



Cross-border Cooperation Programme
Slovenia-Croatia 2007-2013

Practical Implementation Manual

The document is valid from: 10/10/2008

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Dear Applicant, dear Final Beneficiary,

This manual provides an overview of the planning and managing of the cross-border projects co-financed by the Cross-border Cooperation Operational Programme Slovenia-Croatia 2007-2013 and a common way of implementation and control of expenditures.

The manual lays down the process from the preparation of the application to the final implementation, monitoring, reporting and closure of the project. The manual is the principal document in respect of eligibility and selection criteria and rules concerning the eligibility of expenditure. Therefore the manual may be updated whenever a change in the programme implementation system occurs.

The manual is part of the application pack, which is published on the website www.svlr.gov.si for each call for proposals concerned. Should there be any amendments made to the manual, due to legislative changes or other requirements which influence the implementation of already approved operations, they will be available on the stated website.

The application pack however includes the following documents:

- *Cross-border Cooperation Operational Programme Slovenia-Croatia 2007-2013;*
- *Application Form and its Annexes;*
- *Practical Implementation Manual (PIM, this document);*
- *sample IPA Subsidy Contract;*
- *sample Partnership Agreement.*

The above-mentioned documents can be downloaded from www.svlr.gov.si.

Potential applicants should study the above documents carefully as they provide detailed descriptions of the Programme's priorities, aims, programme selection criteria and implementation arrangements.

Legend:



1.1

This sign makes reference to the Application Form. The number beside the sign is the section/question in the Application Form to which the information/guidance in the marked part of the Manual is linked to.

Additional information: also see the Application Form for reverse reference to this Manual.

I - The (his)story of the programme

1.1 The history of bilateral cooperation

The Slovenian-Croatian cross-border cooperation started in 2003 with the PHARE programme in Slovenia and with CARDS 2003 “Local Development of Border Regions” in Croatia as forerunners of the new neighbourhood programme approach. In 2004, thanks to EU funds (ERDF for Slovenia and CARDS/PHARE for Croatia), Slovenia, Croatia and Hungary developed a trilateral programme of cross-border cooperation called **the Neighbourhood Programme Slovenia-Hungary-Croatia 2004-2006** (NP) in order to be better prepared for the implications of the enlargement and to strengthen good relations between the three neighbouring countries. The NP provided the basis for the development and implementation of joint development projects in two priority areas: economic and social cohesion and human resources development, and sustainable development. The NP introduced a joint application and selection process on both sides of the border, but contracting and implementation were still managed separately in line with different legal bases governing ERDF and pre-accession funds. The NP has paved the way for the new IPA programme, which aims at overcoming the administrative barriers which have represented an obstacle to cross-border cooperation so far.

In the period of 2007-2013 the cross-border programme is co-financed by the Instrument for Pre-Accession Assistance (IPA). IPA is a new legal and financial instrument of the EU, which is applicable to Candidate Countries and Potential Candidate Countries as well as to the Member States, which share a cross-border programme with those countries. This new instrument enables the participating countries at the external EU border to set up a joint programme, which is governed by a single set of rules, thus creating the basic conditions for developing genuine cross-border projects. The Cross-border Cooperation Operational Programme Slovenia-Croatia 2007-2013 has been approved by Commission Decision No. C(2008)739 on 28 February 2008.

The main differences between the Neighbourhood Programme and the new IPA Cross border Cooperation programme are presented in the following table.

	Neighbourhood Programme (2004-2006)	Instrument for Pre-Accession Assistance (2007 – 2013)
Programme	Trilateral Neighbourhood Programme Slovenia-Hungary–Croatia	Bilateral Slovenia-Croatia Cross-Border Cooperation Programme in the framework of IPA
Programme area	NUTS level 3 regions along the borders: - <i>Slovenia</i> : Pomurska, Podravska, Savinjska, Spodnjeposavska, Jugovzhodna Slovenija, Notranjsko-kraška, Obalno-kraška; - <i>Hungary</i> : Vas, Zala, Baranya, Somogy; - <i>Croatia</i> : (Osiječko-baranjska, Virovitičko-podravska, Koprivničko-	NUTS level 3 regions along the border: - <i>Slovenia</i> : Pomurska, Podravska, Savinjska, Spodnjeposavska, Jugovzhodna Slovenija, Notranjsko-kraška, Obalno-kraška and Osrednjeslovenska region; - <i>Croatia</i> : Međimurska, Varaždinska, Krapinsko-zagorska, Zagrebačka, Karlovačka, Primorsko-goranska,

	<p>križevačka, međimurska, Varaždinska, Krapinsko-zagorska, Zagrebačka without city of Zagreb, Karlovačka, Primorsko-goranska, Istarska).</p> <p>Total population: 4.290.576 Area in km²: 53.806</p>	<p>Istarska county and City of Zagreb.</p> <p>Total population: 3.753.234 Area in km²: 31.453</p>
Share of Community co-financing	<p>The rate of the Community funding (ERDF) for Slovenia and Hungary was up to 75% of the total eligible public expenditure.</p> <p>In Croatia the share of co-financing differed in line with PHARE and CARDS provisions (from 75% to 90% depending on project size).</p>	<p>The rate of Community funding (IPA) is up to 85% of the total eligible public funding.</p>
Eligible project applicants and partners	<p>Non-profit legal persons established by public or private law for the purpose of public interest or general interest.</p>	<p>Non-profit legal persons established by public or private law for the purpose of public interest or general interest.</p>
Lead Beneficiary/ Lead Partner	<p>Applied on the level of a participating country. Each final beneficiary was responsible to the contracting authority in its country; functional Lead Partner approach was possible.</p>	<p>The Lead Partner / Lead Beneficiary principle is fully applied (i.e. financial and technical responsibility for the entire operation).</p>
Submission of applications	<p>Calls for Proposals published in all three participating countries simultaneously.</p> <p>Applications submitted to designated bodies in all three countries.</p>	<p>The unified bilingual application (Slovene, Croatian) is submitted to the Joint Technical Secretariat by the Lead Partner only.</p> <p>Calls for Proposals will be published from 2008 until programme funds have been committed.</p>
Project selection process	<p>Common selection criteria and assessment process agreed.</p> <p>The final decision on project approval was made by the Joint Steering Committee.</p>	<p>The project selection process and the selection criteria agreed and applied jointly by both the partner states.</p> <p>Formal decision on the projects to be funded from the programme is taken by the Joint Monitoring Committee.</p>
Contracting	<p>In each country, a separate contract for ERDF and CARDS/PHARE funding was signed with the beneficiary.</p>	<p>The IPA contract is signed between the Managing Authority and the Lead Partner who is representing the whole project partnership.</p> <p>The contracts for national co-financing, if available, shall be signed between the national co-financing body and the project partner concerned.</p>
Project implementation	<p>The project implementation was the responsibility of the final beneficiary on each side of the border.</p>	<p>The project implementation is based on the same conditions. Rules based on EU and national legislation have to be respected.</p>

		The Lead Partner bears the overall responsibility for the project implementation as agreed in the contract. Project partners as final beneficiaries are liable for their own actions in line with Partnership Agreement signed with the Lead Beneficiary.
Project financial controls	<p>In Slovenia, the first level control has been a centralised service conducted by an independent unit of GOSP.</p> <p>In Croatia, the first level control has been carried out by the Ministry of Finance (CFCU).</p>	<p>For all Slovene project partners or Lead Partners, the first level control shall be provided by the Financial Control Unit – Objective 3 of the Government Office for Local Self-Government and Regional Policy.</p> <p>In Croatia, the first level control shall be provided by the Ministry of regional development, forestry and water management.</p>

1.2 Presentation of the programme 2007 – 2013

1.2.1 The strategy

The strategic objective of the programme is to support and promote sustainable development of the whole cross-border area between Slovenia and Croatia.

The strategy to obtain the programme objective is:

- A) To enable inhabitants and the economy in the cross-border area to exploit the potential of the EU market;
- B) To enable local and regional actors to address cross-border challenges jointly with their cross-border counterparts;
- C) To overcome regional development disadvantages caused by national borders by joint cross-border actions;
- D) To support development and promotion of the cross-border area and of a common identity;
- E) To invest in people, combat social exclusion and create favourable living conditions.

The aims will be achieved by increasing the competitiveness of key sectors and supporting the cooperation among different sectors (tourism, SME development), as well as through protection of nature and environment and cultural heritage for long-lasting sustainable development. The programming area has a very important geo-strategic position representing a bridge between Central-West and South-East Europe. Because of this role the programming area has great development potentials and can become competitive at the EU markets as a common, future-oriented economic and living space.

The vision of the programme is to make the cross-border area between Croatia and Slovenia highly competitive, and to create sustainable living conditions and wellbeing for its inhabitants by exploiting development opportunities arising from joint cross-border actions.

The following table illustrates an overview of the proposed priorities:

Priority 1	Priority 2
ECONOMIC AND SOCIAL DEVELOPMENT <i>Tourism and Rural Development</i> <i>Development of Entrepreneurship</i> <i>Social Integration</i>	SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES <i>Environmental Protection</i> <i>Preservation of Protected Areas</i>

For detailed information on the description of measures, their objectives and main activities under each priority refer to chapter 6 of the Operational Programme. **In order to make your project compliant with the programme it is compulsory to read and take into account the description under each priority and measure.**

Horizontal themes of the programme are *Human Resources Development* and *Information Society*, which should be integrated to a reasonable degree into every type of operations. Human Resource Development is related to formal and non-formal type of education or training of those involved in the project (partners, target groups). The use of Information Society for the purpose of environment management and protection, preservation and revitalisation of nature and culture and for setting up and using coordination mechanisms is also stimulated by the programme. For more information on horizontal themes refer to chapter 7 of the Operational programme.

Special attention will be paid to projects involving minorities who can act as a bridge between the two countries. Minorities have a special institutional background, cultural organisations and bilingual and minority culture, which is a valuable potential to be exploited.

1.2.2 The budget

Over the first three years of its operation, the Cross-border Cooperation Operational Programme Slovenia-Croatia 2007-2013 will benefit from 14,2 mio € of IPA funds for project implementation. This will be matched by 2,5 mio € from the Slovenian and Croatian national public co-financing. In total, in this 3-year programme period the programme will be able to invest 16,7 mio € in projects part-financed by IPA funds.

Budget 2007-2009	Community funding (a)	National public funding (b)	Total funding (c) = (a)+(b)	Co-financing rate (d)= (a)/(c)
1. Priority: Economic and Social Development	7.862.310	1.387.467	9.249.777	85%
2. Priority: Sustainable Management of Environment	6.289.848	1.109.974	7.399.822	85%
Total	14.152.158	2.497.441	16.649.599	85%

1.2.3 The eligible area

The programme-targeted area is the area of the common Slovenian-Croatian border. The counties and regions concerned are the territorial units on the NUTS level 3. Therefore, the eligible NUTS level 3 areas in Slovenia and Croatia are:

SLOVENIA (statistical regions)	CROATIA (counties)
Pomurska, Podravska, Savinjska, Spodnjeposavska, Jugovzhodna Slovenija, Notranjsko-kraška, Obalno-kraška, Osrednjeslovenska (20%)	Međimurska, Varaždinska, Krapinsko-zagorska, Zagrebačka, Karlovačka, Primorsko-goranska, Istarska, Zagreb County (20%)



1.2.4 The legal basis

Projects implemented under the programme must comply with EU rules governing the IPA Fund, the national legislation, and must show coherence and complementarities with regional, national and sectoral development strategies/programmes.

Basic EU rules

- Council Regulation (EC) **No 1085/2006** of 17 July 2006 establishing an Instrument for Pre-accession Assistance – the IPA general regulation;
- Commission Regulation (EC) **No 718/2007** of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance – the IPA implementing regulation.

