



Interreg



EUROPEAN UNION

Danube Transnational Programme



SEED MONEY FACILITY Programme Manual



edited by the Managing Authority/Joint Secretariat
Budapest, Hungary, 2017

A stream of cooperation

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PART I APPLICANTS MANUAL

I.1. General Objectives

The Danube Transnational Programme (DTP) is a financing instrument with a specific scope and an independent decision making body. The DTP supports the policy integration in the Danube area in selected fields under the CPR/ ERDF Regulations. The strategic vision is “policy integration” in specific fields of action below the EU-level (not duplicating efforts in policy integration at the EU-level e.g. TEN-T) and above the national level. Transnational projects should influence national, regional and local policies (policy driver).

In order to achieve a higher degree of territorial integration of the very heterogeneous Danube region, the transnational cooperation programme acts as a policy driver aiming to tackle the common challenges and needs deriving from specific policy fields. Therefore, transnational cooperation is expected to deliver tangible results through the development and practical implementation of policy frameworks, tools and services. To this end, the programme looks to promote concrete pilot investments.

The programme supports the following priorities addressing transnational key challenges and opportunities in the Danube Region:

1. Innovative and socially responsible Danube Region
2. Environment and culture responsible Danube region
3. Better connected and energy responsible Danube region
4. Well governed Danube region

A detailed description of the actions to be funded under priorities 1-3 and 4.1 can be found in the Cooperation Programme.

In addition, in the 2014-2020 programming period, the Programme provides support to projects strengthening the implementation of EU Strategy for Danube Region (EUSDR, also referred to as the Strategy). This support is provided within the framework of Priority 4, Specific Objective 4.2 “Support to the governance and implementation of the EUSDR”. Under this Specific Objective, the Programme provides co-financing for the following types of actions:

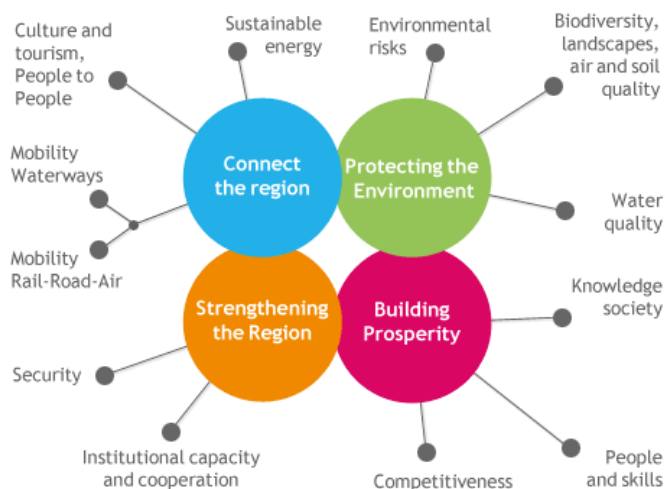
- Support to Priority Areas Coordinators aimed at increasing the effectiveness of coordination and strategy implementation in each of the Priority Areas of the EUSDR

- Seed Money Facility providing support for preparation of complex strategic transnational projects contributing to the EUSDR, to be further financed by different funding sources existing in the region.
- Establishment and support of the EUSDR Strategy Point aimed at facilitating the information flow between EUSDR actors, as well as strengthening the capacity of the PAC in implementing and communicating the Strategy.

I.2 Key stakeholders of the EUSDR

Since its adoption in June 2011, the EU Strategy for the Danube Region facilitates cooperation between EU and non-EU Member States in the Danube macro-region tackling common challenges. The Strategy seeks to create synergies and coordination between existing policies and initiatives taking place across the Danube Region.

The EUSDR is divided into 4 pillars and 12 Priority Areas, as in the diagram below:



The EUSDR defines the examples of targets¹ for each Priority Area. The EUSDR Action Plan defines the actions to be implemented by all priority areas and includes examples of projects for each

¹ The EUSDR targets are reviewed and revised (if needed) by EUSDR bodies and finally endorsed by High Level Group made up of official representatives of all EU Member States (non-EU partners being invited as appropriate). The list of targets is accessible here: <http://www.danube-region.eu/about/our-targets>.

priority area as well. The EUSDR Action Plan is a rolling document, subject to regular review, as appropriate.

Each Priority Area is managed by at least 2 **Priority Area Coordinators (PACs)**², which are ensuring the implementation of the EUSDR. Their work is transnational, inter-sectorial and inter-institutional. PACs also support the reporting and evaluation of the EUSDR – they identify progress related to the improvements that actions and projects deliver and to achievement of targets. They also regularly provide information/ reports on their work. In doing all their tasks, PACs work together with PA's Steering Groups, which are “the expert drivers of the day-to-day implementation”, providing advice and assistance. Further to that, some Priority Areas created working groups, task forces, advisory bodies around sub-themes and tasks to support the work of the PACs and/or the steering groups.

The **National Coordinators (NCs)** are core strategic body within the governance structure. They have strategic coordination function within their national or regional government. The NCs coordinate and keep an overview of the participation of their country in the implementation of the EUSDR including all 12 Priority Areas. They also promote EUSDR and inform on national/ regional level the relevant stakeholders of key developments, on-going initiatives, including alignment of policies and funding.

The **Danube Strategy Point (DSP)** has been established in 2015. Its primary role is to support the EUSDR implementation, communication, monitoring and evaluation and interlinking with DTP. Through various activities in those areas, DSP also provides necessary information, feedback and proposals for streamlining the operational and political decision-making processes.

I.3 Programme area

The programme area covers nine Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany with two lands Baden-Württemberg and Bavaria, Romania, Slovakia and Slovenia) and five non-EU Member States (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Republic of Serbia and Ukraine with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast), being composed of 69 NUTS2 regions.

Geographically, the DTP area overlaps with the territory addressed by the EU Strategy for the Danube Region, comprising also the Danube river basin and the mountainous areas (such as the Carpathians, the Balkans and part of the Alps). The area accounts for one fifth of the EU's territory and it is inhabited by approximately 114 million people. The variety of natural environment, the

² List of the current Priority Area Coordinators is provided in Annex I.

socio-economic differences and cultural diversity of the various parts of the area may be perceived as major challenges, but actually they represent important opportunities and unexploited potential.

Figure 1. Programme area



I.4 Legal framework

The Danube Transnational Programme was developed taking into consideration the broad policy framework channelling the development efforts on macro-regional, national and regional levels.

Please note: The relevant documents listed below are provided on the DTP website. The list is not exhaustive.

- *Danube Transnational Cooperation Programme document adopted by the European Commission on 20 August 2015 and modified on 12 June 2017.*
- *Structural Funds Regulations:*

- Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006
 - Regulation (EU) No. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006
 - Regulation (EU) No. 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal.
- *IPA Regulations:*
- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II)
 - Regulation (EU) No 447/2014 of the European Parliament and of the Council of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)
 - Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014, Common Implementing Regulation for External Actions
- *ENI Regulation*
- Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument
- *EGTC Regulation*
- Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings
- *Implementing acts and delegated acts adopted in accordance with the aforementioned Regulations*

- *Directives of the Commission, European Parliament and the Council on public procurement.*

I.5 Governance

The Seed Money Facility is managed directly by the MA/ JS who is responsible for:

- Drafting the framework of the call (including Applicants Manual, assessment criteria, selection procedure)
- Performing the assessment, according to the assessment criteria, of the seed money projects and preparing the ranking list
- Contracting the selected projects
- Monitoring the implementation
- Checking the outputs and performing the payment. The mandatory outputs will be checked by the MA/ JS based on the quality criteria defined by the programme and, for transparency reasons, included already in this Manual.

PACs are involved in the set-up and implementation of the SMF call through:

- Defining the focus of the call for proposals and the targeted topics, in line with the strategic directions of each EUSDR Priority Area.
- Providing the **Declaration of alignment** from PAC to project ideas certifying the alignment of the project topic with the focus of the call. The programme, together with the EUSDR PACs, conducted a very extensive exercise that led to focusing the call on certain specific topics of utmost importance for the Strategy. In order to confirm the alignment of the seed money project to the topics targeted, PAC(s) ³will have to provide each proposal with a Declaration of alignment, to declare that the proposal is in line with the SMF's thematic focus of the given priority area.. **The absence of the Declaration of alignment implies that the topic addressed by the project is not aligned to the focus of the call and leads to the ineligibility of the project.**

The approval of the call framework, including this Manual, selection criteria as well as the selection of the projects to be financed is solely the attribution of the **Monitoring Committee (MC)** of the programme, where the EUSDR is represented either as full MC members, observers in the MC or is part of the national committees. Therefore, both the programme and the EUSDR strategic objectives

³ Each EUSDR Priority Area defined its own internal procedure for the signature of the Declaration of Alignment, meaning that in some cases only one PAC is signing the Declaration and in other all. Nevertheless the JS will only check the existence of the Declaration and the fact that it is signed at least by one PAC.

are considered for the development and implementation of valuable seed money projects. As the amount allocated to the call is split between EUSDR Priority Areas on an equal basis, the Monitoring Committee will select maximum **3 projects per Priority Area** according to the ranking list, therefore maximum 36 seed money projects will be financed in the first seed money call.

The other programme bodies and/or stakeholders responsible for this call are the following:

The **Certifying Authority (CA)** is responsible for drawing up and submitting certified statements of expenditure and applications for payment to the European Commission and receiving payments from the EC. The CA shall use the payments received from the EC to reimburse the Lead Partners in accordance with Article 132 of the CPR.

The **Audit Authority (AA)** is responsible for ensuring that audits are done in the framework of the management and control systems and are based on an appropriate sample of operations and on the annual accounts. The AA will be assisted by a Group of Auditors (GoA) comprising the representatives of responsible bodies of each Partner State.

National Contact Points (NCPs) are set up by each participating country to complement transnational activities of the MA/ JS, by involving stakeholders from the national level as well as to contribute to the national and transnational programme management and provide guidance and advice to potential applicants and project partners.

The **Lead Partners (LPs)**, located in one of the DTP EU Member States, will be designated by all the partners participating in a project to carry out the tasks laid down in Article 13 of the ETC Regulation. In particular, the LP shall assume responsibility for ensuring the implementation of the entire operation, including the arrangements for recovering amounts unduly paid.

Controllers are designated by each Partner State to ensure the compliance of expenditure incurred by the project partners with the EU and national rules, by carrying out verifications within the meaning of Article 23(4) of the ETC Regulation as well as Article 125(5) of the CPR, covering administrative, financial, technical and physical aspects of operations. Controllers are to be nominated in line with the national provisions of each Partner State. Each country participating in the DTP is to be responsible for verifications carried out on its territory.

I.6 Horizontal principles

Sustainable Development

Sustainable Development is fundamental for the implementation of economic and social cohesion policies also governing the Danube Transnational Programme.

Sustainable development stands for meeting the needs of present generations without endangering the capacity of future generations to meet their own needs. When applying for funding under the DTP, applicants should account for the impact of their project on economic, ecological and social aspects within the targeted region.

Applicants have to specify any possible environmental impact of their project on the following aspects: water, soil, air and climate, population and human health, fauna, flora and biodiversity, natural heritage and landscape.

Projects submitted under any Priority Axis are strongly encouraged to incorporate activities for tackling environmental concerns and reducing their environmental and carbon footprint, for example by:

- Contributing to energy efficiency, renewable energy use and reduction of greenhouse gas (GHG) emissions
- Contributing to efficient water supply, waste-water treatment and water reuse
- Contributing of green public procurement in a systematic manner
- Contributing to efficient waste management, re-use and recycling
- Contributing to the development of green infrastructures including Natura 2000 sites
- Contributing to reduced transport and mobility-related air pollution
- Contributing to sustainable integrated urban development
- Contributing to enhanced awareness of adaptation to climate change and risk prevention
- Contributing to more employment opportunities, education, training and support services in the context of environment protection and sustainable development

Equal opportunities and non-discrimination

Projects must promote equal opportunities for everyone and prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the transnational cooperation projects. Additionally, projects must account for the particular needs of the various target groups prone to such discrimination and the requirements of ensuring accessibility for persons with disabilities.

Furthermore, when selecting service providers, suppliers or contractors, projects have to ensure equal opportunities for all interested parties and avoid limiting and discriminating with

requirements or selection criteria. During project selection, each project will be subject to the verification of compliance with equal opportunities and non-discrimination principles defined in EU and national legislation.

Equality between men and women

The Danube Transnational Programme aims at promoting gender equality in line with the EU policies in this field. In the framework of their activities, projects have to ensure equal participation of men and women and gender mainstreaming and avoid generating discrimination of any kind.

I.7 Environmental sustainability

The total sets of greenhouse gas emissions caused by an organisation, event, product or person define their carbon footprint.

Changes in our lifestyles, attitudes and behaviours towards more environmentally sound choices will provide a contribution to reverse this situation.

The Danube Transnational Programme, covering a wide area of 14 countries and over 114 million of inhabitants that agreed to interact and work together for the next years, has a considerable potential carbon footprint. However, in line with Art 8 of Regulation (EU) No 1303/2013⁴, the DTP would like to attempt to reduce any potential increase of carbon dioxide derived from the implementation of the DTP.

Experience of transnational programme implementation showed that two main factors, among others, directly contribute to increasing the carbon footprint of a programme: 1. excessive use of printed documents either for formal or informal use; and 2. extensive travels of the involved actors.

The actions planned to decrease the carbon footprint of the DTP are twofold. On one hand, a reduction of the printed paper needed for the implementation of the DTP and, on the other hand offsetting the CO₂ emitted during the travels of all actors involved in the DTP implementation.

Reduce – reuse – recycle principle

The first step towards a greener direction should be taken during the procuring process: whenever procuring for activities which will produce documents and publications in general, a clear request of using only recycled paper should be indicated in the related ToRs.

⁴ “The objectives of the ESI Funds shall be pursued in line with the principle of sustainable development and with the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment, as set out in Article 11 and Article 191(1) TFEU, taking into account the polluter pays principle.[...]”

Considering the significant number of events planned and expected to be organised throughout the project duration, it is strongly recommended to avoid distributing paper copy of materials used during the events (e.g. agenda, printout of PPTs, discussion documents in general) and make appropriate use of the electronic support.

The DTP ensures a considerable reduction of request of paper documents from the projects in all steps of implementation.

- Application phase: expressions of interest, application forms and all supporting documents will be requested in electronic format only. The signed paper version will be requested only for the signature of the subsidy contracts of approved proposals.
- Reporting phase: progress reports will be requested in electronic format only. Applications for reimbursement will only need to be sent in the signed paper version. Copies of deliverables will be requested in electronic format only.

We encourage using best practice procedures that stress the reduction of the used paper, its reuse and the recycling through appropriate recycling bins.

Reduce:

- The circulation of printed documents should be reduced by using email wherever possible
- It is advised to always use both sides of paper. Printers and photocopiers should be set to copy double-sided as default

Reuse:

- Waste paper should be used and assembled into notepads
- It is advised to use designated containers to collect part-used waste paper. This can then be fed back through faxes/printers or used for rough working

Recycle:

- Confidential documents should be shred and sent for recycling
- All other used paper should be sent for recycling where possible

Carbon offset

According to a rough estimation that considered the experience of the past programming period, a minimum of 9,400 travels are expected during the Danube Transnational programme and project

implementation. Therefore, it can be expected that travelling for programme/ project purposes will substantially increase the carbon footprint.

The DTP strongly suggests the project partners to previously assess the need for travel and to explore the alternative options, such as conference calls, online meetings, etc.

As often travels cannot be avoided, the DTP proposes to first trying to reduce the impact of the travel by combining events together (e.g. steering group meetings with working group meeting and stakeholders' event) and/ or by selecting the venue taking into consideration its accessibility (e.g. location easily reachable by train).

Another option that the DTP offers is the offsetting of the carbon emissions produced by the programme actors (programme bodies and project partners) when flying.

Carbon offsets are achieved through financial support of projects carried out by organisations that act as service providers of CO₂ compensation that reduce the emission of greenhouse gases in the short- or long-term.

Costs for compensating the CO₂ emissions are eligible for co-financing at programme level. Project actors are advised to read carefully the chapter on the eligibility of expenditure to make sure that programme rules are followed when purchasing carbon offsetting.


I.8 Scope of the seed money facility first call


The scope of the seed money facility of the DTP is to support the development of complex strategic transnational projects contributing to the EU Strategy for the Danube Region. The projects will be prepared to apply for funding from any other EU, national or other funding sources. The development phase funded by the seed money facility covers the analysis of the needs and challenges addressed by the main project, the preparation of the work plan for the main project, the setting up of the partnership as well as the analysis of the possible funding instruments for the main project.

Applicants are advised to carefully check the availability of the different funds and potential launching of new calls starting from 2019, already from the starting of the preparation of the seed money project, as the main goal is to actually implement in practice the developed projects for the benefit of the Danube Region.

