



**Contracting Authority:** Ministry of Environmental Protection and  
Regional Development of the Republic of Latvia

**Estonia – Latvia – Russia  
Cross Border Cooperation Programme within  
European Neighbourhood and Partnership Instrument  
2007-2013  
EC decision No C (2008) 8332**

## **Guidelines for Grant Applicants**

Reference: 2<sup>nd</sup> Call for Proposals

Deadline for submission of Concept Notes: 27.02.2012.

## NOTICE

This is a Restricted Call for Proposals. In the first instance, only Concept Notes must be submitted for evaluation. Thereafter, Applicants, whose Concept Notes have been pre-selected will be invited to submit a Full Application Form. Further to Administrative Check and Quality Evaluation of the Full Application Forms, an Eligibility Verification will be performed for those which are provisionally selected. This check will be undertaken on the basis of the supporting documents by the Contracting Authority and the signed "Declaration by the Applicant" sent together with the Full Application Form.

Grants within the Programme will be allocated to the projects based on the results of the Second Call for Proposals.

The Guidelines for Grant Applicants (from hereafter – the Guidelines) provide an overview of the planning, managing and follow-up of the projects financed from the Programme based on the results of the Second Call for Proposals. The Guidelines include procedural/practical information ranging from design of Application Form as such and preparation of related documentation to implementation, monitoring, reporting and finalization of the project. They are intended to assist applicants in drafting Applications form and preparation of supporting documents, as well as the Beneficiaries and their partners in implementing and finalizing the approved projects. The Guidelines contain information on how to fill in the Application Form, what to annex to it and what procedures to follow; they also include contractual obligations to be applied to successful applicants. Text of the Guidelines will serve as a summarised basic guide to Applicants.

Please note, that the English version of the document is approved by the Joint Monitoring Committee of the Programme and takes precedence over other language versions.

The relevant documents for this Call for Proposals can be downloaded on the Programme website: <http://www.estlatrus.eu>.

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# **1 GENERAL INFORMATION ABOUT THE ESTONIA – LATVIA – RUSSIA CROSS BORDER COOPERATION PROGRAMME WITHIN EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP INSTRUMENT 2007-2013**

## **1.1 BACKGROUND**

Since middle of 1990s regions of the Programme area have been involved in implementing different cross border cooperation (CBC) programmes. The first financial support for CBC activities between Latvia and Estonia came in the middle of 1990s in the form of different PHARE CBC programmes. These programmes have contributed to economic development of the border regions in Estonia and Latvia, and have made a significant contribution to building physical infrastructure, but have also given a possibility for these regions to become acquainted with procedures and practices of the INTERREG programmes. PHARE CBC programmes have always been regarded as regional development programmes.

In Russian part of the Programme area CBC with Finland has been more popular. Leningrad region has a long cooperation history with Finland, while Pskov region has more experiences in inter-regional than in immediate CBC. However, bilateral cooperation Russia-Latvia and Russia-Estonia has been going on as part of PHARE Credo programme. The PHARE External Border Initiative Programme 2003 in Estonia was aimed at promotion of balanced and sustainable development of Estonian regions bordering the Russian Federation.

The first real trilateral cooperation in the region took place within the INTERREG IIIA North priority of the Baltic Sea Region INTERREG III B Neighbourhood Programme 2004-2006. It was the first financial instrument focusing on the immediate border areas of the three countries, and having genuine CBC as the main requirement of financing joint projects.

The current Programme is implemented within framework of the European Neighbourhood and Partnership Instrument (ENPI). From year 2007 the ENPI has replaced other financial instruments for cooperation with the Partner Countries (including TACIS CBC) and offered a single set of objectives as well as unified procedures for project application and implementation, applicable to institutions from both the European Union (EU) Member States and the Partner Countries.

## **1.2 LEGAL FRAMEWORK**

The following EU legal acts and working documents provide further detailed information on the implementation of the Programme:

- Regulation No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI Regulation);
- Commission Regulation No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument (Implementing Rules);
- Council Regulation No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Commission Regulation No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- European Neighbourhood & Partnership Instrument Cross Border Cooperation Strategy Paper 2007-2013;
- Practical Guide to Contract procedures for European Commission external actions (PRAG) of November 2010;

- Estonia–Latvia–Russia Cross Border Cooperation Programme within European Neighbourhood and Partnership Instrument 2007–2013 approved by European Commission on 17 December 2008, decision No C(2008)8332 (with amendments from 4 February 2011);
- Financing Agreement between the Government of the Russian Federation and the European Community on Financing and implementing the Cross Border Cooperation Programme signed on 18 November 2009;
- Applicable national legal acts and EU regulations and horizontal themes, in particular on sustainable development, environment, competition and state aid, public procurement, equal opportunities;
- Terms of Reference for an Expenditure Verification of a Grant Contract (Annex 8.6 to the Guidelines);
- Guidelines for project applicants for proper financial management during project elaboration and implementation.

As a general rule, the Programme and the regulations determine the cost eligibility and eligibility categories. However, if existent, the nationally adopted and stricter rules establishing the method for calculating eligible costs apply. Where there are no rules on the national level, the stricter rules of the Programme apply.

### **1.3 OBJECTIVES OF THE PROGRAMME AND PRIORITIES**

The strategic objective of the Programme is to promote joint development activities for the improvement of the region's competitiveness by utilising its potential and beneficial location in the cross roads between the EU and the Russian Federation.

The specific objective of the Programme is to make the wider border area an attractive place for both its inhabitants and businesses through activities aimed at improving the living standards and investment climate.

The following three priorities have been defined for the Programme:

#### 1 Priority: Socio-economic development

Priority is dedicated to strategic development of border region's competitiveness through support to business and labour market development, improvements in communication networks and exploring region's potential for tourism as well as maintaining efficient and safe borders.

#### 2 Priority: Common challenges

Priority aims at addressing common problems and initiating and continuing joint actions in the areas of common interest on both sides of the border.

#### 3 Priority: Promotion of people to people cooperation

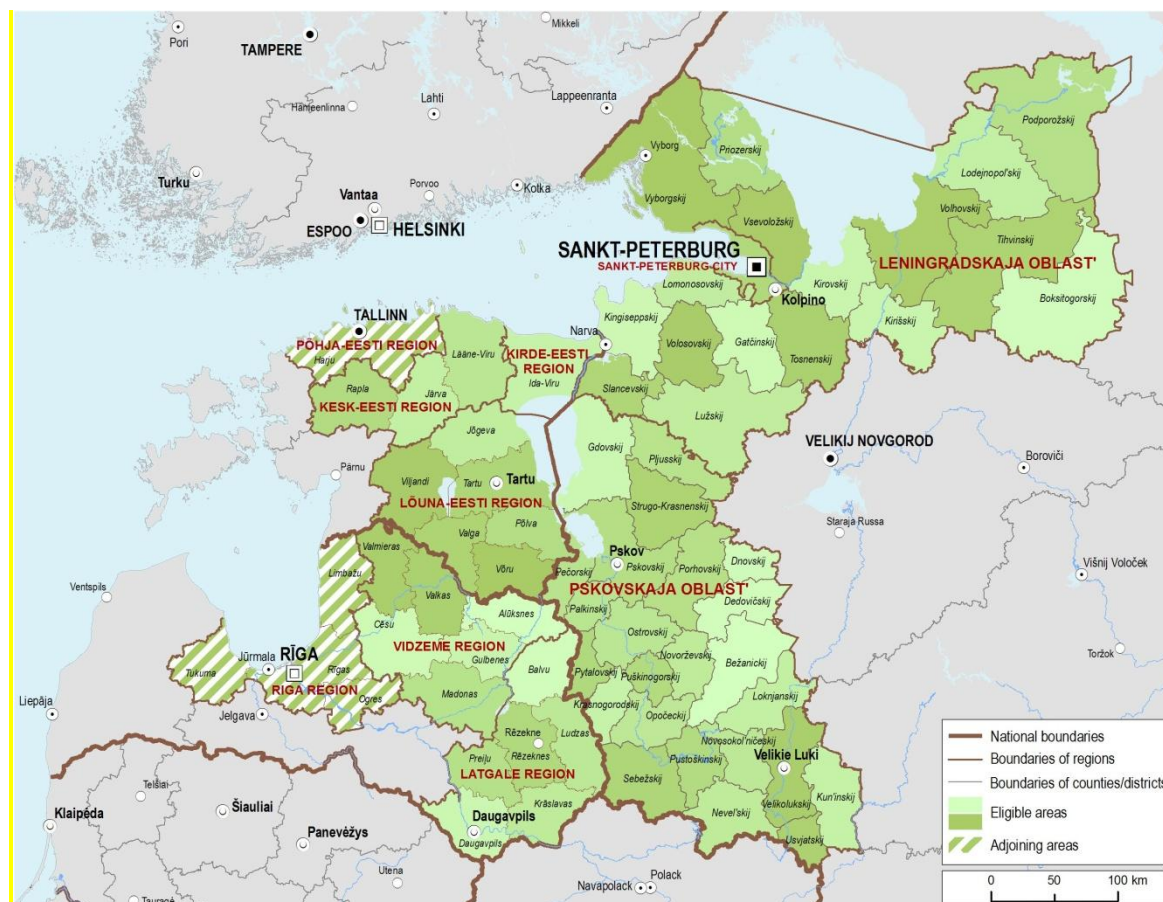
Priority is focusing on small scale activities for improving the cooperation of the border region supporting wide range of activities to be performed by regional and local municipalities and various actors of the society, which have been identified as being of crucial importance to a more integrated region.

The Programme will finance activities within the projects which have (is aimed to keep) a purely cross border character and involve at least two partners, of whom at least one project partner shall be located in the Programme area in one of the Member States and at least one project partner located in the Programme area in the Partner Country. The Programme is an important complement to the existing and foreseen national, regional and sectoral initiatives covering parts of the Programme area. The Programme will add a cross border dimension to

those initiatives, looking at the Programme area development from a comprehensive socio-economic, environmental and cultural perspective.

## 1.4 PROGRAMME AREA

The Programme area is illustrated in the map below.



Programme area includes the following NUTS III regions:

**Latvia:** Latgale, Vidzeme; adjoining areas: Riga and Pieriga;

**Estonia:** Kirde-Eesti (North-East Estonia), Lõuna-Eesti (South Estonia), Kesk-Eesti (Central Estonia); adjoining area: Põhja-Eesti (North Estonia);

**Russia:** Leningrad Oblast, Pskov Oblast, St. Petersburg.

The Programme funding may up to a limit of 20% be used for financing of expenditure incurred by the project partner(s) from adjoining areas in Estonia and Latvia. Please note that participation of the project partners from adjoining areas should bring a clear benefit to the border regions of the Programme.

## 1.5 PROGRAMME MANAGEMENT

Joint Monitoring Committee (JMC) is a decision making body responsible for ensuring effectiveness and quality of the Programme implementation. The Joint Monitoring Committee takes the final decision on projects to be supported and amounts granted to the projects. Members of the Joint Monitoring Committee are representatives from national and regional level partners from the Republic of Estonia, the Republic of Latvia and the Russian Federation. The Joint Monitoring Committee nominates part of the Joint Monitoring Committee to act as the Selection Committee.

Joint Managing Authority (JMA) is an executive body having overall responsibility for managing the Programme and implementing decisions taken by the Joint Monitoring Committee; body responsible for efficient and correct management and implementation of the Programme. To ensure segregation of duties, Operational Section, Financial Management Section and Internal Audit Section of the Joint Managing Authority have been established. The Joint Managing Authority is acting as the Contracting Authority and signing Grant Contracts with the Beneficiaries of approved projects, approves project implementation reports and initiates payments. Ministry of Environmental Protection and Regional Development of the Republic of Latvia is Joint Managing Authority of the Programme.

Joint Technical Secretariat (JTS) is a joint operational body assisting the Joint Managing Authority and the Joint Monitoring Committee in carrying out their respective duties. The Joint Technical Secretariat is in charge of the day-to-day operational follow-up and financial management of the projects. It is participating in assessment of the Full Application Forms. The Joint Technical Secretariat is composed of international staff. The Joint Technical Secretariat is located in Riga, the Republic of Latvia and hosted by the State Regional Development Agency of the Republic of Latvia. The Joint Technical Secretariat has established Branch Offices in the Republic of Estonia (in Tartu and Jõhvi) and the Russian Federation (in St. Petersburg and Pskov). The Joint Technical Secretariat shall inform and support potential beneficiaries of the Programme in the country where activities are envisaged.

National Authorities are national institutions responsible for the Programme development, relevant policy making and monitoring of the Programme on behalf of the participating countries. Their functions are implemented by the Ministry of the Interior of the Republic of Estonia, the Ministry of Environmental Protection and Regional Development of the Republic of Latvia and the Ministry of Regional Development of the Russian Federation.

National Sub-committees (NSC) are national advisory bodies that may be established in the Republic of Estonia, the Republic of Latvia and the Russian Federation. The aim of the NSC is to ensure contribution by wider scope of Programme stakeholders (other national line ministries, regional and local institutions, social and economic partners, environmental bodies, NGOs etc.) to Programme development and implementation. NSC shall act as forums for discussing and defining national opinion prior to the Joint Monitoring Committee meetings. NSC may also act as multipliers in distributing the information about the funding opportunities Programme offers and disseminating Programme results. The work of NSCs shall be organised and financed by the participating country.

Selection Committee (SC) consists of the nominated JMC members who are responsible for selection of the Applications during the open and restricted Calls for Proposals. The SC is approving the reports of the opening sessions; reviewing and approving the outcome of the administrative eligibility check; appointing assessors for the quality assessment of project applications, approving the Evaluation Report and preparing the JMC decision on selection of projects and on grant amount allocated for each project.

## **1.6 FINANCIAL ALLOCATION FOR THE 2<sup>ND</sup> CALL FOR PROPOSALS**

The overall indicative amount made available from the Programme under this Call for Proposals is EUR 6,014,639.00.

The Joint Monitoring Committee reserves the right not to award all available funds.

## **1.7 OFFICIAL LANGUAGE**

The official working language of the Programme is English. Both Concept Note and Full Application Form shall be submitted in English, Grant Contracts shall be concluded in English, all official documentation and communication related to the implementation of projects should be in English. Interpretation and translation costs foreseen during the project implementation can be included in the budget of the project.



## 2 RULES FOR THIS CALL FOR PROPOSALS

These Guidelines set out the rules for the submission, selection and implementation of projects financed under this Call for Proposals, in conformity with the Programme (available for download at the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu)) and with the provisions of the PRAG which are applicable to the present call, available on the Europe Aid website: [http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

### 2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

- applicant(s), which may request a grant and their partner(s) (section 2.1.1 of the Guidelines);
- projects for which a grant may be awarded (section 2.1.2 of the Guidelines);
- types of costs which may be taken into account in setting the amount of the grant (section 2.1.3 of the Guidelines).

#### **2.1.1 Eligibility of the applicant and the project partner(s)**

In order to be eligible for a grant, the applicant and the project partner(s) **must** be one of the following:

1. national, regional and local public authority;
2. association formed by one or several national, regional or local authorities;
3. public equivalent body (any legal body governed by public or private law):
  - a. established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character,
  - b. having legal personality,
  - c. having legal relationship with the state, regional or local authorities or other bodies governed by public law in regards of:
    - is financed or owned at least 51% by those bodies,
    - or is the subject to management supervision by those bodies,
    - or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the bodies mentioned above;
4. Associations formed by one or several bodies governed by public law as defined under point 3 of this section above;
5. NGOs and other non-profit making bodies;
6. Educational organisations (schools, preschool institutions, colleges, institutes, universities):
  - a. if an educational organization is a public equivalent body, requirements of set for public equivalent bodies (point 3) of this section) shall be applied;
  - b. if an educational organization is established under Commercial Law of the respective country (is profit-making), eligibility criteria set for SME-s (see point 7) of this section below) shall be applied.
7. Small and medium enterprises (SMEs) under the Priority 1, following the several conditions:

- a. private company is micro, small or medium sized enterprise, which means it employs fewer than 250 persons and it has an annual turnover not exceeding EUR 50 million, and/or has annual balance sheet total not exceeding EUR 43 million;
- b. the SME-s can be eligible for funding in projects whose immediate objective is non-commercial;
- c. the results of the projects with the involvement of the SMEs have to be available for the use of wide public;
- d. in case of participation of the SME as the project partner, the maximum Programme co-financing rate is 50% of the total eligible costs of this SME;
- e. the SME cannot act as the Beneficiary of the project;
- f. the SME cannot act as the only partner from the Participating Country;
- g. the SME acting as a project partner may not apply for a grant exceeding EUR 200,000 (see section 3.2.7 of the Guidelines).

