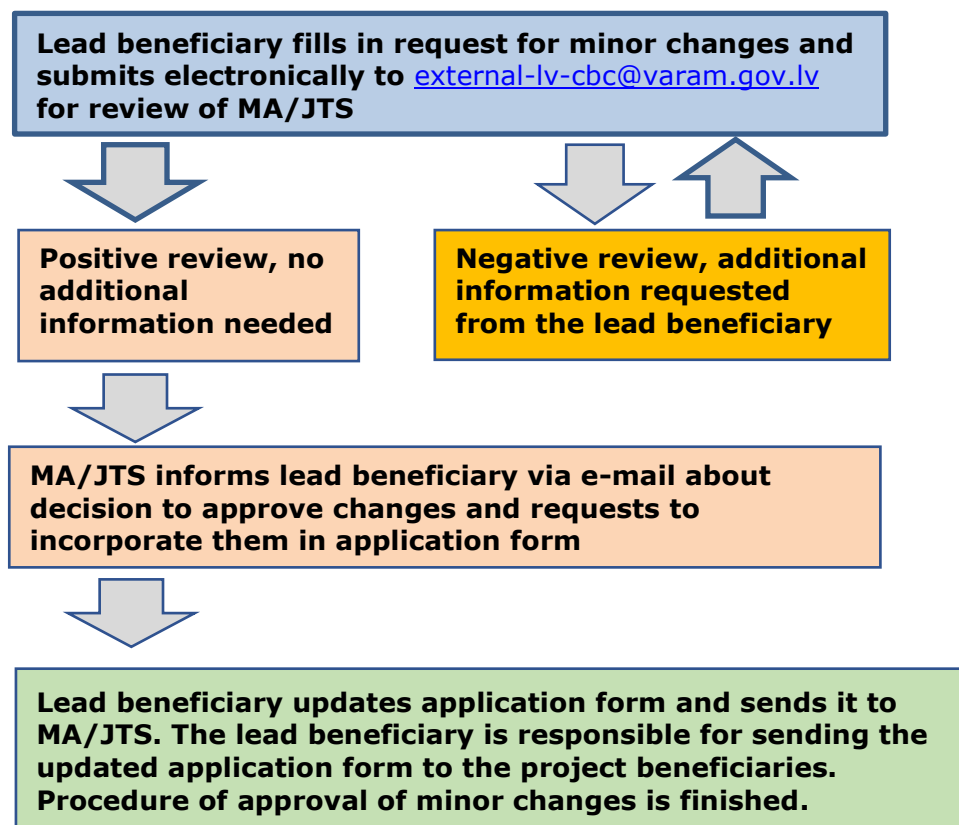
Minor changes are listed in the table below. Minor changes have a minor impact on the project implementation, project outputs and/or results.

Minor changes require approval of the MA/JTS except cases where minor changes may be notified via electronic mail to the responsible project manager of the JTS and following described in the Project report. The lead beneficiary requests approval of minor changes in the project by sending **a list of requested changes with justification for them as soon as such changes arise or cumulatively.**

Lead beneficiary must fill in a request for minor change, sign it electronically by authorised person with secure electronic signature and send it to the official e-mail of the Programme external-lv-cbc@varam.gov.lv. The MA/JTS shall review the proposed changes after request for minor changes is received to the official e-mail of the Programme.

Guidelines for Grant Applicants and Project Implementation

General procedure of approval of minor changes



NB! Minor changes that require approval by the MA/JTS are considered as approved only when the decision by the MA/JTS is issued via electronic mail. After approval of requested changes Partnership agreement has to be changed accordingly (if relevant).

DESCRIPTION OF MINOR CHANGE	ACTIONS TAKEN AND ADDITIONAL PROVISIONS
1. Minor change of project beneficiary data	
<ul style="list-style-type: none"> - change of contact details for lead beneficiary or beneficiary (project manager, financial manager, communication manager) - change of contact person for lead beneficiary or beneficiary (project manager, financial manager, communication manager) 	Notify JTS about the change immediately to the electronic mail of the Programme external-lv-cbc@varam.gov.lv

<ul style="list-style-type: none"> - change of translation or title for lead beneficiary or beneficiary, change of authorised representative for lead beneficiary or beneficiary not affecting legal status or causing structural change 	<p>Notify JTS about the change immediately to the electronic mail of the Programme external-lv-cbc@varam.gov.lv by submitting updated application form and relevant documents (e.g. updated partnership statement).</p>
<h2>2. Change of bank account of lead beneficiary</h2>	
<ul style="list-style-type: none"> - bank account of lead beneficiary changed as indicated in the previously submitted original financial identification form 	<p>Notify JTS about the change immediately to the electronic mail of the Programme external-lv-cbc@varam.gov.lv by submitting updated original financial identification form.</p>
<h2>3. Changes in time plan</h2>	
<ul style="list-style-type: none"> - minor adjustments in rescheduling the project activities in the time plan with no impact on overall implementation period of the project <p><i>(e.g. in the application form project planned to organise two seminars in the first and second month of project implementation. Due to x reasons organisation of the second seminar is moved to the fourth month of project implementation)</i></p>	<p>The project can make such minor adjustments upon need without prior notification and approval by the MA/JTS.</p>
<h2>4. Minor changes in activity packages</h2>	
<h3>4.1 Minor changes in activity packages 1</h3>	
<ul style="list-style-type: none"> - change of activities listed in the activity package 1 <i>(e.g. in addition to the project working group meeting it is decided to organise also project steering group meeting in on-line format)</i> - change of number of deliverables of project activities <i>(e.g. number</i> 	<p>In case no additional financing is required for requested change, no prior notification and approval by the MA/JTS is required. Describe such changes in the Project report.</p> <p>In case additional financing is required for requested change and accordingly, the costs of related budget line have</p>

