

# KARELIA

CBC // Cross-border cooperation



KARELIA CBC PROGRAMME

# Programme Manual



# List of abbreviations

<b>AA</b>	<b>Audit Authority</b>
<b>BO</b>	<b>Branch Office</b>
<b>CCP</b>	<b>Control Contact Point</b>
<b>CBC</b>	<b>Cross-Border Cooperation</b>
<b>ENI</b>	<b>European Neighbourhood Instrument</b>
<b>ERDF</b>	<b>European Regional Development Fund</b>
<b>FU</b>	<b>Financial Unit</b>
<b>IFAC</b>	<b>International Federation of Accountants</b>
<b>INFOEURO</b>	<b>Monthly accounting rate of the euro, published by European Commission</b>
<b>IR</b>	<b>Implementing rules (EC) No 897/2014 of 18 August 2014</b>
<b>JMC</b>	<b>Joint Monitoring Committee</b>
<b>JSC</b>	<b>Joint Selection Committee</b>
<b>LFA</b>	<b>Logical Framework Approach</b>
<b>LIP</b>	<b>Large Infrastructure Project</b>
<b>MA</b>	<b>Managing Authority</b>
<b>NA</b>	<b>National Authority</b>
<b>OU</b>	<b>Operational Unit</b>
<b>PROMAS</b>	<b>Programme management system</b>
<b>ROM</b>	<b>Results-Oriented Monitoring</b>
<b>TOR</b>	<b>Terms of Reference</b>
<b>VAT</b>	<b>Value Added Tax</b>

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# PART A: APPLICATION



The Programme is financed by the European Union, The Russian Federation and The Republic of Finland.

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# 1. The Karelia CBC Programme

## 1.1 General description

The Karelia CBC Programme 2014–2020 improves cooperation between Finnish and Russian regions with the support of the European Union, the Russian Federation and Finland. The European Union is financing the Programme out of the European Neighbourhood Instrument (ENI).

### Regulatory foundation:

- Commission Implementing Regulation (EC) No 897/2014 of 18 August 2014 laying down implementing rules for cross-border cooperation programmes (CBC IR)
- Regulation (EC) No 232/2014 of the European Parliament and of the Council of 11 March 2014 (ENI Regulation)
- Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the European Union and repealing Council Regulation No 1605/2002
- Programming Document for EU support to ENI Cross-border cooperation (2014–2020)

The structures and procedures prepared for and applied in the implementation of the Programme are in compliance with the Implementing Rules for Cross-Border Cooperation Programmes.

In Russia, the legal context for the implementation of CBC Programme comprises:

- Concept for the Foreign Policy of the Russian Federation
- Strategy for the Social and Economic Development of the North-Western Federal District of the Russian Federation until 2020
- Russian national legislation on procurement (№ 44-FZ dated 5.4.2013 and No 223-FZ dated 18.7.2011)
- Applicable Codes of the Russian Federation
- Applicable Decrees of the President of the Russian Federation and the Government of the Russian Federation
- Concept for Cross-Border Cooperation of the Russian Federation
- Concept for the Long-term Social and Economic Development of the Russian Federation through to 2020

In Finland, a law on the management of ENI CBC Programmes (Laki ulkorajan ylittävästä yhteistyöstä 657/2015) came into force in June 2015.

The Karelia CBC Programme is implemented according to the Programme document prepared by the participating countries and regions.

The European Commission adopted its implementing decision C(2015) 9134 on the ENI CBC Karelia 2014–2020 Programme on 17 December 2015.

## 1.2 Objectives and priorities

The projects to be funded from the Programme must be in line with the strategy and objectives of the Programme and support the thematic objectives and priorities of the call for proposals in question.

The overall objective of the Programme is to make the Programme area attractive for the people to live and work and businesses to locate and operate.

Four thematic objectives have been chosen for the Karelia CBC Programme and four priorities have been created to contribute to each thematic objective. The thematic objectives and contributing priorities are:

Thematic Objective	Priority
1. Business and SME development	1. Growing cross-border business cooperation
2. Promotion of local culture and preservation of historical heritage	2. Attractive cultural environment
3. Environmental protection, climate change adaptation	3. Clean and comfortable region to live
4. Promotion of border management and border security	4. Well-functioning border crossing

### Priority 1. Growing cross-border business cooperation

This priority enhances long-term business cooperation across the border. Special attention is paid to improving conditions for cooperation between Russian and Finnish SMEs as well as to attracting investments on both sides of the border.

The overall objective of all projects selected under this priority is

***Increased cross-border economic interaction and trade***

The specific objective of a project must be connected to one of the following elements of the priority:

- 1 Identifying bottlenecks, barriers and obstacles for cross-border economic interaction and trade
- 2 Solving / removing the barriers hindering cross-border economic cooperation
- 3 Activities increasing the capacity of enterprises to start cross-border economic cooperation
- 4 Activities increasing the area's attractiveness as a target for investment

### Priority 2. Attractive cultural environment

This priority facilitates the development of sustainable, diverse and versatile cultural services. To achieve this objective, it is seen as important to improve the skills and capacities of cultural stakeholders. Improved skills help to build the cultural services to operate on a sustainable basis. Crossing the border may also open up new possibilities for cultural services.

The overall objective of all projects selected under this priority is

***Programme area's cultural services are easily reached and their quality is good***

The specific objective of a project must be connected to one of the following elements of the priority:

- 1 Improving the skills and capacities of cultural stakeholders
- 2 Increasing the diversity of cultural services with new forms of cross-border cultural activities
- 3 Creating new cross-sectoral initiatives
- 4 Helping young people in danger of dropping out of active society with inclusive cultural activities

### Priority 3. Clean and comfortable region to live

A clean environment is a key attraction factor of the Programme area and its notable natural resources a clear strength. Activities promoted under this priority have a multiple nature: on the one hand, they improve people's living conditions by creating environmentally friendly living areas and improving their basic infrastructure; on the other hand, the priority / call for proposals includes activities which have a direct environmental dimension such as environmental awareness, which also act as inducements for people to stay in the region.

The overall objective of all projects selected under this priority is

***Improved living and working environment***

The specific objective of a project must be connected to one of the following elements of the priority:

1. Increasing environmental awareness
2. Improving people's physical living environment
3. Increasing the biodiversity of border areas
4. Using nature in the promotion of health and wellbeing

## 1.3 Programme management structures

### Joint Monitoring Committee

The Joint Monitoring Committee monitors and follows the Programme implementation. It also makes the final decisions on project selection.

The Committee consists of ten members: two central government representatives and three regional representatives from each participating country.

### Joint Selection Committee

The Joint Monitoring Committee has set up a separate Joint Selection Committee to assess project applications. The final decision on project selection is made by the Joint Monitoring Committee based on the assessment conducted by the Joint Selection Committee.

The JSC consists of regional and national-level representatives from both participating countries.

### Managing Authority

The Managing Authority is responsible for the day-to-day management of the Programme. It manages the project selection procedures and signs the contracts with projects' lead partners. The Managing Authority also follows and monitors project implementation, controls the financial management of projects and processes payments to the projects.

The Managing Authority is also responsible for the implementation of the Programme's communication and information activities.

The participating countries have appointed the Council of Oulu Region to act as the Managing Authority.

### Branch Office

The Petrozavodsk Branch Office assists the Managing Authority to fulfil its Programme and project management tasks on the Russian side of the Programme region. It also works actively with communication and information activities directed towards national, regional and local stakeholders.

## National Authorities and Control Contact Points

Both countries have appointed National Authorities to support the Managing Authority in the management of the Programme in accordance with sound financial management practices. The National Authorities are responsible for the setting up and effective functioning of management and control systems at national level. The National Authority also represents the country on the Joint Monitoring Committee.