Basic programme rules

- Cross-border Cooperation Operational Programme Slovenia-Croatia 2007-2013 approved by Commission Decision No C(2008)739 as of 28/2/2008;
- Financing Agreement between the European Commission and Republic of Croatia.

Public procurement rules

- Regulation (EC, Euratom) No 1605/2002;
- Regulation (EC, Euratom) No 2342/2002;
- Commission Decision C (2006) 117 of 24 January 2006 on the rules and procedures applicable to service, supply and work contracts financed by the general budget of the European Communities for the purposes of cooperation with third countries.

National legislation

Besides EU rules and rules of the Operational Programme, national rules have to be respected. Some examples:

- rules governing State aid (e.g. in the case of slovene partners for regional state aid rules the Decree on allocation of regional state aid published in Official Gazette of the Republic of Slovenia No. 72/2006 has to be considered).
- valid national legislation ruling specific fields e.g. environmental interventions, natural and cultural heritage, construction, etc.

The projects have to comply with the regional development strategies, national programmes, as well as strategies from the sector(s) the project refers to.

II - The project partnership

Section 1

A good partnership is not the absolute guarantee that the project will be good. On the other hand it is difficult to imagine a good project without a good partnership. The partners should be aware that the “quality” of a partner is not granted: it is a question of time, capacities and also of activities.

All **project partners** are final beneficiaries of European funds. It means that only bodies playing an active role in project preparation and implementation should be considered as partners and listed as such in the IPA Subsidy Contract. A partner is not only a “promoter” or “coordinator” of the activities. A partner is spending money for the project and contributing to the achievement of cross-border outputs and results.

None of the partners should come into **conflict of interest** with other bodies and suppliers. This means that they will have to order products and services without prejudice to free competition without any “undue” advantages given to other bodies. The consequence of this

is that only expenditures paid directly by beneficiaries are eligible (no expenditures paid “on behalf” or in a representative capacity not stated in the IPA Subsidy Contract should be allowed) and no discounts or any advantages can be given to other bodies.

The partners will have also to choose among themselves the Lead Partner. Therefore, the Lead Partner is also a partner contributing to project implementation. But it will have also to assume additional responsibilities.



A partner should not be confused with any “supplier” or associate.

The partner cannot act as a supplier (i.e. contractor or sub-contractor that provides services and products against payment). In general, partners cannot contract each other and bodies acting in a state of competition for activities that could be tendered by other partners should be treated as suppliers.

The partners can designate **associates** for the project. Their role is to promote and disseminate the good results of the project but they do not take any financial part and interest in the project implementation. Associates do not need to fulfil eligibility criteria defined for partners, and they also cannot act as suppliers. If these actors become financially interested by the project, they shall be treated taking into account their activities as suppliers (competition rules to be respected) or as partners (partner list to be up-dated – see Chapter 5.8 Project changes”).

2.1 Conditions for participation in the programme



1. Partners, who are eligible to cooperate in the programme, are **non-profit legal persons**, established by public or private law for the purposes of public and general interest, belonging to one of the following groups:

- regional and local public authorities;
- public bodies and public equivalent bodies¹ such as: (funds, institutions, agencies) established by the state or a municipality, research and development institutions, education and training institutions, health care institutions, institutions for protecting natural and cultural heritage, local and regional development agencies etc.;
- non-governmental organisations such as associations, foundations;
- chambers of commerce, agriculture, crafts and industry, clusters registered as non-profit legal persons;
- legal entities established by private law with non-profit status and purpose of operating, such as societies, local and regional development agencies registered as companies, local tourism organizations, training organizations, private institutions etc.

¹ Definition of public equivalent bodies: Established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character and having legal personality and:

- either financed for the most part by the State, regional or local authorities, or other bodies governed by public law,
- or subject to management supervision by those bodies.
- or having and administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.

2. The minimum requirement is to have **at least one project partner from Slovenia and one from Croatia**. The upper number of project partners is not limited.

3. The partners must be **located in the programme eligible area**. If the project partnership includes a partner located outside the programme area, it has to be explained why the contribution of this partner to achieving the project objectives is essential and activities cannot be carried out by another partner located in the programme area. In order to be eligible partners coming outside the eligible area must be legal person who is established in a Member State, a country that is a beneficiary of IPA Regulation, a country that is a beneficiary of the European Neighbourhood and Partnership Instrument, or a Member State of the European Economic Area.

4. All partners must have **legal, financial and operational capacity** to participate in the programme.

In case of doubt concerning the eligibility of any partner, additional clarifications or evidence may be requested by the Managing Authority / Joint Technical Secretariat.

2.2 The Lead Partner (LP) and Project Partner (PP) responsibilities



The partners appoint a Lead Partner for each project among themselves who becomes the main beneficiary once the IPA Subsidy Contract has been signed. The **Lead Partner** assumes the following responsibilities:

- It shall lay down the arrangements for its relations with the beneficiaries participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid.
- It shall be responsible for ensuring the implementation of the entire operation.
- It shall ensure that the expenditure presented by the beneficiaries participating in the operation has been incurred for the purpose of implementing the operation and corresponds to the activities agreed between those beneficiaries.
- It shall verify that the expenditure presented by the beneficiaries participating in the operation has been validated by the controllers.
- It shall be responsible for transferring the IPA contribution to the beneficiaries participating in the operation.

Beside these responsibilities, the Lead Partner is also responsible for:

- Collecting the information from the project partners, cross-checking the certified activities with the progress of the project and submitting the reports to the JTS;
- Signing the IPA Subsidy Contract;
- Harmonizing the project changes with the MA/JTS and other project partners.

Each project partner participating in a project needs to:

- Assume responsibility in the event of any irregularity in the expenditure which it has declared;

- In case of a partner coming outside the eligible area, this partner has to inform the participating state in which it is located about its participation in an operation;
- Send the statement of expenditure and content report to the national controller;
- Submit the certification of expenditure and information to the Lead Partner.

2.3 The Partnership Agreement

In order to secure the quality of the implementation of the project, as well as the satisfactory achievement of its objectives, sound financial management and recovery of funds unduly paid, a Partnership Agreement has to be signed between the Lead Partner and project partners.

Signing of the **Partnership Agreement is compulsory** for all project partners and it should be done in two steps:

- The first step: all partners sign a Partnership Statement that will be attached to the Application Form and that authorises the Lead Partner to sign the IPA Subsidy Contract;
- The second step: all partners sign a Partnership Agreement after the IPA Subsidy contract is signed by the Lead Partner. The Partnership Agreement has to be submitted to the Managing Authority by the Lead Partner within 4 months after IPA Subsidy Contract has been signed.

The **Partnership Statement** is a legally binding document saying that the respective partner is fully capable of participating in the project from the legal and financial point of view and able to deliver the required outputs. The partner:

- Undertakes to comply with the principles of good partnership practice;
- Declares that he does not receive any other Community funding for the activities scheduled in the action plan;
- Contributes financially to the project (the concrete amount will be specified);
- Guarantees that its legal status complies with the eligibility rules set by the programme.

The **Partnership Agreement** includes information on each partner's rights and obligations, on financial commitments and procedures, responsibilities and tasks for the implementation of various activities within the project, delivery of outputs and results, as well as internal reporting and payment procedures and deadlines.

2.4 Cross-border cooperation criteria and added value



New cooperation requirements have been introduced for the 2007-2013 period. All partners must work together actively for producing the project outputs and results. In the present programme only joint projects can be co-financed. This means that “mirror projects” and “cooperative projects” as defined in the previous programme with parallel activities in the partner institutions and without clear signs of cooperation are no longer possible.

The following cross-border cooperation criteria have been established, of which **at least one must be fulfilled** to have the project eligible for funding:

Joint development

- All partners should contribute to the development of the project.
- Partners define how the project will operate. Joint development of objectives and outputs and results, budget, timing, responsibilities and division of tasks to achieve the objectives.
- Identifying knowledge and experience that each partner brings to the project and what each partner expects to get from the project.

Joint implementation

- The Lead Partner bears the responsibility for the overall project implementation; all partners take responsibilities for different parts of the implementation.
- Each project partner is responsible for the tasks foreseen for the achievement of objectives, and has to ensure that needed activities are carried out, milestones are met and unexpected challenges to implementation are dealt with.

Joint staffing

- All project partners have a defined role and allocate staff to fulfil this role.
- Staff members coordinate their activities with others involved in the activities and exchange information regularly.
- There should be no unnecessary duplication of functions in different partner organizations.

Joint financing

- The project has a joint budget with funding allocated to partners according to the activities they are carrying out.
- The budget includes annual spending targets.

The programme will support projects, which demonstrate that they have a clear cross-border dimension, and would not be implemented without EU funds promoting cross-border cooperation.

III - The content of the Project

Section 2

In general, a **project** is a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget. With reference to the programme, the core elements of a project comprise inputs, activities, outputs, indicators and time plans reflecting the concrete and specific objectives the partners want to achieve. The project is also about methods that will allow partners work together in an efficient way. Special attention is to be put to the project cross border aspects.

In order to define possible projects and related activities that can be implemented under this programme, refer to the **description of measures under each priority** including horizontal

themes as presented in the Operational Programme, Chapter 7. The most important aspect in choosing the most appropriate project activities is their contribution to the project (and programme) objectives.

3.1 Objectives and coherence

2.1.2

The objectives of the project are **general and specific**.

The **general objectives** are dealing with the project in general: what the project is addressing as needs (description of problems) and how the project is going to change the current situation of inhabitants (indication of solutions). The general objectives should explain the contribution of the project to the programme objectives or policies. The programme objectives should be achieved by all projects together.

The **specific objectives** are directly linked to programme objectives: what are going to be the effects of the project on a specific target group / area and what is going to be especially delivered by project partners. In other words, the specific objectives should explain, what exactly shall be achieved in a project, what are the expected benefits for the target group. The project objectives should be achieved by this project only at the end of the project.

All these objectives have to be **consistent**.

2.1.1, 4.1

The project objectives should reflect the **project background** (justification): the project is taking into account the current situation, problems, opportunities and target groups. To get more familiar with the cooperation area, refer to description of the SWOT analysis in the Operational Programme. The project has to be **relevant in the light of local, regional, national and European strategies and guidelines**. A specific emphasis should be put on **sustainable development** as a way to integrate economic, social and environmental concerns: project should tackle all three dimensions in a consistent and balanced way. Projects indicating negative economic, social or environmental impacts shall not be supported. Projects with innovative character are highly recommended.

For more tips and recommendations on preparing coherent projects see chapter 5 of this Manual.

3.2 Indicators and outputs

2.3

Indicators help in the process of monitoring and evaluation of the programmes and projects. On the project level, the indicators help measure and monitor the progress in project implementation, help answer the question if the planned outputs have been delivered, if their

use has produced the expected results and therefore help to assess to which extent the project objectives have been achieved.

The proposed project should contribute to the indicators, which have been commonly developed for the programme and priority levels. Besides, the project will also have to define its specific indicators.