**NB:** in accordance with Programme, SMEs cannot participate in the projects implemented under 2 Priority and 3 Priority of the Programme.

Please, note that an NGO acting as Beneficiary or Project Partner and an SME acting as Project Partner should be established at least one month prior to opening of the Call and provide documentary evidence of its operational and financial capacity in the form of operational and/or financial report of organization.

Please, note that the international organizations may act as the Beneficiaries or the project partners if they have the local representation office in the Programme participating country and work directly for the Programme area and on the condition it is this local representation office which will implement the Project activities.

In addition to the requirements set above in this section the applicant and the project partner(s) must satisfy **all** criteria listed below:

1. be legal persons **and**
2. be non-profit making (with exception of public equivalent body participating as the project partner in the Priorities 1, 2 and 3; and the SME participating as the project partner(s) in the Priority 1) **and**
3. be located (have their legal address) in the Programme area **and**
4. be directly responsible for the preparation and management of the project with their partner(s), not acting as an intermediary, **and**
5. not be in any of the situations listed below:
  - a. 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;
  - b. 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);

- c. they have been guilty of grave professional misconduct proven by any means which the Joint Managing Authority can justify;
- d. 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 Joint Managing Authority or those of the country where the contract is to be performed;
- e. 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 Communities' financial interests:
  - cases of fraud as referred to in Article 1 of the Convention on the Protection of the European Communities' Financial Interests drawn up by the Council Act of 26 July 1995;
  - cases of corruption as referred to in Article 3 of the Convention on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997;
  - cases of participation in a criminal organisation, as defined in Article 2(1) of Joint Action 98/733/JHA of the Council;
  - cases of money laundering as defined in Article 1 of Council Directive 91/308/EEC.
- f. they are currently subject to an administrative penalty referred to in Article 96(1) of the Financial Regulation No 1605/2002.

Please, note that grants may not be awarded to Applicants who during the application and contracting procedure:

1. are subject to a conflict of interest<sup>1</sup>;
2. are guilty of misrepresentation in supplying the information required by the Joint Monitoring Committee and/or Joint Managing Authority as a condition of participation in the contract procedure or fail to supply this information;
3. find themselves in one of the situations referred above in point 5 of this section.

Applicant in Worksheet XV "Declaration by the Applicant" of the Grant Application Form (Application Form) must declare that it does not fall into any of the situations mentioned in this section.

The following are not the project partners and these are not subject to financial rules applied to the Applicant and Project Partner(s) and do not have to sign the Partnership Statement:

- **Associates** – can be involved in the project implementation if they play an actual role in the project. It is not eligible for associates to receive funding from the grant with the exception of daily allowances, accommodation and travel costs for the events organized within the Project by the Applicant and/or Project Partner(s). Associates do not have to meet the eligibility criteria referred to in this section. The associates have to be described and justified in the Application Form.
- **Subcontractors** – the grant Beneficiaries and the Project Partner(s) have the possibility to award contracts to subcontractors. Subcontractors are neither project partners nor associates, and are subject to the procurement rules set out in section 3.2.5 of the Guidelines.

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<sup>1</sup> Conflict of interest is when the impartial and objective exercise of the functions is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary.

### **2.1.2 Partnership requirements**

Each project shall involve **at least two project partners** (the Applicant and at least one Project Partner), of whom at least one project partner shall be located in the Programme area of the Republic of Estonia and/or the Republic of Latvia and at least one project partner located in the Programme area in the Russian Federation. One of those partners will act as the applicant (Lead Partner and after signing of the Grant Contract shall be referred as Beneficiary), other(s) as the project partner(s).

After approval of the project, the Applicant signs the Grant Contract with the Joint Managing Authority and assumes full legal and financial responsibility for the project management and implementation vis-à-vis the authority. It receives the Grant from the Joint Managing Authority and ensures that it is managed and distributed in accordance with the Partnership Agreement signed with the project partner(s) (model Partnership Agreement is available for download at the Programme's web site: [www.estlatrus.eu](http://www.estlatrus.eu); also available as Annex 7 to the Guidelines).

Each project partner (including the Applicant) intending to participate in the project has to sign a **Partnership Statement** (see Annex 2 of the Guidelines) to be submitted in the Full Application Form and the **Partnership Agreement** to be submitted before signing of the Grant Contract. The Partnership Agreement serves as legal ground regulating relationship within the partnership. It inter alia sets the rights and obligations of all partner(s), including reporting and communication procedures; guarantees the financial management of the funds allocated to the project, including the arrangements for recovery of amounts unduly paid.

The Partnership Agreement will not be a part of or Annex to the Grant Contract. However, it is the prerequisite for signing of the Grant Contract.

### **2.1.3 Eligible projects**

#### **2.1.3.1 Co-financing rate**

Grant to the project may not exceed 90% of the total eligible costs of the project.

Not less than 10% of the total eligible costs of the project are the Applicants' and the Project Partner(s) own contribution to the project and must be financed from their resources or from sources other than the European Community budget. Applicant and each project partner must contribute not less than 10% of its total eligible costs to financing of the project.

The Project Partners, which are SMEs (as set in the section 2.1.1. of the Guidelines), are only authorised to participate in the projects supported under the Priority 1 with the maximum Programme co-financing not exceeding 50% of the total eligible costs for respective project partner.

#### **2.1.3.2 Size of grants**

Any grant awarded under this Call for Proposals must fall between the following minimum and maximum amounts:

	Minimum EUR	Maximum EUR
1 Priority: Socio-economic development	50 000	1 000 000
2 Priority: Common challenges	50 000	1 000 000
3 Priority: Promotion of people to people cooperation	10 000	200 000

### **2.1.3.3 Project duration**

The maximum duration of the project may not exceed 24 months, and the project has to end on 31 December 2014 at the latest.

Project **starting date** is defined by the Beneficiary and the Joint Managing Authority; stipulated in the Grant Contract and it can be either:

- the day following that on which the last of the two parties signs the Grant Contract, **or**
- a later date agreed in the Grant Contract,

and no later than 6 months after the signing of the Grant Contract.

The **duration of the project** is calculated by adding to this date the number of months indicated in the Application Form as the duration of the project.

### **2.1.3.4 Location**

Project and its activities must be located and take place in the Programme area. Applicants and their partner(s) must be located in the Programme area as set in section 1.4 of the Guidelines except for Associates of the Applicant participating in the project.

Up to 20% of the Programme funding may be used for financing of expenditure incurred by the project partners from adjoining territories in the Republic of Estonia and the Republic of Latvia. Please note that participation of the project partners from adjoining areas should bring a clear benefit to the border regions of the Programme.

If it is necessary for the project implementation and for the benefit of the Programme territory, in duly justified cases up to 10% of the project's total budget can be spent for implementation of the project soft activities outside the Programme area. These costs have to be clearly indicated, specified and justified in the Application Form and approved by the Joint Monitoring Committee. If during the project implementation partners discover that it is necessary to organise an activity or its part outside of the Programme area, the beneficiary has to receive a prior approval of the Joint Managing Authority.

### **2.1.3.5 Project types**

Nature of the projects can be of three following types:

- 1) Integrated projects – where each project partner carries out a part of activities of a joint project on its respective side of the border;
- 2) Symmetrical projects – where similar activities are carried out in parallel on the territory of the Republic of Estonia and/or the Republic of Latvia and the Russian Federation;
- 3) Simple projects with a cross border effect, taking place mainly or entirely on one side of the border but for the benefit of all project partners.

The projects must be of a non-commercial character. Neither applicants nor project partners can make profit out of a grant.

All projects of the Programme shall have positive influence on sustainable development. Half (50%) of the supported projects have to target provision of equal opportunities.

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

Aim of the equal opportunities is to ensure equal rights of men and women, prevent all kind of discrimination, e.g. based on gender, racial or ethnic origin, religion or belief, age or disability and provide them with equal access to the activities of the project.

#### **2.1.3.6 Supported sectors and themes**

***NB! Please be aware that number of applications already recommended for approval in the Measures 1.2 and 1.3 is high, which may result in approval of few applications under these Measures.***

#### **1 Priority: Socio-economic development**

##### **Measure 1.1 Fostering of socio-economic development and encouraging business and entrepreneurship**

###### Directions of support:

- Support to SME development, improvement of business related infrastructure, promotion and diversification of local economic and business environment;
- Development of know-how and promotion of innovations, research and technology;
- Development of labour market potential (improvement of employment conditions, support to economically inactive population, cooperation between research institutions, educational establishments and businesses in order to raise the quality of workforce and human resource development, etc.);
- Development of entrepreneurs' contacts and networks.

##### **Measure 1.2 Transport, logistics and communication solutions**

###### Directions of support:

- Development of transport corridors and small-scale infrastructure (improvement of road, rail, water and air networks and services);
- Planning and development of border-related infrastructure (parking areas, facilities for various services of interest for travellers both - tourists and truck drivers, recreation areas, etc.);
- Development of new cross border public transportation routes and services;
- Development of information infrastructure and services, creation of joint information facilities.

##### **Measure 1.3 Tourism developments**

###### Directions of support:

- Development of tourism infrastructure, joint tourism products and services and their accessibility (accessibility of roads connected with tourism routes, installation of guide-boards, etc.)
- Coordinated tourism strategies and marketing measures (joint events aiming at extending attractiveness of the Programme area, information services, etc.)
- Development of networks of tourism organisations and creation of new contacts in the tourism sector

**2 Priority: Common challenges****Measure 2.1 Joint actions aimed at protection of environment and natural resources**Directions of support:

- Environmental studies and management (researches addressing environmental pollution, monitoring, management, etc.)
- Environmental awareness raising (including establishment of information centres and introduction of systemic environmental education, etc.)
- Environmental risk management and cooperation of environmental services
- Planning and improvement of small scale environmental infrastructure

**Measure 2.2 Preservation and promotion of cultural and historical heritage and support of local traditional skills**Directions of support:

- Preservation and restoration of cultural and historical heritage
- Application of local crafts, know-how and traditional skills in business development

**Measure 2.3 Improvement of energy efficiency and promotion of renewable energy sources**Directions of support:

- Effective and sustainable use of energy resources, energy savings
- Development of alternative and renewable energy sources

**3 Priority: Promotion of people to people cooperation****Measure 3.1 Development of local initiative, increasing administrative capacities of local and regional authorities**Directions of support:

- Promotion of cooperation and networking between local and regional authorities and NGOs. Promote the participation of civil society in local initiatives and promote common dialogue between local authorities and society
- Increasing the administrative capacity of local and regional authorities (including cooperation in providing public services and e-services etc.)

**Measure 3.2 Cooperation in spheres of culture, sport, education, social and health**Directions of support:

- Development of people – to – people cooperation (in culture, sport, education, social sphere and health etc.)
- Exchange of initiatives in education, culture, health and social care
- Establishment and development of common information space and partnership networks

**2.1.3.7 The following activities are ineligible:**

- 1) activities concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- 2) activities concerned only or mainly with individual scholarships for studies or training courses;
- 3) activities which immediate objective is commercial or profit-making;
- 4) activities of political, ideological or religious nature;
- 5) pure academic and research-oriented activities which do not have direct applicability to the Programme area;
- 6) activities duplicated those already financed from any EU fund, international, national, regional and/or local funds, as this is considered double-financing;
- 7) sub-granting.

#### **2.1.3.8 Number of applications and grants per Applicant**

Number of applications to be submitted by an applicant for this Call for Proposals is not limited.

Note that in case the Beneficiary and/or the partner will be awarded for the grant within several applications the Beneficiary and/or the partner may be asked to confirm its operational and financial capacity by the Joint Managing Authority before signing of the Grant Contract. If during Grant Contract negotiations the Beneficiary and/or the partner will not be able to sign the Grant Contract, the next project from the reserve list shall be invited to negotiate.

### **2.1.4 Eligibility of costs**

Only **eligible costs** can be taken into account for a grant. **Please note that only costs incurred during the project implementation are eligible.** The categories of costs considered as eligible and non-eligible are indicated below. The budget is both a cost estimate and a ceiling for eligible costs. Note that the eligible costs must be based on real costs and backed by supporting documents during the project implementation. When submitting the Full Application Form, the documents justifying Project costs (e.g. price offers) are **not** required.

#### **2.1.4.1 The 3E Principle in the project budget**

The project budget has to be in line with the principle of *economy*, *efficiency* and *effectiveness*.

**The principle of economy** requires that the resources used by the institution for the pursuit of its activities shall be made in due time, in appropriate quantity and quality and at the best price.

**The principle of efficiency** is concerned with the best relationship between resources employed and results achieved.

**The principle of effectiveness** is concerned with attaining the specific objectives set and achieving the intended results.

#### **2.1.4.2 Eligible costs**

To be eligible, costs must be incurred by the Beneficiary or its partner(s) and must be in line with the Article 14.2 of the General Conditions:

- 1) incurred during the implementation of the project, i.e. after the starting date of the project stipulated in the Grant Contract (see section 2.1.2.3 of the Guidelines) and before the project end date with the exception of costs relating to final reports, expenditure



verification and evaluation of the project, which can be incurred not later than the date of submission of the final report;

- 2) indicated in the estimated overall budget of the project;
- 3) necessary for the implementation of the project;
- 4) identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary or its partner(s) and determined according to the applicable accounting standards of the country where the Beneficiary and/or the partner is established and according to the usual cost accounting practices of the Beneficiary and/or the partner(s);
- 5) incurred in compliance with the relevant procurement procedures in accordance with section 3.2.5 of the Guidelines;
- 6) reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

In addition to the requirements to eligible costs mentioned above and where relevant to the provisions of the procurement (set in section 3.2.5 of the Guidelines) being respected, the following costs of the Beneficiary and the project partner(s) **are eligible** (please see detailed description in the section 2.1.3.4 of the Guidelines):

- 1) the cost of staff of the Beneficiary and the project partner(s) assigned to the project, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or its partners, as the case may be, unless it is justified in the Application Form by showing that it is essential to carry out the project;
- 2) travel and subsistence costs for staff and other persons taking part in the project, provided they do not exceed those normally borne by the Beneficiary or its partners. Any flat-rate reimbursement of the subsistence costs (including accommodation, daily allowance, local transport) must not exceed the rates published by the European Commission at the time of signing this contract that can be found: [http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)  
**NB!** Please, note that the maximum rate set by the EC cannot be exceeded both when using "per diem" approach and "daily allowance" approach (for the detailed explanation of these approaches please refer to the Glossary, term "Per diem").
- 3) purchase or rental costs for equipment and supplies (new or used) specifically for the purposes of the project, and costs of services, provided they correspond to market rates;
- 4) costs of consumables;
- 5) subcontracting expenditure;
- 6) costs deriving directly from the requirements of the Grant Contract (dissemination of information, evaluation specific to the project, expenditure verification, translation, reproduction, etc.) including financial service costs (in particular the cost of transfers and financial guarantees);
- 7) contingency reserve (not exceeding 5% of the direct eligible costs);
- 8) contributions in-kind.

#### **2.1.4.3 Ineligible costs**

The following costs of the Beneficiary and the project partner(s) **are not eligible**:

- 1) debts and provisions for losses or debts;
- 2) interest owed;
- 3) items already financed in another framework;

- 4) purchases of land or buildings, except where necessary for the direct implementation of the project, in which case ownership must be transferred to the final beneficiaries and/or local partner(s), at the latest by the end of the project;
- 5) currency exchange losses;
- 6) taxes (except those listed in the description of the Budget Heading 1, see section 2.1.4.4), including VAT, unless the Beneficiary and/or the project partner(s) cannot reclaim it. Please note that VAT that is recoverable by whatever means cannot be considered eligible, even if it is not actually recovered by the Beneficiary or the project partner(s) (i.e. the Beneficiary or the partner who could officially recover the VAT has decided not to do it);
- 7) credits to third parties;
- 8) fines, financial penalties and expenses of litigation.