The control contact points support the Managing Authority in fulfilling its project-level control and verification tasks.

## Audit Authority and members of the group of auditors

The Audit Authority ensures that audits are carried out on the management and control systems, on an appropriate sample of projects (sample checks) and on the Programme's annual accounts.

The Audit Authority is assisted by a group of auditors made up of representatives from both participating countries.

The participating countries have appointed the governmental financial control function of the Ministry of Finance of Finland to act as the Audit Authority for the Karelia CBC Programme.

## Regional Authorities

Regional Authorities from both sides of the border participate in project selection procedures on the Joint Selection Committee and represent their region on the Joint Monitoring Committee. They inform the regional decision-makers in their region about the progress of the Programme and actively communicate with other Regional / National Authorities located in each region. The Regional Authorities also support the Managing Authority in organising Programme information events at the regional level.

The key Regional Authorities in Programme implementation are:

Finland: Regional Council of Kainuu

Regional Council of North Karelia

Council of Oulu Region

Russia: Ministry of Economic Development of the Republic of Karelia

## 1.4 Programme funding

The overall financing of the Programme for 2014–2020 is 43 million euros. The European Union finances 50% of the Programme. Russia and Finland are both financing 25% of the Programme. In addition, the project partners participate in the financing; every project budget include a minimum 10% of own contribution.

## 1.5 Programme management system, PROMAS

The Programme is hosting an electronic management system, PROMAS, at <https://promascbc.fi>.

PROMAS is used to create and submit funding applications, reports, payment requests and amendment requests. In addition, the majority of requests for additional information from the Managing Authority are processed using PROMAS. Some documents are to be delivered, as a signed hard copy, to the Managing Authority, in addition to the electronic version.

The lead partner fills in the application (both the concept note and the full application) in PROMAS. The lead partner applies for a username and password during a call for proposal. The username is application-specific: therefore, if the same organisation submits multiple different applications, own username is applied for each application. The same username can be used by multiple individuals working with the same application / project.

More specific instructions regarding the use of the PROMAS can be found from the Programme's website. If you encounter a problem, please contact the Managing Authority for assistance.

## 2. Partnership

### 2.1 Lead partner principle

The number of organisations participating in the implementation of a project depends on the content, objectives and operational methods of the project. In every case, project implementation requires a minimum of two organisations. Every project must include as a minimum requirement one partner from Finland and one from Russia.

In every project there are one lead partner and one or more partners. The lead partner assumes overall responsibility for the implementation and management of the project. The partners participate in project implementation as agreed.

The lead partner operates as the link between the Managing Authority and the other partners involved in the project. The MA is in a contractual relationship only with the lead partner, and therefore all contract-related issues are discussed between the MA and the lead partner. Issues such as communication and visibility and any technical issues may also be dealt with directly between the MA and the partners.

**i** *Number of partners has a significant role in project implementation: large consortium means plenty of administrative work, small consortium may not be sufficient for all the activities.*

*According to the project managers of the Karelia ENPI CBC projects a consortium sized from 3 to 5 organisations were relatively easy to manage and efficient too work with.*

The lead partner must be a Finnish or Russian organisation located in the Programme area or its adjacent region.

### 2.2 Responsibilities of partners

Each project partner has legal and financial responsibilities. The lead partner principle brings additional responsibilities and tasks to the lead partner compared to the responsibilities and tasks of a regular partner.

#### The lead partner:

- has an overall responsibility for the implementation of the project,
- receives the financial contribution for the implementation of project activities from the MA,
- pays the Karelia CBC Programme grant to the project partners according to the partnership agreement and ensuring that the partners receive the grant with no delay according the payment plan of the partnership agreement,
- ensures that the costs reported in the partners' financial reports are in accordance with the budget of the grant contract and the action plan,
- holds the authority to reject a partner's cost if it does not belong to the project or the cost is ineligible,
- ensures that the costs of the partners are audited according to the requirements of the Karelia CBC Programme,
- is responsible for repaying the Karelia CBC Programme grant to the Managing Authority in cases of recovery. (Note! The lead partner will be responsible for reclaiming the Programme grant from the partners.)

The Lead Partner has final responsibility of implementation and finances of the project.

**Partners:**

- actively cooperate in the development and implementation of the project;
- cooperate in the staffing and/or financing of the project (partners' share of own contribution) in accordance with the partnership agreements;
- have a responsibility to guarantee the sound financial management of the received Programme funds and to recover unduly paid Programme funds;
- have other obligations based on partnership agreement made with the lead partner.

**2.3 Financial capacity of project partners**

It is vital to ensure that each partner participating in a project is capable of setting up a separate accounting system or an adequate cost centre put in place specifically for the project.

Project partners should have the ability to receive funds from abroad and send funds abroad. Partners should also have the capability to take care of the final costs of the project before the balance payment is made.

**2.4 Expectations for the lead partner and partners**

The lead partner and partners should have:

- Sufficient financial and human resources for implementing and managing the project-related activities and responsibilities;
- Sufficient core competence relevant to the project activities;
- Commitment from the very beginning to the final stages and beyond the implementation the project.

Experience of management in EU-funded projects is an advantage but not a requirement.

Sufficient knowledge of English in every partner organisation is important for the efficient implementation of the project.

**2.5 Partnership agreement**

The mutual responsibilities, rights and obligations of the lead partner and the partners are defined separately for each project in the partnership agreements signed between the lead partner and the partners. A separate agreement is made with each project partner.

A model template is provided by the Managing Authority on the Programme website. The template can be used as a basis for the Partnership Agreement or the lead partner can draft an agreement by themselves, however taking into account that at least the following points need to be addressed in the agreement:

- role, objectives and responsibilities as well as shared responsibilities of each organisation;
- the right of the Managing Authority and other relevant bodies to carry out verifications as defined in the Conditions of the Grant Contract;
- budget of the partner;
- principles concerning the own contribution; its accumulation, documentation and reporting;

- principles concerning bookkeeping and the sound financial management;
- payment procedures between partners;
- expenditure verification and reporting of the factual findings;
- procedures and liabilities between lead partner and partner in case of recovery.

### Points that can be taken into account:

- processing possible needs for change;
- distribution of resources;
- outputs produced by each partner;
- obligation to inform the lead partner on any issue endangering the implementation of the project;
- implementation dates and durations of the measures to be implemented by each of the partners;
- work plan;
- means of decision-making;
- dispute settlement methods and possible compensation for contract breach;
- structure of financial administration;
- reporting duties and related deadlines;
- working language(s);
- proprietary rights and possible copyrights;
- principles concerning the eligibility and non-eligibility of costs and reporting the costs to the lead partner;
- use of InforEuro.

Managing Authority is not in any case a party of any partnership agreement and not responsible of the content of the agreements.



*It is important to start the negotiations with the partners as early as possible. Many delays in the previous programme were caused by prolonged negotiation processes.*

## 3. Eligibility of the partners

### 3.1 Geographical eligibility

The Programme area consists of the core region, adjoining regions and major economic, social and cultural centres.



The Programme's core regions are:

in Finland: Kainuu, North Karelia, Oulu Region  
 in Russia: Republic of Karelia

The adjoining regions are:

in Finland: Lapland, South Karelia, North Savo, South Savo  
 in Russia: Leningrad, Murmansk, Arkhangelsk

The major economic, social and cultural centres are:

in Finland: Helsinki  
 in Russia: City of St. Petersburg, City of Moscow

As a rule, all projects in the Karelia CBC Programme have to include at least one partner from the core region in Finland and one partner from the core region in Russia. (Partner refers to both lead partner and other project partners.)

Core region requirement does not apply if the partner is a national level public entity based in Helsinki or Moscow who doesn't have structural units in the programme region that could act as project partner or an international organisation with a base of operations in the Programme area. In these cases at least one partner from both countries is though required.