<p><i>of participants in project meetings, number of working group meetings etc.)</i></p>	<p>to be increased, communicate minor change via electronic mail to the responsible project manager of the JTS and following describe them in the Project report.</p> <p>NB! Changes may not have negative effect on objective of the relevant activity package or project in general. Change must be justified and where applicable principles of sound financial management must be met and total cost of respective budget heading must not be exceeded.</p>
<p>4.2 Minor changes in activity packages 2 and 3 and approval of activities to be implemented outside of the regions of Latvia indicated in the section 1.7. of the Guidelines</p>	
<ul style="list-style-type: none"> - changes in description of project activity from activity package 2 or 3 - change of amount of activities listed in the activity package 2 or 3 - change of activity's implementation location from regions of Latvia indicated in the section 1.7. of the Guidelines to outside of the regions of Latvia indicated in the section 1.7. of the Guidelines 	<p>Follow procedure of approval of minor changes.</p> <p>NB! Changes may not have negative effect on objective of the activity package 2 or 3 or project in general. Change must be strongly justified and where applicable principles of sound financial management must be met and total cost of respective budget heading must not be exceeded.</p> <p>In case of changes related to communication and information minimum Programme communication requirements must be maintained.</p>
<p>5. Changes in project budget</p>	
<ul style="list-style-type: none"> - change between and in budget lines within the same budget heading (<i>e.g. costs for planned translation services are higher than expected, but there are savings for room rent for seminars within budget heading 3; within budget heading 2 and budget heading 3 inclusion/exclusion of expenditure item is needed, for example, accommodation costs, translation costs or other logically interconnected costs to</i> 	<p>In case total budget planned for budget heading is not exceeded and changes relate to planned activities and planned budget items, describe them in the Project report.</p> <p>In other cases, when also changes e.g., in activities, outputs and/or their amounts are required, such changes shall be submitted according to the procedure as foreseen for the concrete cases described in this table.</p> <p>Total cost of respective budget heading must not be exceeded.</p>

<p><i>the planned expenditures are missing etc.)</i></p> <ul style="list-style-type: none"> - change of number of units or unit rate in a budget line 	<p>NB! Changes may not decrease quality of related project outputs and results.</p>
<ul style="list-style-type: none"> - transfers among budget headings involving a variation of not more than 30% of the planned amount of budget heading or of not more than 1000 EUR (in case variation is more than 30%) - addition or deletion of a budget line (in case if it is needed for implementation of the activity already planned in the project. In case creation of the budget line relates to creation/deletion of activity listed in the activity package 2 or 3 and/or output, such changes submitted and approved following procedure of major changes.) 	<p>Follow procedure of approval of minor changes.</p> <p>NB! Changes may not decrease quality of related project outputs and results.</p> <p>Need for changes strongly justified and principles of sound management are met.</p>

5.2.4.2 MAJOR CHANGES

Allowed major changes are listed in the table below. Any changes that are exceptions to the ones listed in the table below are subject to decision of the JMC.

Major changes have a significant impact on the project implementation, project outputs and/or results.

The general procedure for handling major changes:

1. Lead beneficiary must fill in a request for major change, sign it electronically by authorised person with secure electronic signature and with necessary supporting documents according to table below send it to the official e-mail of the Programme external-lv-cbc@varam.gov.lv.
2. The MA/JTS reviews the received request for major change, its compliance with Programme requirements and grant contract and provides feedback to the lead beneficiary if information is sufficient to take a decision. If information is not sufficient, the MA/JTS asks for clarifications and submission of missing documents. Depending on type of information requested, terms of its submission will be set accordingly.

Once there is sufficient information, the MA prepares decision letter about approval or rejection of major changes.
3. In case of rejection of requested changes, justification is provided by the MA.
4. In case of approval of requested major changes, the lead beneficiary is requested to incorporate approved changes in the application form and send it within the set deadline to the official e-mail of the Programme external-lv-cbc@varam.gov.lv for the MA/JTS.

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The lead beneficiary is responsible for sending the updated application form to the project beneficiaries.

5. If requested changes involve also change of the grant contract (addendum to grant contract), addendum is prepared, signed by secure electronic signature of the Head of the MA and sent to the lead beneficiary for signing by authorised person with secure electronic signature.
6. Procedure of approval of major changes is finalized once application form is updated according to the MA decision letter and the MA has received back addendum to the grant contract signed by the lead beneficiary, if applicable.

NB! Major changes are considered approved only when such decision is issued by the MA.

Partnership agreements shall be changed accordingly in case of changes in partnership of the project, changes in budget that involve transfers among beneficiaries, as well as other project changes that effect the contents of signed partnership agreement. As soon as signed by all parties the updated document shall be submitted electronically to the MA/JTS for information purposes.

Major changes always require approval by the MA.

DESCRIPTION OF MAJOR CHANGE	ACTIONS TAKEN AND ADDITIONAL PROVISIONS
1. Change in the partnership of the project:	
<ul style="list-style-type: none"> - project beneficiary withdraws and no other organization is joining the partnership to take over the planned activities and budget; 	<p>Follow procedure of approval of major changes.</p> <p>NB! In case of change in the partnership of the project prior approval of the JMC will be required.</p> <p>Project and project partnership eligibility criteria must be maintained (e.g. at least two beneficiaries from Latvia of whom at least one was a beneficiary of the project within the 1st or 2nd call for proposals or of the direct award project of the Programme).</p> <p>Activities that are removed from the work plan as well as the role of the withdrawn project beneficiary is not crucial, outputs and results can still be achieved as initially planned. Otherwise, activities have to be taken over by existing project beneficiary.</p>
<ul style="list-style-type: none"> - project beneficiary withdraws from the project and is replaced by another beneficiary (either new or existing) taking over implementation of relevant 	<p>Follow procedure of approval of major changes.</p> <p>NB! In addition to submission of request for major changes, also:</p>