#### **2.1.4.4 Description of budget lines**

The project budget is divided between eight Budget Headings and further detailed into sub-headings and budget lines.

The detailed breakdown of the project budget (including all direct eligible costs of the project) as well as its division per project partners shall be provided in the Worksheets XIII and XIV of the Annex 1 "Application Form" of the Guidelines and shall consist of the Programme's grant and the applicant's and the project partners' co-financing (contribution).

All expenditures included into the budget breakdown shall follow the rules on eligibility of expenditure set in section 2.1.3 of the Guidelines.

The following costs can be included into the project budget as eligible:

#### ***Heading 1 - Human resources***

Includes only the cost of the staff of the Applicant and the project partner(s) assigned directly to the project, corresponding to actual gross salaries (including wages, employment taxes, social security charges, health insurance and pension contributions) and other remuneration related costs due in the respective country. Salaries must not exceed those normally borne by the employer (the Beneficiary or its partner(s)) as the case may be; unless it is justified in the Application Form by showing that it is essential to carry out the project. The staff costs should be comparable with the salaries on the market and have to be calculated based on national legislation requirements and the principles.

According to the articles 14.2 and 14.5 of the General Conditions, the cost of staff assigned to the project is considered as an eligible cost, not a contribution in kind, when paid by the beneficiary or project partner(s). Only staff not paid by the beneficiary and project partner(s) can be considered a contribution in kind. Also contribution of staff paid partly by the beneficiary and project partner(s) can be considered a contribution in kind for the time not paid by the beneficiary and project partner(s).

Costs under this Budget Heading can include salaries for e.g. project coordinator, project manager, project assistant, financial manager provided that they are directly employed at the Beneficiary or the project partner institution on the basis of the labour (employment) contracts or staff already working in the organisation on the basis of labour contracts could be assigned to the project by orders of head of organisation. For evaluation of the management capacity of the applicant's and/or project partner's staff assigned to the project, the CVs of the project managers and financial managers (accountants) shall be submitted indicating respective positions in the project.

Each person working at the project must fill in timesheets, indicating the hours worked and tasks implemented, signed by the person and his/ her supervising officer. A standard form of a timesheet must be used. It is published on the Programme website [www.estlatrus.eu](http://www.estlatrus.eu)

Employees can be employed either full-time or part-time for the project. In case of part-time employment, percentage of involvement should be reflected in the number of units (e.g. if the duration of the project is 18 months and a staff member works 50% of his full time for the project, the number of units should be 9 months).

The Beneficiary and the project partner(s) as well as associates are not allowed to sub-contract each other or employees of their organisations in order to carry out project activities.

If the Beneficiary and/ or the partner(s) institutions do not have the necessary human resources to ensure implementation of project, these specialists can be employed on the basis of the Service Contracts. In this case their costs have to be budgeted under the Budget Heading 5 "Other costs and external services".

## **Heading 2 - Travel costs**

Costs for travel (business trips) to project -related activities and events are budgeted under this Budget Heading 2 "Travel costs". Travel costs are eligible only if they are directly related to, and essential for, the effective delivery of the project.

Per diems are paid for the missions abroad and within the home country of the Beneficiary/respective project partner requiring an overnight stay. Per diems and daily allowances are allowed only for the staff members indicated in Heading 1 "Human resources" and seminar/conference participants and with specific rules to associates (see section 2.1.1 of the Guidelines). Destination country has to be indicated in the budget table. Per diems cover costs of accommodation, daily allowances (meals and sundry expenses) and local transport in the place of mission.

The Latvian, Estonian Beneficiaries and the project partner(s) and Russian public authorities have to follow their usual practice in setting the daily allowance and accommodation rates based on the national legislation setting limits for the business trips.

The Russian Beneficiaries and the project partner(s) which are private institutions or NGOs shall apply total per-diem rates, which include accommodation, meals, local travel within the place of mission and sundry expenses, not exceeding the rates set out in the project budget nor the maximum published by the European Commission at the time of signing the Grant contract that can be found here:

[http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm).

**NB!** Travel costs for staff (listed in the Budget Heading 1 "Human resources") and other persons taking part in the project (e.g. conference and seminar participants) should be included under this Budget Heading 2 "Travel costs" provided that the most economical way of transport (in relation to the time and price) is used. This can include the costs for the flight, train and bus tickets (economy class) as well as the fuel for the car, rent of vehicle or use of personal car for travel. These costs have to be related to the activities and events of the project. Use of car has to be justified and economically efficient.

Also visa and travel insurance costs are to be listed under this Budget Heading.

It is necessary to include information on the departure and destination and means of transport to be used into the description of each budget item under this Heading.

All costs budgeted under this Budget Heading should be supported by the documentary evidence for the travel such as business trip requests and reports, agendas, travel tickets, invoices, boarding passes, etc. Please note that despite of the Beneficiary/the project partner legal status (e.g. non-governmental organisation, public equivalent body) the eligible subsistence allowances rates as well as accommodation costs must not exceed the set limits for the public authorities under national legislation.

Per diems and travel for external experts must be included into their service contracts and budgeted in the Budget Heading 5 "Other costs and external services".

**NB!** In case travelling outside the Programme territory is foreseen in the project, costs shall be planned under separate line within this Budget Heading. Please specify in the project budget the planned travels.

### ***Heading 3 - Equipment and supplies***

Costs for purchase or rent of equipment (new or used) and supplies are eligible (furniture, computer equipment, computer software & programmes, machines, tools, spare parts/equipment for machines and other), if these items are specifically needed for the purposes of the implementation of the project, are listed in the approved project budget, correspond to market prices and are purchased following the provisions of section 3.2.5 of the Guidelines.

Types of equipment and supplies, have to be in line with the aim of the Programme and crucial to the achievement of the project's objectives. The amount of equipment has to reflect the actual use of these items in the context of the project. The production equipment, which is used for the profit generation is not eligible under the Programme.

The Applicant is asked to provide a breakdown (cost estimation) of costs for equipment in the Application Form. Therefore, please, make sure that all cost items of equipment are listed.

Every co-financed piece of equipment must comply with the information and publicity rules (see sections 3.1.4 and 3.1.5 of the Guidelines).

Please note that in case the total costs under the Budget Heading 3 "Equipment and supplies" is equal to or exceeds EUR 100,000, a Pre-Feasibility Study has to be provided in accordance with the requirements set in the section 2.2.1.

### ***Heading 4 – Direct local office costs***

Costs of the local office in case a separate office is rented for the needs of the project; as well all the costs related to the office running and local transport costs for the project implementation purposes (rent of the car or use of private car for the project) are to be included into this Budget Heading. This budget heading includes costs which are invoiced directly to the project. It is possible to use private car for project implementation purposes in strict compliance with relevant national legislation; and it has to be justified by supporting documents clearly stating the mileage and purpose of the trips.

Please note, that the rent of a separate office is rather exceptional and its need has to be clearly justified.

All the costs listed under this Budget Heading have to be based on the justifying documents and direct bills.

**NB!** In case the Beneficiary and/or the Project Partner(s) is/are using their own premises for implementation of the project activities and it is considered as in-kind contribution to the project, the costs shall be budgeted in the corresponding column of the Project Budget under Budget Heading 5.

Administration costs of the external experts must be included in the costs listed under the Budget Heading 5 "Other costs and external services".

### ***Heading 5 - Other costs and external services***

All direct costs relevant to the project, which cannot be included under the other Budget Headings and are directly linked to the project activities, should be included under this Budget Heading. Please specify the nature of these costs listing them in the Budget Heading description.

All services/works sub-contracted to an external service provider based on the applicable public procurement procedure should be listed under this Budget Heading "Other costs and external services" (e.g. external management of the project, consultants, speakers for workshops, experts, web-design, organisation of meetings, conferences, seminars, trainings, translation, interpretation, reproduction, dissemination of information, evaluation specific to

the project, information and publicity, publications, research, other services necessary for the project, financial service costs (in particular the bank charges for the project account, the costs of transfers and financial guarantees)). Please allocate under this Budget Heading 5 "Other costs and external services" also costs for the expenditure verification (Audit) (detailed information available in the section 3.3.2 of the Guidelines).

Work of the external experts should be essential for the project, rates should be reasonable compared to the level of experience and expertise according to the standard rates in the respective Participating Country where the project partner is located, average market rates resulting from the public procurement procedures are applied; and quality of produced outputs is ensured.

Per diems/travel costs of consultants should be included into their remuneration.

Purchase of services/ expertise is subject to procurement procedures described in section 3.2.5 of the Guidelines. All contracts for external services must be backed up by the necessary documentation required by the public procurement rules. All documents must be retrievable (e.g. tender documentation, documentation on delivery of outputs). The type of expertise per each contract planned to be sub-contracted must be specified separately in the Budget.

The Beneficiary and the project partner(s) as well as associates are not allowed to sub-contract each other or employees of their organisations in order to carry out project activities.

**NB!** Please do not double-budget the costs, e.g. do not include per diem costs for conference participants under Budget Heading 2 "Travel costs" if catering, accommodation and local travel for conference participants have been budgeted under this Budget Heading.

### ***Heading 6 - Infrastructure***

Please list under this Budget Heading 6 "Infrastructure" all costs of works and services related to construction, renovation, installation of infrastructure and their supervision, also costs of preparation of the technical documentation are to be listed under this Budget Heading. Please list each work and service contract as a separate item in the project budget.

The Beneficiary has to provide the detailed description of works and services foreseen in the project budget, Technical Specification and/or Pre-Feasibility Study and breakdown of costs (costs estimate) planned under this Budget Heading as annex to the Application Form. Therefore, please, make sure that all cost items related to infrastructure are listed.

All services and works sub-contracted to an external service provider have to strictly follow procurement procedures described in section 3.2.5 of the Guidelines.

Investments are financed only in case they are necessary for reaching the results of the project and the Programme. Investments co-financed by the Programme should be aimed at public use during the project implementation.

In case the infrastructure investments are planned in the project, the relevant project partner has to be the owner of the land and/or have the building rights on the land.

Every co-financed piece of equipment and investment must comply with the information and publicity rules (see sections 3.1.4 and 3.1.5 of the Guidelines). The production equipment, which is used for the profit generation is not eligible under the Programme.

**NB!** Please note that activities for preparation of the technical documentation for infrastructure and its establishment cannot be supported within one project.

**NB!** Headings 7 and 9 in the budget table are the totals, and thus they are not described in the Guidelines!

### ***Heading 8 - Contingency Reserve***

A contingency reserve (an amount set aside, but not allocated in advance, to accommodate unforeseeable spending pressures during the project implementation) not exceeding 5% of the direct eligible costs of the project may be included in the project budget, without increasing the total amount to be financed by the Joint Managing Authority. It can be used only for the

implementation of the project infrastructural activities (e.g. construction, reconstruction, renovation, etc.) with the **prior written authorisation** of the Joint Managing Authority.

### **Heading 10 - Administrative costs**

Indirect administrative costs are related to office running for the purposes of the project. They are calculated on percentage or pro rata basis according to justified and clear method.

Indirect costs are eligible if they do not include costs assigned to another heading of the budget.

The maximum amount of indirect administrative costs cannot exceed 7% of the total direct eligible cost of the project.

### **In-kind contribution**

In-kind contribution, except for unpaid voluntary work and use of the Beneficiary's and/or the project partner's own premises for implementation of the project activities, is not eligible. Each project partner can report the value of in-kind contribution only up to 10% of its total eligible expenditure.

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

- 1) students carrying out research for the project;
- 2) volunteers working for a partner organisation and not receiving any salary/wage for the work done within the project.

Unpaid voluntary work must be:

- 1) essential to the project;
- 2) based on a written agreement;
- 3) proved by timesheets indicating the hours worked for the project and signed by the volunteer and his/her supervisor;
- 4) minimum monthly or hourly official national net salary level is followed when calculating the value of in-kind contribution.

Use of the Beneficiary's and/or the project partner's own premises for implementation of the project activities (e.g. for seminars, conferences, etc.) shall be described in the project budget. Justification on economic efficiency shall be provided. (Daily office running costs are not considered as an in-kind cost.)

The in-kind contribution in case the Applicant and/or the project partner(s) is using its own premises for implementation of the project activities, have to be based on real costs, calculated on *pro rata* basis according to duly justified and clear method and backed up by evidence documents. Calculation of these costs has to be specified in the project budget.

All in-kind contribution costs should be included in the project budget, calculated on *pro rata* basis according to duly justified and clear method and backed up by evidence documents.

## **2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW**

### **2.2.1 Submission of the Concept Note**

In order to apply for the grant, applicants first have to fill in the Concept Note.

Form of the Concept Note is available for download at the Programme's website: [www.estlatrus.eu](http://www.estlatrus.eu).

Concept Note has to be filled in English. Handwritten documents will not be accepted.

Detailed instructions on how to fill in the Concept Note are provided in the Note itself.

The information provided in the Concept Note should be clear and make it possible for the Selection Committee to conduct an objective assessment. The Applicant has to provide an estimate of the costs of project and the contribution requested from the Programme. Only Applicants invited to submit the Full Application Form in the second phase of the Call for Proposals will be authorised to submit the detailed description and the detailed budget of the project. The detailed total budget may not vary from the estimated total budget provided in the Concept Note by more than 20%.

### **2.2.2 Where and how to submit the Concept Note**

The Concept Note must be submitted in **one original** and **one copy** in A4 size, each either bound or stitched in such a way that the pages cannot be replaced. The Concept Note must be submitted in a closed envelope bearing the following sentences: *"Application for Estonia-Latvia-Russia CBC Programme within ENPI 2007-2013. The Second Call for Proposals. Not to be opened before the opening session"* together with the full name and address of the applicant.

The electronic version of the Concept Note, identical to its paper version must be sent to the email address [project@estlatrus.eu](mailto:project@estlatrus.eu).

The envelope with the Concept Note should be submitted to the Joint Technical Secretariat by regular mail, courier service<sup>2</sup> or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer) to one of the addresses below:

#### **Main Office:**

Ausekļa Street 14-3 (3<sup>rd</sup> floor), LV-1010, Riga, Latvia  
Phone: +371 6750 9520  
Fax: +371 6750 9523  
E-mail: [info@estlatrus.eu](mailto:info@estlatrus.eu)

**or**

#### **Branch Office in Tartu (Estonia):**

Sõbra 56, 51013, Tartu, Estonia  
Phone: +372 738 6011  
E-mail: [liane.rosenblatt@estlatrus.eu](mailto:liane.rosenblatt@estlatrus.eu)

**or**

#### **Branch Office in Jõhvi (Estonia):**

Pargi 27, 41537, Jõhvi, Estonia  
Phone: + 372 339 5609  
E-mail: [artur.viira@estlatrus.eu](mailto:artur.viira@estlatrus.eu)

**or**

#### **Branch Office in Pskov (Russia):**

Sovetskaya Street 60a, p.3, 4th floor, Pskov, Russia  
Phone: + 7 81 12 79 40 54  
E-mail: [ekaterina.moskaleva@estlatrus.eu](mailto:ekaterina.moskaleva@estlatrus.eu)

**or**

#### **Branch Office in Saint Petersburg (Russia):**

Izmailovsky Prospect 14, Offices 316, 316A, St. Petersburg, Russia  
Phone: + 7 812 325 83 51; + 7 812 325 51 84  
E-mail: [sergey.balaney@estlatrus.eu](mailto:sergey.balaney@estlatrus.eu); [vladimir.skorokhodov@estlatrus.eu](mailto:vladimir.skorokhodov@estlatrus.eu)

<sup>2</sup> Courier, courier service - refers to a company providing special delivery of items from a sender to recipient within a short period of time. Delivery to the recipient is carried out directly by an employee of such company. Such companies operate beyond the regular national post system; they do not provide "registered mail" services.