I.9 Thematic focus of the seed money projects


The programme together with the EUSDR Priority Area Coordinators and involving the Steering Groups conducted a very extensive exercise that led to focusing the call on certain specific topics of utmost importance for the Strategy.

| <i>PA</i> | <i>Topics</i> | | <i>Explanations</i> |
|--|---------------|--|---|
| <p>Priority 1a</p> <p>Waterways Mobility</p>  | 1. | Improvement of fairway conditions along the Danube and its navigable tributaries | Stable fairway conditions are the basis for profitable Danube navigation. Measures to achieve such a situation have been summarised in the Fairway Rehabilitation and Maintenance Masterplan, which was endorsed by the Danube Ministers of Transport in 2014. Although the PA1a Working Group on Waterway infrastructure & management is continuously active, all additional project initiatives to solve bottlenecks or improve waterway management procedures are most welcome. The transnational impact of projects in this thematic area is inherent, as they improve the entire transport axis. |
| | 2. | Modernisation of the inland waterway fleet | Projects aiming to raise the operational efficiency of vessels and reduce emissions contribute to the environmental and economic performance of inland navigation. Thereby, they enhance competitiveness of the sector and contribute to the achievement of the PA1a targets. |
| | 3. | Reduction of administrative barriers in Danube navigation | This thematic cluster aims at improving border control procedures by promoting projects to reduce waiting times at border crossings as well as the duration of controls are beneficial for the inland waterway industry. This would contribute to the target set for PA1a to increase cargo transport on the river. The involvement of control authorities and decision-makers at EU-level is crucial. The |

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|---|---|---|
| | | transnational impact of projects in this thematic area is inherent. |
| <p>Priority 1b</p> <p>Rail-Road-Air Mobility</p>  | <p>1. Develop socio-environmentally appropriate and socio-economically sustainable transport services in rural areas for improved mobility of peoples</p> | <p>Right to mobility and accessibility to health services (hospitals), education (schools, universities), culture (museums, opera/drama) has to be equal for all peoples of the Danube region, in particular to young and older population and people with reduced mobility in small settlements in remote areas. Focus on:</p> <ul style="list-style-type: none"> - Comparison of present solutions in the Europe, and in particular between Scandinavian countries and the Danube region; - Exchange of best practices between stakeholders in the Danube region countries (workshop/seminar); - Developing models of public services (road, rail) in mountainous areas (e.g. Dinarids, Alps, Carpathians) or/and flat areas (e.g. Pannonian basin); - Evaluation that considers economic, social and environmental effects in comparison to the conventional existing methodologies is to be provided; - Preparation of set of recommendations for decision makers. |


| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|-----------|--|--|
| | <p>2. Develop and demonstrate operational solutions to at least double the speed of trains on macro-regional railway network by 2030 with the aim to improve attractiveness of passengers transport and competitiveness of freight transport</p> | <p>Stable transport conditions for infrastructure managers and service operators are preconditions for planning infrastructure investments and service providing. Focus on:</p> <ul style="list-style-type: none"> - Capitalisation of results of the studies carried out in the last 10 years by different stakeholders acting in the Danube region, such as SEETO, SEE, UN ECE TER project, in particular related to removing administrative obstacles at border crossings. - Search of best practices in the Europe and their presentation to stakeholders from the Danube region (by means of workshop or seminar); - Exchange of best practices between national administrations and railway operators, - Developing proto-type project showing at least one operational solution demonstrating reduced travel time between one of the EU capital cities and one non-EU capital city of the Danube region (e.g. between Budapest and Belgrade); - Developing ways to optimize business models for freight transport; |
| | <p>3. Applying contemporary transport technologies and/or operational solutions for macro-regional freight and passenger transport, as well as</p> | <p>Our industry is evolving rapidly, new ideas emerge and approaches evolve constantly. Application of the newest technologies in transport and development of new is the basis for sustainable development of efficient transport in the Danube</p> |

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|-----------|---|---|
| | private car use at local level | navigation. Focus on: <ul style="list-style-type: none"> - State of play in the Danube region (for clarity reasons can be presented within three functional areas – Upper Danube, central Danube, Lower Danube); - Exchange of knowledge; - Sharing available information, - Demarcation of areas where car use is the most optimal mode of transport and will remain at least until 2030. Areas where tram, rail or regional air connections are the optimal solutions should be also presented. |
| | 4. Develop and demonstrate innovative or improved transport and logistics solutions | Solutions and policy reactions often focus on decreasing the negative impacts of freight transport, rather than on developing a more efficient freight transport system. Stable transport conditions for infrastructure managers and service operators are preconditions for planning infrastructure investments and service providing. Focus on: <ul style="list-style-type: none"> - Search of the EU and national legislation that hampers or support efficient logistics solutions; - Present role of ICT and big data in nowadays logistics. - Innovative concepts should be developed and tested. - Demonstrate innovative and/or improved transport and logistic solutions with potential to move large volumes of |


| <i>PA</i> | <i>Topics</i> | | <i>Explanations</i> |
|--|---------------|---|--|
| | | | freight away from long-distance road transportation. - Stimulate the take-up and application of green transport solutions for macro-regional freight and passengers transport. |
| <p>Priority 2</p> <p>Sustainable Energy</p>  | 1. | Energy Efficiency: Energy Efficiency in buildings | <p>Goal: improvement of the energy efficiency of public buildings, contribution to reduction of total EU energy consumption and lower CO2, promotion of the use of renewable energy resources and smart solutions</p> <p>Focus on: energy efficiency and smart solutions in public buildings, promotion of the use of renewable energy resources at the municipalities, promotion of smart solutions at municipalities cooperation among municipalities</p> <p>Areas: heating, cooling</p> |
| | 2. | Promotion of RES ⁵ : More efficient use of RES | <p>Goal: contributing to the goals of the Energy Union, diversification of supply, reducing gas dependency and increasing the availability of renewable resources for domestic use.</p> <p>Focus on: biomass, hydropower and solar energy</p> <p>Areas: decentralisation in district heating system, district heating system switch, promotion of the utilization of RES in public</p> |


⁵ Renewable Energy Sources


| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|-----------|--|--|
| | | buildings |
| | 3. Smart Grids: Power System Automation | <p>Goal: reduction of emission in the EU and household energy consumption</p> <p>Focus on: smart and sustainable solutions</p> <p>Areas: smart cities, smart metering, energy storage, management systems</p> |
| | 4. Low Carbon Energy: Cutting Carbon in Transport (E-mobility: public transportation, e-cars, e-bikes, etc.) | <p>Goal: contributing to an environment-friendly local transport system with the reduction of carbon emission</p> <p>Focus on: cars and public transportation</p> <p>Areas: green transportation, electromobility, green transport infrastructure development</p> |
| | 1. Revival and protection of traditional crafts in the Danube region | <p>This topic addresses all the expressions of traditional craftsmanship. Projects under this thematic topic shall aim at identifying traditional craftsmanship in different parts of the Danube region, identifying artisans and encourage them to produce crafts, also to support policies or strategies oriented towards revival and development of traditional building crafts. Another direction refers to conducting studies on traditional crafts</p> |


| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|--|--|---|
| <p>Priority 3</p> <p>Culture & Tourism</p>  | | <p>for the Danube region. By developing training programs dedicated to the already active artisans, teaching them to adapt to the conditions of a continuously changing market, to identify new sources of financing and to create networks the projects will contribute to a sustainable preservation of this part of the intangible cultural heritage. Moreover, by co-interesting and training the young people from the local communities (apprenticeship programmes) the passing on of the tradition will be ensured.</p> |
| | <p>2. Develop applications and other innovative tools for tourists that use information and communication technologies (ICT) promoting and clearly illustrating the natural and cultural heritage of the Danube region</p> | <p>Nowadays the ICT tools are very important in for an effective information flow, especially in the tourism sector. It was proven that the touristic potential of large regions remains barely known due to numerous factors (low accessibility, deficient advertising etc.). Projects shall help the tourists to identify the natural and cultural heritage from their interest region, to find information about their characteristics, visiting programme, events organised in the nearby areas etc. At the same time, they shall enable tourists to exchange information in real time, rating the places they have visited, giving permanently updated advice to other potential tourists.</p> |
| | <p>3. Promotion of SPA and wellness</p> | <p>Promotion of SPA and wellness tourism is included in the Actions plan of EUSDR. Projects shall aim at exploring the potential for</p> |


| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|-----------|--|---|
| | tourism in the Region | development of SPA and wellness tourism in the region, including studies, exchanges of best practices, know-how and networking. Also development of traditional, on-line and web based communication and promotional tools.; training for stakeholders, incl. self-study modules. |
| | 4. Create new and support existing transnational routes for sustainable and activity tourism in the Danube region. | Target 3 of EUSDR PA3 refers to developing new and supporting existing Cultural Routes relevant in the Danube Region. Projects developed under this thematic topic shall aim at attaining this target with a clear focus on its transnational dimension, identifying or supporting routes extended in three or more countries of the Danube region. |
| | 1. Implementation and promotion of eco-friendly waste water treatment for small settlements | Focus on waste water collection in rural areas with regard to social aspect of inhabitants and natural resources protection |
| | 2. Support effective management of water resources from the water quality viewpoint in the conditions of climate change (e.g. drought, water scarcity) | Following climate change impact on river sub-basins it is necessary to focus on their particularities (urbanization, industry, agriculture) and public interest from the viewpoint of hydro-ecological, hydro-soil and hydrogeological conditions of related territory and to draft optimal way of water resources management |


| <i>PA</i> | <i>Topics</i> | | <i>Explanations</i> |
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| <p>Priority 4</p> <p>Water Quality</p>  | 3. | <p>Solving the problem of Hazardous and Problematic substances (problematic infrastructures) endangering water ecosystems in the in the DRB</p> | <p>Following the monitoring of hazardous and problematic substances occurrence in the Danube Basin it is necessary to focus on drafting the most effective technologies for their removal in a way to meet the environmental goals of the Water Framework Directive which would be manifested in radical improvement of water and land ecosystems</p> |
| | 4. | <p>Development of knowledge building and policy recommendations on the level of pharmaceuticals and other emerging substances (e.g. cyano bacteria toxins) in the water</p> | <p>Focus on involvement of professionals and specialists in the field of pharmacy, chemistry, water management, and technology as well as central bodies of state administration into the process of occurrence assessment and elimination of pharmaceutical and emerging substances</p> |
| | 1. | <p>Coordinate the operative flood management and civil protection plans</p> | <p>Focus on evacuation plans and procedures, safeguarding people, goods, emergency rescue plans, regional catastrophe plans including contingency plans for water scarcity etc.) considering the benefits of the civil protection mechanisms for the shared flood basins or stretches of common interest to better use the available resources.</p> |
| | 2. | <p>Safety of the critical water infrastructure on shared river basins, contingency planning for</p> | <p>Investigation and evaluation of lakes, reservoirs and their dams or complex water bearing structures which could have transboundary/ international effects if busted or malfunctioning.</p> |

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|--|--|---|
| <p>Priority 5</p> <p>Environmental Risks</p>  | <p>failure (havaria management)</p> | <p>The extreme natural conditions or the failure of these manmade objects would cause environmental risks, like sudden inundation, water quality problems and additionally block of freshwater supply, irrigation, transport etc. The topic covers the estimation of the effects and calculation of the response time and develop possible measures, action plans. The aim is to raise preparedness and get aware of the potential threats to act in advance. The activities need to be communicated in the border commissions and international collaboration should be set up for such cases.</p> |
| | <p>3. Basin/Sub-basin wide technical/professional) water resource management masterplans</p> | <p>Projects are expected to facilitate the adaptation of the Danube countries to climate change and to support anticipating local and regional impacts of climate extremities (e.g. ice management, border crossing flood or excess water inundation – beside the river network including shared lake surface and littorial)</p> |
| | <p>4. Improve the capacities to tackle accidental pollution risk at the transboundary, regional and basin level,</p> | <p>Focus on the development and/or modernization of plans, equipment (including monitoring capacities), information and warning systems and joint trainings, taken also into account the effects of climate change</p> |
| | <p>1. Fostering Ecological Connectivity within Danube Region</p> | <p>Projects to extend green corridors in the Danube Region and to establish links also to neighbouring Regions and Organizations (Carpathian Region / Carpathian Convention, Alpine Space,</p> |

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|--|--|--|
| <p>Priority 6</p> <p>Biodiversity & Landscapes</p>  | | EUSALP, EUSAIR) towards a TEN-G (Trans-European Network for Green Infrastructure). |
| | 2. Improvement of the Air Quality in the Danube Region | Projects to strengthen improvements in Air Quality, specifically to enable a stakeholder dialogue between experts, policy level, civil society and citizens. Focus on Residential Heating with biomass and its impact on human health. Focus should be laid on public participation, awareness raising campaigns, transnational certification for municipalities, learning tools and concrete efforts to reduce negative impact on human health. |
| | 3. Fostering transnational cooperation in monitoring and measures against Invasive Alien Species (IAS) in the Danube Region. | Projects aiming at the harmonization of Data, the development of joint early warning systems and joint direct response systems when IAS are introduced into the Danube River. Involvement of the public and awareness raising activities are also welcomed. |
| | 4. Improvement of the water quality of Danube river systems as regards the loss of nutrients and phosphates. | Projects aiming to strengthen the efforts of joint measures from nature protection and agriculture to prevent the loss of nutrients and phosphates in the water body of the Danube River System. Stakeholder dialogues, transnational agreements and best practice exchange could be included in the activities. |
| | 1. Fostering cooperation between | Focus on: |


| PA | Topics | Explanations |
|--|---|--|
| <p>Priority 7</p> <p>Knowledge Society</p>  | <p>higher education institutions (HEIs), industry and government (public) institutions stimulating the automotive industry in the Danube region, in order to:</p> | <ul style="list-style-type: none"> - meeting the industry's requirement of skilled manpower - running employability-skill enhancement programs and to set-up training centres/labs - improving the competitiveness of industry - increasing the relevance and innovativeness of research in HEIs - knowledge transfer |
| | <p>2. Promoting the development of a common accredited course focused on "the Development of the Danube region" through which HEI students and teachers from various Danube region countries will be able to:</p> | <p>Focus on:</p> <p>exchange the knowledge and share information via online platforms / social media</p> <p>preparation of topics of MA-thesis and/or dissertation thesis and compare their results</p> <p>exchange visits (via existing mobility programs or newly developed schemes)</p> <p>raising the issues of political interest</p> |
| | <p>3. Empowering Research and innovation Support centres in the Danube Region –proposals supporting excellent science</p> | <p>Development of concepts for training programs, incl. organization of a pilot trainings (e.g. summer/winter school) focused on raising awareness regarding EU (and other) funding programs and generating project</p> |


| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
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| | 4. Analysis of status quo in research and innovation performance in the Danube Region | Development of co-publications, co-patents and similar with the aim to foster discussion among policy makers and relevant stakeholders (i.e. representatives from the other EU-macro-regional strategies, HEIs, research institutions, industry, etc.) |
| <p>Priority 8</p> <p>Competitiveness of Enterprises</p>  | 1. To increase professionalization and visibility of cluster organisation in the DR | Focus on Bioeconomy through networking of companies, improved innovation models and training measures for cluster organisations and cluster managers |
| | 2. Preparatory feasibility studies for the better use of environmental technologies | Entrepreneurship development and improvement the competitiveness of the DR, like: sewage treatment, refuse disposal, generation of energy from renewable sources with a special focus also on rural areas |
| | 3. Strengthening of SMEs capacities to improve their competitiveness and profitability | Innovative training measures for a better use of ICT tools and skills for entrepreneurs, with particular consideration of women Entrepreneurship. |
| | 4. To strengthen SMEs capacities to improve their competitiveness in EU regional markets | Promoting measures for an effective implementation of important elements of dual education and vocational training. |

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
|---|---|--|
| <p>Priority 9</p> <p>People & Skills</p>  | <p>1. Preventing early school leaving & re-integration of NEETS⁶ into education/labour market</p> | <p>Developing monitoring and warning systems for early school leavers as well as diagnostic tools. Setting up integrated measures with a focus on ESL⁷ prevention, on transition from school to occupation and re-integration for NEETS into education and labour markets (e.g. counselling, coaching, school social work, language support measures, qualification measures, trainings, second chance and adult education etc.)</p> |
| | <p>2. Promoting inclusive education and labour markets, including second-chance education, focusing on marginalised communities (e.g. Roma)</p> | <p>Identification of obstacles to inclusive education systems and labour markets and development of new measures to increase their inclusiveness. Improving access to education and improving labour market integration with a special focus on integrated approaches. Improving educational outcomes in particular of socio-economically disadvantaged learners (e.g. by improving teachers' competences regarding multilingualism, diversity, etc; individualisation, learning support, coaching, counselling, t etc.)</p> |
| | <p>3. Improving skills and competences for employability, entrepreneurship and active citizenship.</p> | <p>Projects should focus on skills development among youth and adults, ranging from basic skills in numeracy and literacy to financial, entrepreneurial, green and digital skills as well as critical thinking and democratic participation. Better alignment of skills with labour market needs (including improved skills forecasting).</p> |