Guidelines for Grant Applicants and Project Implementation

<p>project activities and budget. Depending on the stage of project implementation the new beneficiary either fully takes over planned project activities and budget or, if project implementation is in progress, takes over remaining activities and budget;</p>	<p>a) partnership statement has to be submitted;</p> <p>b) for the new beneficiary documents in accordance with provisions of section 4.2.1. of these Guidelines have to be submitted together with request for major changes.</p> <p>Project and project partnership eligibility criteria must be maintained (at least two beneficiaries from Latvia of whom at least one was a beneficiary of the project within the 1st or 2nd call for proposals or of the direct award project of the Programme).</p> <p>NB! In case of change in the partnership of the project prior approval of the JMC will be required.</p>
<p>- legal changes (title, legal status, etc.) of the project beneficiary organisation occur.</p>	<p>Submit request for major changes to the MA, follow procedure of approval of major changes.</p> <p>NB! In addition to submission of request for major changes, copy of the official document stating the structural or legal change must be submitted.</p> <p>Eligibility criteria for the partnership must be observed.</p> <p>JMC may make decision in case respecting of eligibility criteria for partnership is questioned.</p> <p>NB! Change of title of project beneficiary organisation which has no impact on its legal status is considered as minor change.</p>
<p>2. Change in project duration:</p>	
<p>- prolongation of project implementation period is needed.</p>	<p>Submit request for major changes to the MA, follow procedure of approval of major changes.</p> <p>The project implementation cannot be longer than 31 December 2023.</p>
<p>3. Substantial changes in project activities:</p>	

<ul style="list-style-type: none"> - increase/decrease of expected project output/result indicators - creation of a new or a deletion of an existing project output and/or activity from activity package 2 and 3 	<p>Submit request for major changes to the MA, follow procedure of approval of major changes.</p> <p>NB! Changes may not have negative effect on objective of the activity package 2 or 3 or project in general. Change must be strongly justified.</p> <p>JMC may make decision in case changes may negatively affect achievement of the Programme output and result indicators or would be an exceptional case from the Programme requirements.</p>
<p>4. Changes in project budget:</p>	
<ul style="list-style-type: none"> - transfers among budget headings involving a variation of more than 30% of the planned amounts in application form and of more than 1000 EUR (both criteria have to meet, otherwise treated as minor changes) under each relevant budget heading for eligible costs; - transfers among beneficiaries; 	<p>Submit request for major changes to the MA, follow procedure of approval of major changes.</p> <p>NB! Changes may not decrease quality of related outputs and results.</p> <p>Changes should foster more efficient achievement of the project objectives and results.</p> <p>Need for changes strongly justified and principles of sound management are met.</p> <p>NB! In addition to providing information about change in budget in the request for major changes, in case of budget reallocations between budget headings also budget reallocation form (available in the website Interreg.lv: https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana) in MS Excel format has to be filled in.</p> <p>NB! In case of budget transfer among beneficiaries, partnership statements with relevant updates of involved beneficiaries' budgets shall be submitted together with the request for major change (applies to beneficiaries who need to confirm availability of higher amount on own co-financing).</p>
<p>5. Change of the VAT payer status:</p>	

<ul style="list-style-type: none"> - VAT payer status of project beneficiary has changed 	<p>Submit request for major changes to the MA, follow procedure of approval of major changes.</p> <p>NB! Partnership statement has to be attached to the request for major changes.</p>
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5.2.5 PUBLIC PROCUREMENT AND RULES OF NATIONALITY AND ORIGIN

The procurement of goods, supplies, works and services carried out in the framework of project should comply with the following rules.

Lead beneficiaries and beneficiaries must comply with national legislation and, where relevant, EU rules for procurement.

Further to provisions of Rules of Cabinet of Ministers No 124⁷ within 10 working days after signing grant contract project beneficiaries have to submit to the CCP project procurement plan.

The following principles must be respected for procurement: the contract shall be awarded to the tender offering best value for money or as appropriate to the tenderer offering the lowest price. The beneficiary shall avoid any conflict of interests and respect the principles of equal treatment, non-discrimination, fair competition, transparency. Contracts must not be split artificially to circumvent the procurement thresholds and avoid using appropriate procurement procedure.

All purchased supplies financed by the Programme shall originate from an eligible country according to the Latvian national legislative acts.

5.2.6 REVENUE/ PROFIT IN THE PROJECT

Grants may not have the purpose or effect of producing a revenue/ profit for lead beneficiary or beneficiaries within the framework of the project. The revenue/ profit deriving from a project grant is defined as a surplus over the costs incurred by lead beneficiary/beneficiaries, and therefore will be assigned to the project and deducted from the eligible expenditure.

Any interest or equivalent benefits accruing from pre-financing paid by the MA to the project or revenue shall be mentioned in the Project report and shall be deducted from reported eligible costs.

Revenue/ profit can derive from project-related financial transfers or their equivalent to the lead beneficiary and/or beneficiaries from third parties, income generated by the project.

If revenue/profit or interest is not deducted from reported costs, the calculation of non-existence of profit shall be submitted.

5.2.7 STATE AID RULES AND PRINCIPLES

State aid is any aid granted by a Member State or from public (state) resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings

⁷ Procedures for financial control of projects funded by the European Structural and Investment Funds Objective "European Territorial Cooperation"

or the production of certain goods and services insofar as it affects trade between Member States.

Project beneficiaries are requested to check their project activities for state aid relevance when preparing the application form. As a general principle, all project activities will have to be assessed at beneficiary level whether they are state aid relevant or not. In case beneficiary(-ies) have identified state aid relevant activities, they have to describe the state aid relevant activities in the form "List of State aid relevant activities with indicated budget", which is available on the website Interreg.lv (<https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>).

Identification of state aid relevant activities

In order to assess whether state aid is present or not, the recipient of project funding must **act as an undertaking in the context of the project**. Undertaking is any entity engaged in an economic activity which offers goods or services on the market, regardless of the legal form and the way of financing of this entity. The "undertaking" definition can apply to private, public and public equivalent bodies. A situation can occur, where activity by a not profit-oriented organisation can be considered as falling under state aid as it competes with companies that are profit-oriented (e.g. a museum that also produces and sells DVDs). Therefore the basis for the decision on the state aid issue is not the legal form of an organisation, but the character of its activities in relation to the market.

The next step to identify state aid in project activities is to use set of following criteria that all have to be fulfilled.