3.2.1 Indicators at programme and priority level

The following indicators will be used at **programme level**:

Indicators reflecting the degree of cooperation	
Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing	
Number of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing	
Number of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing	
Result indicators reflecting the cross-border cooperation	
Number of projects developing joint use of infrastructure	
Number of projects developing collaboration in the field of public services	
Number of projects reducing isolation through improved access to transport, ICT networks and services	
Number of projects encouraging and improving the joint protection and management of the environment	
Number of people participating in joint education or training activities Female (at least 50%)	
Number of projects with bilingual products	
Number of projects actively involving women and disadvantaged groups of people	
Gross jobs created female (at least 50%)	

The following indicators will be used at **priority level**:

Priority 1: Economic and social development
Indicator
Number of new cross-border tourist services
Number of new cross-border tourist destinations
Number of new natural and cultural assets integrated into sustainable tourist offer
Number of projects in the field of tourism and rural development
Number of projects supporting cooperation between SMEs and R&D organisations
Number of projects affecting the increase of cross-border trade
Number of joint cultural events supported by the programme
Number of projects increasing cooperation between civil society associations
Gross jobs created Female (at least 50%)
Number of projects for eco-efficiency, energy efficiency, use of renewable resources

Number of regional initiatives or cross border partnerships for joint management of natural resources, green purchasing, eco-efficiency, eco-labelling, sustainable transport, cross-border public transport etc.	
Priority 2: Sustainable management of natural resources	
Indicator	
Number of organisations included in awareness raising actions	
Number of joint plans	
Number of joint management of water sources	
Number of waste disposal sites rehabilitated	
Number of natural/cultural resources units revitalized	
Number of projects increasing cooperation between local and regional actors with their cross-border counterparts for joint spatial planning	
Number of projects in the field of environment protection	
Number of projects preserving and revitalising natural/cultural resources	
Gross jobs created female (at least 50%)	

The programme and priority indicators, which correspond with the proposed project, have to be ticked in the Application Form or the targeted value has to be inserted.

These indicators will reflect the outputs and results to be achieved by all projects taken together. Using these indicators, the beneficiaries will be able to outline their contribution to programme objectives.

3.2.2 Indicators at project level

Specific indicators are showing what in particular the project wants to achieve. They will in addition to the ones chosen from the pre-defined list help to monitor specific project outputs and results. The specific indicators can be freely chosen.

A specific emphasis shall be put on the most important outputs when defining specific output indicators. **Outputs** are produced by the use of inputs and influenced by the project activities and methods (i.e. number of workshops). Outputs should be direct and measurable/tangible deliverables (products, methods, tools and services actually delivered). **Results** are the immediate effects/benefits achieved by the use of outputs (i.e. number of trained people).

3.3 Calendars and de-commitment

The programme is subject to the important n+3rule.

In general, in order to avoid any “sleeping funds”, the European Union has defined a “financial profile” that is to be respected by all European programmes. If this profile is not respected, money will be **automatically de-committed** and therefore lost by programmes and projects.

In practice this means that each amount of funds committed for one year has to be spent (products and services are delivered, paid and claimed to European Commission) before the end of the third coming year (N is the year of commitment, +3 is the year of final spending).

That said, all projects must be “ready-to-go” and also be implemented in the respect of their calendar. This calendar is above all a **calendar of expenditures**: all expenditures must be submitted in the planned time in order not to lose money.

The possible causes of delays could be technical (problems of implementation) and/or financial (difficulties to pay in time). The objective is not to have delays and especially delays to collect and submit progress reports to relevant authorities. Therefore it is of great importance to plan realistically financial- and time-wise.

3.4 Cross-border action plan



The cross-border action plan is **based on work packages**. Work packages comprise a set of activities that are performed in a defined period of time and that will lead partners to deliver a specific common output. Partners are more or less active within each of the work package but the whole process must reflect that all partners take an active part and that this cooperation is meant to deliver some concrete cross-border products and services.

When planning the work packages and consecutively duration of the project, take into account possible specifics of your project (e.g. seasonality) and put some reserve in case that some activities could not be implemented in the planned time (e.g. failure of the public procurement procedure).

For the main activities under relevant measure refer to the OP, chapter 6.

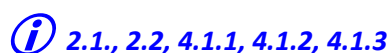
Two sets of activities have to be tackled especially:

- **Administration and coordination:** this concerns especially the role of the Lead Partner but also all that can be done to ensure consistency and mutual understanding of all partners. This work should be organised in an efficient way in order to produce also some concrete outputs after each meeting.
- **Communication and dissemination:** this deals with communication with all cross-border actors and reinforcement and enlargement of partnership. This aspect has to be tackled at all stages of implementation and not only at the end.

3.5 Quality aspects of the project

What makes a good quality project can be described from several aspects. The project has to be:

Relevant



The project must demonstrate its strategic value. It has to fit in with objectives of the programme. Moreover, it has to be consistent and supportive of the EU, national and regional policies and strategies. In practice, the problem and needs identified by the project partners and the proposed objectives to be achieved by the project have to be relevant for the programme. There has to be a match.

Therefore, the project needs to find a proper way between aspirations of each individual partner and the project partnership as a whole, the planned benefits and their relevance for the target groups, sectors and geographical area addressed by the project, and the

programme. Never forget that a good project is not “isolated”: a good project is contributing actively to programme objectives achievement, with precise results to meet. At the same time, lessons learned, experience, competence as well as linkages with other projects should be taken into account. **The project should demonstrate the value added of the cross-border framework in comparison to its development and implementation in the regional/national framework only.**

Realistic

 **2.3, 2.4**

The project has to be well designed and has to deliver sustainable benefits to the target group.

By simply adding together actions, which are of interest of individual partners, the overall project coherence and a real cross, border cooperation is not likely to be achieved.

A well-structured project will demonstrate a clear and logical path from identified needs to set objectives and the work plan to produce outputs and results achieved by their use. The most important outputs should be feasible and developed by the partners jointly.

An important aspect is whether a well-structured project can actually be well implemented too. On one hand it is a question of the quality of partnership, on the other hand it is a question of the project maturity. Project partners need to clearly define their roles and contributions. The project should be ready-to-go, i.e. the necessary preconditions have to be fulfilled. The resources (human, material, financial) have to be planned properly and their availability ensured.

Effective and well-managed

 **Section 3, 4.1.4, 4.1.6**

Clear coordination/management is an important success factor. Relevant and well-designed projects have a sound basis to actually perform well. Project partners need to establish an efficient communication and procedures that will allow timely decision-making and execution of tasks in line with the planned resources. Roles, responsibilities and obligations of partners have to be agreed and respected. Attention is to be put on specific provisions and rules (e.g. public procurement, State aid, reporting requirements, payment dynamics, information and publicity etc.) to ensure the expenditure will be eligible.

Establishing a practical and efficient monitoring will allow partners to steer the project in the right directions. The aspects of sustainability should be observed as well.

IV - The Project costs



4.1 General rules for eligible costs

These rules have to be respected as specific rules for the programme.

Eligible costs are the ones necessary for carrying out the project activities and shall be paid out directly by project partners. They have to be incurred and been paid within the period of eligibility.

In general, these costs should be exclusively dedicated to the project objectives and activities. If not, they have to be allocated proportionally to the operation, applying a justified, fair and equitable method of calculation.

All products and equipment are to be directly used by beneficiaries and cannot be lent and / or rented to other bodies.

Project costs must incur in the programme area. If the absolute need, interest and concrete benefits for the project are demonstrated and approved funds can be spent outside the programme area if confirmed by MA/JTS.

Furthermore, the costs are generally eligible if they comply with the principles of efficient financial management and, if applicable, with the relevant rules for public procurement.

The earliest possible start of the project is the date of the decision of the Joint Monitoring Committee.

Be aware of the following exceptions:

- For activities subject to the regional state aid rules, the eligibility period starts with the date of the first statement of confirmation of general eligibility;
- Start of the eligibility can also be determined on a later date due to regulations concerning provisions of national/regional public co-financing.

In practice it is possible that the earliest starting date for eligibility of expenditure of an individual project partner can differ from one to another.

As VAT is not eligible if recovered by a final beneficiary, final beneficiaries claiming costs "inclusive VAT" will have to issue a statement that they do not recover VAT by any means. The final beneficiaries partially recovering VAT have to provide the controllers with the proof of the percentage of non-recoverable VAT.

According to Article 89(3) of Commission Regulation (EC) No 718/2007 by way of derogation from Article 34(3), the following costs shall be **eligible** for a contribution from the IPA:

- (a) value added taxes, if the following conditions are fulfilled:
 - (i) they are not recoverable by any means;
 - (ii) it is established that they are borne by the final beneficiary; and
 - (iii) they are clearly identified in the project proposal.
- (b) charges for transnational financial transactions;

- (c) Where the implementation of the operation requires a separate account or accounts to be opened, the bank charges for opening and administering the accounts;
- (d) legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation;
- (e) the costs of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation;
- (f) overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat rates based on average costs may not exceed 25% of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed.

4.1.1 Ineligible costs

1. According to Article 34(3) and Article 89(2) of Commission Regulation (EC) No 718/2007 the following costs **shall not be eligible** for a contribution from the IPA:

- (a) taxes, including value added taxes;
- (b) customs and import duties, or any other charges;
- (c) purchase of land if exceeding 10 % of the total eligible expenditure for the operation concerned, and rent or leasing of land and purchase, rent or leasing of existing buildings;
- (d) fines, financial penalties and expenses of litigation;
- (e) operating costs;
- (f) second hand equipment;
- (g) bank charges, costs of guarantees and similar charges;
- (h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- (i) contributions in kind;
- (j) interest on debt.

2. **In addition**, the project **ineligible** costs are as follows:

- (a) items such as gifts (flowers, greeting cards);
- (b) subcontracts in which payment is defined as a percentage of the total cost of the operation unless such payment is justified with reference to the actual value of the work or services provided;
- (c) expenditure on housing;
- (d) tax on purchase of real estate;
- (e) purchase of artist works;
- (f) personnel salaries (including civil servants) financed from the national/regional or municipal budgets for the implementation of regular activities (usual day-to-day management tasks and statutory responsibilities of an employee);
- (g) special awards and bonuses to employees;
- (h) for the products which are considered as author works, the LP or its PP can not claim for reimbursement deriving from copyrights;
- (i) unpaid partial amounts of invoices (e.g. compensation for damages, guarantee payments, cash discounts, rebates, etc);
- (j) commissions and dividends, profit payment;
- (k) purchase of business share and stock exchange shares;
- (l) fines, financial penalties and expenditure on legal disputes;
- (m) currency exchange commissions and losses in currency exchange rates;
- (n) charges for financial transactions within one country (national);

- (o) guarantee costs with the exception of guarantees from banks or other financial institutions in the amount demanded under the national or Community legislation;
- (p) membership fees and meeting honoraria;
- (r) tax counselling;
- (s) sponsorships;
- (t) individual scholarships or expenditure for formal studies or vocational education;
- (u) financial awards.

4.1.2 Eligible costs by cost categories

Costs attributed to the following cost categories are considered eligible:

- 1. Personnel costs** (costs for labour costs of personnel employed by the LP/PP and assigned to the project; travel and accommodation costs of the personnel);
- 2. External service costs** (costs for external services, such as external experts assigned to the project under a contract other than the contract on regular employment, studies, translation, publications, information and publicity, etc.);
- 3. Investment costs** (costs for construction works, the purchase of land and real estate, purchase of equipment);
- 4. Administrative costs** (general costs).

4.1.3 Specific rules per budget line

In particular, the following rules of eligibility have to be respected for each type of costs:

1. Personnel costs

Personnel is understood as project team members who have concluded a contract on regular working relation with the LP/PP organization. This cost category therefore **can only refer to employees within the LP/PP organizations who are engaged in the project**.

1.1 Staff

The accounting and claiming of personnel costs has to follow the following principles:

- The calculation has to be based on the direct actual cost (employee's gross salary + employer's charges in accordance with national legislation) of the individual employee who is actually involved in the project activities.
- The calculation excludes any administration overheads, which have to be included in the "Administrative costs" budget line.
- The calculation must be based on the hourly rate resulting from the actual personnel cost of the claimed period divided by the total number of hours worked by the personnel members for the partner institution (not the time worked for the project, but the total hours worked during the period). This hourly rate is then multiplied by the number of hours actually worked on project activities.
- If a person is full-time employed on the project, the total expenditure of work is eligible. In such cases a report on the work accomplished shall be prepared monthly.
- Staff costs must be supported by the following documents for each employee:
 - Copy of the employment contract (only at the first progress report in which the cost of the employee is claimed);
 - Time records of completed work for persons working part-time on the project or monthly reports on accomplished work for persons working full-time on a project;

- Calculation and statement of the LP/PP on the payment in favour of the employee working on a project.