⁶ Not in Education, Employment or Training

⁷ Early School Leaving

| <i>PA</i> | <i>Topics</i> | <i>Explanations</i> |
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| | | <p>Modernising vocational education and training, in particular by promoting high-quality work-based learning. Furthermore, developing approaches for shared understanding of key competences and foster their introduction in training curricula.</p> |
| <p>Priority 10</p> <p>Institutional Capacity & Cooperation</p>  | <p>1. Low-threshold provision of local services for ethnic minorities (e.g. Roma), refugees, people with disabilities, lone parents, migrants, low-skilled people, homeless people, early school leavers and/or elderly people in cities and municipalities.</p> | <p>Cities and municipalities are crucial in the implementation of public services that support sustainable development and social inclusion on a daily basis. Activities aiming at cutting bureaucracy, improving the quality of administrative procedures, facilitate accessibility, as well as improving skills, competences and motivation of civil servants are essential factors to improve the quality of public services that address ethnic minorities (e.g. Roma), refugees, people with disabilities, lone parents, migrants, low-skilled people, homeless people, early school leavers and/or elderly people.</p> |
| | <p>2. Fostering innovative models of cooperation between civil society and local public authorities to develop modern social, health and educational services.</p> | <p>Projects under this topic should aim at improving the quality of public services and optimising governance mechanisms through innovative models of cooperation between civil society (organisations) and local public institutions. Projects addressing this topic should foster an open dialogue with different authorities and institutions, and a better acknowledgement of civil society expertise and views in public services in order to jointly develop</p> |

| <i>PA</i> | <i>Topics</i> | | <i>Explanations</i> |
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| | | | modern social, health and educational services. |
| | 3. | To create innovative tools to promote digital cities in the Danube Region in order to strengthen transparency. | The topic addresses projects aiming at the development and implementation of innovative tools that promoting the smart cities approach that entails an integrated strategy involving ICT and resilient development. Furthermore, the projects or studies need to address multi-stakeholder engagement with a special emphasis on cooperation between cities and companies. |
| | 4. | Fostering transnational/cross border cooperation at local level to overcome administrative interregional barriers | Establishing structures to facilitate cross-border service provisions such as cross-border fire-fighting operations, emergency services, disaster response |
| <p>Priority 11</p> <p>Security</p>  | 1. | Security offensive - Enhancing police cooperation with the aim of improving security and tackling serious and organised crime in the EUSDR countries and strengthening the efforts against terrorism threats | Fostering the cooperation in the field of countering smuggling and trafficking in human beings; enhancing the cooperation in the area of combating illicit drug smuggling; intensifying the cooperation in combating the Internet crimes (cybercrime) enhancing the fight against illicit trafficking of firearms in the Danube Region; strengthening and intensify the law enforcement and police cooperation in the field of property crime; intensifying the common approach in the fight against terrorism. |

| <i>PA</i> | <i>Topics</i> | | <i>Explanations</i> |
|-----------|---------------|--|--|
| | 2. | Developing strategic long-term cooperation between law enforcement actors along the Danube river by strengthening networks for cooperation by 2020 | Establishing a network of contact and coordination centres along the Danube River |
| | 3. | Improving the systems of border control, document inspection management and cooperation on consular related issues in the Danube region | Enhancing the cooperation on Consular and Visa Issues, document inspection management and better migration management in The Danube Region |
| | 4. | Promoting the rule of law and the fight against corruption. | Strengthening the joint efforts in combating corruption and organised crime |

Before applying for the seed money funding, potential applicants have to obtain the Declaration of alignment from the PAC, certifying the alignment of the proposal with the thematic focus of the call.

I.10 Project structure (outputs of the projects)

The seed money projects are output-based projects. This means that the Lead Applicants will have to describe in the Application Form the activities that are leading to the development of the project outputs.

Besides the 3 pre-defined outputs, the partnership will have to plan the budget for costs related to control (in case of decentralised systems) and a maximum of 100 EUR as costs for printing the mandatory poster per each partner.

In order to support the applicants and to ensure a harmonised approach, the Programme has pre-defined the types of outputs that each project has to deliver.

Output 1: Report on the state of play in the addressed field, including inter alia:

- Description of the situation in the field and countries concerned including:
 - Overview of past and current activities in the field and of complementary projects that were/are implemented;
 - Description of the existing gaps, which will be addressed by the new initiative.
- Description of the target groups addressed by the future project and their needs.

Output 2: Main project work plan, containing:

- A work plan, describing activities, outputs and expected results of the main project;
- The composition of the potential project partnership;
- An indicative budget plan for the main project.

Output 3: Report on funding possibilities, presenting:

- The analysis of funding sources for the main project;
- A road map defining steps to be taken after the seed money project is finalised.

I.11 Lead Partner Principle

According to the Regulation (EU) No. 1299/2013, art. 13, the “Lead Partner principle” applies to Danube Transnational Programme.

This means that the Lead Partner (LP) should be nominated by the partners from amongst themselves.

ATTENTION: The LP can only be legal entities located on the territory of a Member State participating in the Danube Transnational Programme.

The Lead Partner organisation should follow the legal requirements set out in section I.12.1. Lead partner organisations can be public bodies, bodies governed by public law, private non-profit institutions or international organisations.

The Lead Partner, together with the project partners, is responsible for drafting the Application Form and submitting it to the MA/JS. After approval of the seed money project, a Subsidy Contract will be concluded between the MA/JS and the Lead Partner, being formally the final beneficiary of the EU funding and the only direct link between the project partnership and the programme.

According to Art.13 of the Regulation (EU) No. 1299/2013 the Lead Partner shall:

- Lay down the arrangements with other beneficiaries in a Partnership Agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid
- Assume responsibility for ensuring implementation of the entire operation
- Ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries, and is in accordance with the document provided by the managing authority pursuant to Article 12(5)
- Ensure that the expenditure presented by other beneficiaries has been verified by the responsible Controller where this verification is not carried out by the managing authority pursuant to Article 23(3)

I.12 Eligibility of partners (legal status and geographic eligibility)

I.12.1 General eligibility rules

The following types of partners, according to their legal status, are eligible for funding within the Danube Transnational Programme seed money facility: local regional, national public bodies/ bodies governed by public law (including EGTCs in the meaning of Article 2(16) of Regulation (EU) No 1303/2013, registered in one country of the programme area), international organisations, private bodies (excluding private enterprises) having legal personality.

A. Local, regional, national public bodies⁸/ bodies governed by public law (including EGTCs in the meaning of Article 2(16) of Regulation (EU) No 1303/2013)

Bodies governed by public law

Bodies governed by public law' as defined in Article 2(9) of DIRECTIVE 2014/24/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 February 2014 on public procurement and repealing DIRECTIVE 2004/18/EC (OJ L 94, 28.3.2014).

The definition of a body governed by public law is the following according to Article 2(1) of DIRECTIVE 2014/24:

'Bodies governed by public law' means bodies that have all of the following characteristics:

- *They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character (being not relevant the industrial and commercial character)*
- *They have legal personality; and*
- *They are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law; or are subject to management supervision by those authorities or bodies; or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law*

How to assess whether a legal entity is a "body governed by public law"?

In individual cases it might be difficult to ascertain whether a legal entity fulfils the criteria defining a "body governed by public law". In this respect it can be helpful to first consult Annex I of the Directive 2014/24/EU. For all EU Member states participating in the DTP, it sets out non-exhaustive lists of bodies and categories of bodies governed by public law which fulfil the criteria in question. Moreover, lawyers specialised in public

⁸ E.g. ministries, municipalities, regions etc.

procurement law, certified public accountants and national procurement authorities and national programme's representatives could give advice. They will also be familiar with the national jurisdiction on the term "body governed by public law".....

Considering the case-law of the European Court of Justice the following can be noted to interpret the three criteria of the term "body governed by public law" correctly on European level. In general, the European Court of Justice held that the term must be interpreted in functional terms and broadly.

a.1 Established under public or private law for the specific purpose of meeting needs in the general interest

The term "**needs in the general interest**" is an autonomous concept of Community law. In case of doubt, its legal and factual situation must be determined in each individual case in order to assess whether or not it meets a need in the general interest.

Needs in the general interest are generally needs which are satisfied otherwise than by the availability of goods and services in the marketplace and which, for reasons associated with the general interest, the State chooses to provide itself or over which it wishes to retain a decisive influence. Account must be taken of relevant legal and factual circumstances, such as those prevailing when the body concerned was formed and the conditions in which it carries on its activity. However, the existence or absence of needs in the general interest not having an industrial or commercial character must be appraised objectively, the legal form of the provisions in which those needs are mentioned being immaterial in that respect.

A body which was not established to satisfy specific needs in the general interest not having an industrial or commercial character, but which has subsequently taken responsibility for such needs, which it has since satisfied, fulfils that condition provided that the assumption of responsibility for the satisfaction of those needs can be established objectively. Activities of the body in question linked to public policy can indicate that it meets needs in the general interest.

The condition that the body must have been established for the "specific" purpose of meeting needs in the general interest, not having an industrial or commercial character, does not mean that it should be entrusted only with meeting such needs. It is immaterial that such an entity is free to carry out other activities provided that it continues to attend to the needs which it is specifically required to meet.

a.2 (and) Not having an industrial or commercial character

This criterion is intended to clarify the meaning of the term "needs in the general interest". That means that within the category of needs in the general interest there is a sub-category of needs which are not of an industrial or commercial character.

If a body operates in normal market conditions, aims to make a profit, and bears the losses associated with the exercise of its activity, it is unlikely that the needs it aims to meet are not of an

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| | <p><i>industrial or commercial nature.</i></p> <p><i>The status of a body governed by public law is not dependent on the relative importance, within that body's activity, of the meeting of needs in the general interest not having an industrial or commercial character.</i></p> |
| <p><i>b. Having legal personality</i></p> | <p><i>The question whether or not a body has legal personality is to be answered by national law. An entity's private law status does not constitute a criterion for precluding it from being classified as "body governed by public law" within the meaning of Directive 2014/24/EU.</i></p> |
| <p><i>c.1 Financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law</i></p> | <p><i>Each of the alternative conditions set out in the "c" criterion (c1, c2, c3) reflects the close dependency of a body on the State, regional or local authorities or other bodies governed by public law. Whilst the way in which a particular body is financed may reveal whether it is closely dependent on another public authority, that criterion is not an absolute one. Not all payments made by a public authority have the effect of creating or reinforcing a specific relationship of subordination or dependency.</i></p> <p><i>Only payments which go to finance or support the activities of the body concerned without any specific consideration therefore may be described as public financing.</i></p> <p><i>The term "for the most part" means more than half. That necessarily implies that a body may also be financed in part in some other way without thereby losing its character as a body governed by public law. In order to determine correctly the percentage of public financing of a particular body account must be taken of all of its income, including that which results from a commercial activity.</i></p> <p><i>To decide whether a body is a "body governed by public law" the way in which it is financed must be calculated on the basis of the figures available at the beginning of the budgetary year, even if they are only provisional.</i></p> |
| <p><i>c.2 Or subject to management supervision of those bodies</i></p> | <p><i>The criterion "management supervision" must give rise to the dependence on the public authorities' equivalent to the dependence which exists where one of the other alternative criteria (c1 or c3) is fulfilled. A mere review does not satisfy the criterion of management supervision. That criterion is, however, satisfied where the public authorities supervise not only the annual accounts of the body concerned but also its conduct from the point of view of proper accounting, regularity, economy, efficiency and expediency and where those public authorities are authorised to inspect the business premises and facilities of that body and to report the results of those</i></p> |

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| | <i>inspections to other public authorities.</i> |
| <i>c.3 Or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.</i> | |

B. International organisations

International organisations acting under the national law of any DTP Partner State or under international law, provided that, for the purpose of the project, they fulfil the EU, programme and national requirements in terms of control, validation of costs and audits, can be considered eligible for funding. In particular, these organisations should express in written form (through a form of Declaration) that:

- They agree to comply with applicable community policies, including the respect of principles on public procurement
- They accept the national control requirements set in the framework of the Danube Transnational Programme
- They agree to accept the controls and audits by all bodies entitled to carry out such controls in the framework of the Programme, including the Managing Authority and Joint Secretariat, the Audit Authority and the European Court of Auditors as well as the relevant national authorities of the Member State in which the international organisation acting as project partner is located. Storage of all documents required for these controls must allow performing them in the geographical area covered by the Danube Transnational Programme
- They assume the final financial liability for all sums wrongly paid out

C. Private non-profit bodies

In the context of this programme, the concept of “private non-profit bodies” means all organisations which are founded by private law such as (but depending on the country) chambers of commerce, trade unions, non-governmental organisations. They may receive funding if they fulfil the following criteria:

- They have legal personality
- They make available the results of the project to the general public

- They apply the principles of public procurement

Private non-profit bodies acting as Lead Partner have to demonstrate that:

- They have no debts to the state budget
- No liquidation or bankruptcy procedure has been initiated against them
- They are financially autonomous
- They are solvent (meaning that they can cover their medium and long term commitments)

Private non-profit LPs will demonstrate the fulfilment of the criteria above through a self-declaration.

Only legal entities listed in the approved Application Form are eligible for funding. In order to ensure a proper audit trail, the MA/JS needs to know which organisations receive programme funding and whether they are eligible according to the programme rules. Therefore, an “umbrella” type of partnership structure, where one partner collects funding and represents other partners without naming them is not possible.

ATTENTION: Private enterprises are not eligible to participate in the seed money projects, but can be involved as target groups or subcontracted.

I.12.2 Geographic eligibility rules

The Programme covers 14 countries, 9 of them EU Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany-Baden Württemberg and Bayern, Romania, Slovakia and Slovenia) and 5 non-member states (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Serbia and Ukraine with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast).

EU financing is only provided to project partners located in the Programme Area.

Please note: Exceptions

Legal entities located in Germany and Ukraine (in the sense of legal registration) but outside the Programme area can receive EU financing, if:

- a. Are competent in their scope of action for certain parts of the eligible area, e.g. federal ministries, federal agencies, national research bodies which are registered outside the Programme area etc.,
- b. Fulfil the basic requirements specified in point I.12.1 and
- c. Carry out activities which are for the benefit of the regions in the Programme area.

Based on the geographical location the following two **types of partners** are identified:

- **Directly financed partners:** receiving directly financial contribution from the Programme (by ERDF, IPA and ENI) and bearing full responsibility for their budget
- **Indirectly financed partners (ASPs):** being **not** directly financed by the Programme but – eventually – “sponsored” by an ERDF Partner that is bearing the responsibility for their participation to the project. Associated Strategic Partner (ASP) in the DTP is an organisation whose participation is considered crucial for the added value given to the partnership. As an example, ASP can potentially be an organisation (e.g. Ministry, international organisation etc.), which does not want to apply and contribute financially because of administrative burdens and financial reasons but it is interested to participate in the main project.)

ASPs (Associated Strategic Partner) are actors not contributing financially to the project and are located either in an:

- **EU country (inside or outside the Programme area) or in a**
- **Non-EU country of the programme area (in case the given partner is not financed by IPA/ENI funds within the same project)**

Expenditure is limited to reimbursement from the programme of *travel and accommodation* costs related mainly to their participation in project meetings, which shall be finally borne by any of the institution acting as ERDF “sponsoring” partner in order to be considered as eligible.

It is recommended that maximum two ASPs are involved in the Seed Money project.

Summary of the proposed type of partners

| Type of Partner | | Location | Budget | Budget lines ⁹ |
|------------------------------|---|--|--|---------------------------|
| Directly financed partners | LEAD PARTNER | Only EU part of the Programme area | Separate | All |
| | ERDF PARTNER | Only EU part of the Programme area | Separate | All |
| | IPA PARTNER | Only Bosnia and Herzegovina, Montenegro, Serbia | Separate | All |
| | ENI PARTNER | Moldova and Ukraine | Separate | All |
| Indirectly financed partners | Associated Strategic Partners (ASPs) | <ul style="list-style-type: none"> ➤ EU countries ➤ Non-EU countries of the Programme Area | Part of a "sponsoring" ERDF PARTNER budget | TRAVEL and ACCOMODATION |

I.13 Eligibility of expenditure

I.13.1 Legal background and hierarchy of rules

In the framework of Danube Transnational programme there are three levels of rules that govern the eligibility of expenditure:

1) EU regulations:

- REGULATION (EU, Euratom) No. 966/2012 (Financial regulation) providing the financial framework applicable to the general budget of the Union.
- COMMISSION DELEGATED REGULATION (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.
- REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 - Common provisions regulation is setting the basic rules for, among others, the European Regional Development Fund (ERDF), one of the main financing sources of the Programme. More specifically, Articles 65-71 are dealing with the eligibility of expenditure.