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

Concept Notes sent by any other means (e.g. by fax) or delivered to other addresses will be rejected.

Applicants must verify that their Concept Note is complete using the checklist. Incomplete Concept Notes will be rejected.

### **2.2.3 Deadline for submission of Concept Note**

The Call for Proposals is open from 10 January 2012, the deadline for the submission of the Concept Note is 27 February 2012 as evidenced by the postal stamp on the envelope sent by mail or date of receipt in case of courier or hand delivery. In the case of hand deliveries, the deadline for receipt is at 16:00 local time as evidenced by the signed and dated receipt. The electronic version of the application must arrive to the given email address not later than at 23:59 of the submission deadline (local time of the Joint Managing Authority). Any Concept Note submitted after the deadline will automatically be rejected.

Paper versions of the Concept Notes sent by mail have to arrive to the addresses listed in the Section 2.2.2 no later than one month after the deadline. **Please note that the date of dispatch has to be not later than the deadline for the submission as indicated above.**

### **2.2.4 Information activities for the applicants**

A number of information events shall be carried in the Programme area during Call for Proposals. For the date and time of the events, please consult the JTS or the Programme website: [www.estlatrus.eu](http://www.estlatrus.eu) and/or subscribe to the news.

Please, note that questions in English may also be sent by to the following e-mail address: [info@estlatrus.eu](mailto:info@estlatrus.eu) or communicated to the JTS and its Branch Offices by phone using the numbers indicated in the Section 2.2.2 no later than 16 calendar days before the deadline for the submission of Concept Notes, clearly indicating the reference to the Call for Proposals. In case of this Call for Proposals it means no later than on 11 February 2012.

Answers to questions will be published on the Programme's web-site: [www.estlatrus.eu](http://www.estlatrus.eu) no later than 11 calendar days before the deadline for the submission of applications.

The Joint Managing Authority and the Joint Technical Secretariat have no obligation to provide further clarifications after this date.

It is highly recommended to consult regularly the above mentioned web-site in order to be informed of the questions and answers published.

**NB!** In the interest of equal treatment of applicants neither the Joint Managing Authority nor the Joint Technical Secretariat can give a prior opinion on the eligibility of the applicant, the project partner, or the project or its specific activities.

### **2.2.5 Submission of the Full Application Form**

Upon completion of the assessment of the Concept Notes, the Applicants will receive a decision letter indicating if they are invited to submit the Full Application Form. The letter will also include the list of additional documents required from the Applicant and Project Partners. The list will be elaborated for each application on an individual basis.

Applicants invited to submit the Full Application Form on the basis of the evaluation of the Concept Note must fill in the form available on the Programme's web-site: [www.estlatrus.eu](http://www.estlatrus.eu) by the deadline indicated in the decision letter.

Application Form has to be filled in English. Handwritten documents will not be accepted.



Detailed instructions on how to fill in the Full Application Form are provided in the Full Application Form itself.

The information provided in the Full Application Form should be clear and make it possible for the project Selection Committee to conduct an objective assessment.

Any error or major discrepancy related to the points listed in the instructions in the Full Application Form (e.g. the amounts mentioned in the budget are inconsistent with those mentioned in any document of the Full Application Form) may lead to the rejection of the application. Incomplete applications may be rejected.

Clarifications will only be requested when information provided is unclear or some minor documents are missing, thus preventing the Selection Committee from carrying out an objective assessment.

Please, note that only the Full Application Form and the requested supporting documents will be evaluated. It is therefore of utmost importance that information provided in the Full Application Form is clear and documents contain ALL relevant information concerning the project. No additional annexes, except for those requested, should be sent.

In addition to the Application Form, the Applicant has to submit the following documents:

1. **Legal Entity Sheet**, duly completed and signed by the applicant, accompanied by the justifying documents which are requested therein;
2. **Partnership Statement(s)** duly filled-in, signed and stamped by each of the project partner(s) (including the applicant);
3. **Letters of Endorsement by the Associates** duly filled-in, signed and stamped by each of the associate partner(s) (if applicable).

The other supporting documents in addition to the ones listed above will be requested. These documents will be listed in the decision letter inviting the Applicant to submit the Full Application Form, and these documents can be the following:

1. In case the project includes (re)construction works, the **technical documentation** in line with the national building legislation (including feasibility study, technical project, environmental impact assessment, and documents confirming the right of the Applicant or project partners to carry out the proposed (re)construction works, like ownership documents and/or long term rental of land agreements, etc.).
2. **Pre-Feasibility Study** (explanatory document) on the planned investments/ renovations in cases the national legislation does not foresee submission of the documents mentioned above and for equipment to be purchased within the project.
3. **Statutes or Articles of Association**
4. **Registration Certificate, Value Added Tax (VAT) payer's registration certificate or equivalent, Applicant's and the partner's financial and operational reports**
5. The **External Audit Report**, if required by the national legislation.
6. **Statement from the national tax authority stating absence of tax arrears**
7. **Signed CVs of the staff involved into the Project.**

### **2.2.6 Where and how to submit the Full Application Form**

The Full Application Form must be submitted in **one original** and **one copy** in A4 size, each either bound or stitched in such a way that the pages cannot be replaced. The Full Application Form must be submitted in a closed envelope bearing the following sentences: *"Application for Estonia-Latvia-Russia CBC Programme within ENPI 2007-2013. The Second Call for Proposals."*

*Not to be opened before the opening session*” together with the full name and address of the applicant.

The electronic version of the Application Form and Pre-Feasibility study, if required, identical to its paper version must be sent to the email address [project@estlatrus.eu](mailto:project@estlatrus.eu). Please be aware that the size limit for the email messages sent to this address is 30 MB. The other supporting documents have to be submitted in paper only.

The envelope with the Application Form and additional supporting documents should be submitted by regular mail, courier service<sup>3</sup> or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer) to one of the addresses below:

**Main Office:**

Ausekļa Street 14-3 (3<sup>rd</sup> floor), LV-1010, Riga, Latvia

Phone: +371 6750 9520

Fax: +371 6750 9523

E-mail: [info@estlatrus.eu](mailto:info@estlatrus.eu)

**or**

**Branch Office in Tartu (Estonia):**

Sõbra 56, 51013, Tartu, Estonia

Phone: +372 738 6011

E-mail: [liane.rosenblatt@estlatrus.eu](mailto:liane.rosenblatt@estlatrus.eu)

**or**

**Branch Office in Jõhvi (Estonia):**

Pargi 27, 41537, Jõhvi, Estonia

Phone: + 372 339 5609

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Where an applicant submits several different Full Application Forms, each one has to be delivered in a separate envelope.

Full Application Forms sent by any other means (e.g. by fax) or delivered to other addresses will be rejected.

Applicants must verify that their Full Application Form is complete using the checklist. Incomplete Full Application Forms may be rejected on that sole basis.

## **2.2.7 Deadline for submission of Full Application Form**

<sup>3</sup> Courier, courier service - refers to a company providing special delivery of items from a sender to recipient within a short period of time. Delivery to the recipient is carried out directly by an employee of such company. Such companies operate beyond the regular national post system; they do not provide “registered mail” services.

The deadline for submission of the Full Application Form and the requested supporting documents will be indicated in the decision letter sent to the applicants who are invited to submit the Full Application Form.

Any Full Application Form (including supporting documents) submitted after the set deadline will automatically be rejected.

### **2.2.8 Information activities for the applicants**

Questions may be sent by e-mail in English to the following e-mail address: [info@estlatrus.eu](mailto:info@estlatrus.eu) or submitted calling the phone number +371 6750 9520 or submitted to the JTS and its branch offices via phone calling the numbers indicated in the Section 2.2.6 no later than 16 calendar days before the deadline for the submission of applications.

Replies will be published on the Programme's web-site: [www.estlatrus.eu](http://www.estlatrus.eu) no later than 11 calendar days before the deadline for the submission of applications.

The Joint Managing Authority and the Joint Technical Secretariat has no obligation to provide further clarifications after this date.

It is highly recommended to consult regularly the above mentioned web-site in order to be informed of the questions and answers published.

**NB!** In the interest of equal treatment of applicants neither the Joint Managing Authority nor the Joint Technical Secretariat can give a prior opinion on the eligibility of the applicant, the project partner, or the project or its specific activities.

## **2.3 EVALUATION AND SELECTION OF APPLICATIONS**

Full Application Form will be examined and evaluated by the Selection Committee with the possible assistance of external assessors. All projects submitted by applicants will be assessed according to the following **steps and criteria**.

### **STEP 1: OPENING AND ADMINISTRATIVE CHECK OF THE CONCEPT NOTE**

Opening and administrative check will be performed by the Joint Technical Secretariat within two stages – opening session and administrative check.

#### Step 1: Opening Session

During the Opening session all Concept Notes will be opened, registered and numbered. Concept Notes having met the deadline are subject to the Administrative check.

#### Step 2: Administrative check

Compliance of the Concept Note with all the criteria specified in points of the Checklist will be assessed. If any of the requested information is missing or is incorrect, the Concept Note may be rejected on that **sole** basis and will not be evaluated further.

The following checklist will be used for the Concept Notes:

<b>Criteria</b>	<b>Yes</b>	<b>No</b>
1. The correct Concept Note template, published for the 2nd Call for Proposals, has been used.		
2. The Declaration by the applicant has been filled in and has been signed (and stamped, if available) and dated		
3. The Concept Note is typed and is in English (except for dates and signatures), is entirely filled in, signed and dated (and stamped, if		

applicable)		
4. One original and 1 copy are included		
5. An electronic version of the concept note has been sent to the email address <a href="mailto:project@estlatrus.eu">project@estlatrus.eu</a>		

During the administrative check the Joint Managing Authority could invite applicants to submit a clarification within 10 working days. Clarifications are requested in the situations where the answer of the assessors to any of the criteria listed above is not clear. Clarifications will only be requested to conclude the administrative check, and not to improve the content of the Concept Note.

If after the clarification process any answer to any administrative check criteria will be “No”, the Concept Note will be rejected on that sole basis and will not be evaluated further.

Following the opening session and the administrative check of the Concept Note, the Selection Committee decides on the results of the administrative check and any contentious cases.

## STEP 2: CONCEPT NOTE EVALUATION

The evaluation of the Concept Notes that have passed the opening and administrative check will cover the relevance and design of the project. The evaluation will be done by at least two members of the Selection Committee.

The Concept Note will be given an overall score out of 50 points in accordance with the breakdown provided in the Evaluation Grid below. The evaluation shall also verify the compliance with instructions provided in the guidance for Concept Note.

The evaluation criteria are divided into headings and subheadings. Each subheading will be given a score between 1 and 5 in accordance with the following assessment categories: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

The overall assessment is based on the scores obtained under each subheading, added up by heading.

<b>1. Relevance of the project</b>	<b>30</b>
<b>1.1 Relevance to the objectives and priorities of the Call for Proposals</b> <ul style="list-style-type: none"> <li>- The project (targeted problem and project objectives) specifically addresses the measures defined for the Call for Proposals;</li> <li>- Project results and outputs contribute to the achievement of Programme indicators</li> </ul>	5x2*
<b>1.2. Cross border relevance of the project</b> <ul style="list-style-type: none"> <li>- The project is based on the real need for cooperation among the project partners</li> <li>- The cross border cooperation contributes to solving of the proposed problem</li> <li>- Project results will be on both sides of the border</li> </ul>	5x2*
<b>1.3 Relevance to the target groups, final beneficiaries and target regions</b> <ul style="list-style-type: none"> <li>- The involved target groups are relevant, clearly defined and justified</li> <li>- Project is likely to have tangible impact on the target groups, final beneficiaries and border regions of the programme territory</li> <li>- The needs of target groups, final beneficiaries and target regions are analysed, defined and appropriately addressed</li> </ul>	5x2*
<b>2. Design of the project</b>	<b>20</b>
<b>2.1 Coherence</b> <ul style="list-style-type: none"> <li>- The problem to be solved is clearly defined and analysis of the problem is presented</li> </ul>	5x2*

<ul style="list-style-type: none"> <li>- <i>Proposed implementation methods are adequate</i></li> <li>- <i>Sustainability of the project results will be assured upon completion of the project.</i></li> </ul>	
<b>2.2 Methodology</b> <ul style="list-style-type: none"> <li>- <i>The proposed activities are consistent with the objective and expected results of the project;</i></li> <li>- <i>Project brings novelty and synergy with the other initiatives.</i></li> </ul>	5
<b>2.3. Partnership</b> <ul style="list-style-type: none"> <li>- <i>Partners' involvement and participation in the project's activities is justified and balanced</i></li> <li>- <i>Involved partners are contributing to solving the particular problem</i></li> </ul>	5

**TOTAL SCORE            50**

\* the scores are multiplied by 2 because of their importance

Once all Concept Notes have been assessed, a list will be established with the proposed projects ranked according to their total score.

Firstly, only the Concept Notes which have been given a score of a minimum of 30 points will be considered for pre-selection.

Secondly, the list of Concept Notes will be reduced in accordance to the ranking to those whose sum of requested contributions amounts to 13 MEUR, taking into account the indicative financial envelope foreseen.

Following the Concept Note evaluation, the Joint Managing Authority will send a letter to all applicants informing on the results of the opening and administrative check and Concept Note evaluation, and the Selection Committee will subsequently proceed with the applicants whose proposals have been pre-selected.

### **STEP 3: OPENING AND ADMINISTRATIVE CHECK OF THE FULL APPLICATION FORM**

#### Step 1: Opening Session

During the Opening session all applications will be opened, registered and numbered. Those applications having met the deadline are subject to the Administrative check.

#### Step 2: Administrative check

During this step the representatives of Joint Technical Secretariat, authorised by the Selection Committee checks that the Full Application Form satisfies all the administrative check criteria as specified in the table below. If any of the requested information is missing or is incorrect, the application may be rejected on that **sole** basis and the application will not be evaluated further.

<b>Criteria</b>	<b>Yes</b>	<b>No</b>	<b>Not applicable</b>
1. The paper version (one original and one copy) of the Application Form and the supporting documents of the Application Form and its Annexes and electronic version sent by email is complete. Documents submitted in paper versions match with the electronic			
2. The correct Application Form template (published for this Call for Proposals) has been used			
3. The Application Form is in English (except for dates and signatures), is entirely filled in, signed and stamped (if			

available) and dated			
4. Declaration by the Applicant is enclosed, has been filled in, signed and stamped (if available) and dated			
5. Each project partner, including the project applicant has completed, signed and stamped (if available) and dated a Partnership Statement and the statements are enclosed			
6. Logical Framework (Worksheet X) has been completed in English (compulsory for projects requesting grant over 100,000 EUR)			
7. Legal Entity Sheet for the applicant is completed, signed, stamped (if available) and dated			
8. Letter of Endorsement by the Associates is duly filled-in, signed and stamped (if available) by each of the associate partner(s), if applicable			
9. All documents requested in the decision letter of the Concept Note have been enclosed			

If any of the requested information is missing or is incorrect, the application may be rejected on that sole basis and it will not be evaluated further. During the administrative check the Joint Managing Authority could invite applicants to submit a clarification within 10 working days. Clarifications are requested in the situations where the answer of the assessors to any of the criteria listed above is not clear or where there is a doubt or some minor documents are missing. Clarifications will only be requested to conclude the administrative check, and not to improve the content of the application.

If after clarification process any answer to any of administrative check criteria will be "No" application will be rejected on that sole basis and will not be evaluated further.

Following the Administrative check, the Joint Managing Authority will send a letter to all applicants, informing them of the reference number their application has been allocated and whether it has been recommended for further evaluation.

#### STEP 4: VERIFICATION OF ELIGIBILITY OF THE APPLICANT AND PARTNERS

The eligibility verification, based on the supporting documents requested will only be performed for the applications that have passed the Opening Session and Administrative Check of the Full Application Forms, and it will be performed by the Joint Technical Secretariat.