No extrapolation, forecasts, average or flat rate will be accepted for personnel costs.

Personnel costs must be actually paid by the partner institution.

The remuneration of personnel is eligible in case it is related to the project activities and not related to their usual day-to-day management tasks and statutory responsibilities. There must not be any double funding.

Expenditure for labour of civil servants working on a project, who are employed at organisations which are financed from the national, regional or municipal budget, is eligible provided that the following is evident in their employment contract or other relevant document:

- the role and tasks as well as the extent of work on the project,
- the period of the engagement,
- the amount of payment for project engagement including a clause that the project work is not financed from the national/regional/municipal budget.

The hourly rate of each employee, involved in the project can be calculated on the basis of actual monthly hour or average monthly hour that is calculated on the basis of actual yearly hour.

- 1) The costs of labour, the hourly rate of each employee involved in the project can be calculated under the following equation as a principle:

Gross salary for the relevant year in Euro

Yearly hourly rate = -----

for SI see the official working hours on www.racunovodja.com

- 2) It is also allowed to calculate the salary based on actual expenditure.

Whereas:

Gross salary = Net salary of employee + related taxes of employee and employer + related contributions of an employee and employer.

Example of calculation of staff costs for each period that is claimed:	
Salaries actually paid during the period	20,000.00 €
Total hours worked during the period	1,760 hrs.
Hourly rate (yearly salary/total yearly hours)	11.36 €/hr
Total hours worked in the six-monthly claiming period	276 hrs.
Total eligible cost (hours worked x hourly rate)	3,135.36 €

1.2 Travel and accommodation costs

Travel and accommodation costs refer to the travel and accommodation costs of employees of the partner institutions and fall within the cost category of Personnel costs. Any trip must

be clearly justified by the project's activities and be necessary for successful project implementation.

Accommodation costs should be calculated taking into account the national rules of the respective partner organization; there can be no specific rules for the project. Daily allowances for travel and accommodation are possible as long as the allowance is actually paid by the partner to the employee and this is in line with the national conditions set for this partner.

As a general rule, the most efficient means of transport has to be chosen.

Similarly to the “Staff costs” budget line, the travel and accommodation cost budget line is also reserved for the personnel employed by the LP/PP organizations. The travel and accommodation costs of the partners' employees, whose personnel costs are not claimed, but participate to the project activities, are also eligible. Travel and its purpose must also be clearly determined in person's time records.

Travel costs have to be supported by the following documents:

- A correctly filled-in travel warrant with all attached invoices, i.e. evidence for incurred expenses (hotel invoice, traveling ticket, boarding pass etc.);
- Evidence of the event (invitation, list of participants, minutes of the meeting, materials used during the event, photographs, etc);
- Proof of payment.

2. External service

In case the LP/PP does not have the adequate and/or sufficient professionals to perform the tasks related to the project, they can require external services for these tasks. Institutions acting as projects partners and their employees cannot be paid as external experts for the work carried out within the project. The costs of external services must be listed under the budget line „external service costs”.

These might include, for example:

- external project coordination and/or financial management (including travel and accommodation and general costs calculated in the expert's fee);
- expenditure for organizing events (e.g. meetings, conferences, trainings, workshops and seminars) directly related to the project objective; expenditure may include rent of premises and equipment, travel and accommodation cost for participants if relevant, translation and interpretation - if necessary, material/handouts, and catering expenses to a reasonable extent);
- expenditure for studies, research, plans, training, etc.;
- expenditure for publicity and information, dissemination and promotion of project results (e.g. publications, brochures, press releases, advertisements, newsletter, websites, etc.);
- expenditure for transport of goods;
- expenditure for translation of documents/material;
- rent of equipment is eligible expenditure if it is directly related to objectives of the co-financed project;
-

Whenever a project hires any external expert or services, public procurement rules must be respected. The fundamental principles of public procurement (transparency, non-discrimination and equal treatment and effective competition) also apply to purchases of services below national and EU threshold values.

These rules apply also to entities established by private law acting as final beneficiaries in the project since they have been granted public funds.

These costs have to be supported by the following documents:

- all documentation related to the awarding procedure, showing adherence to public procurement rules,
- contracts,
- invoices,
- proofs of payment,
- proofs of services rendered.

3. Investment costs

This cost category refers to three types of costs: construction works, the purchase of land, purchase of equipment.

For all 3 of them, the amount has to reflect the actual use of these items in the context of the project. **If it is not exclusively used for project purposes, only a share of the actual cost can be allocated pro-rata to the project.** This share has to be calculated according to a fair, justified and equitable method. This is for instance the case if the investment is used by staff working part-time for the operation.

Example:

Example of calculation for computer A:
Potential eligible costs: 144
% of time dedicated to the project by the officer using the computer: 50%
Final Eligible cost: 72

3.1 Depreciation of equipment

For equipment that will not be used by project partners or project target group after project completion and if the economic lifetime of the equipment is longer than the project duration, **only the depreciation costs are eligible**. In this case, the eligible expenditure will be its depreciation costs during operation duration. The depreciation rate has to be in line with national or internal partners' rules.

Depreciation is charged proportionally in each relevant periodical report. The full value of depreciated costs on equipment in relation to the total project duration cannot be charged as total amount in one particular period.

Only a proportionate sum of the depreciation costs according to the use of equipment for the project is eligible. The amount (percentage used and time duration) has to be auditable.

The depreciation costs of equipment can never exceed the purchase price of the equipment.

Example of calculation for computer A:

Purchase cost: 432
Depreciation period (to be certified by national controller): 36 months
Monthly depreciation cost: 12
Number of the months of use for the project: 12
Eligible costs: 144

It is also possible to rent equipment provided that the rental is the most economic and cost-effective way of getting the equipment for the project purposes. In this case the costs for rent have to be included under the cost category External service.

These costs have to be supported by the following documents:

- documentation related to procurement,
- invoice,
- evidence of take over and installation of the equipment,
- proof of actual payment.

3.2 Investment in construction works and equipment

Investments (equipment and construction works) that remain in use for the same purpose by the project partners and project target groups within five years after the completion of project activities will be treated as infrastructure and therefore the **full purchase price will be eligible**.

In specific cases the cost of goods that are directly related to the project specific goals can be fully eligible even if their useful lifetime exceeds the project duration. Such example is office furniture, if the goal of the project is to set up a bureau which will provide services for the target group of the project. If, however, services are provided only during the project implementation period, costs of the furniture will be ineligible. In this case it is more advisable to rent a suitable office.

In this case, all the purchase cost is eligible but LP/ partners within five years from operation completion shall avoid any substantial modification:

- (a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and
- (b) resulting either from a change in the nature of ownership.

Project partners from Slovenia have to respect the Decree on the Uniform Methodology for the Preparation and Treatment of Investment documentation in the Field of Public Finance (it applies to all eligible beneficiaries). In case the project contains a works-component, a Document of Identification of an Investment Project (the so-called "DIIP") or an Investment Programme (the so-called "IP") has to be attached to the Application Form in line with the table presented below (for more detailed instruction see the Decree):

Investment value (<i>Inclusive VAT</i>)	Investment documentation required
Under 300.000 EUR (under 100.000 EUR investment documentation can be simplified)	DIIP
300.000 – 500.000 EUR	DIIP
Over 500.000 EUR	DIIP and IP
Over 2.500.000 EUR	DIIP, Pre-investment study, IP

The investment value refers to the entire project, i.e. the "hard" investment and "soft" activities. The DIIP or IP must contain all investment (works and supplies) components. The copy of investment documentation must be submitted *at the latest before signing the ERDF Subsidy Contract*.

Valid and legally effective construction permit must be attached at the latest before signing the IPA Subsidy contract. The owner of the permit must be partner in the project.

If the subject matter of the Subsidy contract includes restoration or renovation works or extraordinary maintenance of fixed assets (where a construction permit is not required), the ownership of investment should be defined between the project partners.

In case of a real estate investing by a project partner who is not the owner, he is allowed to present a proof of ownership of the real estate which is being state-owned, or public-owned in case of public infrastructure.

In case of project investing into real estate, which is owned by private legal or natural persons, the partner is required to submit a long-term hiring agreement or easement contract (with a minimum validity of 5 years upon project completion).

These costs have to be supported by the following documents:

- documentation related to procurement,
- contracts for construction works,
- invoice(s) with specification(s) of performed activities and used material,
- final report and official receipt/final statement (if foreseen by the contract),
- operation permit or take-over certificate,
- proof of actual payment.

3.3 Land purchase

The cost of purchase of land not built on shall be eligible under the following three conditions:

- (a) there shall be a direct link between the land purchase and the objectives of the operation co-financed;
- (b) the land purchase may not represent more than 10 % of the total eligible expenditure of the operation;
- (c) a certificate shall be obtained from an independent qualified valuer or duly authorised official body confirming that the purchase price does not exceed the market value.

At the stage of submission of application the copy of preliminary contract of sale, which shows that the land is free of any other burden must be submitted.

4. Administrative costs

Administrative costs may include cost items related to the personnel imputed to the project, such as:

- stationary,
- photocopying,
- mailing, courier,
- telephone, fax and Internet,
- cleaning, heating, electricity,
- office rent,
- maintenance costs,
- charges for financial transactions between countries,
- accounting, if external,
- gasoline for company car,
- other administration costs necessary for the successful completion of project.

These costs may be direct or indirect administrative costs. Direct administrative costs have to be clearly identifiable as belonging to the project (i.e. the courier cost to send documents to a partner, the rental of an office solely used for the project or the mobile phone used by an employee working full-time for the project).

Therefore, administrative costs have to fulfill the following criteria:

- be eligible according to national rules and European regulations (in particular Regulations (EC) 1085/2006 Art. 19 and 718/2007 Art. 34 and 89);
- must be calculated on the basis of actual costs and capable of verification, i.e. based on factual elements in the partner's general accounting system which can be verified by an auditor. No lump sums, overall estimations or arbitrary keys are allowed;
- show a direct link to the project's activities.

In the case of indirect administrative costs (overheads related to the project's activities), the calculation has to be done pro-rata on the basis of the actual costs according to a duly justified, fair and equitable method that should remain the same during the whole implementation period.

For calculation and claiming the administrative expenditure, two options are possible:

- If the project partner will claim reimbursement of administrative costs in the total amount not exceeding 7% of those direct costs that can affect the level of overheads, the **flat rate** method shall be applied. In this case the kind of expenditure included under administrative expenditure shall be specified in the Part B of the Application Form. Documents proving the administrative expenditure are kept by the project partner concerned and not forwarded with progress reports. The expenditure will be checked on the spot by controllers.
- In case the share of administrative expenditure of a partner is higher than 7% and lower than 25% of those direct costs that can affect the level of overheads, all expenditure will have to be fully documented in each report.

Examples of keys:
<ul style="list-style-type: none"> • the key "number of people working for the project / number of people working in the organisation or department" or,
<ul style="list-style-type: none"> • the key "number of hours worked on the project / number of hours worked in total in the organisation or department",
<ul style="list-style-type: none"> • the key "square meter used by the personnel working for the project / surface of the organisation or department".

4.2 Areas of specific attention

When developing your project, you should take into account the areas of specific attention such as public procurement, receipts and revenues, State aid, double financing, durability of investment projects, equal opportunities and environmental aspects. These are one of the most challenging issues where most irregularities are detected.

4.2.1 Public procurement

In general, Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts shall be respected: it includes means to respect equal

treatment between candidates, to ensure a sufficient publicity and to use appropriate award and selection criteria.