⁹ The eligible expenditure of the DTP seed money call include the following budget lines: staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and service costs

- REGULATION (EU) No 1301/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 - ERDF Regulation is dealing solely with the ERDF. Regarding eligibility of expenditure, Article 3 is the most relevant in which scope of support from ERDF is established, stating what can and cannot be financed from the ERDF.
- REGULATION (EU) No 1299/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 - ETC regulation is dealing with the eligibility of expenditure in Articles 18-19.
- COMMISSION DELEGATED REGULATION (EU) No 481/2014 of 4 March 2014 - Delegated Act on Eligibility for cooperation programmes supplements the ETC regulation and provides detailed rules for staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and services costs, and equipment expenditure.
- REGULATION (EU) No 236/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014 - Common Implementing Regulation for External Actions is laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- REGULATION (EU) No 231/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014, IPA II
- COMMISSION IMPLEMENTING REGULATION (EU) No 447/2014 of 2 May 2014 – IPA II implementing regulation sets more detailed rules for the implementation of IPA II.
- REGULATION (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument

The list of regulations is not exhaustive and the amendments of the above regulations shall be also considered.

- 2) **Programme rules** on eligibility of expenditure outlined in Section I.13 of Seed Money Facility Programme Manual¹⁰.
- 3) **National (including specific institutional) rules** which apply for matters not covered by the EU regulations and Programme Rules.

Please note: The eligibility rules laid down in the SMF Programme Manual shall not be overruled by national or institutional legislation.

¹⁰ According to Article 18(2) of the ETC Regulation, “the participating Member States in the monitoring committee, shall establish additional rules on eligibility of expenditure for the cooperation programme as a whole”

1.13.2 General eligibility requirements

The rules on eligibility of expenditure for the Danube Transnational Programme are developed based on the Commission Delegated Regulation (EU) No. 481/2014, referred in the present Seed Money Facility Programme Manual as “Delegated Act” and in line with the EU Regulations listed in section I.13.1 of this document.

In principle, the same eligibility rules apply to ERDF, IPA and ENI funds due to the integration of IPA and ENI at programme level. In case of exceptions due to different rules for IPA and ENI, these are explicitly mentioned under the relevant sections.

1) General provisions

In general, in order to be considered **eligible**, expenditure have to fulfil all the following criteria:

- All expenditure are related to the implementation of the project as approved by the Monitoring Committee, and essential for the achievement of the pre-defined outputs
- All expenditure must comply with the principle of efficiency, effectiveness and economy
- All expenditure must comply with the principle of real costs, with the exception of the costs calculated as flat rates for office and administration costs
- As a general rule, all expenditure are incurred and paid by the project partner indicated in the application form during the eligibility period of the project
- All expenditure relate to activities that have not been financed from other financial instruments
- All expenditure are supported by invoices or other documents with probative value directly attributable to a certain project partner with the exception of the costs calculated as flat rates for office and administration costs.
- All expenditure are in line with eligibility rules on EU, programme and national eligibility rules

2) Ineligible expenditure

- Fines, financial penalties and expenditure on legal disputes and litigation
- Costs of gifts, except those not exceeding 50 EUR per gift where related to promotion, communication, publicity or information
- Costs related to fluctuation of foreign exchange rate
- Interest on debt
- Purchase of land and existing buildings

- Value added tax except where it is non-recoverable under national VAT legislation
- Contributions in kind, as defined in Article 69(1) of Regulation (EU) No. 1303/2013
- Project expenditure split among project partners (i.e. sharing of „common costs”)

3) Eligibility in time

The rules for the eligibility period are set to Article 65(2) of Regulation (EU) No 1303/2013. Within the Danube Transnational Programme, in case of seed money facility the eligible project period shall be defined in the approved Application form by the starting date and end date of the project. In principle, the project starting date is defined after the final approval date of the project by the Monitoring Committee.

Eligible project expenditure shall be incurred within the project period defined by the starting date and end date of the project according to the approved Application Form with the exception of **control costs related to the verification of expenditure by the FLC** which can be incurred after the end date of the project period. Eligible project expenditure shall be paid in the period defined by the starting state and 60 days from the end date of the project at the latest. The deadline for payments will be explicitly given in the subsidy contract.

1.13.3 Eligibility of expenditure by budget lines

In accordance with the Commission Delegated Regulation (EU) No. 481/2014 (as referred to “Delegated Act”) and the relevant EU regulations, specific rules on the eligibility of expenditure within the Seed Money Facility of the Danube Transnational Programme are established by budget lines for the four expenditure categories of the Delegated Act.

Project expenditure are eligible under the following budget lines:

1. Staff costs
2. Office and administrative expenditure
3. Travel and accommodation costs
4. External expertise and service costs

Staff costs

The costs of the personnel employed by the beneficiary institution and executing tasks for the project content related activities are eligible to be reimbursed by the Programme.

Expenditure on staff costs shall be limited to the following:

- a. **Salary payments** related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment/work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned;
- b. Any **other costs directly linked to salary payments incurred and paid by the employer**, such as **employment taxes and social security** including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council provided that they are:
 - i. Fixed in an employment document or by law;
 - ii. In accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and
 - iii. Not recoverable by the employer.

The above rules apply to any other additional benefits incurred and paid by the employer over the monthly salary. Additional benefits must be directly linked to the salary payments and figure on the payslip. Ad-hoc regulations for additional benefits, ad-hoc salary increases or bonuses applicable only to the project are not eligible.

Overtime is eligible only in case it is directly related to the project, it is foreseen in the employment document and it is in line with national legislation and the standard practice of the beneficiary, and on the basis of appropriate time registration system. In case of part time employment, overtime shall be proportionally allocated to the project.

Staff costs may be reimbursed in the Danube Transnational Programme on a **real cost basis** (proven by the employment document and payslips).

The staff can be allocated to **work full time** (100% of the working time is allocated to the project) **or part time** for the project.

Please note: Staff costs of **the part-time** employees have to be calculated using one of the following methods:

- a. Part-time with a fixed percentage of time worked per month on the operation, with no obligation to establish a separate working time registration system
- b. Part-time with a flexible number of hours worked per month; in line with a number of hours varying from one month to the other worked on the operation, based on a time registration system covering 100 % of the working time of the employee
- c. On an hourly basis

For part-time assignments with a fixed percentage of time worked per month:

- The percentage of time to be worked on the project shall be fixed in the employment document (work contract/job description/other equivalent document) by the employer for each project staff member. The percentage of time dedicated to the given project shall be mentioned in the documents where the other tasks/ projects are referred, as well as the percentage of time to be allocated to other tasks/projects. Description of project-related tasks and responsibilities of the person working on the project shall be available and the time allocated to the project per output shall be in line with the project related tasks.
- In case of use of this method holidays and sick leave shall be declared proportionally
- There is no obligation to establish a separate working time registration system.
- In duly justified cases, in case the percentage of time to be worked on the project is changed during the project duration, the related document shall be submitted to the Controller, as well as the documents justifying the necessity and plausibility of the changes.

For part-time assignments with a flexible number of hours worked per month:

- The reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:
 - (i) Dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours; or
 - (ii) Dividing the latest documented annual gross employment cost by 1,720 hours.
- The hourly rates calculated under points (i) and (ii) shall be multiplied by the number of hours actually worked on the operation.
- In case of part time with a flexible number of hours worked per month calculated with the monthly hourly rate, only the number of hours actually worked can be taken into account during the calculation of eligible staff costs, holidays and sick leave would usually not be considered as eligible staff costs (in the absence of any specific contractual clause the maximum monthly working time should be considered).
- In case of use of annual gross employment cost method, the hourly rates would be set based on the latest available gross employment costs at the time of signature of the Subsidy Contract. The hourly rates would remain fixed for the project duration.
- In case of use of annual gross employment cost method the denominator of the formula for the calculation of the hourly rate (i.e. 1,720 hours) cannot be changed irrespective of contractual conditions applicable.

- Methods under points (i) and (ii) can be combined for the staff of the same partner according to the different contract provisions (e.g. newly hired staff, etc.)
- Time registration system covering 100 % of the working time of the employee shall be established.

For part time assignment on an hourly basis:

- Staff costs related to individuals who, according to the employment document, work on an hourly basis, costs shall be eligible applying the number of hours actually worked on the operation to the hourly rate agreed in the employment document based on a working time registration system.
- Time registration system covering 100 % of the working time of the employee shall be established.

ATTENTION: Staff costs of the employees of the institution involved in the project are to be considered cash contribution and not in-kind contribution! (In kind contribution means **unpaid voluntary work**, and the value of that work is determined by taking into account the verified time spent and the **rate of remuneration for equivalent work**. According to programme rules, **in kind contribution is not eligible**).

Examples for the calculation of staff costs:

| Type | Calculation |
|-----------------------------|---|
| Full time employment | <p>100% of the gross employment costs are allocated to the project</p> <p><u>Mathematical example:</u></p> <ul style="list-style-type: none"> • <i>Project manager is assigned to work 100% on the project. This is clearly stated in the relevant employment document along with the role within the project and the relevant tasks.</i> • <i>Project period is 12 months</i> • <i>Gross employment cost of project manager is 1,500 EUR (including 1,140 EUR gross salary and 310 EUR social charges paid by the employer and 50 EUR other payments related to salary including taxes paid by the employer).</i> |

| | |
|------------------------------------|--|
| | <ul style="list-style-type: none"> • During a particular month, project manager is working solely on project related tasks. • At the end of the project period, the partner report is prepared by the project partner. In the partner report the expenditure is claimed for project manager in the amount of 18,000 EUR (12 * 1,500 EUR). • No obligation to establish a separate working time registration system – no timesheet necessary |
| <p>Part time employment</p> | <p>a. with a <u>fixed percentage of time worked per month</u></p> <p>The percentage set in the employment document (work contract/job description/other equivalent document) is multiplied by the monthly gross employment costs.</p> <p><u>Example:</u></p> <p>50% of working time is allocated to the project</p> <ul style="list-style-type: none"> • Financial manager is assigned to work 50% on the project. This is clearly stated in the relevant employment document along with the role within the project and the relevant tasks. • Project period is 12 months • Gross employment costs of financial manager is 3,500 EUR (including 2,660 EUR gross salary and 718 EUR social charges paid by the employer and 122 EUR other payments related to salary including taxes paid by the employer). • During a particular month, financial manager is working 50% of her/his working time on project related tasks. • At the end of the project period, the partner report is prepared by the project partner. In the partner report the expenditure is claimed for financial manager in the amount of 21,000 EUR = 12*(3500*0,5). • No obligation to establish a separate working time registration system |
| | <p>b.(i) with a flexible number of hours worked per month <u>calculated with a monthly hourly rate</u></p> <p>Number of hours worked in the project multiplied by the pre-calculated monthly hourly rate.</p> <p><i>hourly rate = monthly gross employment cost/ monthly working time fixed in the employment document (expressed in hours).</i></p> <p><u>Example:</u></p> |

| | | |
|--|---|--|
| | | <ul style="list-style-type: none"> • <i>monthly working hours according to the contract: 168 hours</i> • <i>gross employment costs for June: EUR 3,500.00 → hourly rate: 3500/168 = 20.83 EUR</i> • <i>total number of hours worked for the project (June): 80h</i> • <i>total project costs: 80h* 20.83 EUR = 1,666.40 EUR</i> • <i>time registration system covering 100 % of the working time of the employee is established.</i> |
| | <p>b.(ii) with a flexible number of hours worked per month calculated with a yearly hourly rate</p> | <p><i>Number of hours worked in the project multiplied by the pre-calculated yearly hourly rate.</i></p> <p><i>hourly rate = latest documented annual gross employment cost/ 1,720 hours</i></p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • <i>gross annual employment costs of the previous year: 42,000.00 EUR → hourly rate: 42.000/ 1,720.00 = 24.41 EUR</i> • <i>total monthly hours worked for the project (June): 80h</i> • <i>total project costs (June): 80h*24.41 = 1,952.80 EUR</i> • <i>time registration system covering 100 % of the working time of the employee is established.</i> |
| | <p><i>c. with a flexible number of hours worked per month calculated on a contracted hourly rate basis</i></p> | <p><i>Number of hours worked for the project multiplied by the hourly rate set in the employment document.</i></p> <p><i>Example:</i></p> <ul style="list-style-type: none"> • <i>hourly rate set in the employment document: 16 EUR</i> • <i>total number of hours worked for the project (June): 80h</i> • <i>total project costs: 80h*16 EUR=1,280 EUR + 345 EUR social charges paid by the employer = 1,625 EUR.</i> • <i>time registration system covering 100 % of the working time of the employee is established.</i> |

Office and administrative expenditure

Office and administrative costs related to the project implementation shall be declared on a flat rate basis of **15% of the eligible staff costs of the project (i.e. costs declared under “Budget line 1 Staff costs”)**.

No further justification or supporting document is needed from the project partners to justify the Office and administrative costs declared.

Office and administrative expenditure shall not be claimed as direct cost under other budget lines.

The following types of expenditure are included under this budget line (exhaustive list):

- a. Office rent
- b. Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
- c. Utilities (e.g. electricity, heating, water)
- d. Office supplies
- e. General accounting provided inside the beneficiary organisation
- f. Archives
- g. Maintenance, cleaning and repairs
- h. Security
- i. IT systems
- j. Communication (e.g. telephone, fax, internet, postal services, business cards)
- k. Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- l. Charges for transnational financial transactions

Further eligibility rules:

- The **same flat rate (15%)** shall be automatically applied by each project partner. **In case staff costs are not declared the office and administrative expenditure cannot be declared**
- In case **staff costs are not eligible** for financing for the given project partner according to national eligibility rules, **office and administrative expenditure cannot be**

declared to the project (i.e. the institution of the project partner financing the staff of the project shall finance the related office and administration expenditure as well)

- The 15% flat rate shall be applied in case of budget changes affecting the amount of direct staff costs of a project partner's budget

Travel and accommodation costs

Project related travelling costs of the project staff employed by the beneficiary are eligible for financing under the travel and accommodation costs budget line. The project partners can choose from the following 2 options in accordance with the national/internal rules:

Option A

Eligible expenditure includes:

- a. Travel costs:
 - Tickets for travels: flight tickets (including the costs for carbon offsetting), bus, train, local transportation tickets etc.
 - Travel and car insurance
 - Fuel, car mileage according to the rules relevant for the beneficiary's institution
 - Toll
 - Parking fees (e.g. parking at the event, at the airport)
 - Taxi costs and car rental according to the criteria of "further eligibility rules" of this budget line.
- b. Costs of meals
- c. Accommodation costs
- d. Visa costs
- e. Daily allowances

In case travel costs, meals, accommodation costs or visa costs or any of these are covered by the daily allowance, the actual incurred expenditure related to the cost covered by daily allowance shall not be reimbursed as an addition to the daily allowance.