Partners from adjoining regions are eligible if required by the nature and objectives of the project and necessary for its effective implementation. Partners from adjoining regions have to bring expertise or know-how that is not available in the core area.

From Helsinki and Moscow only national-level public entities that do not have their structural units in the Programme core region can act as project partners.

Partners from St. Petersburg may participate in projects where required by the nature and objectives of the project and necessary for its effective implementation. Partners participating in projects from St. Petersburg have to bring expertise or know-how that is not available in the core area.



*Only partners from the above-mentioned regions can participate in projects.  
Any partners from other regions are ineligible.*

### 3.2 Organisational eligibility

In order to be eligible for a grant, lead partners and partners must be legal persons and directly responsible for the preparation and management of the project with their partners, not acting as an intermediary.

The lead partner and partners can be e.g. national, regional or local public authorities or organisations, municipalities, joint municipal boards, public utility companies, chambers of commerce, organisations and associations, universities and higher education institutions, research institutes, and private companies, and networks made up of these as well as non-governmental and international organisations.

Note that even if a private company acts as a lead partner or partner in the project the project cannot be profit-making. Subsidies are not granted for individual enterprises.

**Lead partners and partners will be excluded from participation in the call and no grants will be awarded to them if:**

- during the grant awarding process they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- they have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata (i.e. against which no appeal is possible);
- they have been guilty of grave professional misconduct proven by any means which the Managing Authority can justify;
- they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Managing Authority or those of the country where the contract is to be performed;
- they have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Community's financial interests or for serious breach of contract in procedures concerning funds granted from the Community budget;
- they have been ascertained to be guilty of a breach of contract concerning a procurement procedure financed out of the Commission budget or other support.

By signing the concept note / grant application, the applicant assures that it is not involved in situations of the above kind. The ineligibility of one individual partner may lead to the rejection of the whole project.

## 4. Project types

There are three types of project in the Karelia CBC Programme:

- **Regular projects**, are typically intended for development purposes;
- **Micro projects**, have a preparatory nature;
- **Large Infrastructure Projects (LIPs)**, are investment projects selected with a direct award procedure.

Applicable European Union rules on state aid are noticed with all types of projects financed by the Programme. State aid refers to financial support that can distort competition and the trade between the EU Member states.

### 4.1 Regular projects

Regular projects are development projects selected through two-phased calls for proposals. This is the most common type of projects.

Regular projects may be implemented under priorities 1, 2 and 3 (described above in chapter 1.2.). The total costs of regular projects should be at minimum 55,556 euros.

Maximum duration of a regular project is 36 months.

### 4.2 Micro projects

The objective of a micro project is to make necessary preparatory actions for development or investment projects or to undertake surveys or pre-feasibility studies to justify activities implemented later in larger projects

A micro project may aim at a regular project within the Karelia CBC Programme context but or at a larger project funded from other financial instrument. Note that the preparation of an application for a regular call for proposal cannot be the sole scope of a micro project.

Micro projects are connected to the priorities 1 and 3(described above in chapter 1.2.).

Also micro projects are cooperation projects, and the partnership requirements for cross-border cooperation described in Sections 2.1 and 2.2 apply.

The maximum total cost of a micro project is 50,000 euros. Note that this amount includes 10% of own contribution. In other words, the maximum Programme financing for micro projects is 45,000 euros.

There are only two eligible cost types in micro projects: staff and travel.

Micro applicants include a detailed budget in the application. The budget is confirmed as a part of the grant contract. Costs won't be challenged after approval of the budget and no expenditure verification is needed.

By signing the grant contract the project partners commit to producing the outputs defined in the project description with the confirmed budget. If, at the end of the project, outputs are not on a sufficient level or not produced at all, the grant is either cut or not paid at all. Also the pre-financing paid to the project can be recovered partly or fully.

Maximum duration of a micro project is 12 months.

### 4.3 Large Infrastructure Projects

Large Infrastructure Projects (LIP) are investment projects that have a clear cross-border impact. Large Infrastructure Projects are jointly identified by the participating countries in agreement with the European Commission.

Only invited applicants may apply for Large Infrastructure Projects.

### 4.4 State aid

State aid relevance of Karelia CBC projects is checked during the project selection process on activity level: activities within the project are considered relevant for state aid rules if the project has activity/activities with economic nature offering goods and services to the market with a clear impact to the competition and trade between the EU Member states.

Not only the private entities are subject to state aid rules but also public entities or other organisations if they carry out such economic activities that were described above.

In case the selected project includes activities where the state aid rules apply the Programme uses, case by case, the following options to proceed:

- de minimis rule is applied (maximum aid of 200 000 € per a period of 3 years);
- the potential comparative advantage is cancelled (open access principle allowing the advantage available for all);
- state aid relevant activities are cut from the project.

State aid legal concept is not applicable for Russian Federation as such, but because of the cooperation nature of the projects financed by the Programme, the state aid relevance is checked from all the projects.

## 5. Project finances

### 5.1 Size of the project

The minimum size for a grant of a regular project is 50,000 euros (own contribution excluded). The (theoretical) maximum is the total amount of funding available on the call for proposal in question.

The maximum size for a micro project is 50,000 euros (own contribution included). No minimum size is defined.

The costs of the project must be proportionate to the proposed activities and outputs.

### 5.2 Own contribution

Projects are not granted 100% funding; each project must demonstrate also own funding for project implementation. Every project budget includes a minimum 10% of own contribution.

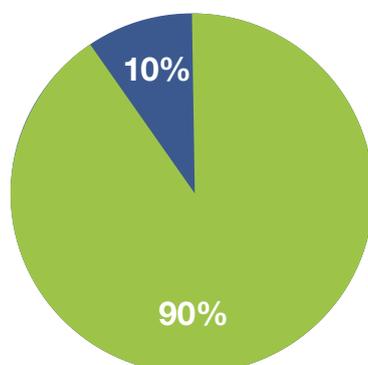
The own contribution is funding from the lead partner and partner(s) or from an external donor. In practice this means that part of the project costs is covered by the lead partner, partners and if relevant by an external donor. External funding is money paid to one or more of the project partners.

Other finances from the European Union budget can't be used as an own contribution.

**i** *The budget of the project must include all project-related costs, not just those paid with the Programme funding. The own contribution isn't something extra in addition to the total costs of the projects.*

*All project-related costs are reported in the financial report. However, there's no need to mark which invoices are considered as own contribution.*