1. State resources. For projects financed within Programme it is considered that this criterion is fulfilled in all cases.

2. Selectivity. It has to be assessed if certain undertakings are favoured or the production of certain goods is favoured or there is a selectivity of the use of project results by end users/target group.

State aid does not apply to operators supplying goods and services that have been subject of a tender. Procurement itself guarantees a fair and open competition. Moreover, activities which are open-source and widely disseminated on a non-exclusive and non-discriminatory basis in order to ensure the most transparent and the widest possible access to all interested stakeholders including potential competitors, are not state aid relevant.

3. Economic advantage. It has to be assessed if the project activity gives an economic advantage (a benefit) which an undertaking would not have obtained under normal market conditions. If there is no advantage, there is no state aid. In practical terms it means that if this criterion is applied, some resources are transferred to undertaking or undertaking is relieved from some charges which an undertaking normally has to bear. Examples where project activities are not considered as relevant to state aid: support for activities that do not benefit specific users, e.g. purchase of equipment for public cycle trails, purchase of equipment for separated household waste collection in public parks.

4. (Potential) distorting effect on competition and trade within the EU. It has to be assessed if undertaking is involved in an economic activity and operates in a market where there is trade between Member States. It is sufficient if it can be shown that the undertaking is involved in an economic activity and that it operates in a market in which there is trade between Member States. As a general rule, no effects on competition and trade are to be expected in case of purely local activities such as producing and retail sale of hand-made crafts.

Application of state aid

During project assessment MA/JTS will assess project activities for state aid relevance (conditions for project can be set to provide additional clarifications or information on activities that are considered state aid relevant).

If state aid relevant activities will be identified for a partner, Programme co-financing will be granted under the *de minimis* aid. This means that an organisation can receive support (all kinds of support whether from national or EU sources including co-financing) **up to 200 000 EUR** for a period of three fiscal years. Each organisation receiving *de minimis* aid should follow the ceiling of **200 000 EUR** and make sure that it is not exceeded. The *de minimis* aid within the Programme will be granted by the MA, according to the procedure described in the Regulations of the Cabinet of the Republic of Latvia No. 715 of 21 November 2021 Rules for accounting and allocation of *de minimis* aid procedures and templates for accounting of the *de minimis*.

During implementation of conditions before final approval of the project, project partner(s) with state aid relevant activities falling under the *de minimis* aid will be asked to provide:

1. "List of State aid relevant activities with indicated budget";
2. "De minimis declaration" indicating *de minimis* aid received within period of three fiscal years;
3. Form for *de minimis* aid, filled in within the Electronic System for registration of allocation of the *de minimis* aid (address of the electronic system: <https://deminimis.fm.gov.lv/>).

Both forms mentioned in point 1 and 2 above are available on the website Interreg.lv (<https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>).

The organisation receiving the *de minimis* aid bears all responsibility for following the limits. If organisation has used *de minimis* aid in full, the state aid relevant activities will be considered ineligible and will be taken out from the application form. Set financial limitations of *de minimis* for the relevant project partner could not be exceeded during all project implementation period.

5.2.8 DOUBLE FINANCING

No single project or project activity may be financed by more than one EU grant. The project activities, which duplicated those already financed from any EU funds, international, national, regional and/or local funds are not eligible as this would be considered as double financing.

5.3 REPORTING, MONITORING AND CONTROL

5.3.1 REPORTING REQUIREMENTS AND DEADLINES

After the projects have been approved and the grant contract between the MA and the lead beneficiary has been signed, the implementation of activities must be carried out in accordance with the conditions of the grant contract.

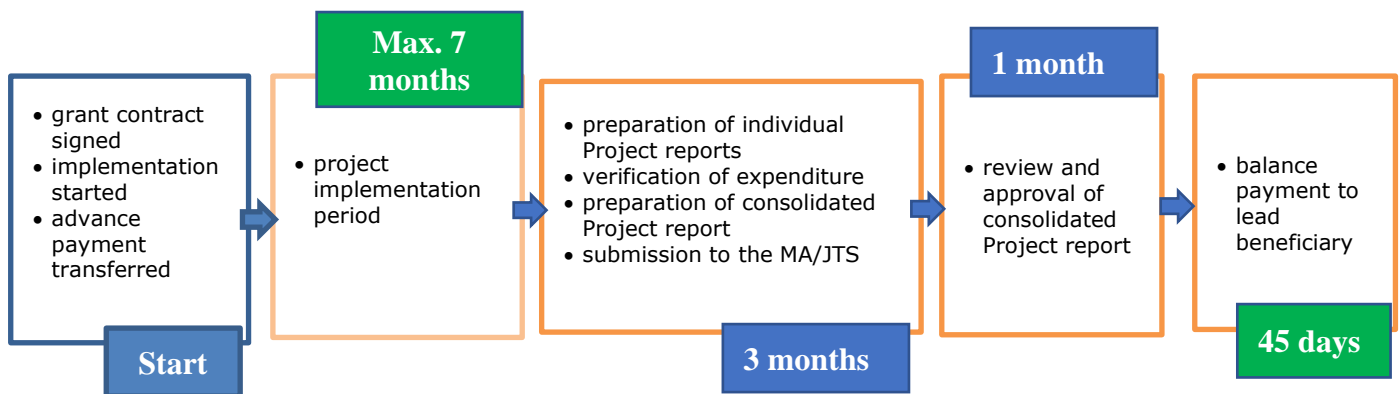
As project duration covers only up to 7 months the lead beneficiary in cooperation with the beneficiaries must draw up only **one Project report** in English.

The **Project report** is a prerequisite for requesting the balance payment. The Project report consists of a technical report and a financial report and an expenditure verification reports of all the beneficiaries. The Project report shall contain a detailed description of the conditions, in which the project was carried out, information on the steps taken to ensure the visibility of Programme financing, information on general implementation of project's budget, on implementation of project activities and achievement of project outputs and results, including achievement of indicators set in the application form and the proof of the transfers of ownership,

if applicable. The Project report has to be submitted to the JTS not later than 3 months after the finalization of the project implementation.