Option B

Eligible expenditure includes:

a. Travel costs:

- Tickets for travels: flight tickets (including the costs for carbon offsetting), bus, train etc. (excluding local travel within the place of mission)
- Travel and car insurance
- Fuel, car mileage according to the rules relevant for the beneficiary's institution
- Toll
- Parking fees (e.g. parking at the event, at the airport)
- Taxi costs and car rental according to the criteria of "further eligibility rules" of this budget line (unless they refer to local travel within the place of mission.

b. Per diems according to the EC-funded external aid contracts. In this context, per diems cover accommodation, meals, local travel within the place of mission and sundry expenses. The current per diem rates can be found on the EC website http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm (the latest version should be considered)

c. Visa costs

Further general eligibility rules:

- Travel and accommodation costs must be clearly linked to the project: they must be justified by activities carried out within the project (e.g. participation in events, meetings etc.) and the related activities shall be relevant for the implementation of the project
- The duration of the travel shall be clearly linked to the concerned event/meeting and cannot be longer than from the day before to the day after the concerned meeting, unless it is clearly justified and documented. Further overnights and related costs (e.g. extra hotel costs, extra daily allowances, additional staff costs) not justified shall not be eligible
- Travel and accommodation costs must be definitely borne by the partner's institution as beneficiary. Direct payment of costs by a staff member of the beneficiary must be supported by a proof of reimbursement from the employer before submitting the expenditure for validation to the Controller.
- Travelling costs of the Associated Strategic Partners (ASPs) are eligible, where the invoice and/or the relevant accounting document is addressed to the "sponsoring" ERDF Partner and it is directly paid or reimbursed by the ERDF Partner before submitting the expenditure for validation to the Controller

- Travel and accommodation expenses of external experts and service providers shall be declared under the external expertise and services costs
- Project related travels within the programme area of the Danube Transnational Programme and within the EU territory are eligible costs
- Daily allowances are eligible according to national legislation / internal rules of the partner's organisation. In case neither national nor internal rules of the partner's organisation are available, the daily allowances according to the Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 shall be applied. Hierarchy of rules (internal and/or national, EU) shall be kept. Daily allowances accounted for the project shall include the related social contributions/taxes according to the relevant national rules.
- Daily allowances are eligible for ASPs under condition that the relevant internal rules for the sponsoring ERDF Partner's institution make possible such payment
- Daily rates for hotel accommodation costs are eligible according to national legislation / internal rules of the partner's organisation. In case neither national nor internal rules of the partner's organisation are available, the daily rates for the hotel accommodation costs according to the Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 shall be applied. Hierarchy of rules (internal and/or national, EU) shall be kept. Higher daily rates can be accepted in exceptional and duly justified cases, e.g. hotel available only for higher daily rate, due to the location of the event (e.g. Brussels)
- As a general rule, the most economical way of transport should be used. In principle, business-or first class tickets are not eligible. Business-or first class tickets can be accepted only in exceptional cases, if cost effectiveness and efficiency can be clearly proved with documented booking options
- Taxi costs are eligible, e.g. for travelling to/from the airport in case they are well justified (e.g. the only effective travel solution if public transportation is not available)
- Car rental is eligible in exceptional cases and in justified circumstances, e.g. the location of the event is not accessible by public transport, cancellation of travel by public transport not due to fault of the travelling person, costs effectiveness due to the number of travelling persons, etc.
- Furthermore, environmentally friendly means of transport should be chosen whenever possible (e.g. train over flight, public transport over taxi/car etc.)
- Costs for flight carbon offsetting are eligible provided that the costs are included in the same invoice of the flight. In case it is not included in the flight ticket, the project partner can select the service provider of CO₂ compensation and the costs are

eligible provided that the related invoice contains the following details: project acronym/code, name of the passenger, flight number/destination.¹¹

External expertise and service costs

Expenditure on external expertise and service costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than the beneficiaries of the project:

- a. Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks)
- b. Translations
- c. Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation)
- d. Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services
- e. Verifications: externalised control activities (FLC) for the verification of the project expenditure where it is relevant for the control system of the concerned Partner State¹²
- f. Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers
- g. Other specific expertise and services needed for the given project

Further eligibility rules:

- External expertise and services must be clearly and strictly linked to the project and be essential for its effective implementation
- In case of ERDF partners, selection of the external experts shall comply with the relevant national public procurement law in force, and in case of the IPA and ENI partners, with the PraG rules in line with the provisions of the Financial Regulation (detailed rules in Section I.13.4. of this document)
- Programme specific rules shall be applied for the procurements between 5,000 EUR (excluding VAT) and the national public procurement thresholds (see section I.13.4. also)
- Procurements shall comply with the principles of transparency, non-discrimination and equal treatment

¹¹ Carbon offsets are achieved through financial support of projects carried out by organisations that act as service providers of CO₂ compensation that reduce the emission of greenhouse gases in the short- or long-term (see section I.7 Environmental sustainability)

¹² Detailed information on the control systems (including costs of the decentralized system can be found on the DTP website)

- Project partners cannot be contracted as an external expert or a subcontractor in the same project
- Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers shall be declared under this budget line. In case only the travel and accommodation costs are reimbursed to the external expert (not receiving fee), the contract shall state that only travel costs and accommodation costs supported by invoices will be paid
- If applicable, the deliverables respect the information and publicity requirements of the DTP
- Gifts are eligible up to a maximum value of EUR 50 per item and they must be linked to promotion, communication, publicity or information activities included in the application form or approved by the MA/JS beforehand. Information and publicity requirements of the DTP shall be respected for the gifts as well
- Expenditure on external expertise and services cannot be split among the project partners, i.e. common costs are not allowed

1.13.4 Special eligibility rules

Expenditure of the Associated Strategic Partners

EU partners and non-EU partners of the programme can be involved as **Associated Strategic Partners (ASP)** in the projects; therefore the following **general conditions** apply:

- The **involvement** in the project of **ASPs** is possible, where it has an added value for the project
- The need for the involvement of the ASP for the implementation of the project and the benefit for the DTP area has to be always demonstrated, in the description of the project proposal and during the implementation
- The **ASP** are **indirectly financed** from the project budget, i.e. the concerned ASP contributes to the project without separate budget
- **The costs of the concerned ASP shall be planned in the travel and accommodation budget of one "sponsoring" ERDF PP and shall be paid by the "sponsoring" ERDF PP as well.** In line with the rules set in Article 20(2) of Regulation (EU) No 1299/2013 EC Regulation, expenditures of the **EU partners located outside the Programme area and non-EU partners of the programme area** shall not exceed 20% of the ERDF PPs' budget in total.

- **Only travel and accommodation costs** of the ASPs related to project activities **are eligible**.

Specific rules:

- The costs shall be **traceable** from the **approved seed money Application Form**
- The expenditure shall be verified by the Controller of the “sponsoring” ERDF PP and has to be reported in the Control Certificate as well

1.13.5 Public Procurement

General principles

Public procurement is a process used by organisations and companies receiving public funds for choosing and contracting providers of goods, services and works by ensuring transparency and equal treatment of the potential providers. The public procurement procedures aim at a more efficient and transparent use of public funds as well as at increasing competitiveness. The main principles to be followed when procuring goods, services or works are the principles of transparency, non-discrimination and equal treatment. Compliance with the procurement requirements is vital for the projects, as it ensures the eligibility of the reported costs of the particular goods, services and works.

In the framework of the Danube Transnational Programme, all project partners implementing projects must comply with the relevant public procurement legislation, independently from their legal status. The rules are set at the following levels:

- EU directives (Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and repealing Directive 2004/18/EC)
- Financial Regulation (Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012)
- National public procurement law of the Partner State of the project partner
- Programme rules set by the Danube Transnational Programme
- Institutional rules relevant for the project partner

In principle, procurement rules are different depending on the subject of the procurement, contract value, etc. Moreover, different rules apply for ERDF partners and for IPA and ENI partners.

- a) ERDF partners shall apply the EU and national public procurement rules, and the programme specific rules;

- b) IPA and ENI partners shall follow the PraG procurement rules in line with the provisions of the Financial Regulation (Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012).
- c) In addition, in order to have harmonised procurement procedures at programme level, the Danube Transnational Programme is setting a threshold of 5,000 EUR (excluding VAT) to be applied in the ERDF Partner States of the Programme for the procurements below national thresholds. Above this amount and below the national public procurement threshold, the “bid-at-three” rule shall be applied by the ERDF project partners (unless national/institutional rules are stricter in which case they should be applied). Below this 5,000 EUR net amount, no specific rules are set at programme level, however, national guidelines/internal rules of the beneficiary’s organisation might set stricter rules.

Summary of procurement procedures for ERDF Partners within the Danube Transnational Programme:

| Thresholds | Rules to be applied | Procedure to be applied |
|--|--|--|
| Below 5,000 EUR (excluding VAT) | National rules (if any) | Procedure to be checked at national level (if any) |
| Between 5,000 EUR (excluding VAT) and national public procurement thresholds | Programme specific rules or national / institutional rules if stricter | Bid-at three rule or national/institutional rules if stricter |
| Between national and EU public procurement thresholds | National public procurement law | National level tenders |
| Above EU public procurement thresholds | National public procurement law | EU level tenders |

“Bid-at-three” rule: when purchasing goods or services with a contract value between 5,000 EUR (excluding VAT) and the national thresholds the Danube Transnational Programme requires the implementation of a “bid-at-three” rule. This procedure is introduced at programme level to ensure transparent selection procedures, equal treatment and cost efficiency for goods and services below the national thresholds. The same programme level threshold is applied in each ERDF Partner State of the Programme.

Project partners shall **request at least three offers to be submitted** for all contracting amounts above 5,000 EUR (excluding VAT) and below the national and EU thresholds in case

three comparable offers are not available from any other resources (e.g. price list from internet), **In case three offers are not received/ arrived, the activities undertaken to acquire the offers have to be documented.** It shall be ensured that prices for similar goods, services or works have been compared and the selection procedure is transparent, as well as the appropriate audit trail being followed. If at national/institutional level stricter rules have to be applied the national/institutional rules must be followed.

Further eligibility rules:

- For all cases of procurement, the **proper audit trail shall be ensured**. The selection and contracting procedure, as well as offers received from the tenderers, have to be well documented to ensure transparency of the process;
- **Framework contracts** can be eligible for the project's purposes, where goods and/or services have been already procured outside the project by the project partner's organisation according to the relevant public procurement rules;
- **"In-house" contracting** can be eligible under condition that the requirements set up at national level (the details described in the public procurement regulations as an exemption to apply public procurement) for in-house contracting are fulfilled and the costs are declared under the relevant budget line according to the rules on eligibility of expenditure, reporting and audit trail of the Programme are ensured as well. In case of in-house contracting, only the actual costs are eligible to be reimbursed, no profit margin can be charged by the company contracted with (e.g. subsidiary company). The Controllers have to check that the requirements set up at national level for in house contracting have been fulfilled.
- **Sub-contracting of project partners** of the same project or any of the staff of the other project partners of the same project as an external expert or a subcontractor to carry out project activities within the same project **is not allowed** within the Danube Transnational Programme.
- **Risk of conflict of interest** shall be minimised during each procurement process:
 - Conflict of interest exists where the impartial and objective exercise of the functions of a financial actor or other person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a recipient.
 - Each project partner is responsible to ensure that the appropriate measures are taken to minimise any risk of conflict of interest during the procurement process. Although the character of the conflict of interest is diverse depending on the parties, types of the relationships and interests involved the common matter to be ensured is transparency of the decision-making process and fair treatment for

all tenderers. The national level law regulating this question shall be taken into account as well.

- In case a conflict of interest is detected in the procurement procedure financial implications might be set (see Commission Decision C(2013) 9527 and the annexed 'Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement').

Examples:

Within the framework of projects with transnational relevance, usually at least a few cases of procurement would occur. Some examples of common procurement situations are listed below:

- *Procurement for development of studies or surveys necessary for the development of the main project*
- *Procurement of expertise necessary for the development of different outputs*

1.13.6 State aid

Danube Transnational Programme does not finance state aid relevant activities and state aid regulations which determine exemptions will not be applied. All project partners are expected to be familiar with the relevant state aid rules to ensure that their activities do not constitute state aid.

1.13.7 Use of Euro and exchange rate

Expenditure incurred by project partners in a currency other than the euro shall be converted into euro by using the monthly accounting exchange rate of the European Commission (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm) in the month during which expenditure was submitted for verification to the controller. The date of submission for verification to the controller is the day on which the project partner submitted for the first time the partner report to the Controller.

I.14 Composition of the seed money project partnership

Each project has to involve minimum **two and maximum five financing partners from at least two different DTP countries** of the programme area: the Lead Partner and at least one project partner. Out of these partners, at least one, the Lead Partner, has to be located on the territory of an EU Member state of the Programme area. It is recommended that maximum 2 Associated Strategic Partners (ASPs) are involved in the seed money project.

I.15 Seed money project budget and project co-financing

The maximum budget of a seed money project is EUR 50,000.00. The maximum Programme co-financing amount is up to 85% of the total budget, therefore EUR 42,500.00. The co-financing rate applies to all seed money project partners.

The budget is based 4 budget lines (staff costs – **calculated only on real costs basis**, office and administration, travel and accommodation and external expertise and services) and the payment is linked to the delivery, at a certain level of quality, of all three predefined outputs. The outputs will be checked by the MA/JS. The expenditure will be validated by the controllers based on the partner report to be submitted after the finalisation of the seed money projects by the project partners. Based on these validated partner reports the LP prepares the Project Progress Report according to the DTP rules. Upon fulfilment of the pre-defined quality requirements for outputs and the validated expenditure, the payment will be made (see chapter Part 2).

I.16 Visibility rules

All publicity and dissemination activities carried out by the projects, including events and production of publications, documents and promotional materials, have to respect the visual identity of the programme specified in the [DTP Visual Identity Manual](#). *(pages 20-24 are not applicable for the Seed Money projects)*

The Regulation (EU) No 1303/2013 (Annex XII, Article 2.2) requires all beneficiaries to follow a number of rules regarding the use of the logo of the European Union and the reference to the respective fund. The Danube Transnational Programme logo already respects these requirements, and the programme will provide an adapted logo to all approved projects.

All approved projects are obliged to use this logo provided by the programme in all their communication materials, deliverables and outputs (both hard copy and electronic) as well as to display it in events. The reference to the EU funds received must be also included.

The logo must always be visible in a prominent place. In order to respect the Commission Implementation Regulation (EU) No. 821/2014, additional logos included in project documents and materials cannot be higher and wider than the EU emblem within the DTP logo.

Within three months after the approval of the project, each project partner has to place at least one poster with information about the project (minimum size A3), including the financial support from the EU, at a location visible to the public, such as the entrance area of a building (Regulation (EU) No 1303/2013, Annex XII Article 2.2 paragraph 2.b). The poster needs to stay visible for the whole duration of the project. The DTP will provide projects with poster templates to be adapted, and each project must print them.

During the project implementation, a short description of the project, including its aims and outputs, and highlighting the financial support from the European Union, must be included on each partners' website, where such a website exists.

I.17 Duration of seed money projects

The project duration (implementation of project activities) is **12 months** and it is fixed. The starting and the end date of the project will be specified in the Subsidy Contract. In case the seed money project finishes the activities earlier, the LP has to contact the JS and can agree to submit the progress report and AfR before the date specified in the Subsidy Contract.

I.18 Application

The AF is to be submitted electronically through the eMS system. The deadline for submission will be set in the Call announcement. Please, consider that all Applicants must submit the Partnership Agreement, the Declaration of alignment, the Co-financing and State Aid Declarations, while International Organisation Declaration and ASP Declarations are to be submitted only if applicable. All the templates for the declarations, including the call announcement will be available on the Programme website before opening of the call.

Once the deadline for submission has expired, the assessment is carried out by the JS. The assessment results are then presented to the MC, which selects the seed money projects to be financed by the Programme.

Following the assessment, applicants might be requested to fulfil some conditions and/ or consider some recommendations with regard to their proposals. Applicants are informed about the result of the assessment through electronic communication.

I.19 Assessment and selection

During the assessment process, two different sets of criteria are applied to come to the decision of approving an application: eligibility and quality criteria.

The **eligibility criteria** aim at confirming that their seed money proposal has arrived within the set deadline and that the Application Form is complete and conform to the requirements. As the eligibility criteria are of “knock-out nature”, they should be answered with a YES or NO as they are not subject to interpretation.

This phase will be carried out by the JS and assisted by the NCPs.

Failing to meet the eligibility requirements leads to the rejection of the proposal or to the rejection of the partner whom the eligibility problem is related to.

The following table lists all eligibility criteria at project level. Failure to meet any of the criteria below results in rejecting the whole proposal:

| No | Eligibility criteria | Description |
|----|--|--|
| 1 | The AF has been submitted within the set deadline (date and time) | The AF has been submitted within the date and time set in the Call announcement. |
| 2 | The AF including signed LP confirmation has been submitted in the eMS | The AF has been submitted through the programme electronic and monitoring system (eMS). |
| 3 | The AF is compiled in English | The AF is compiled in English, as the official language of the DTP. |
| 4 | Partnership is composed by minimum two and maximum five financing partners from at least two DTP participating countries of which at least one (LP) is located in a Member State | Partnership complies with the requirements for the partnership: minimum two and maximum five financing partners from at least two DTP participating countries of which at least one (LP) is located in a Member State |
| 5 | Lead Applicant is an eligible beneficiary | The Lead Applicant fulfils the requirement set in the Applicants Manual. |
| 6 | At least 3 joint cooperation levels are indicated | According to Art 12(4) of Regulation (EU) No. 1299/2013, among the four levels of cooperation (joint development, joint implementation, joint staffing and joint financing) beneficiaries shall cooperate in the development and implementation of projects and in either the staffing or the financing of projects, or in both. |

| | | |
|---|--|--|
| 7 | Partnership Agreement | All partners have signed the Partnership Agreement. |
| 8 | The Declaration of alignment from EUSDR has been signed by the relevant PAC | The Declaration of alignment from EUSDR confirming the alignment of the main project with the focus of the seed money call has been signed at least by one of the relevant PACs and submitted through eMS. |
| 9 | The maximum budget of the seed money project is in line with the call provisions | The total amount of the proposal is up to 50,000.00 EUR. |

The following table lists the eligibility criteria applicable to individual partners. Failure to meet any of the criteria below by one partner results in rejecting the single partner affected:

| No | Eligibility criteria | Description |
|----|--|---|
| 10 | Financed partners (ERDF/IPA/ENI) are eligible | The ERDF/IPA/ENI financed partners fulfil the requirements set in the Applicants Manual for Seed Money Facility. |
| 11 | Completeness of submitted ERDF/IPA/ENI partner documents | The documents (Declaration of co-financing, State Aid declaration, Declaration for International organisations if the case) are filled in and signed by the partners. |
| 12 | Completeness of submitted ASP documents | The document (ASP declaration) is filled in and signed by the ASP. |

In case of missing documents, parts of documents and/or signatures, the LA will be awarded 5 working days from the **JS notification** for the completion of the documents.

The purpose of the **quality criteria** is to assess the quality of the eligible project proposals.

Each criterion is assessed on the basis of sub-criteria with each being scored from 0 (not present / missing) to 5 (very good). The score of the main question is an average of the scores of the related guiding questions.

| Score | Description |
|-------|---|
| 0 | <p>None</p> <p>The information requested is missing (either not filled it in or not provided in the text).</p> <p>The information is provided but reflects the inexistence of a requirement.</p> |
| 1 | <p>Very poor</p> <p>The information provided is considered as not relevant or inadequate</p> |

| | | |
|---|------------------|---|
| 2 | Poor | The information provided lacks relevant quality and contains strong weaknesses |
| 3 | Fair | The overall information provided is adequate, however some aspects are not clearly or sufficiently detailed |
| 4 | Good | The information provided is adequate with sufficiently outlined details |
| 5 | Very Good | The information provided is outstanding in its details, clearness and coherence |

| Assessment main questions | Guiding questions | Points |
|--|---|----------|
| <i>To what extent has the problem addressed by the main project¹³ been clearly described?</i> | To what extent is the problem addressed by the main project described and relevant for EUSDR? | 5 points |
| | To what extent is the seed money proposal clearly addressing the problem identified? | |
| <i>To what extent has the transnational dimension and impact of the main project been clearly described?</i> | To what extent has the estimated geographical scope of the main project been described? | 5 points |
| | To what extent the macro-regional dimension and impact of the main project has been described? | |
| <i>To what extent is the seed money project work plan coherently developed?</i> | Are the activities that will lead to the development of the pre-defined outputs clearly described and realistic? | 5 points |
| | To what extent are the activities logically linked, described in detail (how, where, when and by whom they will be undertaken)? | |

¹³Seed money projects are the projects financed by DTP through this facility that aim at preparing projects in line with the thematic focus of the call defined by the EUSDR Priority Areas, in other words seed money projects are preparation projects. Main project is the project prepared for any funding source available in the Danube Region, through the seed money facility.

| | | |
|---|---|------------------|
| <i>Is the partnership composition relevant and justified for the proposed seed money project?</i> | To what extent is the partnership suitable to implement the planned the activities and able to deliver the pre-defined outputs? | 5 points |
| | To what extent is the role of the partners clearly described and balanced? | |
| <i>Is the target group defined?</i> | To what extent is the target group of the seed money project clearly identified, and realistically quantified? | 5 points |
| | To what extent are the target groups involved throughout the seed money project implementation? | |
| <i>Does the project budget demonstrate value for money?</i> | To what extent is the budget allocated to each output justified and correctly quantified? | 5 points |
| | To what extent is the budget of each BL coherent with the planned activities and involved partners? | |
| Total | | 30 points |

Selection of proposals

Project proposals scoring overall 65% or more will be recommended by the JS for immediate selection.

Project proposals scoring less than 65% will be recommended by the JS for rejection.

- As the amount allocated to the call is split between EUSDR Priority Areas on an equal basis, the Monitoring Committee will select maximum **3 projects per Priority Area** according to the ranking list, for a maximum of 36 projects overall.

The decision of the Monitoring Committee is threefold:

- a. **Approval:** the seed money proposal is considered ready to start, fulfilling the requested quality level and responding to the selection criteria;
- b. **Approval under condition:** the seed money proposal is considered approved provided that the Lead Applicant and/or the project partners satisfy specific conditions within a given deadline.
- c. **Rejection:** the seed money proposal is considered not matching a certain readiness and quality level and responding to the selection criteria.

PART II IMPLEMENTATION MANUAL

II.1. Contracting and the Subsidy Contract

Contracting is the procedure carried out in order to conclude a Subsidy Contract between the Lead Partner (LP) and the Ministry for National Economy of Hungary hosting the Managing Authority/Joint Secretariat (MA/JS) of the Danube Transnational Programme, for the implementation of a seed money project approved by the decision of the Monitoring Committee (MC). The contracting starts after the final MC approval of the seed money project application, i.e. after the direct approval (without conditions) or after the successful fulfilment of conditions.

Following the MA/JS notification about the final MC approval of the application, the LP has to submit the following documents in original format to the MA/JS **within 15 days from the date of receiving the MA/JS notification letter by email**:

1. *Statement on Project bank account:*

- (a) document officially issued and signed by the Bank of the LP proving that a **separate EUR bank account** has been opened for the project by the LP (**Annex 1/a**)

or

- (b) document officially issued and signed by the Bank of the LP proving that the **single EUR bank account** of the organisation is available for the project (**Annex 1/b**).

In this case, a separate sub-account or technical code or other technical arrangement allowing to identify, track and report all financial transfers and expenditure related to the project shall be used on the existing single EUR bank account.

2. *Proof of signature of the legal representative of the LP:* document proving the authorised signature of the person(s) entitled to sign the Subsidy Contract and the Application for Reimbursement. The document has to contain the original authorised signature of the legal representative(s) countersigned according to national rules, e.g. countersigned by a notary / legal department / private individual, etc.).
3. In case of changes in legal status of the LP, the documents proving the new legal status.
4. *Approved Seed Money Application Form*

Final approved Application Form generated by eMS and Lead Partners Confirmation and Signature officially signed and stamped by the legal representative of the LP organisation.

5. *Original Declarations of co-financing* – one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
6. *Original State aid Declarations* - one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
7. *Original Declaration of International Organisations* – (if relevant) one per each respective financing PP; officially signed and stamped by the legal representatives of the PP(s).
8. *Original ASP Declarations* - (if relevant) one per each respective ASP; officially signed and stamped by the legal representatives of the ASP(s).
9. *Original Declaration of alignment from EUSDR* officially signed and stamped by the relevant PAC(s);
10. *Original Partnership Agreement* – officially signed by the LP and each financing PP.

Following the check of the submitted documents, the MA/JS will inform the LP in written form if any correction or further completion of these documents is necessary. The LP will be requested to submit **within 10 days** from the MA/JS communication the completed documents.

Once the LP submits all necessary documents, the MA/JS prepares the Subsidy Contract. The Subsidy Contract is to be signed first by the MA/JS on behalf of the Ministry for National Economy and will be sent to the LP for signing in two originals, out of which one original remains with the LP. The LP has to send back to the MA/JS the remaining one signed original **within 15 days** from the reception. The estimated timeframe of the contracting procedure is in general one month, depending on the time needed for the LP to send all necessary documents for contracting. In case the necessary documents for contracting are not provided within three months from the date of receiving the MA/JS notification letter, the MA/JS notifies the MC, and on the basis of the MC decision, the MA/JS is entitled to withdraw from the contracting.

During the contracting procedure in eMS, the project handover procedure is carried out between the Applicant (which becomes LP) and the DTP JS. Once the project is handed over to the LP in eMS, the LP is expected to fill in and upload the necessary supporting documents in the *Supplementary information* section for which the *SMF eMS Guidelines* provides technical guidance for the LP.

II.1.1 Subsidy Contract

The Subsidy Contract and its annexes establishes the legal framework for the implementation of the project, specifies the awarded amount of EU Funds (ERDF and, if relevant, IPA and ENI funds), the eligibility timeframe, the conditions for support, implementing arrangements (including reporting, validation and reimbursement), determines the rights and obligations of the LP and the MA/JS. The approved Application Form and the Partnership Agreement (and its

amendments) are integral parts of the Subsidy Contract. The Subsidy Contract template can be downloaded from:

<http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation>

The general framework of the project implementation is regulated by the Subsidy Contract and the details are described in the different Chapters of this Manual, e.g. reporting and Application for Reimbursement, information and publicity requirements, audits, etc.

II.2. Project implementation

II.2.1 Starting up the project

The seed money project implementation can start only after the final approval of the application by the Monitoring Committee (MC). Therefore, the expenditure related to the seed money project implementation are eligible from the starting date of the project, which cannot be earlier than the date of the final approval of the application by the MC. The project implementation period, defined by its starting and end dates, are explicitly given in the Subsidy Contract.

Project management

Once the project implementation starts, project management and coordination has a crucial role to ensure successful implementation in order to develop the project mandatory outputs. It is important that the partnership:

- Establishes sufficient and effective management structure and procedures;
- Ensures appropriate flow of information among the project partners within this management structure;
- Constantly monitors the progress of implementation in order to identify potential risks and deviations that might make necessary corrective interventions;
- Controls the quality of the work done and the outputs produced;
- Keeps regular contact and communication with the programme management, the MA/JS on project, the NCPs, Controllers on partner level.

Immediately after the project approval the partnership should set up the project management team. The size of the **project management** team can vary from one project to the other, yet at least 2 key positions should be ensured for a proper implementation, specifically: project manager and financial manager, who should be in charge of reporting and keeping contact with the JS. Their costs shall be budgeted under each mandatory output to be developed by the seed money project.

II.2.2 Information and communication management

Legal Basis

The obligations of beneficiaries regarding information and communication measures for the public are included in: Annex XII, section 2.2 of Regulation (EU) No. 1303/2013 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0320:0469:EN:PDF>).

The regulation contains a set of general, compulsory measures, but each Programme can develop additional requirements, which will be inserted in the Subsidy Contract and the Partnership Agreement.

Transparency

Full transparency of the activities implemented by the projects and how the EU funds have been used must be guaranteed. The Managing Authority is responsible for the publication, electronically or otherwise of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. Beneficiaries shall be informed that acceptance of funding is also an acceptance of their inclusion in the published list of beneficiaries. The MA/JS and NCPs shall also be authorised to publish other information about the project, if considered relevant.

All information and communication measures provided by the beneficiary shall acknowledge and promote the EU support received from the Danube Transnational Programme by displaying the DTP logo together with a reference to the Fund/s supporting the operation.

Requirements

The requirements to be followed are included in the above-mentioned Regulation (EU) No 1303/2013, the Subsidy Contract and the Partnership Agreement to be signed by the beneficiaries, as a means to enhance projects' communication and visibility and facilitate further the sharing of knowledge and experience and future collaboration among projects.

Logos and visual identity

The Regulation (EU) No 1303/2013 (Annex XII, Article 2.2) requires all beneficiaries to follow a number of rules regarding the use of the logo of the European Union and the respective fund. All approved projects are obliged to use the Danube Transnational Programme logo adapted for each approved project on all their outputs (both hard copy and electronic) as well as to display it in events (More information on the use of the DTP logo can be found in the DTP Visual Identity Manual and on the use of the EU emblem can be found in: http://europa.eu/about-eu/basic-information/symbols/flag/index_en.htm)

The Danube Transnational Programme logo must be always visible in a prominent place and of a comparable size to other logos used. The reference to the Funds must be included as well.

Non-compliance with the rules on branding could lead to negative effects including a potential decision on ineligibility of some costs decided by national controllers and other programme bodies. The DTP JS will help the projects in fulfilling these rules and support them constantly in all their communication activities.

Poster

Within three months after the approval of the project, each project partner has to place at least one poster with information about the project (minimum size A3), including the financial support from the EU, at a location visible to the public, such as the entrance area of a building (Regulation (EU) No 1303/2013, Annex XII Article 2.2 paragraph 2.b). A maximum of 100 EUR costs for printing the mandatory poster are allowed per each partner. The poster needs to stay visible for the whole duration of the project.

An editable template of a poster will be provided by the DTP JS.

Website

A short description of the project, including its aims and outputs, and highlighting the financial support from the European Union, must be included on each partners' website, where such a website exists.

II.2.3 Control System in DTP

a. National Control System

According to Article 23 (4) of the Regulation (EU) No. 1299/2013 (ETC Regulation) each Partner State shall set up a control system to validate the expenditure at national level. For this purpose each Partner State shall formally designate the Controller responsible for verifying the legality and regularity of the expenditure declared by each project partner participating in the project (the "Controller").

The control system is **centralised in nine Partner States** of the Danube Transnational Programme, including **Bosnia and Herzegovina, Croatia, Czech Republic, Hungary, Montenegro, Romania, Serbia, Slovakia and Slovenia**, and a **decentralised control system** is set up by **Austria, Bulgaria, Germany, Moldova and Ukraine**.

The designated controllers and the control requirements for each Partner State are available at the Programme's website (www.interreg-danube.eu/relevant-documents/programme-main-documents).

b. Control procedure

The **Danube Control Guidelines** are developed at programme level, in order to ensure the common understanding of the rules and the requirements for control. The requirements on the

verification of expenditure set by the DTP are described in the Danube Control Guidelines for the Controllers of the Partner States.

The FLC Checklist for projects, as standard template of the Control Guidelines, contains the eligibility rules and the documentary evidence needed to prove project expenditure. Therefore, it can be used as self-assessment by the Lead Partners / Project Partners before submitting the project expenditure to validation their Controllers.

The Danube Control Guidelines are available for downloading on the DTP website (www.interreg-danube.eu/relevant-documents/programme-main-documents).

The control costs are financed by national public sources in case of centralised control systems, except Croatia. Therefore, the verification of expenditure is ensured free for the project partners coming from these Partner States. In case of the decentralised systems and centralised system in Croatia, the control costs are planned to be paid by the PPs from their project budget.

c. FLC Certificate

The Controller verifies the expenditure declared by each PP, as well as the LP, on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU rules and relevant national rules.

Following the completion of the verification, **the Controller issues the FLC Certificate** in eMS. There is no requirement at programme level to issue the FLC Certificate on paper base in original version(s) (however, at national level it can be regulated differently).

The **FLC Certificate contains** detailed information on the administrative verifications and on-the-spot checks performed for the given reporting period and irregularities.

d. Timeframe of verification

Within the timeframe specified in Art. 23 of the ETC regulation, the Controllers shall verify the expenditure of the PPs in due time, in order to ensure the timely submission of the PPR and AfR at project level.

Considering the timeframe needed for the preparation of the Partner Report at PP level and the preparation of the PPR and AfR by the LP, the Controllers shall fulfil the verification of expenditure within **60 days**¹⁴.

¹⁴ **Cooperation Programme (CP) 5.3.8 Control System:** "In principle, each Partner State should ensure that the expenditure can be verified within a period of two months from the submission of the documents by the project partners allowing for timely submission of PRs by the LB within a three months period from the end of each reporting period."

| Verification process | Verification timeframe and indicative deadlines | | |
|---|---|----------------|----------------|
| Preparation and submission of Partner Report by the Project Partner to the Controller from the end of the project | 15 days | | |
| Verification of expenditure and issuing the FLC Certificate by the Controller | | 60 days | |
| Preparation and submission of the Project Progress Report and Application for Reimbursement for the whole project by the Lead Partner to the MA/JS | | | 15 days |

Please note: Controllers can set up different reporting deadlines for the Project Partners (instead of 15 days) in the national control guidelines, if any. In case less than 60 days are available for control, the project partner can submit the Partner Report, but risking that the validation cannot be fulfilled within the deadline of submission of the Project Progress Report and Application for Reimbursement, therefore the reimbursement would be delayed.

II.3 Reporting

The payment of the seed money project will be done after the project end, if the mandatory outputs and the Project Progress Report are submitted to MA/JS and comply with the quality criteria set at programme level and detailed below.

In order to understand if the seed money project progresses according to the work plan, in the middle of the implementation period (e.g. 6 month), the LP has to submit to the JS PO a summary of the project implementation (Annex 3) highlighting the progress in developing the mandatory outputs, potential delays and plans for recovery (template provided by the MA/JS).

In order to receive the payment, the LP will submit one final activity and financial report (together with the FLC Certificates issued by the controllers) accompanied by the Application for Reimbursement and also by the three mandatory outputs. The report together with the outputs must be submitted three months after the end of the project. The deadline for submission of the Project Progress Report is set in the Subsidy Contract. In the Project Progress Report, the LP

reports about the activities performed proving that the implementation is in accordance with the approved AF and justifies the reported, validated expenditure in connection to the AfR of the contribution from EU Funds (ERDF, IPA and ENI).

While the Project Progress Report is prepared by the LP, each PP (ERDF, IPA and ENI) must contribute to the compilation of the Project Progress Reports by preparing and submitting their Partner Reports (PR). Project Partners provide adequate information for the LP concerning the activity and financial progress of their project part via the Partner Report in relation to the project implementation.