Public procurement rules have to be **applied by organizations** either public or bodies governed by public law. In any case public procurement rules are to be followed strictly in order to make all contracting of services as well as purchasing of material and equipment eligible. These rules apply also to entities established by private law acting as final beneficiaries in the project since they have been granted public funds.

For this IPA programme **all beneficiaries shall follow** for the award of service, supply and work contracts, the procurement procedures the provisions of Chapter 3 of Part 2, Title IV of Regulation (EC, Euratom) No 1605/2002 and Chapter 3 of Part 2, Title III of Regulation (EC, Euratom) No 2342/2002, as well as Commission Decision C (2006) 117 of 24 January 2006 on the rules and procedures applicable to service, supply and work contracts financed by the general budget of the European Communities for the purposes of cooperation with third countries.

All supplies and materials purchased must originate from the Community or an IPA beneficiary country or a country that is a beneficiary of the European Neighborhood and Partnership Instrument, or a Member State of the European Economic Area (Article 19 of the Council Regulation (EC) No 1085/2006). The term 'origin' is defined in the relevant Community legislation on rules of origin for customs purposes.

4.2.2 Revenues



All “receipts” and “revenue” generated by the project whatever their type, origin, and amount have to be taken into account.

Receipts include money earned by an operation, during the period of its co-financing, from sales, rentals, services, enrolment fees or other equivalent receipt.

Revenue can be defined as payments made by users. Revenue can be generated either by infrastructures or by any operation involving the sale or rent of land or buildings.

Each time a project has, or would have, the possibility to generate revenue, the partners shall inform the Lead Partner and the Lead Partner shall inform the JTS.

The process will involve final and lead beneficiaries, the Managing Authority and the Certifying Authority.

The key decision is to consider if revenue can be (or not) calculated in advance:

1. If revenue can be calculated in advance, the net revenue (revenue less operating costs generated all throughout project lifetime) has to be calculated and deducted from total costs.
2. If not possible to calculate the revenue in advance, all revenue generated within five years from operation completion has to be deducted.

All revenue not taken into account will have to be refunded to programme budget. In case of revenue, the only exemption to that principle is to apply State aid rules.

Both **revenue and State aid are not a question of profit**: even “non profit” activities can generate revenue or be considered in a state of competition. Revenue and State aid have to be taken into account for private and public bodies.

4.2.3 State aid



Public grant is regarded as incompatible with the Common Market if it distorts, or has the potential to distort, competition within the European Union. Community rules on State aid limit and give exemptions to the support, which may be provided from public funding.

State aid is **defined** as an advantage in any form whatsoever conferred on a selective basis to undertakings by public authorities. It is important to mention that the concept of an undertaking covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. Therefore the nature of activities of the undertaking in question is relevant to define if State aid rules will be applied.

State aid is a question of activities in a state of competition, or not, and, in the respect to State aid rules, a question of maximum grant rate of public funds to apply to this project (ceiling to be respected).

This ceiling applies not only to EU money but also to all public grants (including national, regional and local levels).

The following criteria define whether the support received is State aid. State aid rules apply only to measures that satisfy all of the criteria listed in Article 87(1) of the Treaty.²

1) Transfer of State resources:

State aid rules cover only measures involving a transfer of State resources (including national, regional or local authorities, public banks and foundations, etc.).

Furthermore, the aid does not necessarily need to be granted by the State itself. It may also be granted by a private or public intermediate body appointed by the State. The latter could apply in cases where a private bank is given the responsibility to manage a State funded SME aid scheme.

Financial transfers that constitute aid can take many forms: not just grants or interest rate rebates, but also loan guarantees, accelerated depreciation allowances, capital injections, price discounts, etc.

2) Economic advantage:

The aid should constitute an economic advantage that the undertaking would not have received in the normal course of business. Some examples are given below:

- A firm buys/rents publicly owned land at less than the market price;
- A company sells land to the State at higher than market price;

² Vademecum Community Rules on the State Aid, 15.02.2007

- A company enjoys privileged access to infrastructure without paying a fee;
- An enterprise obtains risk capital from the State on terms, which are more favourable than it would obtain from a private investor.

3) Selectivity:

State aid must be selective and thus affect the balance between certain firms and their competitors. "Selectivity" is what differentiates State aid from so-called "general measures" (namely measures which apply without distinction across the board to all firms in all economic sectors in a participating state (e.g. most nation-wide fiscal measures)).

A scheme is considered "selective", if the authorities administering the scheme enjoy a degree of discretionary power. The selectivity criterion is also satisfied if the scheme applies to only part of the territory of a participating state (this is the case for all regional and sectoral aid schemes).

4) Effect on competition and trade:

Aid must have a potential effect on competition and trade between participating states. It is sufficient if it can be shown that the final beneficiary is involved in an economic activity and that he operates in a market in which there is trade between participating states. The nature of the final beneficiary is not relevant in this context (even a non-profit organization can engage in economic activities).

The Commission has taken the view that small amounts of aid (**de minimis aid** of less than 200 000€ of total public advantages every 3 budgetary years per final beneficiary) do not have a potential effect on competition and trade between participating states. It therefore considers that such aid falls outside the scope of Article 87(1) of the Treaty.

All that means that the concrete public funds, considered as State aid can only be granted with the respect of a Community rule allowing such a level of grant. This will be done on a project-by-project basis.

4.2.4 Double financing

Double financing of invoices already reimbursed from any other funding is not allowed. In this case the repayment of already paid co-financing will be requested. If this double financing is intentional, it will be treated as fraud. In any case, the corresponding amounts have to be refunded by the final beneficiary to the programme budget. Such refunded amounts are definitively lost for the final beneficiary.

4.2.5 Durability of investment projects

The project partners need to be aware of one **important requirement**: within five years from their completion the investment projects funded from the programme must not undergo any substantial modification:

(a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and

(b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

Sums unduly paid will have to be recovered.

4.2.6 Equal opportunities



Following the European challenges, the programme should focus decisive efforts on fostering the strengths, and using the potential given in the cooperation area by means of cross-border strategies and measures.

Crosscutting themes like equal opportunities represent the overall programme principles.

The Legal basis of this is the Treaty:

- *Article 2:* “The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities, to promote throughout the Community (...) equality between men and women (...)
- *Article 3 :*” In all the activities referred to in this Article, the Community shall aim to eliminate inequalities, and to promote equality, between men and women”

In concrete, the European Union sets out the principle that the gender perspective should systematically be taken into account in all Community policies and actions. This is a question of equal economic independence for women and men, reconciliation of private and professional life, equal representation in decision-making, eradication of all forms of gender-based violence, elimination of gender stereotypes.

This is also a question of non-discrimination in general that shall be respected by all beneficiaries. It refers to discriminatory treatment based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementation. On the contrary, accessibility for disabled persons is encouraged.

4.2.7 Environmental aspects



For projects having potential environmental impacts, we strongly advise to consider the recommendations of the Strategic Environmental Assessment (SEA) Report. These are structured in the following fields:

The following recommendations should be considered in all environmental issues mentioned below:

- Support the uptake of Environmental Management Systems and Audit Schemes in tourism industry (ISO 14.000, EMAS, Eco-labels, green purchases etc.).
- Support explicitly sustainable products for tourism and leisure economy.
- Support measures, which focus on environmental awareness of the public.

Environment

- Implementation and promotion of public transport system.
- Implementation and promotion of public transport system in tourist areas.
- Support for concepts of innovative mobility solution.
- All the activities for promotion of cultural events should have provision of public transport and intermodality for visitors as one of the key activities.
- All new buildings should be connected to sewage system innovative solutions for waste water treatment.
- Promotion of eco agriculture.
- Sufficient quantities of good drinking water should be available before promoting tourism development in an area.
- Use of alternative water resources (e. g. rainwater), recycling of waste water.
- Increase of public awareness on use and quality of drinking water.
- Introducing clean technologies; water-conserving technologies, establishing closed-loop systems.
- Efficient land use planning for different activities (separation of dwelling areas and tourist areas/open-air event places...).
- Foster investments and improved use in existing tourist infrastructure.
- Brownfield sites and degraded areas should be primarily used as sites for new construction.
- Urban sprawl must not be encouraged.
- Use of alternative energy sources.

Nature

- Locations with low importance for biodiversity should be primarily used as sites for new construction.
- Investments in new infrastructure require attention and possibly an EIA on existing natural areas, protected areas and Natura 2000 areas.

Population and health

- Public transport (also cross-border) to different public service should be established to increase accessibility (health services, administration offices, cultural heritage, post office, banks,...).
- There should be no building in flood risk areas.

Energy

- Focus on energy efficiency, including promotion of district heating, alternative fuels and building energy efficiency.
- Revitalisation of urban and village centres should strongly focus on energy efficiency, including promotion of district heating, alternative fuels and building energy efficiency. Use of biomass and other renewable energy resources should be encouraged.

Waste

- Prepare a cross border strategy for waste and its possible proper use as secondary material.
- Support projects for cross-border waste disposal.

Cultural heritage and Landscape

- Support of spatial planning should be oriented to urban and village regeneration.
- Topology of the cultural landscape should be taken into consideration when building is foreseen (traditional architecture,...).

- Cooperation in cultural heritage conservation could focus on promotion of environmental friendly renovation of buildings as well as promotion of traditional knowledge used as environmental friendly techniques.

4.3 Co-financing



Only eligible expenditure can be funded from the programme. The Community co-financing from the **IPA can amount to max. 85%** of the total public funding; at least 15% is to be ensured from national/regional/local public funding.

No operation shall benefit from a higher co-financing rate than the one relating to the priority concerned. In case a higher co-financing rate is used, the difference of the unduly paid amount will have to be recovered.

An operation shall not receive assistance to a value greater than the total allocated public expenditure.

Each project partner from Slovenia must provide at least 5% own contribution of the total eligible costs of the operation. In Croatia at least 15% of public co-financing must be provided by project partners.

The remaining part of **national public co-financing at state level** (up to 10% to public bodies and up to 15% to private bodies) will be provided by the Government Office for Local Self-government and Regional Policy of the Republic of Slovenia on the basis of the public call for project partners from Slovenia and from national public funds in Croatia.

Total expenditures of a project might exceed the total eligible expenses of the project. Eventual project related income, as well as ineligible costs must be deducted from the total project costs. They cannot be included in the basis of co-financing.

In case the project or its activities are subject to State aid rules, the upper ceilings and aid intensity of the public co-financing must be respected. Application of State aid rules will be made on a case-by-case basis. To clarify whether the support to project or its parts could mean State aid, information will be provided by GOSP and MRDFWM through the JTS. They will also inform you on the relevant State aid scheme, the upper limits of public funding possible and procedure to follow.

4.4 Irregularities and recoveries

Irregularities are defined as:

“any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.”

It means in concrete that final beneficiaries have to fully respect their IPA Subsidy Contract (main part and annexes) to be fully granted.

In case of irregularities, corrections such as withdrawal or reduction of the subsidy and recovery of granted funds can apply.

In these cases, without prejudice to the participating states' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid (Article 114(1)(b) of the Commission Regulation (EC) No 718/2007), the Certifying Authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead beneficiary. The final beneficiaries shall repay the lead beneficiary any amounts unduly paid in accordance with the agreement existing between them (Article 114(2) of the Commission Regulation (EC) No 718/2007).

If the lead beneficiary does not succeed in securing repayment from a final beneficiary, the participating state on whose territory the beneficiary concerned is located shall reimburse the Certifying Authority for the amount unduly paid to that beneficiary (Article 114(2) of the Commission Regulation (EC) No 718/2007).

V - The project, step by step

Step by step let's follow **the project cycle**. From the first idea to the final payment, the project leader will have to respect several national and Community rules and implement some concrete cross-border aspects. This is a question of time – the time necessary to prepare and convince all the actors of the need of such a project. This is a question of will: the will to achieve precise objectives. This is a question of organisation: the organisation set internally and externally to secure and ease the implementation and verification process.