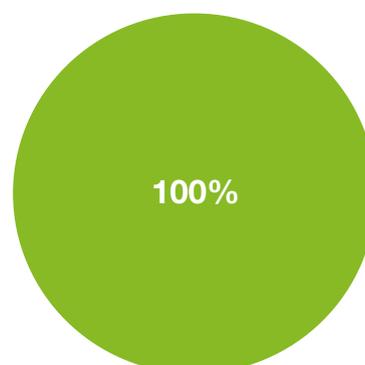
**Own contribution**



**Programme funding**

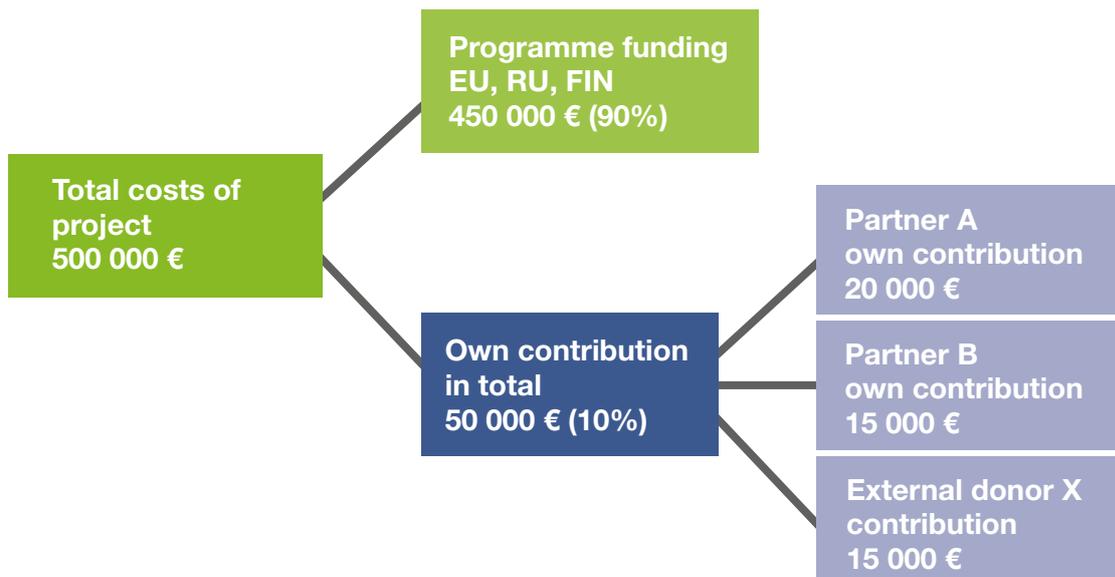
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**Total costs of the project**



## Funding examples:

A)

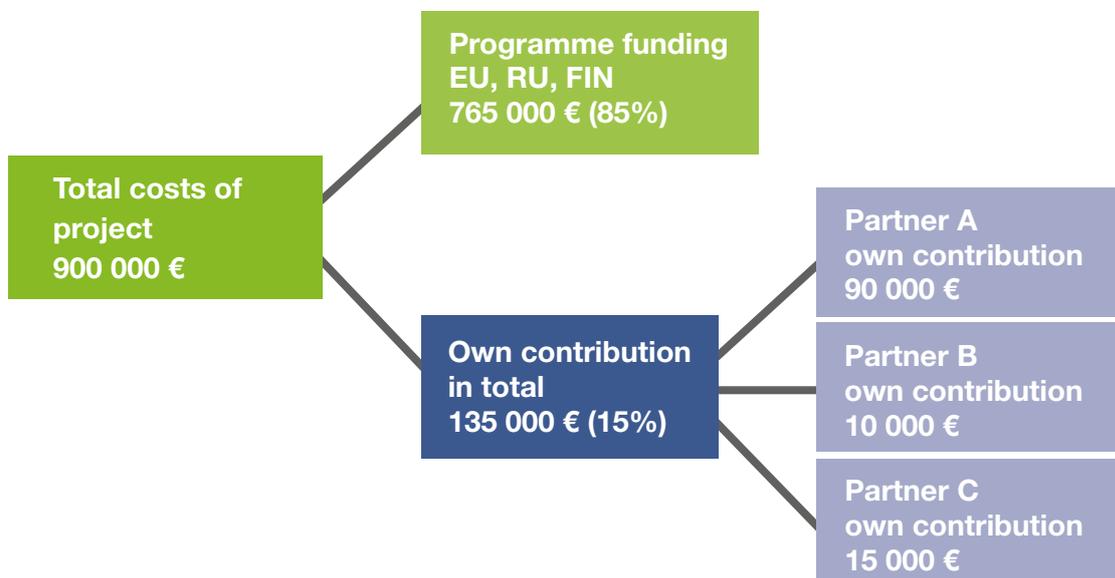


Own contribution of the project consists of project costs paid by partners A and B and of an external donation. Partner A pays salaries and other project-related costs and reports all costs in the financial report. Partner B has only staff costs in its budget. It reports all project-related staff costs in the financial report.

In addition external financier X donates 15 000 Euros to the project. It pays the money to the Partner A, who pays project-related costs with the money. All costs are reported in the financial report.

The amounts of own contribution are reported on the financial report (Sources of funding sheet).

B)



Own contribution of the project consists of project costs paid by partners A, B and C.

Partner A has all kinds of project-related costs in its accounting records. All costs are reported and as Source of funding 90 000 Euros is presented as own contribution. Also Partners B and C report all their costs in the financial reports and the defined part of those costs is considered as own contribution.

The amounts of own contribution are reported on the financial report (Sources of funding sheet).

## 6. Project design

### 6.1 The Logical Framework Approach

An essential tool for good project-design is the Logical Framework Approach (LFA). The LFA is an analytical process and set of tools used to support project planning and management. It can be seen as an aid to thinking. The LFA process produces Logical Framework Matrix (LFM) which is an obligatory annex to the project application.

The Logical Framework Approach is divided into an analysis phase consisting of four steps and a planning phase.

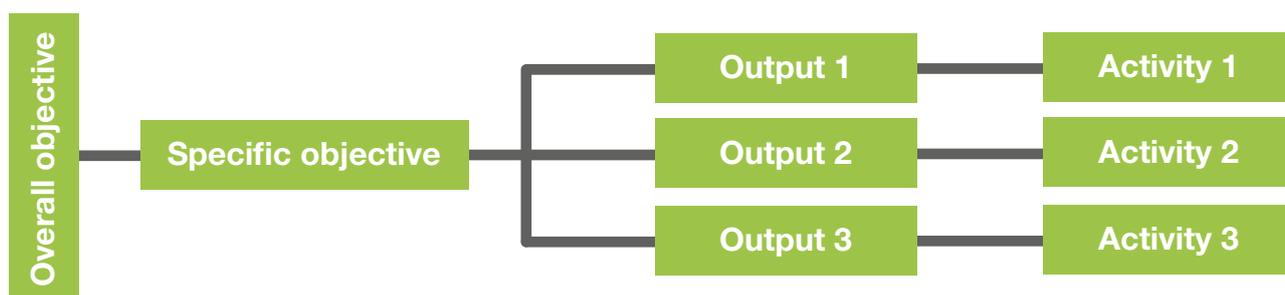
**Problem analysis** identifies the negative aspects, in other word the problems, of the existing situation. A problem tree is developed to describe the cause and effect relationships between the identified problems.

**Objective analysis** converts the problems into solutions. This defines the desired final situation.

The purpose of **stakeholder analysis** is to identify the individuals/groups affected by and/or interested in the proposed action. Stakeholders

In the **strategy analysis** the best implementation strategy is chosen based on the information already gathered. The specific objective is chosen at this point.

The specific objective is directly linked to the overall objective that is common for all projects funded from the same priority. Overall objective can't be reached by one project alone. Reaching the specific objective, however, should be a realistic task for a project.



In the planning phase the logical framework matrix is developed, activities scheduled and resources defined.

### 6.2 Concept note

Concept note is a short description of the project idea submitted in the first phase of the call for proposal.

In the concept note partners present their project describing:

- the problem the project is planning to solve and how it has been identified;
- the objective of the project;
- the expected change the project will make to the current situation;
- the target groups and beneficiaries of the project;
- the main outputs the project will produce;
- the approach planned to take (type of activities to be implemented);
- why cross-border cooperation is necessary for implementation of this.

The Concept Note is filled in and submitted in PROMAS. In addition a signed hard copy needs to be delivered to the Managing Authority or to the Branch Office.

Micro applicants submit only the concept note, with the required annexes. The project selection and grant contracts are based on the concept notes.

### 6.3 Full application

Full application is submitted in the second phase of the call for proposal. It includes more detailed description of the project. The information provided in the concept note is the basis of the full application.

In the full application:

- the problem is described;
- the specific objective of the project is named and linked to one of the four elements of the priority;
- the activities are described and linked to outputs;
- the sustainability of outputs and expected results is described;
- the project budget is presented

It is possible to propose minor changes to the idea presented in the concept note. For example partners may be added or replaced and activities and outputs can be modified. However the scope of the project may not be changed.

### 6.4 Project budget

Regular projects declare only the total costs and the amount of applied funding in the concept note. Detailed budget is not needed in the first phase of the call. A detailed budget is annexed to the full application. The Programme financing requested in the full application may not vary from the initial estimate presented in the first phase by more than 20%.

The project budget consists of a cost estimate and a financing plan. In the cost estimate, the costs are itemised by the cost type (heading). The costs do not need to be itemised by partner or country of implementation.

The cost types are:

- Staff
- Travel
- Equipment and supplies
- Investments
- Small-scale investments
- External expertise and services

In addition to these direct costs, a maximum of 7% of the total direct costs excluding investments can be added to the cost estimate for administrative costs. Selected applicants submit a calculation basis for these costs during the contracting process. Once the calculation basis has been approved the costs won't be challenged.

Micro applicants submit a detailed budget annexed to the micro application (concept note).

The cost types for micro projects are:

- Staff
- Travel

Any administrative costs cannot be added to the cost estimate.

Budget templates can be downloaded from the Programme website at [www.kareliacbc.info](http://www.kareliacbc.info)

## 6.5 Other annexes

Obligatory annexes are submitted with the concept note/ full application. All templates can be found from the Programme website at [www.kareliacbc.info](http://www.kareliacbc.info)

In addition to the listed annexes the Managing Authority may request for other annexes if necessary.

Any other annexes are not taken into account when evaluation the application. Do not attach any other annexes to the application.

### Logical Framework Matrix

The Logical Framework Matrix (LFM) provides summary of the project design, based on the logical framework approach. A template provided by the Programme is used.

The regular projects submit the LFM as an annex to the full application and the micro projects as an annex to the concept note.

### Letters of intent and partnership statements

Letters of intent and partnership statements confirm partner organisation's participation in the project.

Letter of intent is a signed document containing the name of the project and the basic information (name, address and business ID) of the lead partner and partner organisation. In the letter the organisation declares its will to participate in the project implementation as a partner. Letters of intent are submitted as an annex to the concept note. No letter of intent is needed from the lead partner or in the micro applications.

Partnership statement is a form providing basic information of the project and of the partner organisation's role in its implementation. It is signed and submitted as an annex to the full application, or in the case of micro applications to the concept note.

Partnership statement is not needed from the lead partner.

### Communication plan

Communication plan provides information on the planned communication and visibility activities, means and target groups. It is submitted as an annex to the full application.

## Obligatory annexes

### In concept note:

- Letters of intent

### In full application:

- Logframe matrix
- Partnership statement(s)
- Budget
- Communication plan
- Other annexes listed in the invitation letter, if any

### In micro application:

- Logframe matrix
- Partnership statement(s)
- Budget

# 7. Applying

## 7.1 How to apply

The Managing Authority informs on upcoming calls for proposals on the Programme website [www.kareliacbc.info](http://www.kareliacbc.info)

Once a call for proposal opens the Guidelines for the Call are published on the Programme website. Guidelines offer detailed information on what kinds of projects are financed on the call in question. The evaluation grid, which is the basis of the selection process, is included in the Guidelines. The evaluation grid describes the criteria used for evaluating the applications.

It is highly important to read the Guidelines.

Applications are filled in PROMAS, [www.promascbc.fi](http://www.promascbc.fi). In PROMAS, the lead partner requests a user-ID for a specific call for proposal. With the user-ID it is possible to log in to the system, fill in and submit the application.

## 7.2 Types of Calls for Proposals

Calls for proposals may be either one- or two-phased.

Micro projects are selected through one-phased call for proposal. Applicants for micro projects submit only a concept note with the required annexes.

Regular projects are usually selected through two-phased call for proposal.

On the first phase of a two-phased call, applicant submits only a concept note with the required annexes. Based on the evaluation of the concept notes the best proposals are invited to the second phase of the call.

On the second phase the applicant submits a full application and the required annexes. The required annexes are defined in the Guidelines of the Call and/or in the invitation letter.

By signing the grant application, the applicant declares that they accept, if they are awarded a grant, the contractual conditions as laid down in the Grant Contract and in its conditions.

## 7.3 Selection process

Administrative check

The selection process begins with an administrative check where the Managing Authority checks that the concept note/ application is formally right, all necessary parts are filled in and the concept note/ application meets the general eligibility conditions.

Shortcomings may lead to rejection.

Concept notes/ applications passing the administrative check proceed to the quality assessment.

### Quality assessment and decision making

Evaluation of the concept notes and applications is undertaken by the Joint Selection Committee. The Joint Selection Committee conducts its deliberations on the basis of assessors' assessments. Concept notes/ applications are scored using the evaluation grid provided in the Guidelines of the Call.

Following the evaluation the concept notes with the highest scores are invited to the second phase of the call. On the second phase the applications with the highest scores are selected to be funded.

The Joint Monitoring Committee confirms the project selection.

Applicants are informed in writing of the Joint Monitoring Committee's decision concerning their application and, in case of rejection, the reasons for the negative decision.

## **7.4 Request for rectification**

Applicants believing they have been harmed by an error or irregularity during the award process may make a written request for rectification and submit it to the Managing Authority. The request for rectification must clearly state the claim and the grounds on which it is based and it must be signed. The request must be made within 14 days of receipt of the decision.



# PART B: IMPLEMENTATION



The Programme is financed by the European Union, The Russian Federation and The Republic of Finland.

# Contents

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# 1. Starting a new project

## 1.1. Contracting

As soon as the Joint Monitoring Committee has made a decision on projects to be awarded, the Managing Authority starts negotiations with the applicants i.e. the lead partner organisations.

The Joint Monitoring Committee might have set some conditions for a project to be contracted, and in that case the Managing Authority ensures that any necessary changes to the project plan or project budget are made before contracting. During the contracting process, the project budget is also checked and the lead partner must be ready to justify each cost if asked. The lead partner has to submit the calculation basis for administrative costs for the Managing Authority to approve it before contracting.

The payment and reporting schedule is set during the contracting process.

### During contracting process:

- necessary changes are made to the project plan and/or budget
- calculation basis for administrative costs is checked and approved
- payment and reporting schedules are determined

Once the Grant Contract is concluded the Managing Authority delivers it in two copies, which MA has signed for its own part, to the lead partner. The lead partner signs the contracts and returns one of the signed copies to the Managing Authority. The Grant Contract may be returned via registered mail, courier service or delivery on site.

## 1.2. Implementation period

The project's implementation period, i.e. the start and end date, are defined in the Grant Contract. However, both parties, the Managing Authority and the lead partner, have to sign the contract before the implementation of the project may begin and costs are considered as eligible.

The implementation of the project can't in any case begin before the defined start date.

## 1.3. First advance payment

An advance payment defined in the Grant Contract is not made to the lead partner automatically; it needs to be requested separately from the Managing Authority by submitting a payment request. The request is filled in and submitted electronically in the PROMAS. A printed and signed version is submitted to the MA as a hard copy.

It is recommended that the request for an advance payment is submitted when delivering the signed Grant Contract to the Managing Authority. The MA makes the advance payment to the lead partner within 45 days of receipt of the request.

## 2. Project management

### 2.1. Administrative management

Every project should designate a project manager to be responsible for operative management of the project and communication with the Managing Authority. Most common responsibilities for project manager are overall management, reporting, coordination and communication. It is highly important to reserve sufficient resources for project management.

 *“Competent project manager is the greatest asset for project”*

Project groups can be utilised in the project administration and communication. The project group acts primarily as a support for project implementation and as an instrument for communication within the project. The project group discusses the details and practical issues of project implementation. Project groups are usually formed for each project, and include usually representatives from the lead partner and partners.

The Managing Authority participates in project group meetings as necessary. If necessary, the project group can utilise external experts and Regional Authorities in its work.