In general, expenditure included in the Project report must have been paid out (“transferred out of the bank account”) before the end date of the project and within the project duration, except preparatory costs paid as a lump sum which are stated in the budget of the application form.

NB! Any interest or equivalent benefits accruing from pre-financing paid by the MA to the project or revenue shall be mentioned in the Project report and shall be deducted from reported eligible costs. If revenue or interest is not deducted from reported costs, the calculation of non-existence of profit shall be submitted. The MA/JTS shall check compliance with the non-profit rule when verifying the Project report.



Deadlines for submission and approval of Project report

Project report has to be submitted to the JTS/MA no later than **three months** after the end of project implementation.

1. It is important to take into account the following: Respect the deadlines! The public officer and the JTS/MA will verify the Project report in the order of submission, therefore, it is important to submit report in time - according to the deadline for its submission.
2. It is in the best interests of the project to submit correct and complete Project report and to reply to questions of public officer and the JTS/MA within deadlines as during clarifications check of the Project report is put on hold.

NB! Reporting is divided in 4 steps as described further and is summarised in the following table. The following time frame is only applicable if no clarifications are needed either in expenditure verification level from public officer or during assessment of the JTS/MA. As general rule- time stops at expenditure verification level or during assessment of the JTS/MA if additional clarifications are needed.

Activity	Lead beneficiary and beneficiaries submit their individual reports to public officer	Expenditure verification and issuing of confirmation of expenditure verification report by public officers	Lead beneficiary in cooperation with beneficiaries prepare and lead beneficiary submits Project report to the MA/JTS	JTS assesses the Project report	MA makes balance payment following rules in grant contract and section 5.2.1. of these Guidelines
Deadline	2 weeks from the end date of project implementation	8 weeks after the individual report is submitted to public officer	2 weeks after the public officer has issued confirmation of expenditure verification report	4 weeks after the Project report is received	45 days after approval of Project report
Total max time passed since the end date of project implementation	2 weeks	10 weeks	12 weeks = 3 months	16 weeks = 4 months	Approx. 5,5 months

The JTS/MA will review the submitted documents and within **30 days** will either approve the Project report or, if necessary, request from the lead beneficiary additional documents/clarifications to be submitted.

NB! In cases additional documents/ clarifications are requested the approval of report is suspended until an answer to the request is received.

Depending on the contents of the request, the terms within which they have to be submitted will be set individually. Once additional clarifications have been received the JTS/MA reviews them within 30 days. If the submitted documents/clarifications do not satisfy the request, another round of request of documents/clarifications is started.

The general process of preparation of Project report to be submitted to the JTS is as follows:

STEP 1 – two weeks before the end date of project implementation the JTS will provide lead beneficiary with:

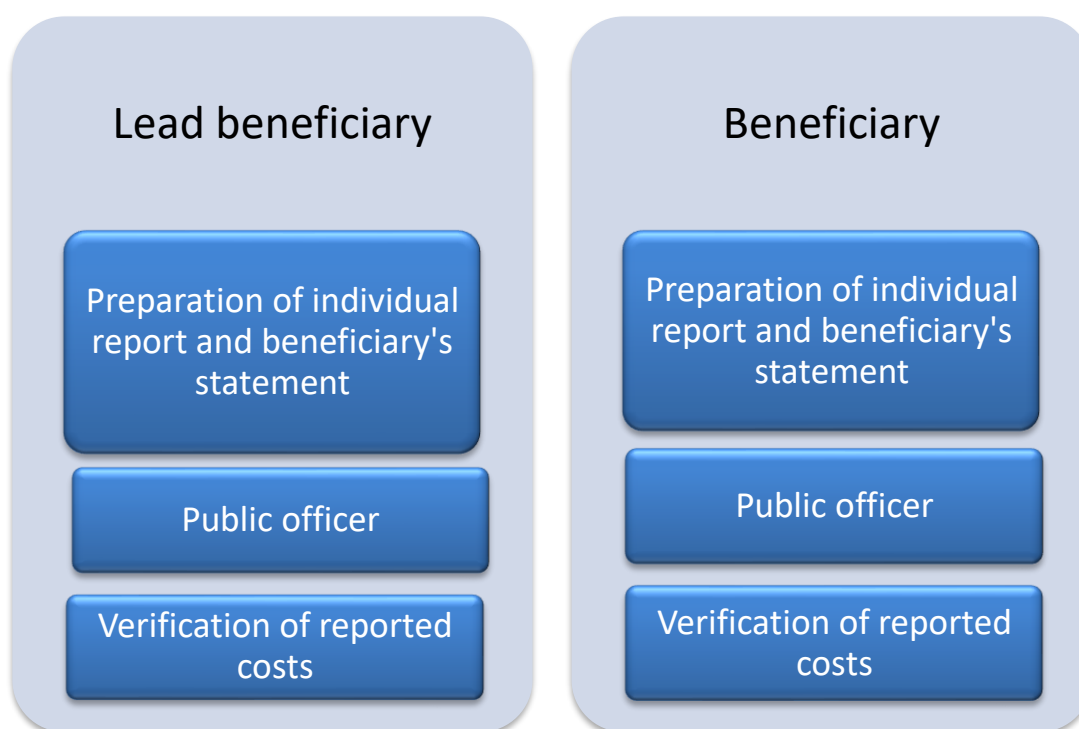
- 1) individual Project report forms to be filled in by each beneficiary;
- 2) consolidated Project report form to be filled in by the lead beneficiary, summing up information of all beneficiaries' individual reports.

NB! Lead beneficiary is further responsible for distribution of the documents among other project beneficiaries without delay.

STEP 2 – within **2 weeks after the end date of project implementation each beneficiary** involved in the project implementation (including lead beneficiary) prepares individual Project report in English using the relevant report form provided by the JTS. Instructions of filling the Project report form are provided in the form. List of supporting documents to be attached for expenditure verification is available on the website Interreg.lv <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>. The individual report together with supporting documents has to be sent for expenditure verification to the relevant public officer.

To sum up, the following has to be submitted to the public officer:

1. **original individual report** signed electronically as e-document;
2. **original beneficiary's statement**⁸ signed electronically as e-document;
3. **supporting documents** serving as evidence of expenditure submitted electronically.



Public officers will review the individual report and supporting documents and fill in the relevant worksheets of the individual report. If no clarifications, additional documentation is needed, public officers will issue the confirmation of expenditure verification report. In case additional explanations/ documentation is requested, beneficiaries of the project must provide them within the set deadlines.

NB! During any step of the expenditure verification process the public officer of respective

⁸ Available on the website Interreg.lv: <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana> .

beneficiary or MA/JTS may deduct costs which are considered ineligible due to non-compliance or possible non-compliance with applicable legal framework.

In case any expenditure is considered ineligible due to non-compliance or possible non-compliance with applicable legal framework, it is included in the list of factual findings of expenditure verification report where public officer records observation. Expenditure included in the list of factual findings is automatically excluded from the total reported costs of the beneficiary. Project beneficiary will be able to provide their comments concerning public officer observations in the list of factual findings. If beneficiary does not agree with public officer observations and has stated this in comments section of factual findings, the concerned expenditure may nevertheless be included in the consolidated Project report and submitted together with supporting documents serving as evidence for the MA to take final decision. Note that MA will take into account the opinion of public officers.

STEP 3 – once verification of reported costs has been carried out and confirmation of expenditure verification reports is received, beneficiaries involved in project implementation send original of expenditure verification report to the lead beneficiary for consolidation without any delay.

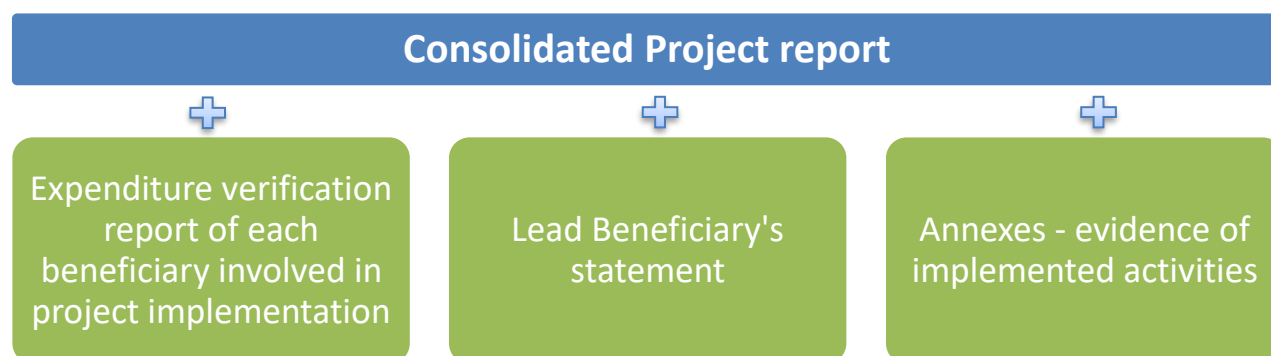
STEP 4 – lead beneficiary includes information gathered from all individual reports into one consolidated Project report.

When filling in the consolidated Project report it is to be verified that the expenditure presented by the beneficiaries involved in the project implementation has been examined, data presented in the expenditure verification reports corresponds with that presented in the consolidated Project report.

Afterwards lead beneficiary submits the documents to the JTS. The following documents shall be submitted:

1. Original documents as e-document signed by authorised person with secure electronic signature:
 - 1.1. consolidated Project report signed by authorised person of the lead beneficiary;
 - 1.2. expenditure verification reports (with checklist and, if applicable, on-spot report) of each project beneficiary involved in the project implementation including lead beneficiary signed by responsible public officer and authorized person of beneficiary;
 - 1.3. lead beneficiary statement for consolidated Project report signed by authorized person (template available on the website Interreg.lv <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>);
2. Annexes – copies of electronic documents serving as evidence of implementation of project activities (list of documents to be submitted with consolidated Project report is available on the website Interreg.lv <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>).

In those cases when beneficiary does not agree with public officer observations and has stated this in comments section of factual findings copies of supporting documents serving as evidence for the eligibility of costs must be submitted together with the consolidated Project report.



The above-mentioned documents shall be submitted electronically to the official electronic mail of the Programme external-lv-cbc@varam.gov.lv.

5.3.2 AUDIT AND FINANCIAL CONTROL

The controls and audits can be performed at any stage of the project implementation and for five years from the date of payment of the balance for the Programme. The beneficiaries must keep all documents of the project and supporting documents for all expenditures (contracts, receipts, invoices, payment documents etc.). Originals of these documents in accordance with the requirements of the grant contract must be kept in the accountancy files of the beneficiaries for **five years** from the date of payment of the balance for the Programme.

The audit and financial control foreseen in the Programme includes the following levels.

Expenditure verification

All projects implemented within the Programme are subject to expenditure verification for projects, and the compliance of such expenditure with the provisions of the grant contract signed between the MA and the lead beneficiary. Expenditure verification will be carried out by the public officer(s) of the Investment Supervision Department of MEPRD and it is free of charge.

As a general rule, the beneficiaries are responsible for and should allow financial controller to carry out expenditure verification on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the project as well as on-spot-checks. The beneficiaries shall give access to all documents and databases to the financial controller according to the grant contract concerning the technical and financial management of the project. All supporting documents must be available in a documentary form, whether paper or electronic.

The public officer shall verify that

- expenditures and project revenue declared by the lead beneficiary and beneficiaries are real, accurately recorded and eligible in accordance with the grant contract, and
- submitted accounts (income and expenditure) are accurate, reliable and backed by adequate supporting documents.

The public officer shall also perform the controls and on-spot checks in locations of project activities implemented by respective lead beneficiary and beneficiaries.

Verification covers 100% of project expenditures⁹, which should be:

- identifiable, verifiable and recorded in accounting records of lead beneficiary and beneficiaries;
- easily identifiable, verifiable and traced to and within lead beneficiary's and beneficiaries' accounting and bookkeeping systems.