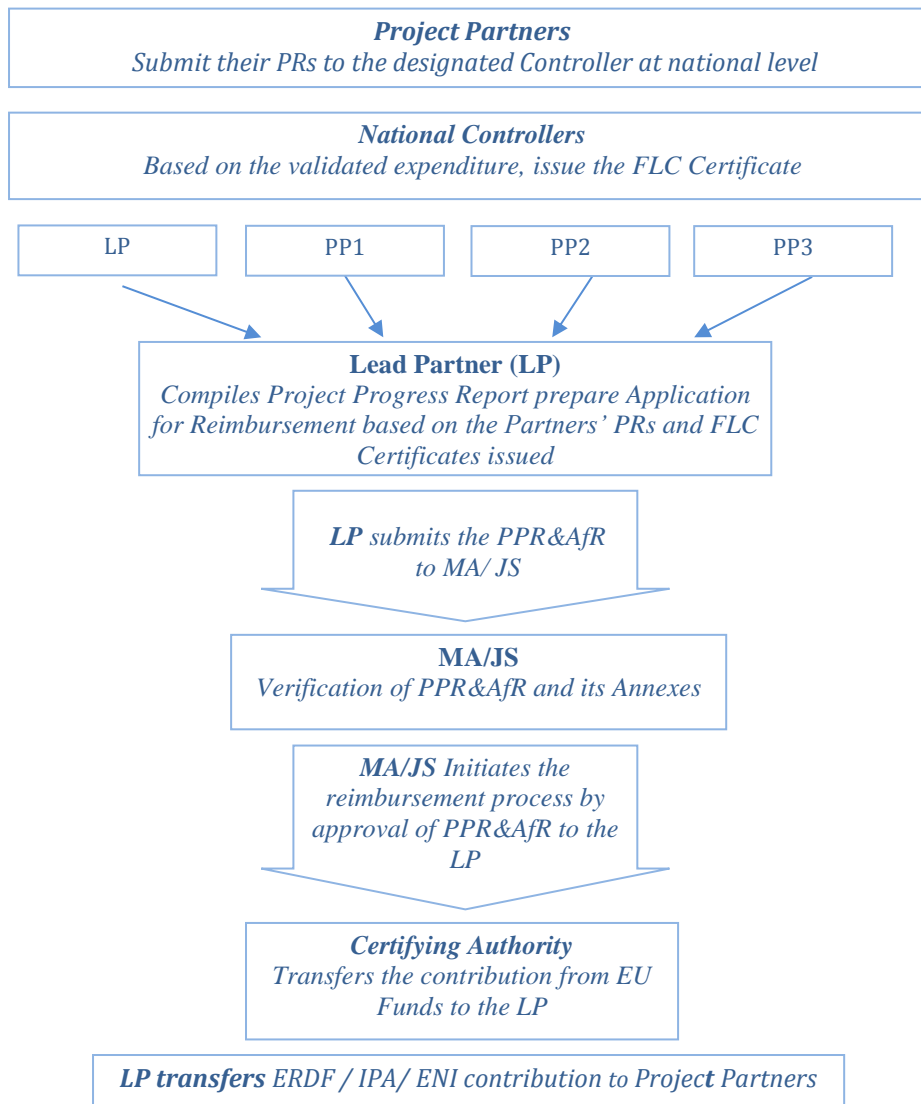
The Partner Report contains the financial data of the expenditure reported by the partner to be validated by the Controller at national level, based on which the Controller issues the FLC Certificate. The PP has to submit the Partner Report through the eMS to its designated or selected Controller by the deadline defined by the respective Controller in the national control guideline (if any) or, if the national control guidelines are not available, by the deadlines outlined in point II.2 of this Manual.

II.3.1 Reporting system and process

The whole reporting procedure is integrated into and managed through the electronic online information and monitoring system used by the DTP (Electronic Monitoring System, further referred as eMS). The DTP *SMF eMS Guidelines* provides guidance for the LP and each PP (ERDF, IPA and ENI) on how to access eMS.

First, Project Partners (including the LP) have to prepare and submit their Partner Reports (PR) through eMS to their designated Controller at national level. The *Guidelines for Partner Report* provides detailed guidance on how the PR is to be prepared and submitted in eMS. The Controller, after validation of the reported partner expenditure, issues the FLC Certificate to the Project Partner in eMS as well. Further information on the control process can be found in the Control Guidelines (e.g. which supporting documents need to be provided for the verifications of expenditure by the FLC). The LP has view-access to the PRs and the FLC Certificates of each PP, based on which the LP compiles the Project Progress Report (PPR) in eMS, uploading the necessary supporting documents, including the scanned version of the Application for Reimbursement (AfR), signed by the legal representative of the LP. The *SMF eMS Guidelines* provides detailed guidance on how the PPR is to be prepared and submitted in eMS. The MA/JS checks the submitted PPR (including the AfR), in all its parts and annexes and, after its verification, the MA/JS initiates through the Certifying Authority the reimbursement of the related EU contribution part (ERDF / IPA / ENI) to the LP's bank account. The LP is responsible for transferring the ERDF / IPA / ENI contributions to the PPs according to the approved AfR.

II.3.2 Reporting deadlines



The LP has to submit the Project Progress Report, including the AfR, **once, at the end of the project implementation.**

The Project Progress Report & AfR have to be submitted by the LP to the JS **within 3 months from the end date of the project as defined in the Subsidy Contract.**

As the LP can submit PPRs only on the basis of information received and expenditure validated on partner level, the deadline for submission of the PPR affects also the time schedule for preparing Partner Reports, validation of expenditure at partner level, and preparation of PPR by

the LP. The LPs have to consider that generally about two months are needed for the Controllers to issue the FLC Certificate from the date of submission of a Partner Report. This means that considering this general two months and the timeframe to prepare and submit the Partner Report to the Controllers, less than a month will be available for LPs to finalise the PPR for the whole project. It is to be considered that the financial part is included in the PPR by the LP by simply ticking the FLC Certificate, issued by the Controller, listed in the PPR.

II.3.3 Preparation of the Project Progress Report

Considering that the **reimbursement of the EU contribution part of the reported expenditure** will be initiated and processed by the MA/JS **only in case** the related **PPR and the AfR are approved by the MA/JS**, it is important that the LP describes the activities implemented in sufficient details and quality in each PPR and the Project Partners help the LP in this by preparing their Partner Report at the same level of quality. The *SMF eMS Guidelines* clarify what the LP and the PPs should focus on, when filling in the different parts of their respective reports, besides the description of the technical details needed for the preparation of the Partner Report, as well as Project Progress Report. The AfR shall be prepared accordingly when the PPR is completed and finalised by the LP. The payment of the seed money project will be done in full, after the project end, if the mandatory outputs and the Project Progress Report are submitted to MA/JS and comply with the quality criteria set at programme level and detailed below.

Parts of the Project Progress Report

The Project Progress Report (and the Partner Report as well) is divided into Activity report and Financial report parts.

Activity part of the Partner and the Project Progress Report

The activity part of the Project Progress Report (PPR) is based on the Partner Report (PR), therefore the activity part of the PR follows mainly the structure of the PPR.

Based on the activity report prepared by PPs, in the activity part of the Project Progress Report, the LP should give a comprehensive account of the general implementation of the whole project: what has been achieved and delivered, which target groups and how were reached and involved by the partnership; what were the contributions to the horizontal principles, as well as if there is any kind of deviation from the original plans. Detailed description is needed concerning which activities have been carried out and by which PPs in order to develop the mandatory outputs. The specific descriptions of the activities should at the same time justify the reported expenditure of the different project partners that are claimed in the connected AfR.

The MA/JS will check the activity, the financial report and the quality of the mandatory outputs. The following quality criteria will be applied for assessing the quality of the mandatory outputs:

| Report on the state of play in the field addressed | |
|--|--------------|
| Criteria | Score |
| The status quo in the field addressed is clearly described | 1 to 5 |
| The needs and challenges in the field addressed by the project are clearly described and country level information is provided for the area covered by the project | 1 to 5 |
| The target groups and their needs are defined | 1 to 5 |
| The results of previous initiatives, projects are described and the knowledge gained is planned to be exploited in the proposal | 1 to 5 |
| Main project work plan | |
| Criteria | Score |
| The work plan coherently defines the main and specific project objectives and the results | 1 to 5 |
| The work plan describes the overall methodology for coherently reaching the project result and achieving the objectives | 1 to 5 |
| The work plan coherently described the planned main activities and main outputs | 1 to 5 |
| The main partners to be involved in the project are defined and listed and are relevant for achieving the objectives. | 1 to 5 |
| The budget of the main project is defined and detailed | 1 to 5 |
| Report on funding possibilities | |
| Criteria | Score |
| The potential funding sources are analysed and listed, including the potential future calls | 1 to 5 |
| If possible, the decision on the selected fund or type of fund that the main project will apply for is justified | 1 to 5 |
| The road map defining the steps to be undertaken after the finalisation of the seed money project is described | 1 to 5 |

In order to receive the payment, the minimum score to be received for each criterion is 3. In case, following the assessment of the quality of the outputs certain quality criteria are scoring less than the minimum threshold, the MA/ JS will ask the LP to correct and to complete the output. In case after the second request for completion still the quality criteria are not matching the requirements of the programme, the MA/ JS may decide not to reimburse the EU contribution part of the expenditure relates to the output not reaching the quality criteria.

Financial part of the Project Progress Report

The **financial report** part of the PPR presents the expenditure validated by the Controllers at national level in relation to the reported activities of the project, which are incurred and paid by the LP and the ERDF / IPA / ENI PPs during the reporting period. As a first step, this expenditure of the LP and the ERDF / IPA / ENI PPs has to be verified by the controllers at national level.

Only validated expenditure can be reported by the project partners to the Lead Partner, according to the following procedure:

- Each Project Partner, as well as the LP, has to report and submit, in relation to the activities reported in the Partner Report its expenditure incurred and paid, relevant for the seed money project for validation to the designated Controller in its Partner State. **Each project partner - including the LP - is responsible separately for having its expenditure validated by the designated Controller in its Partner State.**
- The **Controller verifies the expenditure** submitted by the Project Partner on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU and programme rules and relevant national rules. After verification, the Controller **issues the FLC Certificate** to the Project Partner (see Annex 8.3 of Danube Control Guidelines - standard form of the FLC Certificate) in eMS.

Currency exchange

Expenditure incurred by project partners in a currency other than the euro shall be converted into euro by using **the monthly accounting exchange rate of the European Commission** (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm) in the month during which **expenditure was submitted for verification to the controller.**

The date of submission of expenditure for verification to the controller is the day on which the project partner submitted for the first time the Partner Report to the Controller through the eMS. The eMS is automatically calculating the costs reported in currencies other than EUR.

This method shall be **applicable to all project partners.**

This ensures that the expenditure authorised and reimbursed by the Certifying Authority are converted into Euro according to the same method.

Application for Reimbursement

The **Application for Reimbursement** is the basis for requesting the reimbursement of the contribution from the EU Funds (ERDF/ IPA/ ENI) by the LP for the project after the verified expenditure. The AfR shall be prepared when the PPR is completed and finalised. It has to be signed by the LP, then scanned and uploaded to the PPR before it is submitted to the MA/JS.

The data of the AfR is based on the validated expenditure reported in the financial part of the PPR. The related FLC Certificates selected by the LP in eMS will be automatically enclosed to the PPR.

Before submitting the AfR, in compliance with the Article 13(2) c and d) of the Regulation (EU) No. 1299/2013, the LP shall verify the followings:

- the expenditure declared by the Project Partners participating in the Project has been incurred only for the purpose of implementing the project and corresponds to the activities agreed among those Project Partners in the frame of the approved Application Form;
- the expenditure declared by the Project Partners and included in the present AfR had been validated by the designated controllers at national level;
- The information included in the AfR, the related PPR and its Annexes are true and correct.

Language of reporting

The language of reporting is **English**: the Partner Report, the Project Progress Report, including all additional parts (i.e. mandatory outputs), the AfR and the FLC Certificate shall be prepared in English.

Submission of Project Progress Reports

The PPR (incl. annexes) has to be submitted in the eMS to the MA/JS. The submitted PPR has to be fully completed.

Modification of a submitted PPR is possible only in case the MA/JS requires it.

Completion and rejection of the Progress Report

When the JS detects some inconsistencies or insufficient information in the reporting or in the AfR document(s), the JS requests the completion of the PPR and AfR from the LP and the re-submission before the given deadline.

Completion of the Project Progress Report and Application for Reimbursement

- a) In case the PPR/ mandatory outputs has to be completed or additional clarifications or missing documents have to be submitted, and the FLC Certificates do not need correction, the completed PPR should be re-submitted within **maximum 20 days** (shorter deadlines might be given according to the urgency or the type of completion) after the notice sent by the MA/JS.

If the LP does not fulfil all the requested corrections, or the first completion is not satisfactory, the MA/JS can ask a second completion. The LP has another **maximum 10 days** after receiving the notice of the JS to correct the mistakes of the PPR and to re-submit it.

- b) In case the PPR/ mandatory outputs and AfR have to be completed so that one or more FLC Certificates also need to be reissued, the corrected PPR and AfR, including the corrective version(s) of the FLC Certificate should be resubmitted to the JS within **maximum 20 days** from the e-mail notification to the LP by the MA/JS.

Rejection of the Project Progress Report and the Application for Reimbursement

After the second unsuccessful completion of the PPR and AfR, the PPR and AfR might be rejected, in case it is still not possible to gain appropriate information from the PPR as a whole on the followings:

- the activities carried out by the project partnership during the seed money project implementation;
- quality of the mandatory outputs is not reaching the minimum level;
- clear and justifiable relation of the reported activities to the validated and reported expenditure of the partners, etc.

In case a PPR is rejected due to reasons listed above, the amount requested in the related AfR will not be paid to the LP.

This would also mean that the LP was not able to appropriately fulfil its reporting obligations deriving from the Subsidy Contract, and the MA/JS is entitled to withdraw from the Subsidy Contract (Art. 12 of the Subsidy Contract) based on the prior decision of the Monitoring Committee.

Reimbursement of contribution from EU Funds

Lead Partners

The following procedure applies for the reimbursement of the contribution from EU Funds to the Lead Partners:

1. The reimbursement of contribution from EU Funds to the LP will be initiated only after the MA/JS verifies and accepts the PPR, the mandatory outputs and the AfR.
2. The AfR for ERDF / IPA / ENI contributions cannot be approved by the MA/JS separately by type of funds.
3. The reimbursement of contribution from EU Funds will be transferred by the Certifying Authority after the verification process of the MA/JS.
4. In case the ERDF/ IPA / ENI balance of the DTP bank account handled by the Certifying Authority does not cover the total amount of contribution to be reimbursed, the Certifying Authority will temporarily suspend the reimbursement process until the transfer of the relevant contribution from the EC to the DTP bank account. In this case,

the MA/JS notifies the LPs of the projects concerned on the suspension and the estimated timeframe.

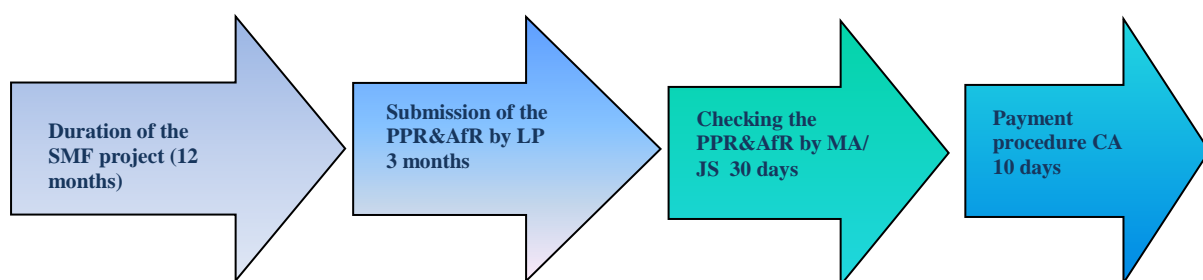
5. In case the different funds are not available in full on the DTP bank account, the ERDF / IPA / ENI contributions might be transferred separately by the Certifying Authority.
6. Reimbursement of contribution from EU Funds will be executed on the EUR project bank account of the LP (as indicated in the Subsidy Contract) where all financial transactions related to the project can be identified and tracked.

The **LP is responsible to transfer the contribution from EU Funds** to each project partner according to the approved AfR as soon as possible but **at the latest within the deadline given in the Partnership Agreement**. No deduction, retention or any other specific charges can be made by LP concerning the approved amount when transferring the contribution and no legal dispute between the LP and the PP concerned could be subject to any compensation from the approved amount to be transferred by the LP to the PP.

Bank statements proving the transfers of contribution from EU Funds to each project partner within the timeframe set in the Partnership Agreement have **to be submitted to the MA/JS within 30 days** from the date of transfer of the EU Funds of the AfR to the LP for the financial closure of the project by the MA/JS. In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

Timeframe of reimbursement

The following flowchart **presents the procedures described in the previous sections with the indicative timeframes.**



It should be also taken into consideration that the timeframe for the checking of the PPR by the MA/JS is prolonged with the time needed for the completions by the LP.

The MA/JS needs in general 30 days for the verification of the PPR and the mandatory outputs at the time of the first submission. In case the content part or the financial part of the PPR is requested to be completed, additional 15 days for rechecking the completed PPR and AfR by the MA/JS should be calculated. After approval of the PPR and AfR by the MA/JS, the Certifying Authority initiates the transfer of the contributions from the EU Funds to the LP generally within 10 days.

II.4 Project changes

Given the limited timeframe of the seed money projects no major changes are allowed, meaning that no partner changes, prolongation, budget reallocation between partners is possible.

Minor changes which have more an administrative and technical character and do not have significant impact on the project implementation are allowed to be implemented.

Minor changes need in most cases the previous confirmation of the JS PO, but do not need the approval of the MA/JS, or MC and neither the Application Form, nor the Subsidy Contract is to be modified.

Minor changes can be:

- Administrative changes
- Minor adjustment of the content
- Budget reallocations among outputs and/ or budget lines separately

II.4.1 Administrative changes

Administrative changes can be the following:

- Change of contact details (of LP, PP, ASP)
- Change of Legal Representative/Contact Person (of LP, PP, ASP)
- Change of bank account of the LP
- Legal succession of the LP, or PP(s)

The legal succession of the LP (Article 9 of the Subsidy Contract), or PP is considered as an administrative change and not as a partner change if, based on the legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the previous one (predecessor), as well as it still fulfils the partner eligibility criteria of the DTP.

Necessary documents and procedure

The LP has to inform the JS PO about the administrative changes as soon as possible. The LP has to update the respective data, upload and submit in original the necessary supporting documents (if relevant):

- new Proof of signature of the legal representative of the LP (if relevant)
- new Statement on Project bank account (if relevant)

In case a legal succession of the LP / PP organisation is foreseen, in order to clarify in time whether the change is to be considered as an administrative change, the LP should submit to the JS PO the following documents **within 10 days** from the date the related legal act enters into force:

- The specific act or other document justifying the legal succession in original language – (to be checked by the relevant NCP);
- Proof of signature of the new legal representative of the LP (only in case of LP)

The JS PO, in cooperation with the relevant NCP, examines the terms of legal succession and the eligibility of the new legal entity and confirms the change.

II.4.2 Minor changes in the content of the project

Minor adjustments in the work plan that do not affect the strategic approach of the project and do not risk the full completion of the project by the end date, need only the **previous confirmation of the JS PO**.

Minor adjustments can refer among others to:

- timing of activities;
- location of certain activities (e.g. meetings, workshops);
- format of certain activities (e.g. adjusting scope, merging);

Necessary documents and procedure

Such minor changes will be reported in the Project Progress Report.

II.4.3 Budget reallocations between outputs or budget lines

Adaptation of the project budget to the actual needs of the project implementation is possible within different limits. Budget flexibility refers **only to reallocations among outputs and/ or budget lines separately**, but cannot be referred to budget reallocations among project partners. **Nevertheless there is no flexibility limit imposed by the programme for these budget reallocations (among outputs and/ or budget lines separately) as long as the value for money is kept.**

When reallocating budget between outputs or budget line the following restrictions need to be considered:

- Reallocating budget among the different outputs and / or budget lines cannot alter the

quality of the mandatory outputs and cannot result that the affected outputs would lose their relevance.

- The proportions of the flat rate specified in the approved AF for budget line “office and administrative expenditure” of the ERDF / IPA/ ENI PP (if and which is relevant) cannot be modified by any type of budget reallocations
- The budget reallocations cannot result in a major/ full externalisation of the project implementation, meaning that the project budget cannot be allocated extensively to external expertise and services budget line (not more than 70% of the budget should be externalised).

Such budget adjustments **do not need any previous confirmation, or approval from the DTP management bodies**. It is the responsibility of the LP to monitor the level of reallocations (using the budget reallocation monitoring tool), to take into consideration the restrictions listed above.

II.5 Audit of the project

II.5.1 Audit and process

As it is defined in the Subsidy Contract, the LP is obliged to guarantee fulfilment of the audit of the projects in relation to all other PPs of the project, to be carried out by any of such responsible auditing bodies of the EU, the auditing bodies of the participating Partner States as well as the Audit Authority, MA/JS and Certifying Authority of the Danube Transnational Programme. The aim of these audits is to check the proper use of funds by the LP or by the PPs.

The audit of the selected projects will take place at the premises of the LP and selected PPs. The LP and the PPs concerned will be notified in due time by the relevant authorities about any audit to be carried out on their reported expenditure.

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority include in general sample checking of the validated and reported expenditure against the supporting documents and other relevant information at the premises of the LP and / or PPs in order to verify the accuracy and validity of the related FLC Certificate(s), checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing, the LP has to make available all documents required, provide necessary information and give access to its business premises.

II.5.2 Irregularity and repayments of contribution from EU Funds

Handling of irregularity

An “irregularity” is to be considered as any infringement of a provision of EU 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.

The body which suspected the irregularity (Controller, MA/JS, Audit Authority, etc.) reports it to the responsible body for handling of irregularities (if any) at the given Partner State whose territory the project partner concerned is located.

The **detection** of the irregularity and the **decision on the sanction is made at national level** by the responsible body (if any) at Partner State level, and **then reported to the European Commission (OLAF report) and to the MA/JS (OLAF report / Summary report).**

In case the **irregularity affects partly the project** (one project partner) and the **decision on sanction** by the responsible body of the Partner State **is the recovery of the contribution** from EU Funds unduly paid, the **MA/JS initiates the recovery procedure from the LP in each case.**

When the **irregularity** reported by the Partner State **affects the whole project**, the Monitoring Committee is also entitled to make a decision about the irregularity. The **decision can be the withdrawal from the subsidy contract, reduction of the contribution from EU Funds to the project financing under the Danube Transnational Programme.**

Repayment of contribution from EU funds

- In case of repayment, the **MA/JS sends a request for repayment** on the amount of EU Funds unduly paid to the LP.
- The LP is obliged to secure repayments from the ERDF/ IPA / ENI PP(s) concerned and repay the amount specified by the MA/JS before the due date. However, according to **Article 122(2) of Regulation (EU) No. 1303/2013 the MA/JS may decide not to recover an amount unduly paid** if the amount of contribution from the EU Funds – considered by Funds (ERDF/IPA/ ENI) – **does not exceed 250 EUR.**
- Based on the request for repayment of the MA/JS, the **LP has to ask the ERDF PP(s) and/or IPA PP(s) and/or ENI PP(s) concerned to repay the amount of EU Funds to the LP’s project bank account in due time**, considering the deadline given by the MA/JS for the repayment. The LP has to transfer this amount to the DTP bank account specified in the request for repayment of the MA/JS.
- If a project partner commits an irregularity and the **Lead Partner cannot recover** the contribution from EU Funds unduly paid to a project partner on the basis of the partnership agreement existing among them, the LP **shall inform the MA/JS in written form within the deadline for the repayment.**
- The **repayment by the LP is due within two months** from the receipt date of the request for repayment. The due date for the repayment will be explicitly given in the

request for repayment. The receipt date of the request for repayment shall be the date of sending the email, regardless of the date of receiving any official letter in hardcopy version.

- The MA/JS has the right to impose **interest on late payment** on the amount paid back by the LP belatedly. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the calendar day following the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.

I.6 Project closure

II.6.1 Project closure

In case the project is completed and the Project Progress Report, together with the mandatory outputs are accepted by the MA/JS, the project closure of the project will be initiated by the MA/JS.

Project closing and payment cannot be initiated in case other processes related to the project are not closed such as audit report, irregularity and recovery procedures. In those cases, the payment to the Project is suspended until the closing of other processes.

After the payment to the LP, the proof of transfers to the PPs shall be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the AfR to the LP for the closure of the project by the MA/JS. In case this obligation of the LP is fulfilled the project is considered closed and the LP is informed about the closure.

In case the LP does not submit the proof of transfers of the EU Funds to the Project Partners within the deadline, an irregularity procedure could be initiated by the MA/JS.

II.6.2 Ownership of project results

Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs to the extent allowed by the national regulation of the LP/PP.

The MA/JS as well as the National Authorities of the Partner States of the programme – including National Contact Points – reserves the right to use the project for information and communication actions related to the programme.

II.6.3 Retention of project documents

The LP and all other PPs of the project are obliged to retain for audit purposes all files, documents and data about the project for a two year period from 31st December following the submission of the accounts in which the final expenditure of the completed project is included. The MA/JS will inform the LP about the beginning of the mentioned two year period.

The following documents have to be retained as the project's audit trail.

| No. | Document | Lead Partner | Project Partner |
|-----|--|--|---|
| 1. | Approved Application Form | original | copy (of original signed by LP) |
| 2. | Partnership Agreement (and its amendments) | original | original |
| 3. | Subsidy Contract | original | copy |
| 5. | Project Progress Report | only electronic version | only electronic version |
| 6. | Application for Reimbursement | only electronic version | only electronic version |
| 7. | Partner Reports | only electronic version | only electronic version |
| 8. | FLC Certificate | only electronic version/ only LP's FLC Certificate in original ¹⁵ ; | only electronic version/original ¹¹ |
| 9. | Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned) | only the LP's invoices in original | only PP's invoices in original |
| 10. | All supporting documents related to project expenditure (e.g. payslips, bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned | only the supporting documents of the LP in original | only the supporting documents of the PP in original |
| 11. | Project mandatory outputs | in original | in copy |
| 14. | If relevant, documentation related to on the spot checks of the Controllers (to be retained at the premises of the project partner concerned) | only LP's on the spot check documentation in original | only PP's on the spot check documentation in original |
| 16. | If relevant, audit reports | All audit reports, LP audit report in original, all other reports in copy | PP's audit report in original |

¹⁵ and ¹¹ depending on national requirements

Annex 1 EUSDR Priority Area Coordinators

| 1A: Inland waterways | | |
|---|---|--|
| Austria | <p>Dr. Gert-Jan Muilerman <i>via donau - Österreichische Wasserstraßen-Gesellschaft m.b.H</i></p> <p>Ms Ursula Zechner <i>Federal Ministry for Transport, Innovation and Technology</i></p> | <p>gert-jan.muilerman@viadonau.org</p> <p>ursula.zechner@bmvit.gv.at</p> |
| Romania | <p><i>NEW PAC to be confirmed</i></p> <p><i>Ministry of Transport</i></p> | |
| 1B: Rail, road and air links | | |
| Slovenia | <p>Mr Franc Žepič <i>Ministry of Infrastructure and Spatial Planning</i></p> | franc.zepic@gov.si |
| Serbia | <p>Mr Miodrag Poledica <i>Ministry of Transport</i></p> | miodrag.poledica@mgsi.gov.rs |
| PA 2: To encourage more sustainable energy | | |
| Czech Republic | <p>Ms Veronika Šiková <i>Office of the Government of the Czech Republic, European Policy Coordination Department</i></p> | sikova.veronika@vlada.cz |
| Hungary | Mr Pál Ságvári | danube-energy@mfa.gov.hu |

| | | |
|--|--|--|
| | <i>Ministry of Foreign Affairs and Trade</i> | ZsVoros@mfa.gov.hu Nikoletta.Olah@mfa.gov.hu |
| PA 3: To promote culture and tourism, people to people contacts | | |
| Bulgaria | Mr Lyubomir Sirakov <i>Ministry of Tourism</i> | L.Sirakov@tourism.government.bg |
| Romania | Ms Diana Țenea <i>Ministry of Regional Development and Public Administration</i> | diana.tenea@mdrap.ro ministru@mdrap.ro mihaela.florea@mdrap.ro |
| PA 4: To restore and maintain the quality of waters | | |
| Hungary | Mr Balázs Horváth <i>Ministry of Foreign Affairs and Trade General Water Directorate</i> | horvath.balazs@ovf.hu in cc: zsuzsanna.kocsiskupper@gmail.com dunastrategia@mfa.gov.hu |
| Slovak Republic | Dr Andrea Vranovska <i>Water Research Institute Bratislava</i> Mr Vladimir Novak <i>Water Department, Ministry of Environment</i> | andrea.vranovska@vuvh.sk vladimir.novak@enviro.gov.sk |
| PA 5: To manage environmental risks | | |
| Hungary | Mr Károly Gombás <i>Ministry of Foreign Affairs and Trade General Water Directorate</i> | gombas.karoly@eduvizig.hu Danube.Envirisks@mfa.gov.hu Viktor.Oroszi@mfa.gov.hu dunastrategia@mfa.gov.hu |

| | | |
|--|---|---|
| Romania | Mr Gheorge Constantin Mrs Manuela Miron <i>Ministry of Water and Forests</i> | gheorghe.constantin@map.gov.ro manuela.miron@map.gov.ro |
| PA 6: To preserve biodiversity, landscapes and the quality of air and soils | | |
| Bavaria | Mr Florian Ballnus <i>Bavarian State Ministry of Environment and Consumer Protection</i> | florian.ballnus@stmuv.bayern.de |
| Croatia | Ms Ana Kobašić <i>Ministry of Environmental and Nature Protection</i> | ana.kobasic@mzoip.hr |
| PA 7: To develop the knowledge society (research, education and ICT) | | |
| Slovak Republic | Mr Stefan Chudoba <i>Ministry of Education, Science, Research and Sport</i> | stefan.chudoba@minedu.sk jaroslava.szudi@minedu.sk lubica.pitlova@minedu.sk |
| Serbia | Prof. Dr Viktor Nedović <i>University of Belgrade (Institute Mihajlo Pupin)</i> <i>Ministry of Education, Science and Technological Development</i> | viktor.nedovic@mpn.gov.rs dijana.strbac@pupis.rs |
| PA 8: To support the competitiveness of enterprises | | |
| Baden-Württemberg | Dr Susanne Ast <i>Ministry of Ministry of Economic Affairs, Labour and Housing</i> | Frank.Speier@wm.bwl.de Susanne.Ast@wm.bwl.de |

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|---|--|---|
| Croatia | Ms Dragica Karajić <i>Ministry of Entrepreneurship and Crafts, Directorate for SMEs</i> | dragica.karajic@mingo.hr |
| PA 9: To invest in people and skills | | |
| Austria | Mr Jürgen Schick <i>Federal Ministry of Education</i> | juergen.schick@bmb.gv.at ulrike.sedlmayr@kulturkontakt.or.at |
| Austria | Mr Roland Hanak <i>Federal Ministry of Labour, Social Affairs and Consumer Protection</i> | Willsberger@LRsocialresearch.at |
| Moldova | Ms Anna Gherganova Ministry of Labour, Social Protection and Family | anna.gherganova@mmps.gov.md |
| Moldova | Ms Ludmila Pavlov Ministry for Education | ludmila.pavlov@edu.md |
| PA 10: To step up institutional capacity and cooperation | | |
| Austria | Mr Rudolf Schicker (contact: Ms Claudia Singer) <i>City of Vienna (EU-Funding Agency ltd.)</i> | rudolf.schicker@pa10-danube.eu claudia.singer@pa10-danube.eu |
| Slovenia | Ms Nina Čepon & Ms Ingrid Omahna <i>Center for European Perspective</i> | nina.cepon@cep.si ingrid.omahna@cep.si |
| PA 11: To work together to tackle security and organised crime | | |

| | | |
|---------------------------------|---|---|
| Bulgaria | Ms Snezhina Marinova <i>Director EU and International Cooperation Directorate, Ministry of Interior</i> | EUSDR@mvr.bg bbstancheva.14@mvr.bg |
| Germany (federal level) | Mr Christoph Hübner <i>Head of Division, General EU Issues, Schengen, European Parliament Federal Ministry of the Interior</i> | christoph.huebner@bmi.bund.de |
| Bavaria | Prof. Dr. Wilhelm Schmidbauer <i>Head of Bavarian Police Bavarian State Ministry of the Interior, for Building and Transport</i> | stmi.polizeieinsatz@polizei.bayern.de kathrin.heckl@polizei.bayern.de martin.krauss01@polizei.bayern.de |
| PA 11 Coordination Bureau | Ms Boryana Boteva <i>Coordinator</i> | eusdr@mvr.bg |

Annex 2 SMF Outputs

Report on the state of play in the addressed field

The Report on the state of play in the addressed field should contain a detailed and comprehensive analysis at least of the elements listed below.

- **Description of the status quo in the field addressed by the project**
- **Description of the needs and challenges in the field addressed by the project including country level information for the area covered by the project**
- **Description of the target groups of the main project and their needs**
- **Overview of past and current activities in the field and of complementary projects that were/are implemented and current gaps that are addressed by the main project**
- **References and bibliography used to develop the output**

Main project work plan

The main project work plan should contain detailed information at least of the elements listed below.

- **Description of the main and specific objectives of the main project**
- **Description of the result of the main project**
- **Description of the proposed methodology to reach the result**
- **Outline of the main activities and outputs to be delivered by the main project**
- **Description of the partnership, including the main partners to be involved and their role in the project**
- **Budget estimation of the main project**

Report on funding possibilities

The Report on funding possibilities should contain a detailed and comprehensive analysis at least of the elements listed below.

- **Description of the potential funding sources of the main project and potential future calls that can be addressed**
- **In case the decision has been taken to apply for a certain call, please provide sound justification**
- **Detailed road map defining the steps to be undertaken after the finalisation of the seed money project**

Annex 3 Summary of implementation

Mid-term summary on implementation of the seed money project

Description of the activities performed so far in order to develop the mandatory outputs (max. 3000 characters)

Description of the potential delays and difficulties encountered, and solutions found (max. 3000 characters)