- The Declaration by the applicant will be cross-checked with the supporting documents provided by the applicant. Any missing supporting document or any incoherence between the Declaration by the applicant and the supporting documents may lead to the rejection of the application on that sole basis.
- The eligibility of the applicant, the partners, and the project will be verified according to the criteria set out in Section 2.1.

The Eligibility verification will be carried out on the basis of documents indicated in the letter by the Joint Managing Authority which will be provided by the applicant. Any incoherence between the documents may lead to the rejection of the application on that sole basis. During Eligibility verification clarifications will not be asked to the applicant.

The following will be assessed during this step:

Criteria	Yes	No
1. The Applicant is eligible (type and territory) in accordance with requirements indicated in the section 2.1 of the Guidelines		

2. The project partners are eligible (type and territory) in accordance with requirements indicated in the section 2.1 of the Guidelines		
3. At least two partners participate in the project; at least one from the Republic of Estonia/the Republic of Latvia and at least one from the Russian Federation		
4. Proposed duration of the project does not exceed 24 months and 31 December 2014.		
5. Project is within the financial limits set in accordance with requirements indicated in the section 2.1 of the Guidelines		
6. Co-financing rates have been observed in accordance with requirements indicated in the section 2.1 of the Guidelines		
7. Activities are located in the Programme territory in accordance with requirements indicated in the section 2.1 of the Guidelines regarding the location (legal address) of project partners and location of activities		
8. The project avoids duplication with other financial instruments funded projects implemented in the respective regions and proposed activities are not financed from other international, national, regional or EU financial instruments or programmes		

Any answer “No” to any of the criteria listed above will result in rejection of the application on that sole basis; in this case the application will not be evaluated further.

Taking into account good administrative practice, the Selection Committee can verify and subsequently exclude an applicant at any stage of the Call for proposals evaluation process whenever it is obvious that the latter does not meet the eligibility criteria.

The results of the Eligibility verification will be reflected in the Eligibility Verification Report that will be approved by the Selection Committee and confirmed by the Joint Monitoring Committee together with Final Evaluation Report.

### STEP 5: QUALITY EVALUATION OF THE FULL APPLICATION FORM

An evaluation of the quality of the applications, including the proposed budget, and of the capacity of the applicant and its partners, will be subsequently carried out by the Selection Committee in accordance with the evaluation criteria set out in the Evaluation Grid included below. There are two types of evaluation criteria: selection and award criteria.

**The selection criteria** are intended to help evaluate the applicants' and project partners' financial and operational capacity to ensure that they:

- have stable and sufficient sources of finance to maintain their activity throughout the period during which the project is being carried out and, where appropriate, to participate with its funding;
- have the management capacity, professional competencies and qualifications required to successfully complete the proposed project.

**The award criteria** allow evaluating the quality of submitted applications in relation to the set objectives and priorities, and grants to be awarded to projects, which maximise the overall effectiveness of the Call for Proposals. They enable the selection of such applications, which the Contracting Authority can be confident in and which will comply with its objectives and priorities. They cover such aspects as the relevance of the project, its consistency with the objectives of the Programme, quality; expected impact, sustainability and cost-effectiveness.

*Scoring:*

The evaluation criteria are divided into sections and subsections. Each subsection will be given a score between 1 and 5 in accordance with the following guidelines: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

**Quality Evaluation Grid**

<b>Section</b>	<b>Maximum Score</b>
<b>1. Financial and operational capacity of the applicant and the project partner(s)</b>	<b>20</b>
<b>1.1 The applicant's and the project partners' experience and capacity in project management</b> <ul style="list-style-type: none"> <li><i>The applicant has sufficient experience in project management and has implemented projects of at least the same scale as the current application.</i></li> <li><i>The applicant and the project partner(s) have management capacity (including qualified staff and equipment)</i></li> </ul>	5
<b>1.2 Technical capacity of the applicant and the project partner(s)</b> <ul style="list-style-type: none"> <li><i>The applicant and the project partner(s) have sufficient technical expertise (knowledge of the issue to be addressed by the project)</i></li> <li><i>The applicant and the project partners have participated in the national or EU funded partnership projects before</i></li> </ul>	5x2*
<b>1.3 Financial capacity of the partnership</b> <ul style="list-style-type: none"> <li><i>The applicant and the project partners have stable and sufficient sources of finance to ensure timely and continuous implementation of the project</i></li> </ul>	5
<b>2. Relevance</b>	<b>25</b>
<b>2.1 Relevance of the project to the objectives of the Programme and contribution to the European Union horizontal policies</b> <ul style="list-style-type: none"> <li><i>The project specifically addresses at the aims of chosen priority and measure</i></li> <li><i>The project's results and outputs contribute to achievement of the indicators set for the Programme</i></li> <li><i>The project is in line with the EU horizontal policies such as sustainable development, equal opportunities for all social groups, competition and public procurement and territorial cohesion</i></li> </ul>	5x2*
<b>2.2 Cross border relevance of the project</b> <ul style="list-style-type: none"> <li><i>The project is based on the real need for cooperation among the project partners</i></li> <li><i>The cross border cooperation contributes and creates added value to solving of the proposed problem</i></li> <li><i>The project has the mutual benefits and is falling under one type of the projects as defined in the section 2.1.3.5</i></li> </ul>	5
<b>2.3 Relevance to the particular needs and constraints of the target countries and regions</b> <ul style="list-style-type: none"> <li><i>The project is relevant to particular needs and constraints of the target regions, including synergy with other initiatives(local, regional, national, EU)</i></li> <li><i>The project shows clear impact on development of the border regions</i></li> <li><i>The project is in line with regional development objectives</i></li> <li><i>The project takes into account / acknowledges the results of already implemented activities or activities under implementation in the respective regions on the same or similar topic/theme and does not duplicate them</i></li> </ul>	5
<b>2.4 Relevance of the final beneficiaries and target groups to the objectives and activities of the project</b> <ul style="list-style-type: none"> <li><i>The involved final beneficiaries and target groups are relevant, clearly defined and justified</i></li> <li><i>Project is likely to have tangible impact on the final beneficiaries and target groups</i></li> <li><i>The needs of the final beneficiaries and target groups are analysed,</i></li> </ul>	5



<i>defined and appropriately addressed</i>	
<b>3. Methodology</b>	<b>25</b>
<b>3.1 Consistency of the proposed activities and action plan</b> <ul style="list-style-type: none"> <li><i>The proposed activities are consistent with the objective and expected results of the project and contribute to the improvement of the situation/ addressed problem.</i></li> <li><i>The proposed activities are logically planned, interlinked and realistic in the context of the project</i></li> <li><i>The time-schedule and activity plan is realistic, logical and feasible</i></li> </ul>	5x2*
<b>3.2 Coherence of the overall design of the project and relevance of the partnership</b> <ul style="list-style-type: none"> <li><i>The proposed management and coordination structures and procedures are clearly described and relevant for implementation of the project</i></li> <li><i>The targeted problem to be solved and project objectives are clearly defined and analysis of the problem and objectives' contribution to the solution of the problem are presented</i></li> <li><i>Proposed implementation methods are adequate</i></li> <li><i>The external factors have been taken into consideration</i></li> <li><i>The level of the partners' involvement and participation in the project's activities is justified and balanced</i></li> <li><i>The proposed division of tasks among the partners is logical and clear. All the partners contributing to solving the particular problem</i></li> </ul>	5x2*
<b>3.3 Expected results are objectively verifiable</b> <ul style="list-style-type: none"> <li><i>The outputs and results of the project are clearly listed in the Application Form and are realistic</i></li> <li><i>The project contains objectively verifiable (quantified), measurable and realistic indicators for the outputs, results and specific objectives</i></li> <li><i>The project contains elements of added value such as innovative approaches model of good/best practices, promotion of equal opportunities, new tools of development, etc</i></li> </ul>	5
<b>4. Sustainability</b>	<b>10</b>
<b>4.1 Project's potential multiplier effects</b> <ul style="list-style-type: none"> <li><i>The project has the scope for multiplier effects (economical benefit, creation of new places of employment, using the local resources, creation of new business opportunities etc.)</i></li> <li><i>Results of the project will be made visible to the public (sufficient publicity measures are planned)</i></li> <li><i>The strategy for dissemination and communication corresponds to the objective of the project and is sufficient, incl. communication with the target groups</i></li> </ul>	5
<b>4.2 Sustainability of project's results</b> <ul style="list-style-type: none"> <li><i>Activities will be continued after the implementation of the project is finalized, if applicable (e.g. maintenance of web-site, update of data base, follow-up activities, etc.)</i></li> <li><i>The project presents realistic sustainability of the project's results in regard to their further use (how the results will be used, maintained and sustained after the end of the project):</i> <ul style="list-style-type: none"> <li><i>- financially (the project describes how the activities will be financed after the funding ends)</i></li> <li><i>- institutionally (the project presents structures, procedures, practices which will continue to maintain results of the project after its end)</i></li> <li><i>- at policy level (if applicable) (the project presents way how it will</i></li> </ul> </li> </ul>	5

<i>support improvement of legislation, codes of conduct, methods, etc)</i> <i>- environmentally (if applicable) (the project describes its negative/positive environmental impact)</i>	
<b>5. Budget and cost-effectiveness</b>	<b>20</b>
<b>5.1 Coherence between planned project activities, effects and proposed budget</b> <ul style="list-style-type: none"> <li><i>The ratio between estimated costs and the planned activities, results and impact is appropriate</i></li> <li><i>The costs are complying with the principles of economy, efficiency and effectiveness</i></li> <li><i>The project avoids duplication with other financial instruments funded projects implemented in the respective regions and proposed activities are not financed from other international, national, regional or EU financial instruments or programmes</i></li> <li><i>Costs planned for the management and coordination (Activity Package 1) are appropriate and correspond to the need for coordination, i.e. are coherent with the complexity of the project</i></li> </ul>	5x2*
<b>5.2 Necessity of the planned costs for the project implementation</b> <ul style="list-style-type: none"> <li><i>All proposed expenditures are necessary for the project implementation</i></li> <li><i>Proposed investments are justified and coherent with the rationale of the project</i></li> </ul>	5
<b>5.3 Technical quality of the project budget</b> <ul style="list-style-type: none"> <li><i>Budget structure is logical, it contains sufficient level of details</i></li> <li><i>Budget has no miscalculations</i></li> </ul>	5
<b>Maximum total score</b>	<b>100</b>

\*the scores are multiplied by 2 because of their importance

## 2.4 DECISION TAKING PROCEDURE AND NOTIFICATION OF THE DECISION

After the assessment of the received applications is completed, a table listing the applications ranked according to their score will be established as well as a reserve list following the same criteria. Final Evaluation Report will be prepared by the Joint Technical Secretariat and approved by the Selection Committee and Joint Monitoring Committee. In case of Selection Committee and Joint Monitoring Committee approve final list of grants to be awarded and a reserve list, within 15 days Joint Managing Authority sends letters to successful applicants (with needed clarifications and minor corrections to be made by the applicant in final list) and to the Applicants on the reserve list; and within further 15 days to unsuccessful applicants with reasons for the negative decision.

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the Grant Contract does not reveal problems requiring changes to the budget. The checks may give rise to requests for clarification and may lead the Joint Managing Authority to impose modifications or reductions to address such mistakes or inaccuracies. The amount of the grant and the percentage of Programme co-financing as a result of these corrections may not be increased.

Joint Managing Authority starts Grant Contract signing process with the Applicants, which applications have been approved either with or without minor changes and clarifications. Applicants that will not fulfil minor changes and clarifications within set deadline will be rejected and instead application from the reserve list with the highest score will be asked to submit the clarifications and minor corrections if needed to start the Grant Contract signing procedure.

**NB!** Please, note that any attempt to contact or influence the Joint Monitoring Committee, the Joint Managing Authority, the Joint Technical Secretariat, the Selection Committee or the assessors during the assessment or decision taking procedure may result in the immediate exclusion of the respective application from further consideration.

Applicants believing that they have been harmed by an error or irregularity during the award process may file a complaint. See further section 2.4.15 of the PRAG.

## **2.5 INDICATIVE TIME TABLE FOR THE 2<sup>ND</sup> CALL FOR PROPOSALS**

	<b>DATE</b>	<b>TIME</b>
Launch of the Call for Proposals	10 January 2012	-
Deadline for request for any clarifications from the Joint Technical Secretariat on the Concept Notes	11 February 2012	16:00
Consultations provided by the Joint Technical Secretariat	For detailed information, please, see the Programme website	
Last date on which clarifications are issued by the Joint Technical Secretariat on the Concept Notes	17 February 2012	16:00
Deadline for submission of Concept Notes	27 February 2012	16:00
Invitation to submit the Full Application Form	June 2012*	-
Consultations provided by the Joint Technical Secretariat	For detailed information please see the Programme website	
Deadline for request for any clarifications from the Joint Technical Secretariat on Full Application Form	July 2012*	-
Deadline for submission of the Full Application Form	August 2012*	-
Notification of award (after the Joint Monitoring Committee approval)	November 2012*	-
Fulfilment of the recommendations	December 2012*	-
Contract signing	December 2012 – January 2013*	-

**\*Provisional date.**

All times are in the time zone of the country of the Joint Managing Authority (time zone of Riga).

### 3 PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL

In order all specific features of project implementation are taken into account already at the stage of elaboration of the application, Applicants and Project Partners are highly recommended to study the information in this section of the Guidelines.

Please, note that detailed information on project implementation rules is stipulated in the Grant Contract and its Annexes (see Annex 8 to the Guidelines). It is advised to get familiarized with these documents as well.

#### 3.1 ADMINISTRATIVE MANAGEMENT OF THE PROJECT

Following the decision to award a grant, the Beneficiary will be offered to sign a Grant Contract (Annex 8 of the Guidelines).

As soon as the Grant Contract is signed by Beneficiary and Contracting Authority (i.e. Joint Managing Authority) the contractual relations and responsibilities between these two parties emerge. The Beneficiary becomes solely responsible and accountable to the Contracting Authority for efficient implementation of the project in compliance with the provisions of concluded Grant Contract and Application Form annexed to Grant Contract.

Before the Joint Managing Authority signs the Grant Contract, the following procedures have to be carried out:

- the Applicant submits corrections of arithmetical errors, and/or updates the project budget by removing ineligible costs in respective section of the Application Form, and/or provides clarifications and minor adjustments communicated to it by the Joint Managing Authority on behalf of the Joint Monitoring Committee in the approval letter. **Only after fulfilment of corrections/clarifications/minor adjustments the Grant Contract can be prepared;**
- the Applicant submits signed **Partnership Agreement** to the Joint Managing Authority. The Partnership Agreement has to be concluded between the Beneficiary and its partner(s) and must be signed by all Project Partners; it sets the framework of relations within the partnership and therefore may contain additional annexes regulating specific aspects of interaction between Beneficiary and certain project partner, e.g. operational obligations. Model Partnership Agreement is available on the Programme's website [www.estlatrus.eu](http://www.estlatrus.eu);
- The Applicant provides the Joint Managing Authority with **information about external audit companies (Auditors)** which will carry out expenditure verification (for detailed, please, see Section 3.3.2 of the Guidelines) for Beneficiary and for Project Partner(s). The Joint Managing Authority has to approve the Auditor(s) either before conclusion of the Grant Contract or after signature of the contract, but no later than at the moment of submission of Request for initial pre-financing instalment. In case external audit company has not been selected before signing of Grant Contract, it has to be done not later than the submission of the request for initial pre-financing instalment to the Contracting Authority (see Article 5.2. of the Special Conditions to Grant Contract).
- the Applicant provides the original of the **Financial Identification Form** with the details of its bank account (see Annex 5 to the Guidelines). Note that this Form has to be filled in by the bank. In case the bank provides the documents in national language only, the Form can be filled in and certified by the Beneficiary, and supplemented by original bank statement containing all complying data;
- during preparation of the Grant Contract the Joint Technical Secretariat and/or Joint Managing Authority is empowered to make on-the-spot visits to the projects:

- a) to ensure the accurateness of the project budget (e.g. correction of arithmetical errors and inaccuracies, reduction of unrealistic costs and ineligible costs). The visits may give rise to requests for additional clarifications and may lead the Joint Managing Authority to impose modifications or reductions to address any possible mistakes or inaccuracies. Be aware that the amount of grant awarded to the Project as well as its share within the total project budget cannot be increased. At the same time, Applicant and Project Partners are free to increase their co-financing of the project, which will therefore lead to decrease of the grant share within the total project budget.
- b) to ensure the activities planned in the project are not already implemented or under implementation in the projects;
- in case any of the Project Partner are awarded a grant within several applications, the Beneficiary/Project Partner(s) have to confirm their operational and financial capacity in the respective statement signed by an authorized representative of the Beneficiary/Project Partner.