Reasonable costs due to project group meetings are acceptable costs for the project. The project is not liable to cover possible costs caused by the Managing Authority's or Regional Authorities participation in meetings.

### 2.2. Quality management

Project's internal quality management is one of the key issues when aiming for good results. In order to ensure efficient implementation of the project the lead partner should have regular communications with all partners. The lead partner should also act as a link between partners and make sure that every actor in the project knows what is going on among the other partners.

It is highly recommended to monitor the progress of the implementation and finances regularly and with sufficient frequency. This enables intervening to any problems and challenges in time.

 *Frequent follow-up with partners allows quicker reaction to possible problems and challenges.*

### 2.3. Communication management

The lead partner and partners must pay attention to the communication and publicity of the project. A communication plan is delivered as part of the grant application and is updated either during the contract negotiations or once the project has been launched. The project partners are responsible for the implementation of the communication activities according to the plan.

The objective of communication and visibility activities is on the one hand to support efficient project management and on the other hand to disseminate good practices and to create a positive image of the support from the EU, Russia and Finland as the financiers of the cooperation.

Projects must communicate their activities in accordance with the Programme's communication instructions. The financing received by the project is to be emphasised in all communications. Communication activities are reported as part of the project reporting.

## Internal communication

Internal communication is a project management task aiming to ensure an effective exchange of information and coordination among project partners. The lead partner takes responsibility for establishing tools and procedures that keep the whole partnership aware, knowledgeable and involved.

An internal project kick-off meeting with all partners is recommended to be organised alongside the first project group meeting. The aim of this meeting should be to stress the importance of keeping partners informed and involved at all times. It also helps to ensure a coherent understanding of the responsibilities and administrative procedures as well as the overall objectives, work plan and timing.

As such, the kick-off meeting often becomes an initial team-building event. It ensures that all partners are ready to start their work on the project implementation and know what steps to take next. Depending on the size of the project partnership, a kick-off meeting usually takes one or two days and is organised by the lead partner.

The lead partner has the main responsibility for coordinating the project implementation, but direct contacts between the partners are also encouraged – as long as the lead partner stays informed.

## External communication

The aim of the external communication is to disseminate good practices and project results. It is important to understand that the project is a tool for achieving results and that the results are more interesting than the tool. In communication, more attention should be paid to talking about the (expected) results than the existence of the project.

One of the objectives of communication is to create positive image of the support from the EU, Russia and Finland as the financiers of the cooperation. For this reason, projects must use the Programme logo in their communications and in all their products. In addition, the phrase: “This project is financed by the European Union, Finland and Russia.” should be used wherever possible and relevant.

The language used in visibility activities is chosen according to the target group. Even if the official language of the Programme is English, it is often more efficient to use Finnish and Russian.

More specific guidance for communication can be found in Part D of the manual. The symbols to be used in communications are available to be downloaded from the Programme’s website.

## 2.4. Financial management

### Accounting system

The partners of the project have to keep accurate accounts of the implementation of the project based on a double-entry accounting system.

It is highly recommended that a separate set of accounts specifically for the project is established in the accounting system. Project expenditure, interests, own contribution paid by external donors and revenues must be easily identifiable and traceable in the accounting system.

The accounting system must tally with the financial reports so that all project-related costs can be easily traced and identified between the system and reports.

### Expenditure verification in the project

Every project partner which reports project costs and draws up a financial report for the Managing Authority should arrange expenditure verification. In an expenditure verification an external auditor verifies expenditures related to the payment request.

Verification must be made in accordance with the standards agreed by International Federation of Accountants (IFAC). The auditor must either be a member of IFAC or commit to undertake the work in accordance with IFAC standards.

The expenditure verification process is comprehensively described in Part C.

# 3. Reporting and payment procedures

## 3.1 Basic principles

The Grant Contract obligates the lead partner to regularly report on the progress of the project to the Managing Authority

Reporting involves reports on both the measures and expenses of the project.

### Reporting comprises:

- project updates (brief progress reports);
- interim report(s);
- final report.

The Grant Contract and the approved project plan form the basis of reporting – the progress of the project is compared to the objectives, activities, action plan and expenses presented and approved in them.

Reports should give correct and reliable information of project's progress and expenses. In case of any false or misleading information in reports the Managing Authority may impose sanctions. Subject to seriousness of failure may the consequences be warning, rejection of the costs or termination of the Grant Contract.

In the reports, the lead partner must assess both their own and their partners' operations and the progress of the project as a whole. The interim and final reports also include separate assessments from each of the partners.

All reports are prepared in PROMAS. The report does not have to be filled in completely in one go; you can save an unfinished report in the system and continue filling it in at a later time. The ready-made report is sent to the Managing Authority via the system. Note that the narrative part of the final report must also be printed out, signed and delivered to the Managing Authority.

The annex templates needed in reporting are available for downloading from the Programme's website. The required annexes must be uploaded to the PROMAS.

**i** *Submitted only via PROMAS: project updates, interim reports, financial part of the final report, expenditure verification reports, and all the required annexes unless otherwise stated.*

*Submitted also as a hard copy: narrative part of the final report, payment requests.*

### Reporting schedule

The reporting schedule is determined in contracting process. The reporting period is 6 months for project updates and one year for interim reports.

**Project updates** are submitted to Managing Authority within 15 days after the end of the reporting period.

Interim reports are submitted within 1 month after the end of the reporting period. Payment requests and Expenditure Verification Reports must be delivered to the Managing Authority within 3 months after the reporting period.

**Final report**, final payment request and Expenditure Verification Report must be submitted within 4 months from the end of the project.

Below is presented a model report schedule for a project with an implementation period from 1 February 2018 to 31 January 2021, i.e. 3 years.

Report	Reporting period	Submitted by
Project update	1.2.2018 – 31.7.2018	15.8.2018
Interim report	1.2.2018 – 31.1.2019	28.2.2019 (within 1 month)
Payment request and Exp. Verific. Report	1.2.2018 – 31.1.2019	30.4.2019
Project update	1.2.2019 – 31.7.2019	15.8.2019
Interim report	1.2.2019 – 31.1.2020	28.2.2020 (within 1 month)
Payment request and Exp. Verific. Report	1.2.2019 – 31.1.2020	30.4.2020
Project update	1.2.2020 – 31.7.2020	15.8.2020
Final report, Payment request and Exp. Verific. Report	1.2.2020 – 31.1.2021	31.5.2021 (within 4 months)

## Processing of reports

A report is considered to have arrived in due time if it has been submitted in the PROMAS within the set time limit. The Managing Authority starts the processing when a report is submitted in PROMAS. However, the final report and payment requests are approved only after receiving the printed versions.

As a rule, the Managing Authority processes the reports in order of receipt. The Managing Authority checks the reports and compares the information to the Grant Contract and the project description.

The operational unit of the Managing Authority reviews the narrative and financial sections of the interim and final reports. The report is primarily checked by the project's contact person.

**The operational unit** reviews the accuracy of the information in the narrative reports. Particular attention is paid to ensuring that the completed actions are in accordance with the approved project plan and that the project is progressing as scheduled.

### In reference to the financial report, the operational unit confirms e.g.:

- that the individuals participating in the implementation of the project are acceptable;
- that the reported travel is in accordance with the project plan;
- that the presented costs are related to the implementation of the project;
- that the presented costs are in line with the budget;
- that the potential changes made to the budget during the reporting period are all acceptable.

The operational unit has a target schedule to process the report within 45 calendar days. Additional information may be requested from the lead partner, which must be delivered within 30 days of the request. The processing time stops until the additional information as a whole has been submitted, and starts running again after the information has been submitted.