5.1 Preparation

Turning an idea into a project

The objective of the preparation phase is to gather relevant and coherent cross border data reflecting a high degree of cross border cooperation. The project and consequently the application should be developed in close cooperation with the project partners. Involve project partners at an early stage of the project idea development – it will help better develop the project create joint ownership and real commitment of the partners.

You should be familiar with the Operational Programme in the parts describing the programme specific objectives, measures, expected outputs and results. Do not hesitate also to contact at this stage the JTS to get some useful and practical information. A good tip is also to look at other examples of projects from previous INTERREG programmes and calls.



The first key point is to set an appropriate and efficient **partnership**.

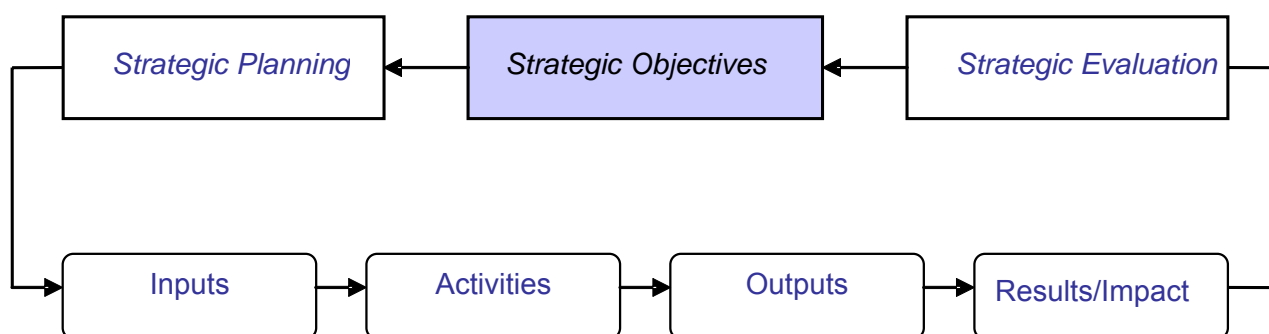
Each partnership is specific but as a general rule **we do not recommend you to over-size the partnership**: too many partners will be difficult to manage and will request some important means of coordination. On the other hand, a certain “critical mass” is requested. Too heavy, the partnership will be impossible to run. Too light, no way to ensure mutual awareness and added value.

Partnership is a both ways process: each partner is contributing actively to the success of the process and each partner is learning from other experiences. In brief, each partner should have a particular interest in the project – and not only a financial one – and be able to identify and monitor what it gives to the project and receives from the others.

Think of competence and experience that each partner can contribute to the achievement of jointly defined project objectives. Make sure that project partners have adequate financial and operational capacity to implement their tasks and that the core project team is motivated and competent.

Section 2

Intervention logic



Turning the project into forms

Checklist

The **application** itself consists of:

- Application Form - Part A and Part B
- Annex I - Partnership Statement
- Annex II – Project Summary (in SI, HR and EN)
- List of Supporting Documents
- Checklist

The application is in a bilingual format and has to be prepared in the Slovenian and Croatian language; only the Project Summary has to be submitted also in English. Make sure that the content in both languages is the same. In case of divergences, the binding language is the one marked in Application Form – part A on the first page. Supporting documents (e.g. constitution act) can be submitted only in the original language.

The Joint Technical Secretariat and Info Point shall provide support to potential applicants by providing information concerning the programme and technical support in preparing the applications.

Check the website www.svlr.gov.si for dates on planned informative workshops and for frequently asked questions and answers or contact directly:

Joint Technical Secretariat Slovenia-Croatia 2007-2013

Government Office for Local Self-Government and Regional Policy
European Territorial Cooperation Division
Address: Kotnikova 28, SI-1000 Ljubljana
Contact person: Gordana Stanišić
tel. +386 1 478 3735
e-mail: jts-si-hr.svlr@gov.si

Info Point

Ministry of Regional Development, Forestry and Water Management
Department for Cross-border Cooperation
Address: Vlaška 106, 10 000 Zagreb
Contact person: Nevena Tutavac;
tel. +385 1 469 57 65
e-mail: nevena.tutavac@mrrsvg.hr

5.2 Submission and Appraisal

The applications have to be submitted to the JTS within the given deadline. Each application that is formally accepted (submitted in time with all requested documents according to administrative compliance and eligibility check grid) will go through quality assessment conducted by experts.

This appraisal process has to ensure that projects are not only compliant with the rules but also their quality and value for money is assessed.

5.2.1 The submission

The application must be submitted to the JTS for co-financing from the programme through calls for proposals, which will be published on a regular basis starting in 2008 and stopping when all funds have been committed. The application can be submitted at any time between the launch date and the closing date of the call (check the call for proposals for deadlines).

The application must be submitted in **paper and electronic form**.

- Two **paper versions** of the completed Application Form (all sections of Part A and Part B, plus authorised Annexes and Supporting documents) must be submitted.
- One **electronic version** of the completed Application Form (all sections of Part A and Part B, plus authorised Annexes) must be submitted on a **CD-Rom or Memory stick**.

Supporting documents are obligatory part of the application. Specific documents have to be attached to the Application form at different time. For detailed information see the List of supporting documents which is attached to the Application Form.

The applications have to be **received** by the Joint Technical Secretariat before the deadline set by the call for proposals.

The applications have to be submitted to the following address:

Joint Technical Secretariat for OP SI-HR 2007-2013, Government Office for Local Self-Government and Regional Policy, European Territorial Cooperation Division, Kotnikova 28, SI-1000 Ljubljana

Mark the envelope in line with the requests set in the Call for Proposals.

5.2.2 Administrative compliance and eligibility check

After registration of the received applications, the JTS shall perform the opening and administrative compliance (A-check) and eligibility check (B-check). In case of missing documents or clarifications needed, the Lead Partner shall be contacted.

Opening:

The application was received in one original, one hard copy and one electronic version by the date determined in the Call for Proposals. In case the application is not received in time, the application will be automatically rejected.

In order to be accepted, the envelope must be marked in such a way that it can be seen to which Call for Proposals refers to.

A.- Administrative compliance and B. - Eligibility

The **sections marked with the letter A** are the sections where the administrative compliance of the application is checked. The documents are checked if they are attached and appropriate. If the application is administratively compliant, it goes to B-check.

The **sections marked with the letter B** are the sections where eligibility conditions are checked if they are fulfilled.

The following grid will be used and filled in by the JTS. If the application does not fulfil certain conditions which are listed in the Call for Proposals (Chapter 13.2), the application will be rejected automatically. If the application does not fulfil other conditions, a request for clarification and/or missing documents will be sent to the Lead Partner and the answer must be submitted within five (5) working days after the receipt of the request. If the answer is not received in time or it is not appropriate, the application will be rejected.

No	Title	DESCRIPTION
1.A	No. of copies	The application in printed version is submitted in one (1) original and one (1) copy. The electronic version in one (1) copy on CD or Memory Stick is attached.
1.1B	Language	The application is compiled in Slovene and Croatian.
2.A	Application	Application Form is complete: <ul style="list-style-type: none"> - Part A - Part B - Annex I - Annex II - Supporting Documents
2.1B	Application – filled in	The Application Form is filled in and signed.
1.2.A	Partners Location	In case a partner is located outside eligible area the justification is provided.
2.2B	Partners - Location	The partners are located in the relevant programme eligible area.
2.3B	Legal status of the partners	All partners are eligible.
2.4B	Number of cross-border partners	At least one partner from each participating country.
2.5B*	Location of project activities	Project activities must produce benefits on the eligible area.
2.6B	Cross-border cooperation criteria	At least one (1) indicator (joint development, joint implementation, joint staffing, joint financing) shows the cross-border cooperation.
2.7B	Duration of project activities	Project activities will be concluded within the time limits set in the Call for Proposals.
2.8B	Conformity with priority	The applicant selected only one priority.
2.9B	State aid	The project falls within the State aid scheme.
2.10B	National legislation	The project is in line with sectoral national legislation.
3.A	Application	Part B
3.1B	Requested share of co-financing	The partner's requested share and amount of co-financing under this Call for Proposals are in line with Chapter 4 of the Call for Proposals.
3.2B	Size of subsidy	The size of subsidy is within the relevant limits in line with Chapter 4 of the Call for Proposals.
3.3B*	Eligibility of expenditure	Expenditure indicated as eligible is in conformity with Chapter 4.1 of the PIM..
4.A	Annex	ANNEX I : Partnership statement
4.1B	Annex I	Annex I is filled in and signed by each partner and countersigned by the Lead Partner and also by the Lead Partner alone.
4.2B	Own co-financing	Each partner has ensured his own co-financing in line with Chapter 4.3 of the PIM. Partnership Statements have the same co-

		financing amounts as in the Application Form – Part B.
5.A	Annex	ANNEX II : Project summary in all three languages
5.1B	Required languages	Annex II is filled in in all required languages (SI, HR, EN).
6.A	Supporting document	Article of Association
6.1B	Legal status of the partners	The Partner is a legal entity and works as a non-profit organisation and for the purposes of public / general interest in conformity with chapter 2.1 of this Manual.
7.A	Supporting document	Investment Documentation (if applicable)
7.1B	Valid investment documentation	Investment documentation conforms to the relevant national legislation in force.
8.A	Supporting document	Permissions (if applicable)
8.1B	Valid permissions	The permissions are valid.
9.A	Supporting document	Feasibility Study (if applicable)
9.1B	Valid Feasibility Study	Faesibility Study conforms to the relevant national legislation in force.
10.A	Supporting document	Environmental Impact Assessment (if applicable)
10.1B	Valid Environmental Impact Assessment	Environmental Impact Assessment conforms to the relevant national legislation in force.
11.A	Supporting document	Proof of Ownership (if applicable)
11.1B	Ownership	The partner can prove the ownership of the land/building.
12.A	Supporting document	SLOVENIA: Form 3 from the Budget of Republic of Slovenia for municipalities
12.1B	Reservation of funds	Reservation of funds for implementation of the project are made.
13.A	Supporting document	Copy of a preliminary contract of sale of land (if applicable).
13.1B	Contract is valid	Contract is valid and free of any burden.

* If some costs are not considered to be eligible, they will be deducted from total eligible costs. If appropriate conditions may be set in order to be fully compliant with the eligibility conditions.

Projects that pass this check (all conditions are fulfilled) shall be further assessed for their quality.

5.3 Selection and contracting

Selection is linked to the quality of the partnership and of the project concerning the objectives, the project activities and the budget and financing. Partners shall have the capacities to implement the project and the Lead Partner should be able to act as a Leader being responsible for all the activities in the project.

The **Subsidy Contract** will reflect the mutual commitments of the Managing Authority and Lead Partner. The Lead Partner will have to make this contract respected by all partners by means of a Partnership Agreement. Some key elements of the Application Form are binding for the Lead Partners; these are defined in Annexes of the IPA Subsidy Contract. These do not include all the elements but the core ones related to project expenditures and resources, allocation of funds per partner, outputs to be delivered and calendar of expenditures and reporting. All eventual changes have to be approved. Some elements are under the responsibilities of the Lead Partner. It is up to him to mobilise and keep the partners motivated for the concrete achievement of the objectives.

5.3.1 Selection criteria

Selection of the project consists of two phases: eligibility check and quality assessment. The projects that pass the administrative compliance and eligibility check shall be further assessed by assessors using the criteria presented in the table bellow.

Each project is examined by at least two assessors. On the basis of joint assessment the JTS will prepare summarised information on projects and their assessment for further project selection and approval by the Joint Monitoring Committee.

Criteria	Score				Description	Application Form
	0	1	3	5		
	Insufficient	Sufficient	Partly appropriate	Completely appropriate		
1. Objectives	25					
1.1. Contribution to OP priorities and its indicators*					<ul style="list-style-type: none"> - Are the problems and needs addressed by the project relevant for the programme and for the target groups? - Does the project demonstrate clearly how it will contribute to the OP priorities and its indicators? - Does the project upgrade what has been already achieved in other projects? 	AF-Part A: Section 2.

1.2 Compliance with EU horizontal policies, strategies, national and regional policies/strategies		<ul style="list-style-type: none"> - Does the project demonstrate clearly the compliance with national strategies? - Does the project demonstrate clearly the compliance with regional strategies? - Is the project compliant with the horizontal policies (environmental, equal opportunities, sustainable development, information society)? 	AF-Part A: 4.1, 4.2
1.3 Cross-border effects and relevance to the eligible area		<ul style="list-style-type: none"> - geographical scope of the project - Is the cross border impact demonstrated? - expected benefits for the target groups, sectors 	AF-Part A: 2.1, 4.1, 2.4 – action plan, 2.5 - geog. scope
1.4 Innovation and value added		<ul style="list-style-type: none"> - Does the project demonstrate new solutions that go beyond the existing practice in the sector? - Does the project demonstrate new solutions that go beyond the existing practice in the programme/area? - value added of the cross border cooperation in relation to national/regional frameworks 	AF-Part A: Section 4
1.5 Sustainability and further use of project results		<ul style="list-style-type: none"> - Are there any provisions mentioned how the project results shall be financially maintained after the project closure? - Are there any provisions mentioned how the project results shall be institutionally maintained after the project closure? - Is there any indication on how this project's results can be directly or indirectly further used in other areas or by other target groups in the future? 	AF-Part A: 4.1
2. Project activities	30		
2.1 Project methodology		<ul style="list-style-type: none"> - Are the project objectives adequate to the needs of the target groups? - Are the actions relevant to the objectives? - Will the planned results lead to achievement of the project objectives? 	AF-Part A: Section 2, Section 4
2.2 Coherent action plan		<ul style="list-style-type: none"> - Do the proposed work packages / activities lead to the proposed outputs? - Are the outputs described detailed enough (what concretely, who will use them)? - Do activities of the partners in action plan correspond with descriptions of their main activities in 1.3? 	AF-Part A: 2.4 - Action plan

2.3 Clear and concrete indicators		<ul style="list-style-type: none"> - Is description of indicators adequate (description, measurement, baseline and target value)? - Is there coherence between description of indicators and outputs in the action plan? - Are the proposed specific indicators relevant for the project? 	AF-Part A: 2.3, 2.4 - action plan
2.4 Relevant outputs and results		<ul style="list-style-type: none"> - Are the outputs/results practical and can be applied? - Can the target groups make use of the outputs/results for concrete activities? - Are the results relevant for the target group's needs? 	AF-Part A: 2.3, 2.4 - Action plan
2.5 Publicity and information activities		<ul style="list-style-type: none"> - Are the planned activities appropriate to inform the public and support dissemination of project results? - Are the target groups identified? - Will these activities be done on a regular basis throughout the project implementation? 	AF: 2.4
2.6 Project time plan		<ul style="list-style-type: none"> - Is the project well planned time-wise? - Is it feasible that the project will be completed in the proposed time? - Are activities and outputs in a logical time-sequence? 	AF-Part A: 2.4
3. Partnership	25		
3.1 Quality of partnership		<ul style="list-style-type: none"> - Are relevant partners involved in respect of the problems addressed? - Is there appropriate balance of partners with respect of the levels, sectors, territory? - Is the involvement of the partners in activities proportionate/balanced? 	AF-Part A: 1.1, 1.3
3.2. Management and coordination		<ul style="list-style-type: none"> - Is it explained how the partners will monitor, coordinate, control and execute different tasks? - Are all partners involved in decision-making? - Are the administrative and financial management procedures explained and are they adequate? 	AF-Part A: 3.1, 3.2, 3.3
3.3 Technical and financial capacity of the partners		<ul style="list-style-type: none"> - Do the partners demonstrate experience of similar projects? - Do the partners have adequate capacities (personnel) to assume the proposed roles and conduct the planned activities? - Do the partners have adequate financial capacity to take on their role in the project? 	AF-Part A: 1.2, 1.1

3.4 Technical and financial capacity of the Lead Partner		<ul style="list-style-type: none"> - Does the Lead Partner demonstrate experience in managing similar projects? - Does the proposed core team of the LP have adequate experience for managing the project? - Do the partners have adequate financial capacity to assume all LP responsibilities and tasks in the project? 	AF-Part A: 1.2, 1.1
3.5 Quality of cross-border cooperation		<ul style="list-style-type: none"> - Does the project address four out of four cross cooperation criteria? - Does the project address two out of four cross cooperation criteria? - Does the project address less than two out of four cross cooperation criteria? 	AF-Part A: 3.1
4. Project budget	20		
4.1 The budget is balanced among partners		<ul style="list-style-type: none"> - the budget corresponds to the involvement of the partners in the project - the budget is balanced among partners - the budget is realistic 	AF-Part B
4.2 The budget is coherent with the activities		<ul style="list-style-type: none"> - the budget lines correspond to the planned activities - the budget is detailed enough to reflect the costs of the main activities - the yearly allocation of costs corresponds with the project time-plan 	AF-Part B; AF-Part A
4.3 Sound financial system foreseen		<ul style="list-style-type: none"> - the payment forecasts are realistic - the payment forecasts are in line with the calendar of proposed activities - soundness of the foreseen financial management system 	AF-Part A: 3.2
4.4 Value for money		<ul style="list-style-type: none"> - the budget is reasonable for achievement of the planned outputs/results - all costs are necessary to reach the planned objectives and results - the share of administrative costs is reasonable 	AF-Part A: 4.1.6; AF-Part B
Maximum score	100		

*** Please note that if a project does not get at least 3 points for the criterion 1.1. Contribution to the OP priorities and its indicators, the project shall be rejected automatically.**

The projects are selected by the Joint Monitoring Committee on the basis of the ranking list established in line with the quality assessment grid. The decision about the approval as well as about the IPA contribution is included in the annexes of the minutes of the JMC.

The Managing Authority notifies the decision to the Lead Partner (approval, conditional approval or rejection). Provisional time frame to inform the Lead Partner about the decision of the JMC is within one month from JMC meeting.

If JMC sets conditions which need to be fulfilled prior to project approval, the Managing Authority (supported by the JTS and Info Point) will verify with the Lead Partner within a specific deadline. In case of conditions set by the JMC discussions could cover different aspects of the project, based on the results of the assessment:

- technical (concerning the proposed project work plan and adjustments to it),
- legal (any special contractual clauses or conditions required for the project like project start date, timing of deliverables, etc.), or,
- financial aspects (the total budget and the EC contribution, timing of reporting etc.).

5.3.2 Contracting

The Lead Partner of an approved operation shall sign an IPA **Subsidy Contract** for the total IPA funds with the Managing Authority.

Before signing this contract, the Managing Authority will up-date the contract details and set in the annexes the specific and explicit binding elements to be respected by the final beneficiary.

After signing the IPA Subsidy Contract, the Applicant becomes a Lead Beneficiary responsible for implementing the EU co-financed operation and acting as Lead Partner. All other project partners are also final beneficiaries of European funds.

If appropriate the Lead Partner and all other project partners sign a separate contract for national co-financing, which shall be in line with the IPA Subsidy Contract.

Before submission of the first progress report of the IPA Subsidy Contract, the partners and the Lead Partner have to sign the Partnership Agreement respecting the template attached to the application pack. If needed additional provisions may be agreed within the partnership not contradicting the provided template.

The operation is granted as a “ready-to-go project”. Therefore, the earliest possible date set for the start of the project is the date of the decision of the project approval by JMC. It should be adjusted before signing the contract and then after strictly respected: **operations not started before the first date of progress report will be automatically de-committed.**

5.4 Payment and verification

5.4.1 Financial management



This section is included to help avoiding financial management problems during project implementation. It is not unusual for control and on-the-spot checks to reveal problems with the expenditure declared or the basic financial management practice not being used. Most of these problems can be solved but it requires considerable time and effort and may result in a suspension of payments to the project until all problems have been dealt with. The following summarises what can be done to avoid the most common problems:

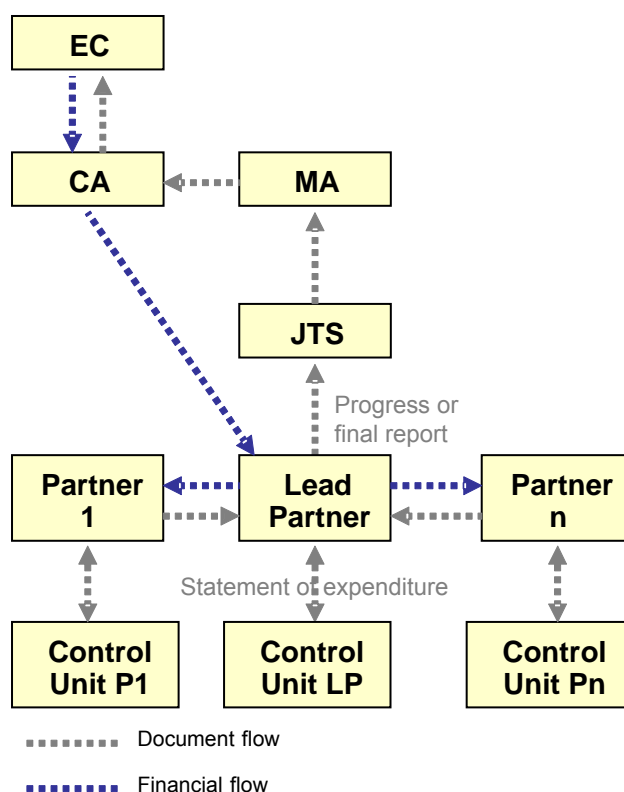
1. Each project partner must set up a **separate accounting record for the project**.
2. **Involve partner’s financial managers from the start.** Organisations have their own financial management systems and procedures. All partners need to check that these

comply with programme requirements and that systems can deliver the evidence that is needed.

3. **Secure an audit trail.** Partners must keep all their invoices or other documents of equal probative value. Supporting documents are also needed such as time records or keys for calculations of administrative costs. If these documents are missing, the expenditure will not be reimbursed. Find out what you need to file and keep your files up to date. You should make sure that you always have all documents available.
4. Find out what procedure you need to follow for **procurement of supplies, services or works.**
5. **Only report real expenditure directly related to the project.** You must be able to demonstrate that all of the costs reported were actually incurred and paid out and were necessary for implementing the project.

5.4.2 Reporting

The IPA payment shall be made upon submission of the progress reports and final reports and corresponding applications for reimbursement prepared by the Lead Partner and approval by the programme authorities.



The procedure for the submission of reports and applications for reimbursement is the following:

1. For each reporting period (as a general rule every six months if not otherwise defined in the Subsidy Contract), a progress report including a request for payment will be submitted by each project partner to its responsible National Controller for control.
2. The national controller of each partner will check the expenditures presented by the project partner and issue a Statement of Expenditure in a period of maximum of 3 months.
3. Project partners will forward the Statement of Expenditure to the Lead Partner and all copies of supporting documents.
4. The Lead Partner will prepare the overall progress report and the application for reimbursement (from the IPA funds) and ensure controls at operation level in the respect to a specific checklist available on programme web site. This control will consist mainly of:
 - Checking if all partner expenditures are respecting Community Regulations and national legislation and are part of a single operation with common outputs and results;
 - Checking that outputs are delivered, achieved;
 - Checking of eventual changes with regard to the IPA Subsidy Contract;
 - Checking that all expenditure has been validated by national controllers;
 - His role is also to prevent, detect and correct errors before submission of the official progress report.
5. The overall progress report will be sent by the Lead Partner to the JTS/MA for further procedure to release payments.