Signing of the Grant Contract is a subject to the fulfilment of the above indicated procedures.

Please, note that the Joint Managing Authority reserves the right to require the Applicant to provide any other documents relevant to signing of the Grant Contract.

By signing the Application Form, the applicant accepts (in case of grant award) the contractual conditions as laid down in the Grant Contract. The Joint Managing Authority sends the signed Grant Contract to the Beneficiary indicating the deadline when the countersigned contract shall be returned to the Joint Managing Authority.

### **3.1.1 Start and end date of the project**

The setting up the start date of the project is described in the section 2.1.2.3 of the Guidelines. Starting date is important for calculating the end date of the project. The project start date and end date set the project duration (implementation period of the project) in the approved Application Form.

The project starting date cannot be earlier than the Grant Contract between the Joint Managing Authority and the Beneficiary is signed and no later than 6 months after the signing of the Grant Contract.

The start date of the project will be fixed in Article 2.2 of the Special Conditions to the Grant Contract (see Annex 8.1 to the Guidelines). The end date of the project will be set according to the implementation period, which is indicated in Article 2.3 of the Special Conditions.

Please note, that in duly justified cases the Joint Managing Authority in cooperation with the Joint Monitoring Committee can decide on extension of the project implementation period up to 6 months.

### **3.1.2 Management of the project and responsibilities within the partnership**

All projects must follow the **Lead Partner Principle** in the project management. The Principle includes components outlined in this section below: After grant award decision, the **Beneficiary** is responsible for:

- signing the Partnership Agreement with all partners defining rights and responsibilities of the parties. The Partnership Agreement should, in particular, cover all obligations arising from the Grant Contract between the Joint Managing Authority and the Beneficiary which are applicable to the project partners;
- signing the Grant Contract with the Joint Managing Authority;

- setting up and maintaining efficient and reliable project implementation system (strategic, daily and financial management), i.e. ensuring efficient use of the project resources; co-ordination of activities and tasks among the project partners and ensuring that these tasks are subsequently fulfilled; ensuring proper communication within and outside the partnership, including communication to wider public;
- representing the project – the Beneficiary serves as a contact point to the Joint Managing Authority, Joint Monitoring Committee and Joint Technical Secretariat concerning project implementation, and should ensure continuous communication between the Programme (Joint Technical Secretariat) and the project partners;
- progress of the project as far as its financial and physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved application;
- establishing adequate monitoring and evaluation system of the project that ensures timely delivery of outputs of the project and results in a proper quality;
- timely and correct reporting;
- requesting and receiving payments from the Joint Managing Authority, which then are timely forwarded to the project partner(s);
- ensuring that the EU, PRAG and national legislation concerning financial management and controls, public procurement, information and publicity and state aid rules and principles are respected and observed by the project partner(s);
- checking that the expenditures (1) are supported by invoices or accounting documents understandable to third parties; (2) have actually been paid out by the project within the reporting period for activities described in the approved application; and (3) that the products or services have actually been delivered;
- observance of the project budget;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes on the Beneficiary's and the project partner level;
- implementation of the project in accordance with the provisions of the Partnership Agreement.

After grant award decision, the **Project partners are** responsible for:

- signing the Partnership Agreement with all partners defining rights and responsibilities of the parties;
- implementation of the project in accordance with the provisions of the Partnership Agreement, in particular on financial management and controls, public procurement, information and publicity;
- timely carrying out the activities for which it is responsible according to the approved application;
- timely and correct reporting to the Beneficiary according to the scheme agreed in the Partnership Agreement;
- ensuring that all project expenditures are made in strict compliance with the project budget and that all expenditures (1) are supported by invoices or accounting documents understandable to third parties; (2) have actually been paid out by the project within the reporting period for activities described in the approved application; and (3) that the products or services have actually been delivered;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes.

Even though the project partners are not parties to the Grant Contract and are not directly accountable to the Contracting Authority (Joint Managing Authority), they are responsible for

implementation of their own part of project activities and should actively assist the Beneficiary in efficient implementation of the project in line with the requirements of the application, the Programme and the Partnership Agreement.

Each project has to appoint or to subcontract a **project manager**, who is responsible for setting up and maintaining the implementation system of the project. In order to ensure sound financial management, an experienced **financial manager** is to be appointed or subcontracted. The project implementation system should guarantee clearly identifiable costs and outputs of the project, proper and orderly payments and handling of the grant.

If project manager and/or financial manager are **subcontracted**, the Beneficiary/Project Partner(s) must ensure continuous, effective and transparent cooperation between these subcontracted staff and the Beneficiary/Project Partner(s). This will help the Beneficiary/Project Partner(s) to guarantee appropriate project management process. In this respect, two options are acceptable:

- (1) a **contact person** from Beneficiary organization/Project Partner(s) organization has to be appointed for communication with the subcontracted staff during the project implementation;
- (2) a **local coordinator** and an **accountant** have to be nominated a responsibility to keep in touch with the respected subcontracted staff during the project implementation.

Please, note that the **contact person(s)** appointed by Beneficiary/Project Partner(s) should remain in charge of the project for at least 6 months after the project lifetime to enable a smooth closure of the project.

Projects are strongly recommended to establish a **Steering Group** consisting of all project partner representatives and other important stakeholders. The Steering Group is to be responsible for monitoring of project implementation in accordance with provisions of the Grant Contract, reviewing and approving project's work plans and reports.

**Working groups, task forces and advisory groups** may be established to coordinate daily running of activities, to fulfil specific tasks, to carry out certain activities, etc. However, the need for these project structures has to be duly justified both in terms of project budget and activities.

### **3.1.3 Ownership of the project results**

The ownership, title and intellectual and industrial property rights to, the project's results, reports and other documents relating to it shall be vested in (belong to) the Beneficiary and its partners.

The Beneficiary and its partners grant the Joint Managing Authority and the European Commission the right to use freely and as it sees fit all documents deriving from the project, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

Prior consent of the Joint Managing Authority is required for the transfer of ownership, industrial and intellectual property rights for outputs and results of the project during the implementation period of the project and for five years after completion of the project.

### **3.1.4 Publicity and information requirements**

The Beneficiary and the project partner(s) must take all necessary measures to publicise fact that the project is financed by the Programme.

**NB:** no information related to project implementation (e.g. about project activities, project partnership, etc.) can be revealed by Beneficiary and Project Partner(s) until the Grant Contract is signed both by the Contracting Authority and Beneficiary.

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

- ensure smooth operation of the project (due to efficient communication among the project partners);
- make the results of the project visible to the target groups concerned or to the public;
- emphasise the Programme contribution to development of the Programme territory on the whole, and the territory targeted by the project, in particular.

These measures must comply with the applicable rules laid down in Communication and Visibility Manual for EU External Actions published by the Commission. These rules are available from the Europe Aid website at:

[http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm).

Electronic templates for each type of communication tool are as well available on abovementioned website.

**Communication and Visibility Guidelines** with the basic publicity and information requirements for the projects are available on the Programmes website: [www.estlatrus.eu](http://www.estlatrus.eu).

In order to carry out effective, concise and consistent communication, the Beneficiary and the project partner(s) must plan communication and promotion activities already at the stage of drafting the application (i.e. Concept Note and Full Application Form) and should plan these activities and specify them in their application.

The Beneficiary and the project partner(s) should work in close cooperation with the Joint Technical Secretariat Information Managers starting from the stage of drafting the Application.

During the project implementation period the Beneficiary should inform the Joint Technical Secretariat about major or public events in due time.

### 3.1.5 Use of the Programme logo

The Programme logo consists of these elements:

- 1) EU emblem and reference note “part financed by the European Union”;
- 2) Programme emblem;
- 3) Programme slogan “united by borders”.



The use of the Programme logo is strictly compulsory on all communication materials and tools (both hard copy and electronic), as well as on project documents (for publications in the national and regional press, the use of the Programme logo is compulsory if allowed in accordance with national legislation) and outputs. The Programme logo must be used together with other logos, e.g. project logo or project partner logo. The Programme logo has to be at least of the same size as the other emblems/logos used and be the first from the left side of



other logos/emblems. The Programme logo can be downloaded from the Programme website: <http://www.estlatrus.eu>.

### **3.1.6 Contacts of the Joint Technical Secretariat Main Office and Branch Offices**

#### **Main Office:**

Ausekļa Street 14-3 (3<sup>rd</sup> floor), LV-1010, Riga, Latvia  
Phone: +371 6750 9520  
Fax: +371 6750 9523  
E-mail: info@estlatrus.eu

#### **Branch Office in Tartu (Estonia):**

Sõbra 56, 51013, Tartu, Estonia  
Phone: +372 738 6011  
E-mail: liane.rosenblatt@estlatrus.eu

#### **Branch Office in Johvi (Estonia):**

Pargi 27, 41537, Jõhvi, Estonia  
Phone: + 372 339 5609  
E-mail: artur.viira@estlatrus.eu

#### **Branch Office in Pskov (Russia):**

Sovetskaya Street 60a, p.3, 4th floor, Pskov, Russia  
Phone: + 7 81 12 79 40 54  
E-mail: ekaterina.moskaleva@estlatrus.eu

#### **Branch Office in Saint Petersburg (Russia):**

Izmailovsky Prospect 14, Offices 316, 316A, St. Petersburg, Russia  
Phone: + 7 812 325 83 51; + 7 812 325 51 84  
E-mail: sergey.balanev@estlatrus.eu; vladimir.skorokhodov@estlatrus.eu

## **3.2 FINANCIAL MANAGEMENT OF THE PROJECT**

### **3.2.1 Payments to the project**

The total amount to be paid by the Joint Managing Authority to the **Beneficiary** may not exceed the maximum grant laid down in the Special Conditions of the Grant Contract neither in terms of absolute amount nor in percentage of the total project budget. If the actual total costs of the project at the end of the project are less than the estimated total costs as referred to in the Article 3.1 of the Special Conditions, the Joint Managing Authority contribution will be limited to the amount obtained by applying the percentage laid down in the Article 3.2 of the Special Conditions to the total actual costs of the approved project.

The following payments are foreseen for the projects: (1) **initial pre-financing instalment** (after signing of the Grant Contract); (2) **further pre-financing instalments** (during the project implementation); (3) balance (upon completion of the project).

#### **The following payment procedures will be applied to the projects**

##### **Option 1:**

If the overall duration of the project does not exceed 18 months **and** if the grant does not exceed 300,000 EUR, the pre-financing is paid in two instalments - (1) initial pre-financing

instalment, which will be transferred to the account of the Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance will be maximum 40% of the grant; (2) together with the Interim Report the Beneficiary may submit the Request for further pre-financing instalment not exceeding 40% of the project grant.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of pre-financing (initial pre-financing instalment and further pre-financing instalment) under the Grant Contract may not exceed 80% of the amount referred to in Article 3.2 of the Special Conditions.

The Joint Managing Authority will pay the balance within 45 days following the approval of the Final Report in accordance with Article 15.2 of the of General Conditions to the Grant Contract (General Conditions).

### **Option 2:**

If the overall duration of the project exceeds 18 months **or** if the grant exceeds 300,000 EUR, the initial pre-financing instalment will be 40% of the forecast budget for the first 12 months of the project. It will be transferred to the account of the Beneficiary within 45 days after signing the Grant Contract and submission the Request for advance.

The Joint Managing Authority shall pay further pre-financing instalment for each twelve month period of implementation of the project after approval of the 6-monthly Interim Reports. Further pre-financing instalment may only be given if the part of the expenditure actually incurred which is financed by the Joint Managing Authority (by applying the percentage set out in Article 3.2 of the Special Conditions) stands at least at 70% of the previous payment (and at 100% of any previous payments) as supported by the corresponding Interim Report, an Expenditure Verification Report and financial guarantee if required according to Article 15.7 of the General Conditions.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of the pre-financing (initial pre-financing instalment and further pre-financing instalments) may not exceed 80% of the grant costs as referred to in the Article 3.2 of the Special Conditions.

The Joint Managing Authority will pay the balance within 45 days following the approval of the Final Report in accordance with Article 15.2 of the General Conditions.

### **3.2.2 Use of Euro**

Payments to the project will be made in Euro only.

Conversion into Euro of the real costs borne in national currencies (other than Euro) shall be done at the rate made up by the average of the rates published in InforEuro for the months covered by the relevant report (for the reference please see the website:

<http://ec.europa.eu/budget/inforeuro/index.cfm?language=en>).

Please, note that any exchange losses are not eligible costs and must be covered by the Beneficiary and/or the project partner(s). The expenditure in national currency (other than Euro) must be converted into Euro with an accuracy of four digits after the comma (e.g. 0.1234).

### **3.2.3 Keeping the project accounts**

The Beneficiary and the project partners shall keep accurate and regular accounts of the implementation of the project using an appropriate accounting and double-entry bookkeeping

system. In order to ensure it the Beneficiary and all partners involved in the implementation of the project and receiving funds from the Programme must maintain:

- a separate accounting system **or**
- an adequate accounting code

for all transactions related to the project without prejudice to national accounting rules. In this way all project related expenditure and receipts should be clearly identified.

Accounts and expenditures relating to the project must be easily identifiable and verifiable in compliance with the Article 16.1 of the General Conditions.

### **3.2.4 Budget Reallocation, changes in the Project**

Please, note that the Beneficiary must inform the Joint Managing Authority/Joint Technical Secretariat on any changes in the project. Changes in the project are regulated by "Practical Guidelines for project applicants for proper management during project implementation" and the Article 9 "Amendment of the Contract" of the General Conditions.

Please, note that request for changes has to be submitted to the Joint Managing Authority/Joint Technical Secretariat at least one month before the required changes have to enter into force.

The Joint Managing Authority can decide on changes in the concluded Grant Contract as long as the purpose, outputs and results of the project are not altered and which do not have consequences on the eligibility or the results of the project. Examples of changes in the project to be introduced by the addendum are as follows:

- 1) changes in the project budget in case the amendment to the budget or description of the project does not affect the basic purpose of the project and its financial impact is limited to a transfer between items within the same Budget Heading including cancellation or introduction of an item, or a transfer between main Budget Headings involving a variation of 15% or more of the amount originally entered in relation to each concerned main heading for eligible costs;
- 2) changes of the legal status of the Beneficiary or the project partner as long as it does not put into question their eligibility. In these cases the National Authority of the country in which territory the respective project partner(s) is located shall be informed by the JTS.

In duly justified cases the Joint Managing Authority can decide on extension of the project implementation period up to 6 months; and extension of the date by which interim and final reports have to be presented by the Beneficiary.

In case of small changes in the approved project (e.g. changes in the address, bank account), Beneficiary has to notify the Joint Managing Authority/Joint Technical Secretariat immediately, although this does not stop the Contracting Authority from opposing the Beneficiary's choice of bank account or auditor.

The Joint Managing Authority reserves the right to require that the Beneficiary's and/or, if applicable, the project partners' auditors be replaced if considerations which were unknown when the Grant Contract was signed cast doubt on the auditors' independence or professional standards.

A contingency reserve foreseen in the Application Form and not exceeding 5% of the direct eligible costs can only be used with the prior written authorisation of the Joint Managing Authority. Request for use of the contingency reserve has to be submitted to the Joint Managing Authority/Joint Technical Secretariat at least one month before the required changes have to enter into force.