Based on results of performed check, the public officer issues the confirmation of expenditure verification report. Further guidance on expenditure verification process is published on the website Interreg.lv <https://www.interreg.lv/lv/3-projektu-konkurss-kapitalizacija-un-rezultatu-stiprinasana>.

Each beneficiary is required to submit to the lead beneficiary the expenditure verification report for its part, which includes the expenditures verified by the public officer. The lead beneficiary is responsible for collecting all expenditure verification reports of the beneficiaries, by drafting the consolidated Project report.

Audit of projects by the AA

The AA will perform its own verifications on appropriate sample of projects in accordance with Article 32(3) of the Regulation (EU) No 897/2014. Audits of projects will include on-the-spot verification of the physical implementation of the project and review of the original documentation of the project implementation. Such audits will be conducted in order to

- verify that services and supplies have been performed, delivered and/or installed and whether expenditures declared by the lead beneficiaries and beneficiaries have been actually paid in compliance with applicable law, programme rules and conditions of the Programme;
- ensure that lead beneficiaries and beneficiaries involved in project implementation maintain either a separate accounting system or a suitable accounting code for all transactions relating to a project;
- check whether effective and proportionate anti-fraud measures are put in place.

Lead beneficiary and beneficiaries will be informed on the planned check.

Any further controls

Lead beneficiary and beneficiaries should allow the NA of the Republic of Latvia, the EC, the European Anti-Fraud Office, the European Court of Auditors or any external auditor authorised by these institutions and bodies to verify the use of EU funds by examining documents and/or conducting on-spot checks.

5.3.3 MONITORING OF PROJECTS BY THE MA AND THE JTS

The MA/JTS will carry out day-to-day monitoring of the projects in accordance with Article 78(3) of the Regulation (EU) No 897/2014. The day-to-day monitoring of the project will be carried out regularly during the project implementation. For this purpose the MA/JTS will appoint a responsible project manager for each project who will monitor the progress of project implementation towards set objectives, target indicators as well as will monitor the compliance of the implementation of project activities with the provisions of grant contract and Programme relevant documents.

⁹ Except flat rate and lump sum

The main tools to be used for day-to-day monitoring are support and consultations to project beneficiaries, regular communication by the responsible project manager of the JTS with project lead beneficiary or beneficiary/-ies (if required) regarding status of implementation of project activities, on-spot checks and project visits, Project report and ex-post visits. The MA/JTS will inform the lead beneficiary and relevant beneficiary(-ies) about the planned on-spot check at least a week before the planned on-spot check unless it is planned as an unexpected on-spot check. After the on-spot check a report with recommendations (if applicable) will be prepared and sent to the lead beneficiary and relevant beneficiary(-ies).

The MA/JTS has to be informed timely about the major events (at least four weeks in advance) organised within the project in order to ensure their possible participation and contacts with media.

Besides the day-to-day monitoring, the MA/JTS may carry out or commission the external expert to carry out the evaluation by assessing actual outcomes and impacts of the Programme. To carry out this evaluation involvement of projects might be required.

In case the MA/JTS undertakes to carry out or to commission the monitoring or evaluation mission, lead beneficiary and beneficiaries will have to provide the authorised persons with any documents or information required for completion of monitoring or evaluation mission.

The implementation progress of projects, including achievements and challenges, will be presented during the JMC meeting of the Programme.

Lead beneficiaries and beneficiaries of projects may be asked to participate in the key Programme events and/or to be a part of the Programme delegation at external events relevant to the Programme.

5.3.4 IRREGULARITIES AND RECOVERY

Lead beneficiary and beneficiaries involved in the project bear financial liability in connection with eligibility of declared project expenditures. Non-compliance with applicable legal framework of the project will result in either irregularity or ineligible costs.

Irregularity is any breach of the legislative acts of the Republic of Latvia, the EU, documents of the Programme that regulate the management of the Programme, as well as grant contract resulting from the action or failure to act of the beneficiary and that has or might have a negative influence on financial contribution of the EU, the Republic of Latvia to the Programme budget by charging unjustified item of expenditure to financial contribution of the EU, the Republic of Latvia to the Programme budget.

A negative influence prejudicing financial contribution of the EU, the Republic of Latvia to the Programme budget is meant a situation where relevant costs, prior to being approved as unduly spent, have been accepted by the MA/JTS and the related payment claim has been reimbursed to the lead beneficiary. Possible irregularity and fraud in projects can be detected by:

- 1) the MA/JTS,
- 2) the AA,
- 3) the CCP,
- 4) public officers performing financial control tasks for beneficiaries,
- 5) the NA of the Republic of Latvia,
- 6) by the lead beneficiary/beneficiary itself,
- 7) third party.

In case of discovered irregularities, including those resulting in certain expenditures being considered ineligible, there are two options:

1. **deduction** of the amount approved as ineligible from the Project report if the report is not approved and payment to the project not made yet;
2. **recovery** of ineligible amount from the total budget of the project in cases when deduction is not possible (e.g. irregularity discovered after project is finalized and balance payment is paid). Recovery will also refer to the cases when the actual eligible expenditure of the project after its implementation is lower than the total sum received from the MA in pre-financing payment, thus, unused Programme co-financing has remained in the accounts of project beneficiaries.

If recovery procedure is initiated, the lead beneficiary undertakes to repay its own amounts unduly spent and to ensure a recovering the unduly spent amounts from the beneficiaries of the project. The beneficiary(-ies) shall repay the lead beneficiary the amounts unduly paid in accordance with the partnership agreement signed between them.

5.3.5 PROCESS OF RECOVERY OF IRREGULAR AND UNUSED EXPENDITURE

1. If an irregularity has been discovered and cannot be deducted from the Project report because balance payment is made to the project or the amount of ineligible expenditure exceeds the planned balance payment, the MA makes a decision of initiating recovery procedure.
2. The MA issues a recovery order stating the amount to be repaid to the Programme bank account and deadline for repayment and sends it to the lead beneficiary.
3. Lead beneficiary repays the MA the due amount within deadline as indicated in the recovery order. The concerned beneficiaries shall repay the lead beneficiary the amounts unduly paid in accordance with the partnership agreement signed between them.
4. If irregularity does not concern the lead beneficiary and it cannot be recovered from the lead beneficiary within the set deadline, the MA sends a letter addressed to the concerned beneficiary with request to repay to the project lead beneficiary. In duly justified cases when repayment of amounts unduly spent from beneficiary to lead beneficiary is not possible, the MA in its letter to the beneficiary requests to make repayment directly to the MA within the set deadline.
5. Should the lead beneficiary or beneficiary fail to make repayment to the MA within the deadline set by the MA, the MA shall increase the amounts due by adding interest at the rate applied by the European Central Bank to its main refinancing transactions in Euro, as published in the Official Journal of the EU, C series on the first day of the month in which the time-limit expired. The default interest shall be incurred over the time, which elapses between the date of the payment deadline set by the MA, and the date on which payment is actually made. The interest cannot exceed 10% of the total amount of the grant awarded to the project and in case if recovery relates to the concrete beneficiary – the interest cannot exceed 10% of the total grant awarded to this beneficiary.

5.3.6 MAIN TYPES OF IRREGULARITIES AND CORRESPONDING RATES OF FINANCIAL CORRECTIONS

For the calculation of the amount of irregularity concerning carrying out **procurement procedures** and subsequent **contract implementation** the EU Guidelines for determining

financial corrections to be made to expenditure financed by the EU for non - compliance with the applicable rules on public procurement¹⁰ will be used.

Project activities directly related to achievement of output and/or result indicators as well as **output and/or result indicators** may be considered partly achieved or not achieved in case the lead beneficiary has failed to submit the required evidence of achievement of relevant indicators. This irregularity can be detected by the MA/JTS upon review of Project report. Though each case shall be assessed separately, the following amounts of financial correction shall be applied:

Achievement coefficient %	Correction rate in %
65% and more	0
Less than 65% but not below 50%	10%
Less than 50%	25%

Underachievement of project activities directly related to achievement of output and/or result indicators as well as output and/or result indicators is not automatically extrapolated to other expenditure within the project, each case to be evaluated by the MA/JTS considering other circumstances, i.e. compliance with the requirements of the Programme Guidelines and grant contract.

For project activities directly related to achievement of output and/or result indicators as well as output and/or result indicator for which target is 1 - in case such activities and output and/or result is achieved partly, depending on the achievement level (at least a half or less than a half), 10% or 25% financial correction shall be applied.

In case when several project beneficiaries are involved in the achievement of project activities directly related to achievement of output and/or result indicators as well as project output and/or result indicator and it is possible to identify specific project beneficiary due to whose failure in project implementation the activity and/or indicator is not achieved, financial correction shall be applied to the particular beneficiary`s expenditure directly related to the respective activity/indicator. If it is not possible to identify specific project beneficiary, financial correction shall be applied to the expenditure directly related to respective activity, output and/or result indicator of all concerned project beneficiaries. Financial correction shall not be applied in exceptional cases when implementation of Programme`s priority and/or project is significantly affected due to impact of force majeure. Force majeure shall mean any unforeseeable and exceptional situation or event beyond the control of Programme management bodies and/or project beneficiaries which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure.

¹⁰https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/GL_corrections_pp_irregularities_annex_EN.pdf

In addition to the above-mentioned cases of irregularities deriving from procurement procedures and contract implementation, as well as failure to achieve outputs and results, there are also other reasons to consider expenditure as irregularity or ineligible:

1. Project **publicity requirements** are not respected according to the Communication and Visibility Guidelines for Project Beneficiaries thus the proportional financial correction shall be applied in amount as stated in the table below from the relevant reported costs of deliverable:

Type of mistake	Amount of correction
Publicity requirements have not been fulfilled, but the publicity elements can be added	0-10% or warning
Technical mistakes related to publicity requirements (mistakes with colours, size or similar)	10%
Elements of the publicity requirements missing	25%
No publicity requirements have been fulfilled, and no corrective measures are possible	100%

2. In case the lead beneficiary has failed to submit the required evidence on carried out activities and outputs.
3. In case the lead beneficiary or any other project beneficiary wholly or partly sells, leases or lets the project output to a third party without prior consent of the MA.
4. In case if revenue is generated by the project and amounts are not indicated in the Project report and have not been deducted from the eligible expenditure.
5. In case if the MA/JTS has suspicion that principles of economy, efficiency and effectiveness are not observed by the beneficiary (-ies) during the project implementation. The following methods (but not limited to) for assessment whether principles of economy, efficiency and effectiveness have been observed may be used:
 - economy – to assess if the resources used for achievement of project main outputs, deliverables and activities were made in appropriate quantity and quality, at the best price and at due time – for example, analysing whether costs reported for similar items are according to the market prices;
 - efficiency – to assess if there is the best relationship between resources used and results achieved – for example, by comparing costs of similar nature (administrative costs, personnel costs, etc.) within similar projects;
 - effectiveness – to assess if there is the best relationship between resources used and results achieved – for example, analysing and comparing costs reported for particular activity with results gained from the same or similar activity.

5.3.7 CLOSING OF PROJECT

All projects should finalise their activities within the implementation period stipulated in the grant contract.

All project related documents should be kept for **five years** after the receipt of balance payment to the Programme. The MA will inform the lead beneficiary about the date of receipt of balance payment to the Programme.

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

- the Programme information and visibility rules should be respected for all outputs/ products produced with the assistance of the Programme, they are extended to time beyond the project implementation and only limited to the life-time of the output/product. Should the publications be reproduced, they should comply with Programme communication and visibility requirements;
- lead beneficiary and beneficiaries should appoint the contact person to enable smooth closure of the project and communication with the Programme management bodies;
- lead beneficiary and beneficiaries are obliged to retain all project related files, documents and data on standard data storage media in a safe and orderly manner for control and audit purposes at least for five years after the balance payment to the Programme.