The same steps will be taken to prepare the final report. The final report template, which shall be used, will be available on the web site www.svlr.gov.si.

The JTS / MA can request or agree on additional progress reports with a strict deadline in case of risks of de-commitment at programme level or in other justified cases.

For the same reasons, at the request of the JTS/MA, the lead beneficiary should indicate the up-dated forecasts of actual spending.

5.4.3 Payment and verification

After the submission of the progress report to MA/JTS errors are considered as **irregularities** and if intentional as **frauds** that will be corrected by JTS/MA. All funds corrected will be lost by concerned final beneficiaries and will be reused for other projects.

After having checked and validated the overall progress/final report and application for reimbursement, the Managing Authority (MA) issues the cost statement and submits it to the Certifying Authority (CA). The Certifying Authority has the right to request additional information about the project from JTS/MA. The CA transfers the IPA funds to the Lead Partner.

The Lead Partner is responsible for transferring the IPA share to the project partners without any delays according to the IPA Subsidy Contract and Partnership Agreement and verified expenditures without any double funding.

The national co-financing bodies will release the national co-financing to the project partners before or parallel IPA payments based on the separate IPA Subsidy Contracts.

5.5 Audit and control

Audit and control are implemented as follows:

Type	Responsible body	Frequency	Method
1. Verification of expenditures	Partners / National Controllers	At least every six month	100% of expenditures and supporting documents verified
2. Verification of the respect of the contract	Lead Partner / LP project Controller	At least every six months	Sample checks and visits on site
3. Validation of the payment claims	MA / JTS	At least every six months	Verification of all progress reports / sample checks based on risk assessment
4. Certification	Certifying Authority	At least every six months	Certification that all verifications have been implemented / audit results taken into account / control on retention of documents in electronic versions Possible on-the-spot checks
5. Audit	Audit authority	Every year	System audit / audit of project eligible expenditure based on a random statistical sample Possible on-the-spot checks
6. Winding-up of assistance		At least 3 years after end of eligibility period	Summaries of all checks

Some additional audit and controls can be implemented by the European Commission, Court of auditors and OLAF.

5.6 Monitoring and evaluation

 2.3, 2.4, Part B

Monitoring is related to programme and project progress. **The monitoring** is financial and technical: action plans are respected and budgets are accurately spent.

Lead Partners have to organise regular meetings with their partners in order to ensure the respect and eventual up-date of the initial action plan. Specific attention shall be paid to outputs to be delivered: any gap between the initial and actual values should be detected as soon as possible and corresponding changes in the budget / calendar and partnership reported and requested to MA/JTS. In concrete, project partners are encouraged to set financial and technical milestones to be able on a regular basis to detect any gap and react in an appropriate manner.

Evaluation is linked to monitoring. Where the monitoring system is detecting a departure from initial objectives - at programme and project level - JTS / MA can request evaluators to make some recommendations to improve and / or adjust the programme.

Evaluation is dealing with the outputs, results and impacts of the project.

The outputs are the products and services delivered by project partners (an investment project is delivering some km of roads). To deliver each output, partners have to mobilise some inputs (time, money and people). The point therefore is not to list too many outputs but in order to be paid to ensure that all expected outputs are achieved.

The results of a project are the effect of the project. The effect can be direct and immediate. These are the **results**. The consequences beyond the immediate effects are treated as the **impact**. All effects have to be linked to project activities. The point therefore is not to be too ambitious and to stress what the project is actually going to change and improve the project. Results are not always met. Evaluation is the occasion to comment and explain what should be done to do it in a better way.

Evaluation is also dealing with cross-border aspects. Outputs and results must have a cross-border dimension and demonstrate that the project is contributing to the common approach that can be measured on both sides of the border.

All data filled in the progress report will be used for monitoring and evaluation. A sound feedback will be organised from authorities to final beneficiaries to share mutual awareness on main achievements and gaps.

5.7 Information and publicity

 2.4

The Lead Partner is responsible for informing the public about the assistance obtained from the EU funds. These are the legal aspects.

It also has to ensure that those taking part in the project have been informed of the funding and that the maximum actors are associated from the project idea to operation implementation and evaluation. This is the partnership dimension.

Information and publicity should be seen as an essential part of the entire project and not only as a set of activities to be implemented at its end. Information and publicity actions should support the work and quality of the project by bringing its results and benefits into awareness of target groups and of the general public.

A specific attention should be paid to the **storage of all the proofs of information and publicity**: web pages screenshots, press releases and pictures to make in general the project a “living and demonstrating” exercise. Special attention should be given to presentation of project results at the end of the project.

It is recommended to plan information and publicity actions. Think of specifics of the target audiences on different levels (e.g. within partner organisations, regions, sector, national/EU level) and adapt the approaches and actions accordingly. When developing the actions, take into account:

- Why and whom exactly you plan to inform? (define your target audience/groups)
- What kind of information or material is to be given or prepared for a certain group? E.g. brochures, catalogues, leaflets, posters, t-shirt, etc. In what language? When? (start-up, implementation, finalisation phase)
- How can you best reach the target group - what channels to use? – e.g. media, electronic information, networks, organisation of events, conferences, personal contacts, etc.)
- Who is going to do it - which partners take on which tasks?
- What time and costs are related to each of the planned actions?

Be aware that all projects implemented with the Community assistance need to comply with the rules on information and publicity as defined in EC No 718/2007. In addition, observe the Information and Publicity Guidelines on the website www.svlr.gov.si.

5.8 Project changes

To complete the operation successfully and achieve the set objectives, it is not unusual that in the course of the implementation a need for changes occurs. Project changes may e.g. relate to the reallocation of tasks among project partners, changes in activities, partnership, project duration, etc. consequently, changes may require a reallocation of funds.

All project changes must be justified and agreed between the LP and project partners.

It is the Lead Partner's task to communicate project changes to the JTS. Changes have to be **approved by the programme bodies**. The major changes shall be approved by the JMC, other changes can be approved by the MA and involved co-financing bodies.

Major changes e.g. would be change in a partnership, change in the budget line modification exceeding 20% of the initial value, budget reallocation between partners exceeding 20% of the starting amounts, extension of the project duration for more than 1 year from the initial plan.

Rules for project changes will be defined by the Joint Monitoring Committee and published on the programme website. See also Article 10. of the IPA Subsidy Contract.

5.9 Closure

For closure (within 3 months from the final date of eligibility), a **final report** shall be sent to JTS / MA by Lead Partners. This report shall contain all information about budget, financial plan and outputs as stated in the Subsidy Contract.

This report is also the occasion to lay down finally the provisions for all accounting and supporting documents that have to be identified and must be accessible.

All project partners need to set up a transparent system of accounting records about the project. Therefore it is necessary that each partner create separate accounting evidence. It has to enable a clear presentation of expenditure related to projects and their distinction from expenditure related to other business activities.

All source documentation, together with working papers, must be kept as evidence for a period of three years following the closure of the programme (at least by 2020) and in concrete to be grouped together, archived and kept in the Lead Partner premises.

Types of records to be kept include:

- **Financial records:** relevant invoices, payments, receipts, bank statements, evidence of match funding, staff time sheets and salary details, and other supporting accounting documentation to identify all expenditure claimed on the project;
- **Publicity:** plaques, press cuttings, press releases, advertisements, marketing materials including appropriate use of EU logos;
- **Copies of applications and claims;**
- **Contracts:** documents constituting proof of delivery of products and services, evidence of tendering, for example the bidding process, exchange of correspondence offering and accepting contracts, etc.

The accounting and supporting documents related to the project partners must be kept at the project partners' premises for an equal period of time. The documents can be kept either in the form of originals or certified copies.

The procedure for the certification of the conformity of these documents held on data carriers with the original documents must be in line with the provisions set by the national authorities and shall ensure that the versions held comply with the national legal requirements and can be relied on for audit and control purposes.

In case of retaining the documents electronically, internationally accepted security standards must be met.

Representatives of the Managing Authority, National Authority, Joint Technical Secretariat, Certifying Authority, Audit Authority, auditing bodies of the participating states, authorized officials of the Community and their authorized representatives, European Commission, OLAF and the European Court of Auditors are entitled to examine the project, all relevant documentation and accounts of the project also after its closure.

Glossary

Audit: An inspection of the systems and financial records of a project to confirm the accuracy, reliability and eligibility of funding claims.

Audit Authority (AA): A body operationally independent of the Managing Authority and the Certifying Authority designated by the Member State hosting the Managing Authority for each operational programme and responsible for verifying the sound operation of the management and control system.

Audit trail: Document retracing all stages of a programme and, notably, reciprocal responsibility of all actors. Quality controls are rightly designed to test regularly good functioning of the system put in place. To be sufficient, an audit trail must allow certified summary accounts, notified to the European Commission, to be gathered together with statements of expenses and documentary proof thereof and to control the attribution and transfer of the Community and national funds available.

Certifying Authority (CA): A body or local, regional or national authority designated by the Member State hosting the Managing Authority to certify declarations of expenditure and applications for payment before they are sent to the Commission.

Certificate of expenditures: Carried out by the Certifying Authority, the certificate of expenditures is based on expenditures effectively paid and justified by final beneficiaries.

Controller: The controller is a person responsible for verifying the legality and regularity of the expenditure declared by each partner participating in the project. All project partners will be controlled independently in their own countries by the designated controller.

Final balance: IPA contribution transferred to the final beneficiaries at the closure date of the programme (in most cases it corresponds to the last 5% of the IPA grant, retained after closure of the projects). It is the financial settlement of the Community's commitments, which can be transferred to the final beneficiaries once all procedures have been carried out to close the programme properly and if no automatic de-commitment has been stated.

Final beneficiary: body or firm, responsible for initiating or initiating and implementing operations.

Instrument for Pre-Accession Assistance (IPA): IPA offers rationalised assistance to countries aspiring to join the European Union for the period 2007-2013 on the basis of the lessons learnt from previous external assistance and pre-accession instruments. The aim of the IPA is therefore to enhance the efficiency and coherence of aid by means of a single framework. This framework incorporates the previous pre-accession and stabilisation and association assistance to candidate countries and potential candidate countries while respecting their specific features and the processes in which they are engaged.

Irregularities: Expenses produced within the framework of an operation that do not respect programme criteria and/or national and Community rules in force. The notion of irregularity does not solely concern established or presumed frauds. It covers everything having or likely to have an effect on the Community budget.

Joint Technical Secretariat (JTS): JTS supports the Managing Authority in the day-to-day management and implementation of the programme and in the preparation of all necessary documents.

Joint Monitoring Committee (JMC): Each participating state in the operational programme shall appoint representatives to sit in the Monitoring Committee. The Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme.

Managing Authority (MA): Body, bearing overall responsibility for the management and implementation of the programme towards the European Commission.

OLAF (European Anti-Fraud Office): Community office charged with detecting and putting an end to irregular or fraudulent expenses within the Community budget framework.

Operation: the part of the approved project at the programme level, which is financed from the funds of the IPA fund. It shall be implemented at least by one main beneficiary and one beneficiary from the partner country.

Project: is a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget

Payment: The execution of payment is carried out by the Certifying Authority that, after verifying that there are no risks of suspension or blocking, releases payment according to its own internal rules.

Sustainable development: The concept of sustainable development refers to a form of development that meets present-day needs without compromising the ability of future generations to satisfy their own requirements. It aims to improve individuals' living conditions whilst preserving their environment in the short, medium and -- above all -- long term. The objective of sustainable development is threefold: development that is economically efficient, socially fair and environmentally sustainable.

Links

Practical information on the programme and its legal basis is available on www.svlr.gov.si.

European Institutions: <http://europa.eu>