### 3.2.5 Competition and Public procurement

The procurement of goods, supplies, works and services carried out in the framework of project shall follow the provisions of section 2.1 and 2.2 (Rules of Origin and Nationality) of the Annex 8.3 to the Guidelines **and** following rules:

- for procurement carried out by the Beneficiaries and the project partners located in the **Russian Federation** – in accordance with Chapters 2, 3, 4 and 5 of PRAG with the exception of the Russian public entities, which shall be using the national public procurement regulations of Russia;
- for procurement carried out by the Beneficiaries and the project partners located in **the Republic of Estonia and the Republic of Latvia** – in accordance with national public procurement legislation, irrespective of their legal status, as compliant with Community directives applicable to procurement procedures.

### 3.2.6 Revenue in the project

Grants may not have the purpose or effect of producing a profit for the Beneficiary and/or the project partner(s). In the case of a grant, profit is defined as a surplus of receipts over the costs incurred by the Beneficiary/project partners when the request is made for final payment.

Any interest or equivalent benefits accruing from pre-financing paid by the Joint Managing Authority to the Beneficiary shall be mentioned in the Final Report. Any such interest or benefits accruing from the pre-financing shall be assigned to the project and deducted from the final payment.

### 3.2.7 State Aid rules and principles

The EU State Aid rules are applicable in all cases where assistance from public funds is involved. State Aid is regarded as incompatible with the Common Market if it distorts, or has the potential to distort, competition within the European Union. Community rules on State Aid limit the support, which may be provided from public funding to assist projects in the commercial sector.

According to Regulation (EC) 1998/2006 of the Commission of 15 December 2006, participation of private companies from the Member States is subject to the following limitations: project activities must not generate a competitive advantage and the gross amount of public funding granted should not exceed the thresholds set by the *de minimis* regime.

State Aid under the Programme will be provided only where it is consistent with the *de minimis* provisions.

### 3.2.8 Double financing

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

## 3.3 REPORTING, MONITORING AND CONTROL

### 3.3.1 Reporting requirements and deadlines

After the projects have been approved and the Grant Contract between the Contracting Authority and the Beneficiary has been signed, the implementation of activities must be carried out in accordance with the conditions of the Grant Contract.

The Beneficiary must draw up **Interim Report(s)** and **the Final Report**. All reports will be drafted in English. They will be submitted to the Joint Technical Secretariat in paper and electronic versions both by post (Ausekļa Street 14-3, Riga, LV-1010, Latvia) and via e-mail.

**Interim Reports** have to be submitted:

- a) for projects with the implementation period not exceeding 18 months and grant not exceeding EUR 300,000 **Interim Report** has to be submitted with the request for payment;
- b) for projects with an implementation period exceeding 18 months or grant exceeding EUR 300,000, **Interim Report** has to be submitted each 6 months.

**Interim Report** can be of two types:

1. when the next pre-financing instalment is required by a project receiving payments under Option 2, the Interim Report will consist of a narrative report and a financial report (templates of the reports are available as Annex 8.5 to the Guidelines), including **Expenditure Verification Report** and **Request for pre-financing instalment**.
2. when pre-financing instalment is not required or when the next pre-financing instalment is required by a project receiving payments under Option 1, the Interim Report shall consist of the narrative part (without the financial report) and must be accompanied with (1) list of the financial and supporting documents covering the respective period; (2) printout of the account of the project showing project's income and expenditure and payments received in the period of the current Interim Report.

Each Interim Report must provide a full account of all aspects of the project's implementation for the period covered.

Reports have to be submitted not later than 1 month after the end of each reporting period stipulated in Article 4 of the of the Special Conditions. The Joint Managing Authority and Joint Technical Secretariat may request additional information and this information must be supplied within 30 days of the request in accordance with Article 15.2 of the General Conditions.

The **Final Report** is a prerequisite for request of the balance payment. The Final Report consists of a narrative report and a financial report and an Expenditure Verification Report for the project. The Final Report shall contain a detailed description of the conditions in which the project was carried out, information on the steps taken to ensure the visibility of EU financing, information with which to evaluate the project's impact, the proof of the transfers of ownership and a final statement of all the eligible costs of the project, plus a full summary statement of the project's income and expenditure and payments received. The Final Report has to be submitted to the Joint Technical Secretariat no later than 3 months after the finalization of the project implementation.

For detailed information on reporting requirements, please, refer to the Grant Contract.

### 3.3.2 Audit and financial control

The controls and audits referred in this section can be performed at any stage of the project implementation and seven years after the receipt of the balance payment to the project.

As a general rule, the Beneficiary/project partner(s) are responsible for and should allow auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the project as well

as on-spot-checks. The Beneficiary/project partner(s) shall give access to all documents and databases concerning the technical and financial management of the project.

All supporting documents must be available in a documentary form, whether paper or electronic, must be available in the form of original documents rather than photocopies or facsimiles.

The Beneficiary and the project partner(s) must keep all documents of the project and supporting document for all expenditure (contracts, receipts, invoices, payment documents etc.). Originals of these documents in accordance with the requirements of Article 16.3 of the General Conditions must be kept in the Beneficiary's and the project partner(s) accountancy files for **at least seven years** after the receipt of the balance payment. Copies of accountancy do not need to accompany the financial report unless specifically requested by the Joint Managing Authority/ Joint Technical Secretariat.

### **3.3.2.1 Expenditure verification**

All projects implemented within the Programme are subject to expenditure verification for projects, and the compliance of such expenditure with the provisions of the Grant Contract signed between the Joint Managing Authority and the Beneficiary. The Beneficiary will designate an auditor that will examine, whether costs declared by the Beneficiary are real, exact, accurate and eligible in accordance with the Grant Contract. The project partner(s) in cooperation with the Beneficiary are responsible for designation of the partner's auditor(s) – either one per all partners located in the respective Programme Participating Country or one per each project partner or one per the project.

Beneficiaries and Project partners are required to subcontract the auditor, who is a member of the national accounting or auditing body, which, in its turn, is member of the International Federation of Accountants (IFAC); or subcontract an auditor who is a member of the national accounting or auditing body and who commits itself to undertake the assignment in accordance with the IFAC standards.

The auditor is entitled to perform the controls and on-the-spot checks in locations of the Beneficiary and the project partner(s) receiving Programme funding and where activities of the particular project take place. The auditor examines whether the costs declared by the Beneficiary/Project Partner(s) are real, accurate and eligible in accordance with the Grant Contract, the submitted accounts (income and expenditure) are accurate, reliable and justified by adequate supporting documents. In accordance with programme requirement the auditor must verify 100 % of documents related to project implementation expenditures.

Requirements for expenditure verifications in addition to mentioned above are:

- 1) expenditure should be identifiable, verifiable and recorded in the accounting records of the Beneficiary/project partner(s);
- 2) expenditure must be easily identifiable and verifiable and traced to and within the Beneficiary's/project partner(s) accounting and bookkeeping systems;

Based on the results of the performed check, the auditor issues an Expenditure Verification Report conforming to the model in Annex 8.6 to the Guidelines.

As set above, each project partner is separately responsible for having its expenditures validated by the auditor. Each project partner is required to submit to the Beneficiary the Expenditure Verification Report for its part, produced by the auditor. The Beneficiary is responsible for collecting all Expenditure Verification Reports of the project partners, drafting a financial section of report for the respective project implementation period or the whole project (Annex 8.6 to the Guidelines) and presenting it to its auditor for examination and compilation of consolidated Expenditure Verification Report.

Costs for the expenditure verification shall be included in the project budget; the detailed procedures, compliant with PRAG, are laid down in the Annex 8.6 to the Guidelines.

The Expenditure Verification Report, produced by an auditor shall be attached to any request for an interim payment for the projects of duration over 18 months or awarded grant over 300,000 EUR, as well as to any request for balance payment (both, for projects receiving payments under Option 1 and Option 2) and shall be submitted to the Joint Technical Secretariat.

The Expenditure Verification Report accompanying a request for the balance payment covers all expenditures, which were not covered by any of the previous Expenditure Verification Reports.

Based on the Expenditure Verification Report the Joint Managing Authority determines the total amount of eligible expenditure, which may be deducted from the final payment or the sum total of pre-financing under the Grant Contract (clearance). The Beneficiary and project partner(s) shall grant the auditor all access rights mentioned in Article 16.2 of the General Conditions.

### **3.3.2.2. Audits (sample checks) in the projects**

In accordance with Article 37(2) of the Implementing Rules audits shall be conducted by examining the documents and conducting on-the-spot checks of a sample of projects selected by the Joint Managing Authority in consultation with the Audit Task Force established in the Programme. The audits shall be performed in the projects selected based on a random statistical sampling method taking account of internationally recognized audit standards, in particular having regard to risk factors related to the projects' value, type of projects, type of beneficiary or other relevant elements. The sample checks will be carried out on annual basis, according to the annual plan.

The sample checks should cover projects representing as a minimum 5% of EU funding granted to projects.

The Beneficiary and the project partner shall be informed in case the project is selected for the sample check before the check is performed.

### **3.3.2.3. Any further controls**

If the Joint Managing Authority, Joint Technical Secretariat or the European Commission carries out or commissions evaluation or a monitoring mission, the Beneficiary and the project partner(s) shall undertake to provide the authorised persons with any document or information which will assist with the evaluation or the monitoring mission.

Furthermore, the Beneficiary and project partner(s) shall allow the European Anti-Fraud Office and any external auditor authorized by these institutions (for example, relevant Russian authorities) to carry out verifications as required per Article 15.6 of the Grant Contract to carry out on-the-spot checks and verification in accordance with the procedures set out in the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities.

The Joint Managing Authority/the Joint Technical Secretariat may perform controls referred in this section and in section 3.3.3 of the Guidelines in cooperation with the representatives of the National Authorities of the Programme.

## **3.3.3 Monitoring of the project by the Joint Technical Secretariat**

The monitoring of implementation of the project shall be carried by the Joint Managing Authority and the Joint Technical Secretariat. The practical monitoring of project implementation is carried out by the Joint Technical Secretariat.

The main tools to be used during monitoring are Interim Reports, Final Report and on-the-spot checks. Moreover, regular communication between the Joint Technical Secretariat and the Beneficiary is to be ensured during the project implementation. The Beneficiaries are requested to inform the Joint Technical Secretariat about any major upcoming event in advance.

If the construction/renovation works are planned in the project, in 2 weeks after the contract for construction/renovation works is signed within the project, the Beneficiary shall inform Joint Technical Secretariat about respective works including the start date of the works.

Interim Reports and Final Report referred to above and project updates must be submitted to the Joint Technical Secretariat. Reports must be prepared in English. The supporting documents can be submitted in national languages. The reports shall be submitted both in paper and electronically.

Interim Reports and Final Report are the key source for monitoring the progress of the project implementation. The Interim Reports and Final Report together with the request for pre-financing/balance instalment are the basis for transferring the payments to the Beneficiary.

In order to monitor the progress of project implementation, the Joint Technical Secretariat will also carry out on-the-spot checks; it will also provide advice or tackle the problems in partnership, monitor the delivery of outputs and results. If needed, the authorised external auditor might carry the task on behalf of Joint Technical Secretariat.

The Joint Technical Secretariat monitors all components of the reports, such as description of activities, achievement of the planned outputs, the lists of financial and supporting documents covering respective periods, printouts of the project accounts showing project incomes and expenditures and payments received in the period of the current Interim Report, as well as Expenditure Verification Reports. The achievement of the planned outputs is monitored in accordance with the Activity Packages (Worksheet II-VI), Logical Framework (Worksheet X) and Time Plan (Worksheet VII) of Application Form. During the financial monitoring the Joint Technical Secretariat crosschecks, whether what has been validated by the auditor complies with the provisions of the Grant Contract and the Programme rules as well as with the Application Form.

If the information delivered in the reports is insufficient, the Joint Technical Secretariat will ask for further information or clarification from the Beneficiary that must be provided within 30 days (in accordance with Paragraph 7.2.4., Article 7 of the Special Conditions), unless otherwise specified. If necessary, the Joint Technical Secretariat /the Joint Managing Authority or its authorised third parties may also ask the Beneficiary to provide more in-depth documentation, such as the checklist on the controls performed at the level of the project, the documents listed in the Expenditure Verification Report, copies of invoices, timesheets, etc. The Beneficiary should provide the answers to the Joint Technical Secretariat within the set timeframe. If there are no further questions concerning the respective report or other outstanding issues regarding the project, the report and request for the payment shall be considered approved by the Joint Technical Secretariat and transferred to the Joint Managing Authority for the payment procedure.

Any Interim Report and Final Report shall be considered approved if no written reply from the Joint Managing Authority is received within 45 days of its receipt accompanied by the required documents in accordance with Article 15.2 of the of the General Conditions. JTS will inform the Beneficiary on the status of the Report.

The Joint Managing Authority may suspend the time-limit for approval of a report by notifying the Beneficiary that the report cannot be approved and that it finds it necessary to carry out additional checks. Suspension is to take effect when the modification is sent by the Joint Managing Authority. In such cases, the Joint Managing Authority may request clarification, alteration or additional information, which must be produced within 30 days of the request. The time-limit starts running again on the date the required information is received.



### **3.3.4 Recovery**

The Beneficiary and project partners undertake full responsibility towards the Joint Managing Authority to repay any amounts paid in excess of the final amount due or identified following a control or an audit. Recovery procedures will follow the provisions set in Article 27 of Implementing Rules. After the amount exceeding the EU contribution will be detected by any auditing body, the Beneficiary will receive a debit note for the amount paid in excess from the Joint Managing Authority and will due to repay the amount within 45 days of the issuing of the debit note.

Should the Beneficiary fail to make repayment within the set deadline, the Joint Managing Authority may increase the amounts due by adding interest referring to Article 18 of the General Conditions.

The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the Joint Managing Authority, and the date on which payment is actually made. The Joint Managing Authority may offset amounts to be repaid against amounts of any kind due to the Beneficiary, but it will not affect the Beneficiary or the Joint Managing Authority rights to agree on payment in instalments. Bank charges incurred by the repayment of amounts due to the Joint Managing Authority will be borne entirely by the Beneficiary.

Where the recovery relates to a claim against a Beneficiary or partner established in a partner country and the Contracting Authority is unable to recover the debt within one year of the issuing of the recovery order, the Contracting Authority shall refer the case to the Russian Federation and inform European Commission. In this case, the Russian Federation within its competence on the basis of a complete file, will encourage measures to recover from the Beneficiary or partner the unjustified and ineligible expenditure incurred.

### **3.3.5 Closing of the project**

All projects should close their activities within the timeframe (implementation period) stated in the Grant Contract. Costs relating to Final Report, expenditure verification and evaluation of the project can be incurred not later than the date of submission of the Final Report and included into its financial part.

All the project related documents are to be kept for at **least seven years** after the receipt of the balance payment to the project.

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

- the Programme rules on information and publicity must be respected for all products produced with the Programme assistance including the time after the closure of the project;
- the Beneficiary must appoint the contact person for at least six months after the end of the project to enable a smooth closure of the project and communication with the Programme management bodies;
- the Beneficiary and the project partner(s) are at all times obliged to retain all files, documents and data about the project on standard data storage media in a safe and orderly manner for control and audit purposes at least for seven years after balance payment to the project.