After approval of the report, the operational unit transfers the processing **to the financial unit** of the Managing Authority. The financial unit also has a target schedule of 45 days for their checkings and payment processing. The financial unit reviews the Expenditure Verification Report as well as the costs accrual time frame for funding eligibility, and verifies that the costs are actual and itemisable.

The financial unit may also request additional information from the lead partner of the project, who must respond within 30 days. If additional information has not been submitted within 30 days, the Managing Authority may continue the process and make a payment order based on the information available, not taking into account any costs with inadequate information.

The financial unit prepares the payment order, which is delivered to the lead partner with a request for rectification. If it so desires, the lead partner can submit a demand for rectification for the payment decision.

### 3.1 Project update

Project update is a description of the progress of a project in a specified form. In a project update, the focus is on the description of the measures implemented during the reporting period, also taking account of possible changes concerning the work plan.

Reporting periods are defined in the Grant Contract. The project update needs to be submitted within 15 days of the end of the reporting period.

A project update is filled in and submitted in PROMAS. It doesn't need to be sent to the Managing Authority as a hard copy. The MA approves the project update in PROMAS.

### 3.2 Interim report

In an interim report, the realisation of the measures, expenses and funding of the project during the reporting period are declared. The interim report consists of two separate sections – narrative and financial part – and the required annexes.

Reporting periods are defined in the Grant Contract. An interim report must be submitted within one month of the end of the reporting period.

#### Narrative report

In the narrative part of the interim report, the lead partner assesses the measures implemented and the results attained during the reporting period. In the report, attention is paid to the challenges, achievements and cooperation between the partners. Workplan is updated, realised cumulative values for indicators are provided and the communication and visibility activities are described.

#### The following documents are annexed to the narrative report:

- Partner assessments;
- Communication and visibility indicators and outputs form;
- Lists of attendees of seminars and other events organised by the project.

Annexes are submitted only electronically in PROMAS.

#### Financial report

The financial report is an Excel-based spreadsheet where the realised expenses of the reporting period are reported by cost type. Costs are described specific to receipts: an informative description is provided for each receipt.

From the perspective of financial reporting, there are two kinds of partners: reporting partners and invoicing partners. **Reporting partners** maintain project accounting of their own costs and the costs invoiced by an invoicing partner. Reporting partners report these costs in a financial report. **Invoicing partners** maintain project accounting of their own but invoice all project-related costs from a reporting partner. The financial report is filled in by every reporting partner of the project.

**The financial report consist of the following Excel spreadsheets:**

- Financial reports of the lead partner and each reporting partner;
- Consolidated financial report combining the information provided in the partner-specific financial reports;
- Realised finances.

**The financial report in Excel format is submitted to the Managing Authority only electronically in the PROMAS.**

Please ensure that the financial report is not locked and can be accessed by the Managing Authority. The Managing Authority fills in e.g. the paid amounts of Programme funding and the amounts of ineligible costs in the financial report.

A financial report template is available on the Programme's website, including more specific guidance for filling it in. Financial reporting is widely described in Part C.

### 3.3 Final report

The realisation and the results of the project are described in the final report. Also the final report consists of narrative and financial reports.

The narrative report differs from the narrative report of the interim report: in the final narrative report the project is analysed more thoroughly and the implementation period of the project as a whole is taken into account.

For the final financial report the same template is used as for the interim report. The costs from the final reporting period are reported.

The final report is submitted in PROMAS. In addition a hard copy of the narrative part is signed by the project manager and sent to the Managing Authority within four months of the end of the project. The annexes required are the same as for the interim report.

### 3.4 Payments

#### Payment request

**Payment request is a document for claiming funding from the Managing Authority. There are three kinds of payment requests:**

- First pre-financing payment request;
- Interim payment request;
- Final payment request.

The payment request is filled in and submitted to the Managing Authority electronically in the PROMAS. In addition, the payment request must be printed, signed by the authorised person from the organisation and delivered to the MA as a hard copy.

The following documents are annexed to the payment requests **only electronically** in PROMAS:

**For the first pre-financing payment request:**

- Financial Identification Form (FIF) from the lead partner.
  - The Managing Authority asks for further clarification in case the bank account details in the payment request and in the FIF are not consistent. In case the FIF is not completed in full and in correct data, the Managing Authority is not able to pay the Programme funds to the lead partner's bank account.

**For the interim payment request(s):**

- Signed and dated general ledgers from the lead partner and each reporting partner corresponding with the costs reported in the financial report, (only for the reporting period in question);
- Filled-in and signed lead partner's checklist;
- Expenditure Verification Reports, including annexes, from the lead partner and each reporting partner;
  - Please note that the Terms of Reference 'ToR' is submitted to the Managing Authority together with the first interim payment request and in case the audit contract is terminated and a new contract is signed with another audit firm.
- Financial Identification form, from Lead Partner, ONLY IN CASE the bank account details are changed

**For the final payment request:**

- Signed and dated general ledgers from the lead partner and each reporting partner corresponding with the costs reported in the financial report, (only for the reporting period in question);
- Filled-in and signed lead partner's checklist;
- Expenditure Verification Reports, including annexes, from the lead partner and each reporting partner;
- Financial Identification form from the lead partner, ONLY IN CASE the bank account details are changed;
- **From the Lead partner and partner organizations which are not public bodies or governmental departments:** bank account statement indicating the amount of interests accrued to the project during the implementation period or if not available, the method of calculating the interest.

**Payment procedure**

Approval of interim or final report is prerequisite for a payment. The amounts and schedules of payments are defined in the Grant Contract. Depending on the duration of the project there are one or two interim payment.

In Karelia CBC programme there are two alternative options for payment procedures.

**Option 1:**

The first pre-financing payment is made as soon as the Grant Contract has been signed. This pre-payment is 30% of the grant referred in the Grant Contract.

Interim payments are based on the reported and verified expenditures. The amount of the payment is calculated by using the funding percentage defined in the Grant Contract. The amount of the eligible costs of the reporting period are multiplied by the funding percentage.

**For example:**

**(Funding percentage) 90% x (eligible costs) €100 000 = (interim payment) €90 000**

Total amount of the first pre-financing payment and the interim payments cannot under any condition exceed 80% of the grant.

### Example:

The grant of the project is EUR 500 000, 90% of the total costs. The first pre-financing payment is 30% of the grant = EUR 150 000.

Reported and verified eligible costs from the first reporting period (=first year) are EUR 140 000. The interim payment is 90% of the eligible costs of the reporting period = EUR 126 000. In case costs were EUR 250 000 the payment would be EUR 225 000.

When the grant is EUR 500 000 the maximum total amount paid in advance is EUR 400 000

### Option 2:

All payments are made against reported and verified expenditures. There are no pre-financing payments. The final payment must be requested within four months from the end of the project.

## 3.5 Expenditure Verification Report

In the Expenditure Verification Report, the external auditor verifies that the costs listed in the financial report are actual, correct and according to the programme rules and national legislation.

The verification schedule for each partner is determined in the contracting process. As a main rule, an Expenditure Verification Report is needed from each reporting partner for each payment request excluding the first pre-financing payment.

The Expenditure Verification Report related to an interim report is submitted to the Managing Authority at latest within 3 months after the end of the reporting period. The Expenditure Verification Report and the final report are submitted to the Managing Authority at the latest within 4 months after the end of the project.

Detailed information on expenditure verification can be found in Part C.

# 4. Implementation of micro projects

## 4.1. Contracting

As soon as the Joint Monitoring Committee has made a decision on micro projects to be awarded, the Managing Authority starts negotiations with the applicants i.e. the lead partner organisations.

The Joint Monitoring Committee might have set some conditions for a micro project to be contracted, and in that case the Managing Authority ensures that any necessary changes to the project plan or project budget are made before contracting. During the contracting process, the project budget is also checked and the lead partner must be ready to justify each cost if asked. In a micro project there are only two kinds of eligible cost types: **staff and travel**.

The budget is confirmed as a part of the Grant Contract. Costs won't be challenged after approval of the budget and no expenditure verification is needed.

The implementation period is defined in the Grant Contract. Duration of micro projects may not exceed 12 months.

## 4.2. Payments and reporting

Payment schedule and amounts are defined in the Grant Contract. Maximum of 80% of the grant is paid in advance. The **advance payment** needs to be requested separately from the Managing Authority by submitting a payment request. The first pre-financing payment request is filled in and submitted electronically in the PROMAS. A printed and signed version is submitted to the MA as a hard copy.

It is recommended that the request for an advance payment is submitted when delivering the signed Grant Contract to the Managing Authority. The MA makes the advance payment to the lead partner within 45 days of receipt of the request.

A **project update** is a description of the progress of a project. It is filled in and submitted electronically in the PROMAS.

The lead partner submits the **final report** to the Managing Authority within one month from the end of the project. The final report of a micro project consists only of a narrative report and a proof of the output as defined in the Grant Contract. The final report is filled in and submitted electronically in the PROMAS. Printed and signed hard copy of the final report is delivered to the Managing Authority with the payment request. Neither financial report nor expenditure verification is needed.

By signing the Grant Contract the project partners commit to producing the outputs defined in the project description with the confirmed budget. If, at the end of the project, outputs are not on a sufficient level or not produced at all, the grant is either cut or not paid at all. Also the pre-financing paid to the project can be recovered partly or fully.

The balance payment is paid to the lead partner's bank account within 45 days receiving the balance payment request and the final report.

## 5. Modifying the project

### 5.1 Change requests

It is possible to make changes to the project description and Grant Contract for well-grounded reasons. Such amendments may concern for example the work plan, partners, budget or implementation period of the project. The specific objective of the project can never be changed or the total costs of the project increased. The amendment must not cause such changes to the Grant Contract that could call a favourable funding decision into question or put the applicants for funding into unequal positions.

Project extensions can be applied for with due cause. The amendment request must be submitted to the Managing Authority at the latest two months before the project's original end date. However, all project activities have to end by 31 December 2022.

#### Changes that need to be applied in advance and require an appendix to the Grant Contract:

- Changes between budget headings exceeding 15%;
- Changes in implementation period;
- Changes in work plan;
- Partner additions or dismissals.

Change requests are applied for in the PROMAS. In a change request, the lead partner briefly describes the proposed change and the grounds for it. Additional material, such as a revised budget, is annexed if necessary. The Managing Authority either approves or rejects the change and prepares a contract addendum if needed. Addendum needs to be signed by both the Managing Authority and the Lead Partner in order to come into force.

### 5.2 Budget changes

Transfers within headings can be made freely, provided that the transfers are necessary and appropriate when considering the realisation of the implementation and objectives of the project. In other words, for example funding can be transferred in personnel expenses from one defined task to another at the lead partner's decision. It is, however, advisable to inform the project's contact person about internal transfers within headings.

Justified transfers can be made between headings without advance approval by the Managing Authority when the transfer concerns at the most 15% of the smaller cost type in question. Changes cannot be made to administrative costs. The project's contact person is to be informed about transfers between cost types.

Transfers between headings that exceed 15% of the smaller cost type between cost types require a change request and a Grant Contract addendum. The amendment request is to be submitted to the Managing Authority in advance, at the latest 1 month before the implementation of the change.

Note that exceedings over 15% of a cost type with no approval in advance may lead to rejection of the exceeding costs incurred.

		Original Budget	Budget after change	Change in %
Example 1:	Staff	30,000	25,000	16.67
Change request is needed	Travel	60,000	65,000	-8.33
Example 2:	Staff	30,000	32,000	-6.67
Change request is not needed	Travel	60,000	58,000	3.33

### 5.3. Notifications of minor changes

The Managing Authority needs to be notified also of minor changes in the project implementation.

It is advisable to keep in touch with the project's contact person and inform him/her on the progress and events of the project also informally. For example small changes in the work plan and the small budget transfers can be communicated by email.

Contact information must be kept up to date in the PROMAS. In addition, the contact person must be notified of a change of the project manager.

## 6. Monitoring

### 6.1 Result-oriented monitoring

The Managing Authority monitors the implementation of projects. Each project sets up its own specific objective within the framework defined in the guidelines of the call for proposals. Project's progress towards this objective is followed not only by checking and monitoring project reports and but also in some cases by result-orientated monitoring (ROM).

Checking and monitoring of project reports by the Managing Authority is a regular activity which concerns all projects. Result-orientated monitoring activities are carried out by the Managing Authority in addition to the day-to-day management of projects based on sample and risk analysis. The objective of the ROM activities is to ensure the attainment of objective set and the achievement of the intended results.

ROM activities are conducted by the Managing Authority. In practice this means personal visits in premises of partner organisations. In addition to these monitorings, the European Commission may also carry out result-orientated monitoring missions.

### 6.2 Other checks

The Managing Authority may carry out on the spot checks based on sample and risk analysis. The checks are organised in the premises of partner organisations.

Audit Authority and Group of Auditors may carry out sample checks based on sample and risk analysis. The checks are organised in the premises of partner organisations.

## 7. Closing the project

### 7.1. Preparing to close the project

If extension is needed for the implementation period it needs to be applied at least two months before the project is about to end. Extension is applied by submitting a change request.

A feedback discussion is organised between the lead partner and the Managing Authority at the end of the project. The goal is to provide both the Managing Authority and the lead partner an opportunity to provide and receive feedback about the project's implementation and administration. The feedback discussion does not revoke the lead partner's and partners' obligation to assess the results and implementation of the project in the final report.

At the end of the project the main focus should be on dissemination of the project results and on the project management. It is recommendable to start preparing the final report already before the project is closed.

## 7.2. Reporting

The final report and the final payment request are to be submitted to the Managing Authority within four months of the end of the implementation period of the project.

The expenses are eligible for funding during the project implementation period defined in the Grant Contract or in its amendment. As an exception, expenses related to the last expenditure verification and budgeted project evaluation are acceptable even after the project implementation period has ended. All expenses are to be paid by the date of submitting the final report.



*Usually the Managing Authority has questions on the final report and on the final payment request. Somebody has to be able to answer the questions even if the project manager is not working for organisation anymore!*

## 7.3. Archiving

The lead partner and partners must store all original project-related documents for five years after the balance payment to the Programme, which means at least until the end of 2030. The archiving must be organised so that the project documents can be easily retrieved.

The stored material must particularly incorporate the project application and contract, reports, receipts, account-related and bookkeeping documents and tender documents, contracts, materials pertaining to audits and other checks, and communications between the lead partner, partners, the Managing Authority and the auditor. The materials are stored as a single entity.

The Managing Authority and other relevant organisations have the right to conduct checks and audits also after conclusion of the project.

## 7.4. Termination of the Grant Contract

If the Managing Authority or the lead partner determines that the Grant Contract cannot be appropriately implemented, it must contact the other party of the contract. Negotiations are the primary method for resolving the issue. However, if mutual agreement is not reached, either party can terminate the contract by giving two months' notice in writing.

The Managing Authority can terminate the contract without notice or payment obligations if, for example, the lead partner has left its set objectives unachieved without cause, or the lead partner has either filed for bankruptcy or is preparing to cease operations. If the contract is terminated, the lead partner primarily only has the right to receive funding for the completed part of the project.

The project is discontinued automatically if the Managing Authority has not, under the Grant Contract, processed a single payment within three years of signing the contract.

Even in the case of project discontinuance, the prerequisite for the payment of the funds is the submission of an acceptable final report and payment request.

The Managing Authority prepares a discontinuance decision regarding the project.