## 4 GLOSSARY

#	TERM	DEFINITION
1	<b>Action</b>	Term used in the General Conditions to refer to the Grant projects supported under the Programme. All references in the General Conditions to the "Action" are references to the "Project" for the purpose of these Guidelines.
2	<b>Addendum</b>	A document modifying the terms and conditions of a Grant Contract.
3	<b>Adjoining territories</b>	The regions, the organisations of which are eligible as applicants and project partners of the Programme with certain reservations. Under the Programme, no more than 20% of the total Programme funding can be allocated to the adjacent territories.
4	<b>Application</b>	A project proposal made by the Applicant and project partners to the Programme within the launched Call for Proposals. In case of the Open Call, the proposal is made within one step in the form of the Application Form supplemented by relevant documents outlined in the Guidelines for Grant Applicants. In case of Restricted Call, the proposal is made within two steps in the form of the Concept Note, and, if shortlisted, in the form of the Full Application Form, which includes Application Form as such and supporting documents.
5	<b>(Full) Application Form</b>	A package of documents necessary when submitting a proposal. The package consists of the filled in Application Form and supporting documents, listed in the Guidelines for Grant Applicants. The package is updated for every Call for Proposals.
6	<b>Application Form (Grant Application Form)</b>	A document, which must be filled in when submitting a proposal for the project. It will later serve as the fundament of the project, if the application is approved for funding.
7	<b>Applicant's Pack</b>	A package of documents necessary when announcing a Call for Proposals. The package consists of the Programme document, Guidelines for Grant Applicants, Application Form, reporting forms, Grant Contract, Partnership Agreement. The package is updated for every Call for Proposals.
8	<b>Associate</b>	Organisation participating in the project, but not receiving a grant. Only per diem payments and travel expenditures may be covered by the beneficiary and/or project partner within the scope of the project.
9	<b>Auditor</b>	Audit company contracted by the Beneficiary and/or by the project partner which meets the specific conditions of the Terms of Reference and is/are responsible for performing the expenditure verification and issues Expenditure Verification Report submitting a report of factual expenses.

<b>10</b>	<b>Beneficiary</b>	A body which signs a Grant Contract with the Joint Managing Authority and which assumes full legal and financial responsibility for implementation of the project vis-à-vis that authority; it receives the financial contribution from the Joint Managing Authority and ensures it is managed and, where appropriate, distributed in accordance with the agreements drawn up with its partners; it alone is responsible to the Joint Managing Authority and it is directly accountable to the authority for the operational and financial progress of activities.
<b>11</b>	<b>Branch Offices</b>	Regionally based bodies under the Joint Technical Secretariat established in the Republic of Estonia (Tartu and Jõhvi) and the Russian Federation (St Petersburg and Pskov) with the purpose to inform the target groups concerned in these countries of the activities envisaged under the Programme.
<b>12</b>	<b>Budget of the project</b>	A presentation of the total costs of the project.
<b>13</b>	<b>Call for Proposals (Open Call for Proposals; Restricted Call for Proposals)</b>	<p>A public invitation by a Joint Managing Authority, addressed to clearly identified categories of applicants, to propose operations/projects within the framework of the EU support programme. Two types of Call for proposal are possible:</p> <ul style="list-style-type: none"> <li>– <u>Open Call for Proposals</u>: all applicants are free to submit a grant application form, including a full proposal in response to the published Guidelines for Applicants.</li> <li>– <u>Restricted Call for Proposals</u>: all applicants may ask to take part, but only the applicants who have been shortlisted (on the basis of concept note in response to the published Guidelines for Applicants) will be invited to submit a full proposal.</li> </ul>
<b>14</b>	<b>Co-financing</b>	Where two or more parties are involved in funding the project. In the Programme, up to 90% of the total budget of the project is provided by the European Community.
<b>15</b>	<b>Communication</b>	Communication during implementation of the project means telling a wider audience about the project and its results and about the EU funding the project has received. This may be by means of events, e-letters, press coverage, etc. It also means internal communication among the project partners, fostering implementation of the project. The Beneficiaries and the project partners must refer to Communication and Visibility Manual for EU External Actions, Guidelines for Grant Applicants.
<b>16</b>	<b>Communication and Visibility Manual for European Union External Actions</b>	The manual designed by the EuropeAid to ensure that projects that are funded by the EU incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the project and the EU support for the project, as well as the results and impact of this support. See <a href="http://ec.europa.eu/europeaid/work/visibility/index_en.htm">http://ec.europa.eu/europeaid/work/visibility/index_en.htm</a>
<b>17</b>	<b>Concept Note</b>	An outline of proposal, which is submitted in response to Restricted Call for Proposals, and represents the first step of selection process. The Concept Note should provide the summary of proposed project revealing its relevance and brief description of background, objectives, key stakeholder groups, activities, timeframe, etc. There is no specific template for the Concept Note.
<b>18</b>	<b>Consultant</b>	The party which is contracted to perform the services.

<b>19</b>	<b>Contingency reserve</b>	A reserve Budget Heading in the budget of the project only used in case of unforeseen expenses. It cannot exceed 5% of the direct eligible costs and must only be used with prior written authorisation of the Joint Managing Authority.
<b>20</b>	<b>Contracting Authority</b>	The Joint Managing Authority, signing the Grant Contract with the project Beneficiary. The Beneficiary is fully legally responsible to the Joint Managing Authority under the Grant Contract.
<b>21</b>	<b>Cross border impact</b>	Positive effect that the project is going to have on both sides of the border (in all the countries represented by the Beneficiary and the project partner(s)).
<b>22</b>	<b>Daily allowance</b>	Flat rates of daily subsistence allowances paid to persons during the missions in order to cover meals and sundry expenses. Usually daily allowances are legislated by national legal acts and should be respected when drafting the budget.
<b>23</b>	<b>Economy (principle)</b>	Principle of economy requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
<b>24</b>	<b>Effectiveness (principle)</b>	The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.
<b>25</b>	<b>Efficiency (principle)</b>	The principle of efficiency is concerned with the best relationship between resources employed and results achieved
<b>26</b>	<b>Eligible costs</b>	The costs incurred while implementing the project, which falls under the list of eligible costs provided in the Programme documents and national and EU legal acts, in particular Article 14 of the ENPI Regulation and may be funded by the Programme.
<b>27</b>	<b>ENPI Regulation</b>	Regulation No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument
<b>28</b>	<b>European Commission (EC)</b>	The European Community's executive body. Led by 27 Commissioners, the EC initiates proposals on legislation and acts as guardian of the Treaties. The EC is also a manager and executor of common policies and of international trade relationships. It is responsible for the management of EU external assistance.
<b>29</b>	<b>Expenditure verification</b>	Examination of the costs and the revenue (if any) of the project declared by the Beneficiary/the project partner(s). The auditor examines whether the costs declared by the Beneficiary and the project partner(s) are real, accurately recorded and eligible in accordance with the Grant Contract, as well as the revenue of the project and issues an Expenditure Verification Report.
<b>30</b>	<b>Expert</b>	A person engaged to provide the expertise required for the proper performance of a contract.
<b>31</b>	<b>Final beneficiaries</b>	Organisations/ persons who will benefit from the project in the long term at the level of the society or sector at large.
<b>32</b>	<b>Financing Agreement</b>	An agreement between the European Community and the Russian Federation, which determines the objectives and rules applicable to the implementation of the Programme.

<b>33</b>	<b>Grant</b>	A direct payment of a non-commercial nature by the Joint Managing Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget) in order to promote an EC policy aim.
<b>34</b>	<b>Grant Contract</b>	An agreement, between the Beneficiary and the Joint Managing Authority, with specific terms and an undertaking to implement the project in return for EU grant.
<b>35</b>	<b>Guidelines for the Grant Applicants (Guidelines)</b>	Document explaining the purpose and conditions of a Call for Proposals for grants. It sets out the rules regarding who may apply, the types of projects and costs which may be financed, and the evaluation (selection and award) criteria. It also provides practical information on how to complete the application form, what documents must be annexed, and rules and procedures for applying.
<b>36</b>	<b>Implementing Rules</b>	Commission Regulation No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument
<b>37</b>	<b>Ineligible costs</b>	The costs incurred while implementing the project, which do not fall under the list of eligible costs provided in the Programme documents and national and EU legal acts, in particular Article 14 of the ENPI Regulation and may not be funded by the Programme.
<b>38</b>	<b>Integrated project</b>	The project where each project partner carries out a part of the activities of the joint project on its own territory.
<b>39</b>	<b>Monitoring</b>	The regular collection and analysis of information about the project (usually at least financial, technical and institutional) in order to check performance compared with its stated objectives, outputs, budget and work plan.
<b>40</b>	<b>Non-governmental Organisation (NGO)</b>	Independent, non-profit organisation pursuing a particular agenda or objective, e.g. environmental conservation, industry associations.
<b>41</b>	<b>Operation</b>	Is defined as the: -functioning, e.g. in a phrase "smooth operation"; - management, e.g. in a phrase "operation of the equipment"; - set of activities which are planned to achieve a certain goal, e.g. in a phrase "to propose an operation within the Call for Proposals".
<b>42</b>	<b>Output</b>	Tangible and visible deliverable produced within the project in order to reach the results (e.g. guides, web sites, study materials, etc.).
<b>43</b>	<b>Participating countries</b>	The Member States (the Republic of Estonia and the Republic of Latvia) and Partner Country (the Russian Federation) taking part in the Programme.
<b>44</b>	<b>Partner</b>	Participant in the project, responsible for implementation of part of the activities, in accordance to the Application and to the Partnership Agreement signed with the Beneficiary.
<b>45</b>	<b>Partner Country</b>	The Russian Federation, as listed in the Annex to ENPI Regulation.

<b>46</b>	<b>Per diem</b>	<p>Per diems are applied by the Russian beneficiaries and partners which are private institutions or NGOs. Per diems are paid for the missions abroad and within the home country of the Beneficiary/ the project partner requiring an overnight stay. Per diems cover costs of accommodation, daily allowance (meals and sundry expenses) and local transport. They should correspond to rates normally applying to the organisation and cannot exceed the EC rates published on <a href="http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm">http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm</a> at the time of signing the contract.</p> <p>Estonian and Latvian project partners, as well as the Russian public authorities have to use the “daily allowance” calculation approach, where the accommodation, daily allowance and local transport costs are calculated separately based on the limits stipulated in the national legislation.</p>
<b>47</b>	<b>Practical Guide to Contract Procedures for EC External Actions (PRAG)</b>	<p>The first sole working tool, which explains the contracting procedures applying to all EC external aid contracts financed from the European Communities general budget and the 10th European Development Fund (EDF).</p> <p>See <a href="http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm">http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm</a></p>
<b>48</b>	<b>Pre-Feasibility Study</b>	<p>An investigation with the aim to explain in detail the necessity of the proposed equipment/ investments and to provide a detailed breakdown of costs (cost estimate) for the equipment/ work contracts, technical specification, relation of the equipment and investments to the other activities of the project, ownership of the proposed equipment/ investments and a plan for its future use. Pre-Feasibility Studies are usually carried-out in the preparation stage of the project.</p> <p>Recommended content of the Pre-Feasibility Study shall include:</p> <ol style="list-style-type: none"> <li>1. Executive summary;</li> <li>2. Description of the current regional situation in the particular field;</li> <li>3. Project strategy (including financing and institutional aspects) and analysis on different scenarios (expected, optimistic, pessimistic);</li> <li>4. Project justification (including detailed description of the planned investments in the project and their costs; information on ownership of outputs and management plan for the future, as well as the expected socio-economic effects)</li> </ol>
<b>49</b>	<b>Procurement</b>	<p>The purchase of goods, supplies, services and works shall follow the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines, the PRAG rules or the national public procurement regulations as set in the Guidelines.</p>
<b>50</b>	<b>Programme</b>	<p>Estonia – Latvia – Russia Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument 2007-2013 (approved by the European Commission on 17 December 2008 by the decision No C(2008)8332) funded by the European Community.</p>
<b>51</b>	<b>Project</b>	<p>Is used as a synonym to the term “action” as used in <b>Practical Guide to Contract Procedures for EC External Actions</b>.</p>

<b>52</b>	<b>Project Cycle</b>	<p>A useful tool for understanding various stages that any project will probably go through.</p> <p>The basic model includes the following stages:</p> <p>Identification – idea for the potential project is identified and explored.</p> <p>Preparation – the idea of the project is carefully developed.</p> <p>Appraisal – the proposed project is rigorously assessed and adjusted if necessary.</p> <p>Funding – decision is taken about funding for the project and how it will be implemented.</p> <p>Implementation and monitoring – the project is carried-out and periodic checks made to ensure it is running according to plan.</p> <p>Evaluation – the results of the project are assessed and new ideas may be generated. See <a href="http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm">http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm</a></p>
<b>53</b>	<b>Public use</b>	Results of the project are to be used to benefit the public rather than project partners.
<b>54</b>	<b>Regional Capacity Building Initiative (RCBI) project</b>	The EU funded project, which has been supporting the EU's neighbours to actively participate in cross border relations since April 2005. The project supports 15 partner countries currently participating in cross border cooperation under the new ENPI CBC programmes for 2007-2013. For more information, please, see <a href="http://www.rcbi.info/pages/27_1.html">www.rcbi.info/pages/27_1.html</a>
<b>55</b>	<b>Result</b>	A change of situation, attitude, knowledge, practice, experience, capacity and/or change of other quantitative or qualitative parameters occurred after targeted implementation of certain activities. The project may have one or more expected results to be reached by certain activities.
<b>56</b>	<b>Simple project</b>	The project implemented mainly or entirely in the Member State(s) or the Russian Federation, but for the benefit of all or some of the project partners involved in the Programme.
<b>57</b>	<b>Soft project or activity</b>	The project or activity that is intended to bring about change and does not have a physical end product; the project which is not principally concerned with construction or equipment provision. "Soft" projects include activities such as institutional strengthening, training, policy reform, exchange of experience.
<b>58</b>	<b>Specific objective</b>	The objective, which is to be achieved within the scope of the project through a number of results. The specific objective has to contribute to the overall objective of the project.
<b>59</b>	<b>Stakeholders</b>	Individuals and organisations that are actively involved in the project, or whose interests may be affected as a result of execution or completion of the project. They may also exert influence over the objectives and outcomes of the project.
<b>60</b>	<b>Strategic objective</b>	The contribution of the project to overall improvement of state of play in the region, clearly referring to the priorities of the Programme.
<b>61</b>	<b>Strategy</b>	A comprehensive set of objectives, and plans for their achievement.

<b>62</b>	<b>Sub-contractor</b>	A legal and natural person providing supplies, services or works to the project under the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines and national public procurement rules.
<b>63</b>	<b>Sustainable</b>	The project is sustainable when it can provide an acceptable amount of benefits to the target group during a sufficiently long period after the funder's assistance ceases.
<b>64</b>	<b>SWOT Analysis</b>	A technique for identifying the strengths, weaknesses, opportunities and threats of the Programme area as a basis for discussing programme objectives.
<b>65</b>	<b>Symmetrical project</b>	The project where similar activities are carried out in parallel in the Member State(s) and in the Partner Country.
<b>66</b>	<b>Target groups</b>	The groups/entities that will be directly positively affected by the project at the purpose level.
<b>67</b>	<b>Tender</b>	A written or formal offer to supply goods, perform services or execute works for an agreed price.
<b>68</b>	<b>Tender procedure</b>	The overall process of putting a contract out for tender, starting with the publication of a procurement notice and ending with the award of the tendered contract. The tender procedure should strictly follow the provisions of section 2.1 and 2.2 of the Annex 8.3 to the Guidelines and national public procurement rules.



## 5 LIST OF ANNEXES

### DOCUMENTS TO BE COMPLETED

- 1 Concept Note;
- 2 Full Application Form (consists of XVII Worksheets);
- 3 Partnership Statement (to be filled and signed by each partner, including the Applicant);
- 4 Letter of Endorsement by the Associate;
- 5 Legal Entity Sheet;
- 6 Financial Identification Form (to be filled in by the Applicant after approval of the Project)

### DOCUMENTS FOR INFORMATION

- 7 Estonia – Latvia – Russia Cross Border Cooperation Programme within European Neighbourhood and Partnership Instrument 2007-2013;
- 8 Model Partnership Agreement
- 9 Grant Contract:
  - Annex 8.1: Model Special Conditions to the Grant Contract;
  - Annex 8.2: General Conditions Applicable to European Community Financed Grant Contracts for External Actions;
  - Annex 8.3: Procurement by grant Beneficiaries in the context of European Community external actions;
  - Annex 8.4: Standard Request for Payment;
  - Annex 8.5: Model Narrative and Financial Report;
  - Annex 8.6: Model Report of Factual Findings and Terms of Reference for an Expenditure Verification of an EC Financed Grant Contract for External Actions;
  - Annex 8.7: Model Financial Guarantee
- 10 Daily Allowance Rates (Per-diem), available at the following address:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm)
- 11 Project Cycle Management Guidelines  
[http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101\\_en.htm](http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm)